

# Helping 50+ jobseekers back to work: lessons for the Work and Health Programme



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## 1. Introduction

Long term unemployment is a particular problem for the over 50s – for those who find themselves out of work it is harder to get another job than for any other age group. It can be very difficult or even impossible for these people to move back into work, often because of ageist attitudes by employers, a lack of high quality advice and guidance, and personal barriers (for example low levels of IT skills).

Government policy on ‘Fuller Working Lives’ remains largely focused on staying in work, and Age UK believes there is still a gap around helping 50+ jobseekers get back in to employment.

State Pension age rises will make this issue more acute. It will mean more people are needing to look for work until older ages, increasing the pressure on the employment support infrastructure. If this is not reinforced by a system that is designed specifically to help people approaching State Pension age return to work, then a great many people could be affected.

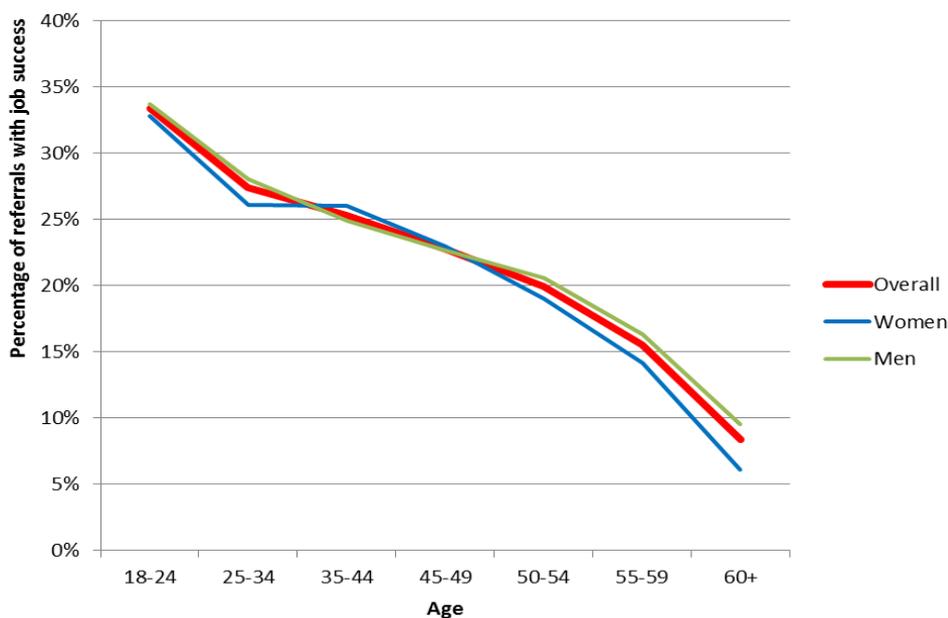
It is important this is looked at as part of the process of reviewing future State Pension age rises.<sup>i</sup>

The Work Programme, the Government’s flagship scheme for the long-term unemployed, has not been successful for the 50+ age group. It has delivered worse job outcomes than for younger people, as shown in Figure 1, with strong evidence emerging of age being a distinctive barrier to work in its own right.

With Work Programme contracts set to end in 2017 and the new Work and Health Programme to be rolled out, it is vital the Government learns lessons and makes appropriate adjustments to the structure of the new scheme.

We believe this is especially important if the Government is to achieve its manifesto pledge of halving the disability employment gap (see section 4).

Figure 1 – job outcome success rate by age



This report builds on a previous Age UK report published in September 2013, and research conducted by the Centre for Economic and Social Inclusion (referred to as CESI) <sup>ii</sup> looking at the performance of the Work Programme among its 50+ participants.

## **The Work and Health Programme**

The new flagship scheme is a combination of the Work Programme and Work Choice, currently the main support scheme for people who are unemployed and have a disability. The Work and Health Programme is scheduled to be introduced in October 2017. <sup>iii</sup> Many of the details are yet to be confirmed.

Known features of the new scheme include a 24 month wait for referral for Jobseekers Allowance or Universal Credit claimants in good health, while those with a disability will be referred after six months. There are likely to be other groups who may be eligible for early access, as under the Work Programme, which includes carers. Jobcentre Plus Work Coaches will identify benefit claimants who are most likely to benefit from the new scheme and referral for disabled jobseekers will be on a voluntary basis. However after two years out of work referral will be mandatory for all.

The DWP had also confirmed greater integration with local services, including health provision, and that specialist providers will have an important role to play. There will be larger Contract Package Areas, with just ten instead of 18 under the Work Programme and 28 under Work Choice.

Sustained job outcomes will continue to be the main outcome indicator, an objective which Age UK supports. However, and perhaps crucially, the overall budget for the Health and Work Programme will be significantly reduced from that enjoyed under the Work Programme. £400 to £500 million will be spent over five years, but this is less than the Work Programme received in 2013-14. This is likely to change the dynamics within providers.

## **The future of the labour market**

In recent years the labour market has been characterised by record low levels of unemployment. However, there is no guarantee this will persist, particularly since the UK voted to leave the EU which has seemingly introduced some volatility into the UK economy.

The Work Programme evolved under the former environment, and policy decisions about the future direction of welfare-to-work support offered by the government were taken under the assumption of a continued strong labour market.

With the Work and Health Programme set to be introduced in 2017 – under a much reduced budget compared to the Work Programme and Work Choice schemes – this is a potentially perilous moment for those helping people get back to work. We urge the Government to extend the existing Work Programme contracts for an additional year and delay the start of the Work and Health Programme, so that potential changes to the labour market can be reflected in to the design and operation of employment support.

We are particularly concerned that the proposed design of the new scheme will significantly disadvantage older jobseekers who do not have a serious health condition or disability. People in this position – who may often experience multiple barriers to

work – will have to wait two years for a referral. For many jobseekers approaching their State Pension age, this may mean they never work again. When Jobcentre Plus support has failed to help, referral at an earlier point in the claimant journey, ideally after a six month spell of unemployment, is essential.

## 2. Key points and recommendations

### Fuller Working Lives

- As the Government commissions the Work and Health Programme, it must embed the Fuller Working Lives Agenda at the heart of its structure and operation, making sure that everyone who wants to work and is capable of doing so has the support they need.
- The Work Programme has been less effective at helping the over 50s – especially the over 55s – than younger age groups. The over 55s are on average only about half as likely to find sustainable work as a typical participant aged under 55.
- This poor performance is directly related to the participant's age, rather than to other factors like health or disability.<sup>iv</sup>

### State Pension age changes

- With rising State Pension ages, providing appropriate support for older jobseekers is increasingly important. The Government – and the independent review of State Pension age – should consider how the system can be improved to enable people to move back to work. The Work and Health Programme will play a key role.

### Changes to the programme's structure

- Under the Work and Health Programme, changes need to be made to the payment structure and claimant journey for older jobseekers:
  - The referral time for JSA claimants aged 55+ (who are particularly disadvantaged) should be reduced to six months. The evidence suggests early intervention would improve results significantly.
  - Contractors should receive an extra payment for placing someone above this age in sustainable employment, regardless of their benefit background.
- The incentives must be designed to prevent providers from 'parking' their older clients in favour of those who are easier to help, and to ensure that the appropriate support to help them into sustainable employment is on offer.
- The DWP and welfare-to-work providers must work together to create a mechanism for sharing good practice relating to older jobseekers. This could, for example, include innovations and examples of using supply chains more effectively.
- A 'job brokerage' system, akin to a recruitment agency model, is the most effective way of helping older jobseekers move back into work. However, this is expensive, so the Department for Work and Pensions (DWP) should consider whether this could be created for the most disadvantaged claimants.

## **Two years is too long to wait, particularly for those near State Pension age**

- The real losers under the Work and Health Programme are potentially older jobseekers who do not suffer from a serious health condition or disability. If Jobcentre Plus support fails to offer sufficient support, he or she will have to wait two full years before accessing the Work and Health Programme. Many in this situation will never work again.
- If the two year wait for referral remains the case, additional specialist support must be built into the Jobcentre Plus delivery model, for example as part of the Flexible Support Fund. Private and voluntary sector partners with particular expertise at addressing specific barriers to work are likely to provide a suitable alternative to Jobcentre Plus Work Coaches in many cases.

## **Other support**

- Improving joined-up planning between employment support and re- and up-skilling opportunities for older jobseekers is essential, as is increasing 50+ specialist provision.

A full list of recommendations is in Section 7.

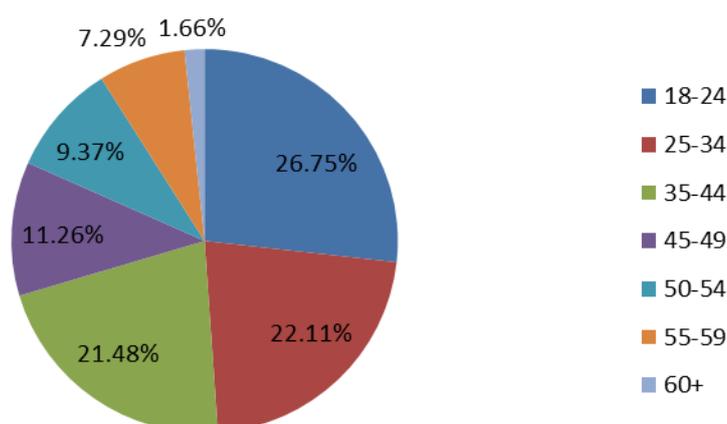
### 3. Why do 50+ participants get worse outcomes?

#### Referrals

As Figure 2 shows, the over 50s make up a significant minority of referrals to the Work Programme. 18.5 per cent fall into this age group, equivalent to 322,000 people over the duration of the scheme so far.

With such large numbers of referrals, the scale should exist to allow specific incentives for this age group, and for providers to invest in developing good practice.

Figure 2 – proportion of total referrals by age



#### Outcomes

As Figure 1 has already shown, successful job outcome rates in the Work Programme decline with age. A successful job outcome means that the participant has entered and remained in work for three or six months – dependent on which of the seven ‘payment groups’ they fall into – i.e. they have found a sustainable job.

The 55-59 age group has experienced only a 15.5 per cent chance of moving back into sustained work, compared to a 27.4 per cent chance among 25-34 year olds.

This may broadly reflect expected outcomes if job attachments were left to market forces. However the Work Programme is explicitly *not* market forces – it is a programme of Government-commissioned intervention – and we believe it is incumbent on the Government to use this framework to help correct labour market inequalities.

There is also a clear gender difference, with 50+ women faring worse than men. Typically women have shorter spells of unemployment, so it’s unclear why this differential occurs within the Work Programme – it could be attributable to a disproportionate number of female participants returning to the labour market from childcare and caring related breaks and struggling to find work.

It is worth noting that older women are at a particular disadvantage. 35-49 year old women are more likely than their male counterparts to find work, however this falls away among the 50+ age groups.

Compared to 55-64 year olds, the under 55 age group are (on average) nearly twice as likely to find sustainable work, as shown in Figure 3. Among women this differential increases to more than double.

Figure 3 – comparison of success rates among 18-54 and 55+ age groups

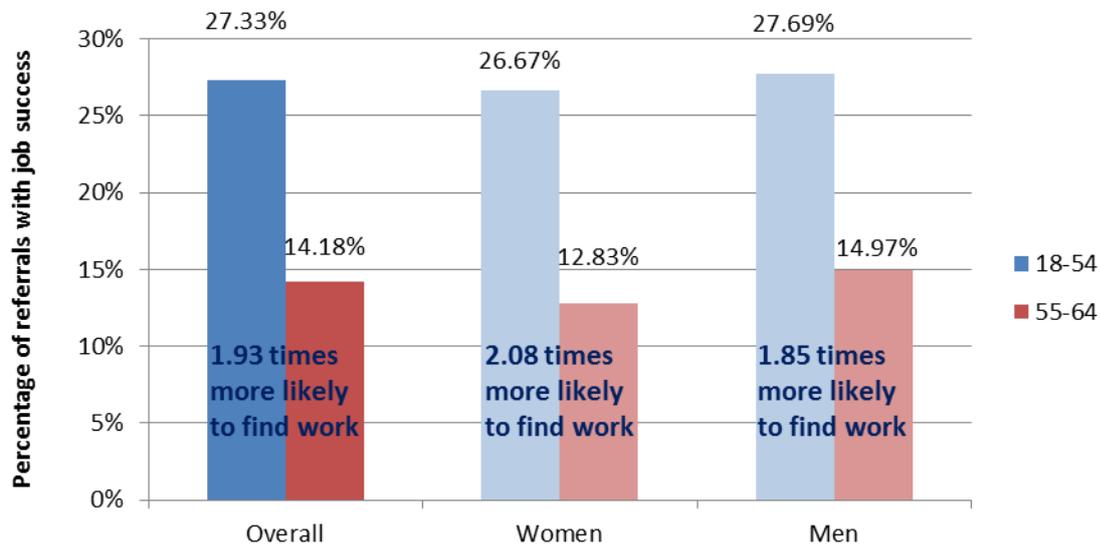
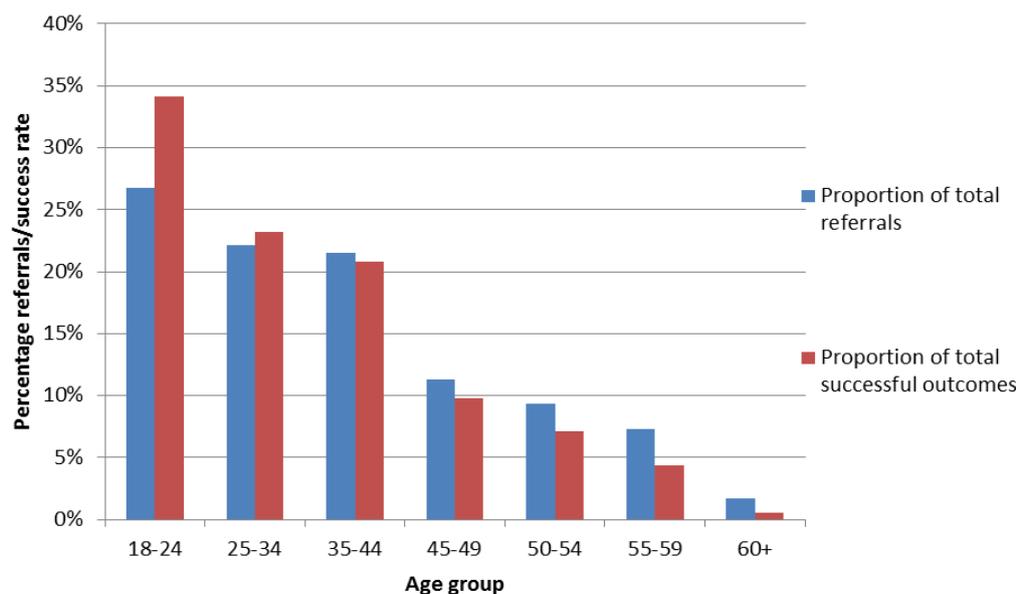


Figure 4 shows an alternative way of expressing the decline with age, by comparing the number of referrals per age group with the successful outcome rate. Older people receive a disproportionately low number of successful outcomes, highlighting the persistence of labour market inequalities in the programme.

Figure 4 – proportion of total referrals and successful job outcomes by age group



This could indicate that providers are ‘parking’ their older participants, i.e. not even trying to help them find work – perhaps because the over 50s are more likely to have

multiple barriers, for example a health condition or low digital skills, giving providers less incentive to help.

In addition, age is a barrier to work in its own right.<sup>v</sup> For example, there is a substantial degree of ageism in the labour market that affects older jobseekers' chances of finding work.<sup>vi</sup> Such discrimination is an issue across the labour market, and a wider cultural change is needed in order to improve the situation. Other barriers include lower skills among the 50+ cohort, out-of-date qualifications, and a higher propensity to have caring responsibilities.

The research commissioned by Age UK and undertaken by CESI confirms that a jobseeker's age can often be a barrier to finding work. It found that:

*“those who are over-qualified for the jobs available are often very over-qualified, those who have had time out of the labour market have generally spent a very long time out of it, and those who are under-qualified are often very under-qualified because they obtained their skills and qualifications a long time ago.”<sup>vii</sup>*

In short, barriers to work are directly enhanced by the jobseeker's age.

### **What should be done to address this failing?**

Based on this analysis, and the available evidence – including the research done by the CESI, 'Employment support for unemployed older people', we are able to make some specific recommendations that we firmly believe would improve outcomes for the 50+ long term unemployed.

These include:

#### **1) Establishing a separate payment group for 50+ participants**

It is clear that age is in itself a barrier to work. The research concludes that creating a separate payment group (explained in Annex B) for the over 50s would help alleviate this. It would place greater emphasis on this age group and drive providers to focus on how to most effectively support this cohort by countering some of the specific barriers faced by older participants. One provider taking part in the CESI research explained:

*“Maybe it would be different if they were in a payment group of their own. So whoever you are in the supply chain - a delivery manager or whatever - you know were thinking about it as a bottom line as well - you know in terms of business as well as just believing in people.” (Work Programme provider)*

However, the research suggests that a separate payment group with increased reward attached to 50+ participants would be 'necessary but not sufficient to significantly improve support', because not every provider responds in the same way to financial incentives.

#### **2) Early referral**

Early referral onto a specialist support scheme – in future the Work and Health Programme – could, possibly in conjunction with a separate payment group, help improve outcomes. The research found that long-term unemployed older people did not find that Jobcentre Plus had offered sufficient support whereas the Work Programme providers were more likely to do so.

Early referral should allow people to access bespoke support sooner, and gives them a greater chance of moving back to work before becoming trapped in long-term unemployment.

The two year wait for the Work and Health Programme is likely to cause a considerable degree of harm to older jobseekers' prospects, particularly for those approaching State Pension age.

### **3) Improving opportunities to re- and up-skill**

A lack of appropriate training opportunities frequently arises as an issue in the CESI research.

The report recommends skills funding should be based on the needs of the individual rather than the current arbitrary age-based criteria. Funding for a second qualification at any particular level should be based on length of time since the original qualification was gained rather than age.

A number of Work Programme providers in the research stated it would be beneficial to have greater funding available for training and up-skilling older jobseekers, and cited a funding bias towards younger people. Others called for a training fund, with the potential for job seekers themselves to have control over this budget.

Appropriate IT support must be offered as a matter of course by Jobcentre Plus at the start of the benefit claim, with Work Programme providers helping those who continue to struggle.

### **4) Job brokerage**

Many older jobseekers and providers found that a brokerage service, akin to a recruitment agency model, was particularly effective. This service includes keeping up to date with the labour market, sourcing vacancies and identifying appropriate candidates.

These are, however, expensive and so may need to be targeted at the most disadvantaged, and should be delivered alongside training in job search techniques.

### **5) Improving age-specific provision for 50+ clients**

Most Work Programme providers did not have any specific provision for the 50+ cohort, despite evidence that this approach can be helpful. The Government could have an important role in persuading providers of the case for offering this.

Only one provider specifically analysed data for 50+ jobseekers, but others offered some degree of tailored provision. Examples of such provision from the report include:

- Workshops to address specific age-related barriers (Work Programme provider)
- Building a network of age-friendly local employers, who were then engaged to offer work trials and deliver talks (specialist voluntary provider)
- A weekly 50+ job club (Work Programme provider)
- Optional daily visits to support centre (Work Programme provider)

- A £140 per week wage incentive for individuals lasting six months, which the provider thought had made a difference with employers (specialist voluntary provider)
- Employing specialist employer engagement staff, who searched for specific vacancies – found to be effective, but too costly given the funding constraints (Work Programme provider)

The research found that often older jobseekers valued such support, and the Work Programme was often more popular among participants engaged with a specialist provider than those not. It's worth noting, however, that this could be because the specialist providers accept voluntary referrals and are therefore self-selecting.

## **6) Tackling age discrimination**

The research identified that discrimination on grounds of age does occur both in the labour market and within the allocation of welfare-to-work support.

*"They said oh no people over 50 are really stuck in their ways, I'd never be able to induct them into my company, they just bring with them wherever they have worked before." (Work Programme provider)*

While stereotypes will always apply to some people, its existence is damaging to all parties:

*"It is a two-sided coin, the labour market is definitely discriminating against older people and older people are discriminating against themselves, they are bringing their hang-ups to interview." (Work Programme provider)*

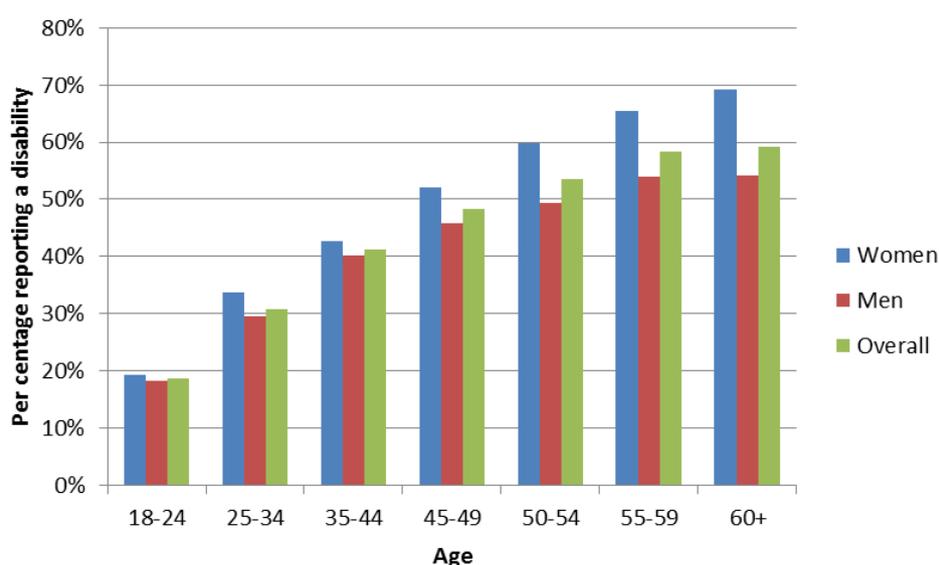
There is no easy solution to tackling age-related stereotypes. Providers identified the role of Government to combat discrimination – tackling this must be a priority for the DWP's Fuller Working Lives strategy.

## 4. Disability and health

### Prevalence of disability increases with age

The current Government has made halving the disability employment gap one of its top priorities. This is extremely relevant for how unemployment support is delivered for older workers, as there is a clear overlap between rising incidence of disability and age, which has implications for both the delivery of back-to-work support as well as the future flagship government policy.

Figure 5 – proportion of Work Programme referrals reporting a disability, by age group



Overall, about 36.4 per cent of Work Programme participants report having a disability. However this rises to over half of those aged over 50, and nearly 60 per cent of those aged 60+. Reported disability is particularly prevalent among women, which could go some way to explaining the gender differences noted earlier.

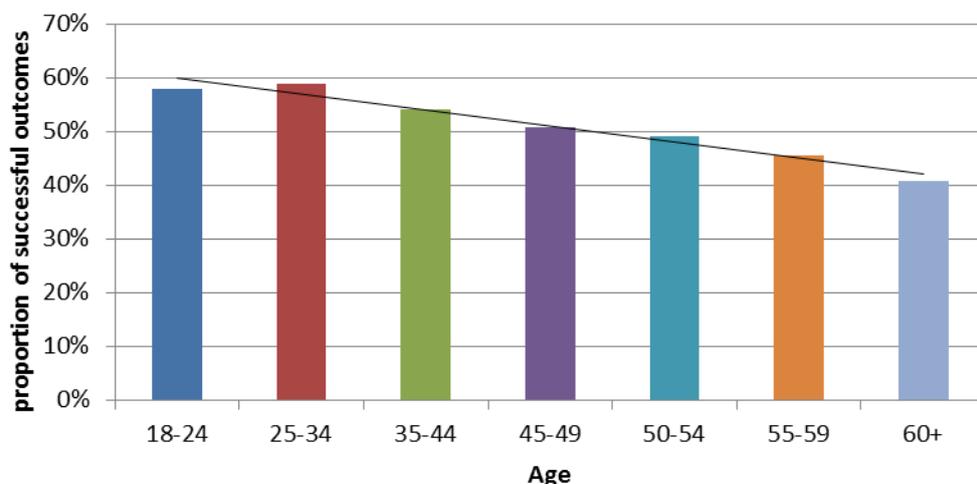
However, while disabilities create barriers for individuals and undoubtedly make it harder to return to work, age is an aggravating factor.

Figure 6 shows disabled peoples' successful outcomes as a proportion of non-disabled peoples' outcomes, within each age group. This allows us to effectively hold constant the effect the disability has on job outcomes, and look specifically at the additional disadvantage incurred by the participant's age.

When compared across age groups, we can see that the successful outcome rate decreases as participants get older – disability alone is not lowering job outcomes compared to non-disabled people. This strongly suggests that age is acting as an additional barrier to disability, and is playing a separate yet important role in hindering people in their work search.

**If the Government is serious about tackling the disability employment gap, then supporting older jobseekers through the Work and Health Programme is an integral part of the agenda.**

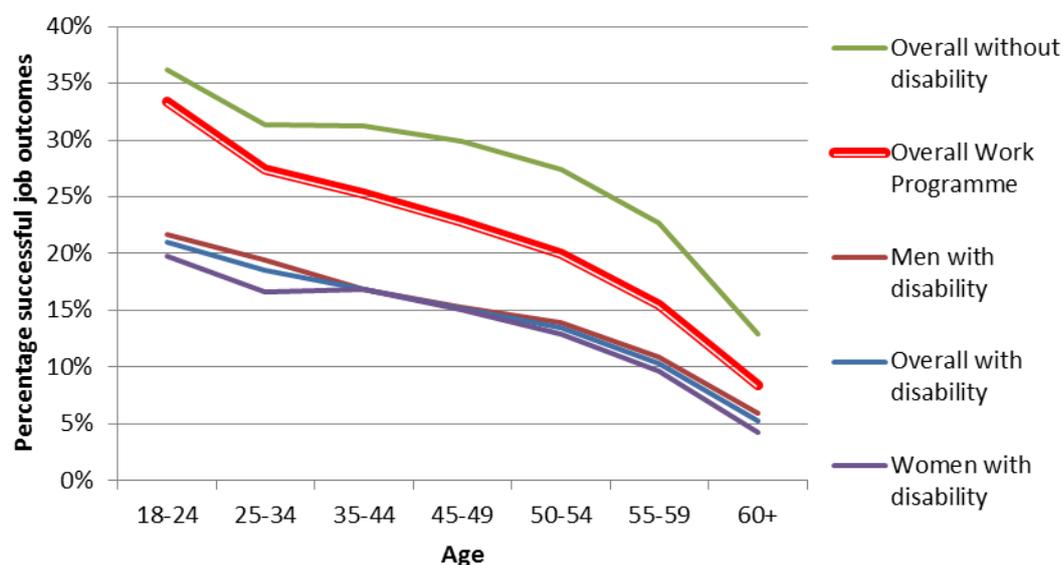
Figure 6 – disabled participants’ job outcomes as a proportion of non-disabled, by age group



It is also worth noting that while we do not know the nature or severity of the reported disabilities, we cannot assume that disability gets progressively worse with age. Younger people may experience fewer but more severe disabilities, while older workers are more likely to develop minor conditions in their mid-to-late 50s or early 60s (with considerable variation within each age cohort). People in the Employment and Support Allowance Support Group (who are likely to be severely disabled) would not be on the Work Programme, so while we cannot evaluate the level of disability faced by participants, they are unlikely to be severely disabled.

Figure 7 shows the overall impact on success rates, and highlights the significant gap between those with and those without a disability. This would perhaps be expected in the labour market but, as with older jobseekers, the Work Programme should correct for these inequalities more effectively. **Age UK hopes that the Work and Health Programme will be designed specifically with the barriers exacerbated by disability, including age-related factors, in mind, and will follow the recommendations elsewhere in this report.**

Figure 7 – job outcomes by age and disability



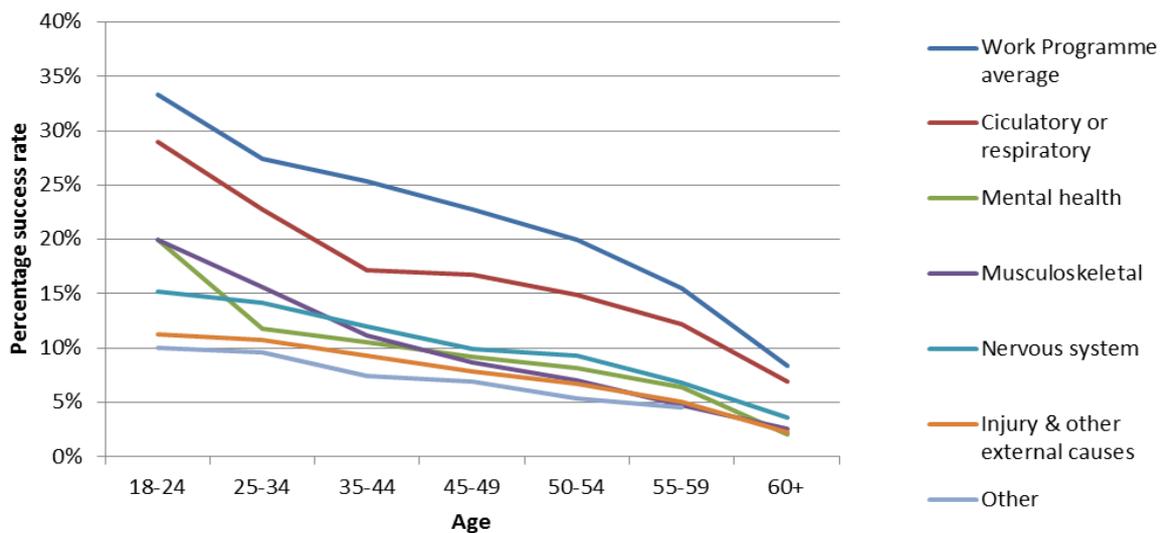
### How do different conditions affect outcomes?

Participants with all specified health conditions experience lower outcomes than the Work Programme average, at all ages, as shown by Figure 8. This is perhaps not surprising, but should give cause for concern, especially as the Work Programme’s payment structure was designed to rectify such anomalies for example through higher payments for people claiming ESA (see section 5 on benefit types). Anecdotally, providers suggest that many participants coming through the JSA route are actually in poorer health than those on ESA, suggesting that the unpredictability of the Work Capability Assessment is feeding through to the Work Programme.

As older participants are more likely to suffer from one of these conditions, this in part explains why successful outcomes decline with age (although, as Figure 6 shows, this is far from being the full reason why age acts as such a significant additional barrier).

While all conditions follow a similar pattern in relation to age, it’s worth noting that people suffering from mental health conditions fare particularly badly. **An urgent assessment of how best to support 50+ jobseekers suffering from mental health conditions is needed. This should be a centrepiece of the Work and Health Programme.**

Figure 8 – successful job outcome rate by primary health condition and age



## 5. Outcomes by benefit route

Work Programme participants either claim Employment and Support Allowance (ESA), Jobseekers Allowance (JSA), or for a small minority Income Support. The two main routes (ESA and JSA) are then subdivided into different payment groups, each with different provider rewards attached to them depending on the supposed difficulty of placing them in sustainable work. A brief description of ESA and JSA can be found in Appendix A, and the basic structure of the Work Programme in Appendix B.

Figure 9 – successful job outcomes by payment group and age<sup>viii</sup>

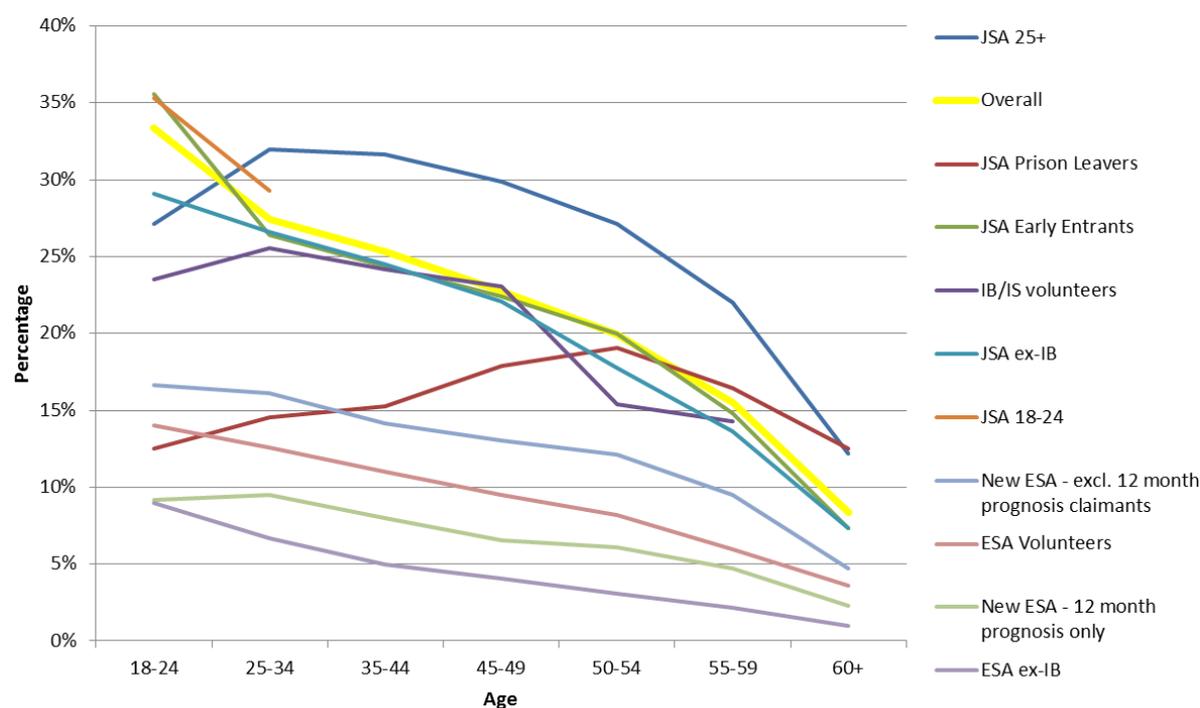


Figure 9 shows successful job outcomes for each age group under each benefit route. It's immediately obvious that ESA participants suffer considerably worse outcomes than do their JSA counterparts. While this is always likely to be the case, owing to ESA claimants being on average in worse health than JSA claimants, the disparity is worrying, and has been highlighted consistently over the past five years by the CESI.<sup>ix</sup>

The worst outcomes are experienced by the 60+ group of ex-Incapacity Benefit claimants now on ESA. This group has experienced a success rate of less than one per cent – this is shockingly low, and it can only be said that the Work Programme has failed this group. The rate is only just over two per cent for 55-59s and three per cent for 50-54s, which are still extremely low. **With a rising State Pension Age, it is imperative that the Work and Health Programme explicitly examines how to help older claimants in poor health, and makes delivering appropriate support part of the main delivery stream.** The consequence of failing is significant numbers of older jobseekers remaining on benefits for up to 15 years – a bad outcome for individuals and the government.

This is in contrast to the JSA 25+ group, whose participants have been more successful at finding work. As the Work Programme already has this age-based element (as well

as JSA 18-24s), it seems perfectly feasible for the government to design specialist provision for the over 50s.

## 6. Regional variations in performance

The final area that we look at in this policy report is how older participants fare in different contract areas, and under different contractors. We demonstrate that there is a clear differential that cannot be attributed to local economic variation, which can be seen most clearly by comparing providers operating within the same contract package area (CPA) (see Figure 11).

As some providers are finding more success with their older clients, it demonstrates there is scope for improvement among other contractors, for example by adopting good practice found among the stronger performers.

### Local differences – do providers matter?

The Work Programme is divided into 18 contract areas – 16 in England, plus Wales and Scotland.<sup>x</sup> Each area typically has two contractors, although four regions have three.<sup>xi</sup>

The rest of this section of the briefing explores the evidence on local economic variation among the 55-59 age group. It concludes that although local economic variation may be one factor in varying performance, it cannot be held mainly responsible for any differences.

At the outset of the Work Programme in 2011 the DWP dismissed local economic conditions as irrelevant<sup>xii</sup>, while the CESI stated:

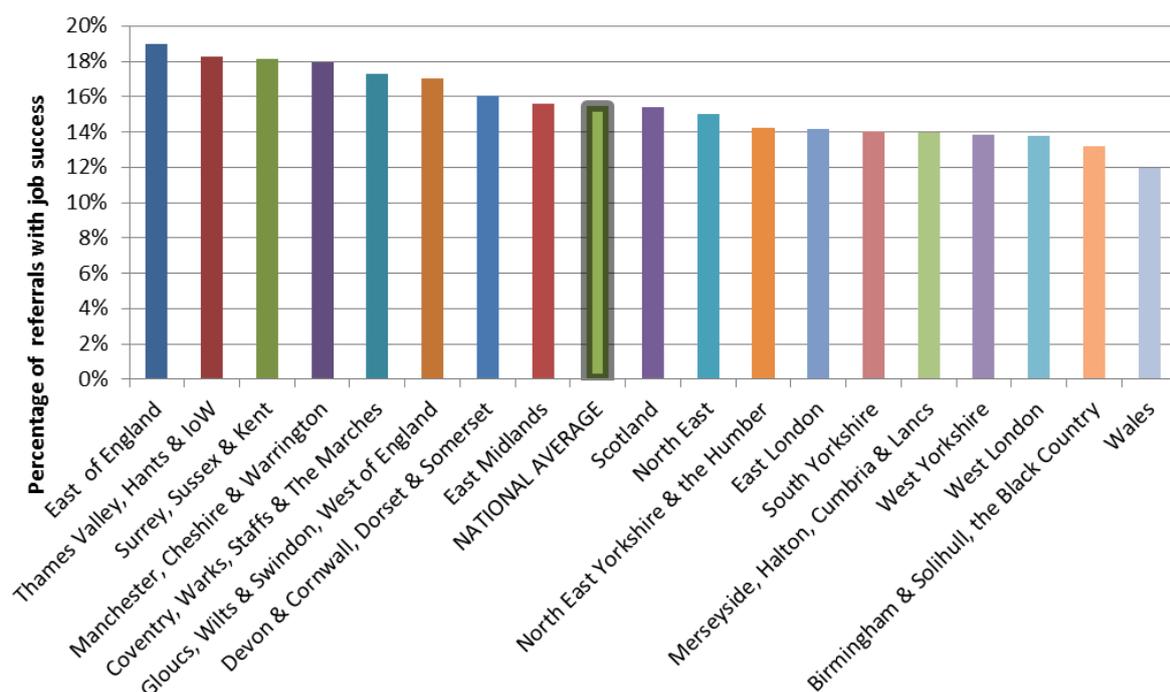
*“there is some evidence that areas with worse economies like the North East, Wales and the Humber have done worse, though Scotland and Greater Manchester have performed relatively well”<sup>xiii</sup>*

This suggests that local economies are not the overriding factor. The CESI also acknowledged that it is still a relevant consideration: “performance differences will reflect both underlying economic factors and provider performance”.<sup>xiv</sup>

Demographic factors such as skill levels among in each area are also likely to be relevant, but it is not possible to investigate this with the available data.

The difference is demonstrated by Figure 10. East of England enjoys the best performance for this age group with a 29.3 per cent job success rate, while Wales suffers from the poorest performance at 22.5 per cent, both of which reflect their rankings across all ages. There is however some movement when comparing 55-59s and the overall ranking, for example Scotland is the 9<sup>th</sup> best performing CPA for 55-59s, yet only the 16<sup>th</sup> best overall.

Figure 10 – successful job outcome rates for 55-59s, by contract package area



### Differentiation within an area

However to see the true variation, and account for differing local economic conditions, it is helpful to compare providers *within* each area. Comparing success rate of the two gives an indication of the potential for the lower performer to improve their success rates (or in areas where there are three providers for the worst performer to improve).

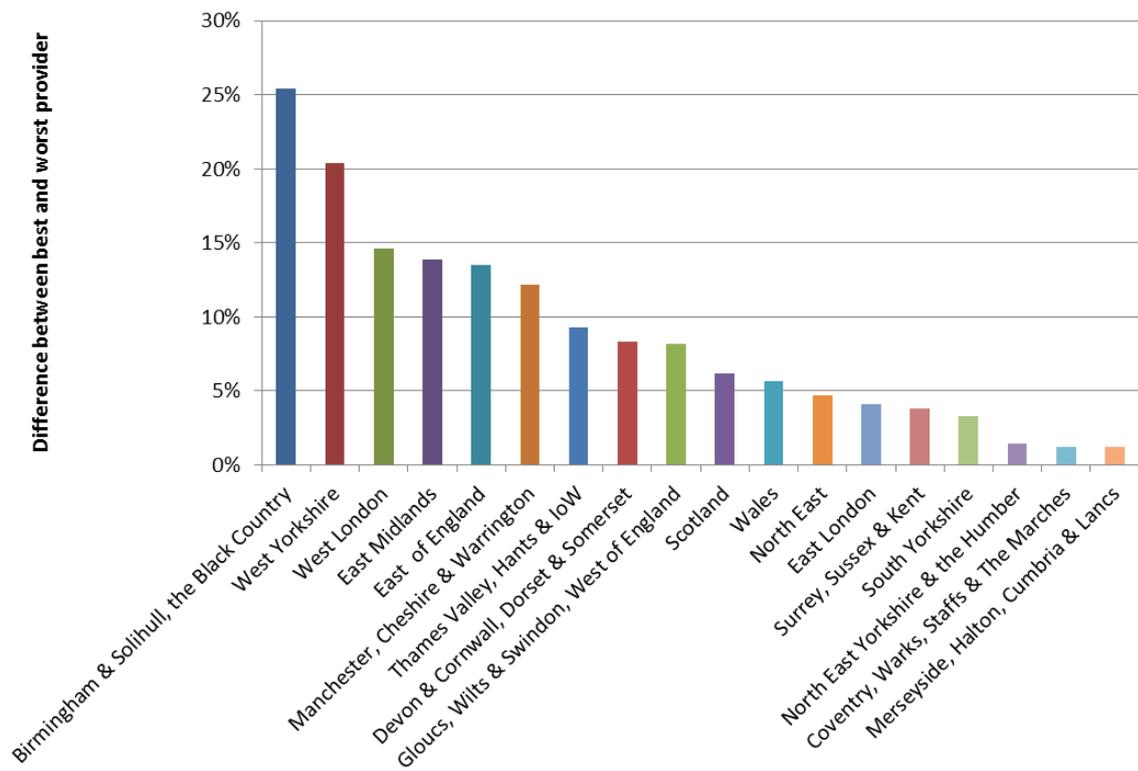
**If the prime providers were all maximising their results then we would expect a high degree of consistency between areas – in many areas this does not happen,** as shown by Figure 11.

For example, a zero per cent figure would indicate a perfect match between providers, whereas a 50 per cent figure would show that the worse performer's successful job outcome rate was half that of the best in the same CPA.

We can see that in some CPAs there is a significant disparity – in Birmingham etc. the worst performer is achieving over 25 per cent fewer successful job outcomes as the best. Although this is a three-provider area, it does not necessarily follow that this is an inherent barrier to consistency, as East London, also with three providers, performs relatively well.

**It strongly suggests there is scope for improving outcomes due to sharing good practice and focussing on support delivery mechanisms.**

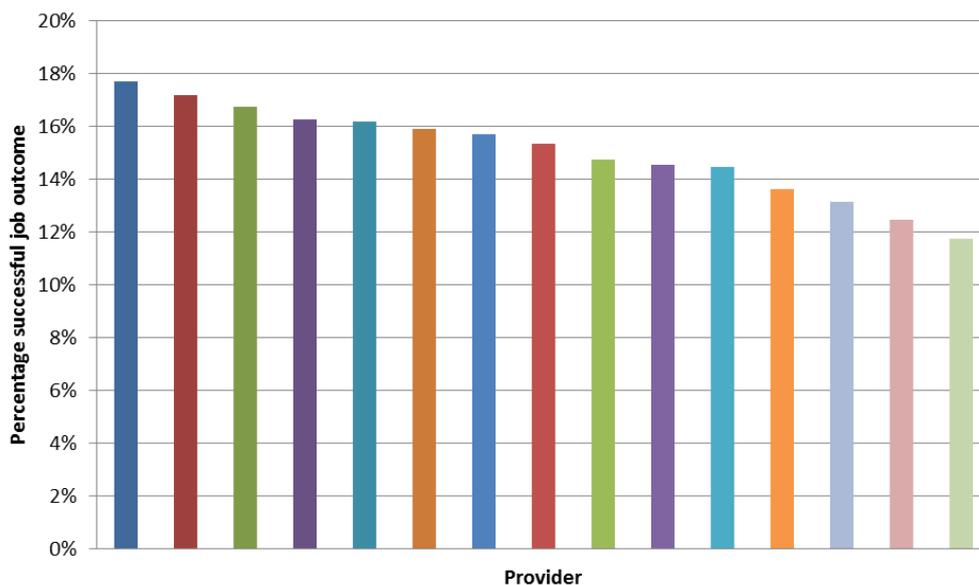
Figure 11 – difference between best and worst provider in each CPA, for 55-59s



### Differences among providers

At an even more granular level, we can use the data to see how the 15 different providers fare across their contracts. Figure 12 shows the range of successful outcomes ranging from nearly 18 to just under 12 per cent, a difference of 33 per cent, again indicating scope for improvement.

Figure 12 – successful outcomes for 55-59s by provider, across all CPAs (anonymised)

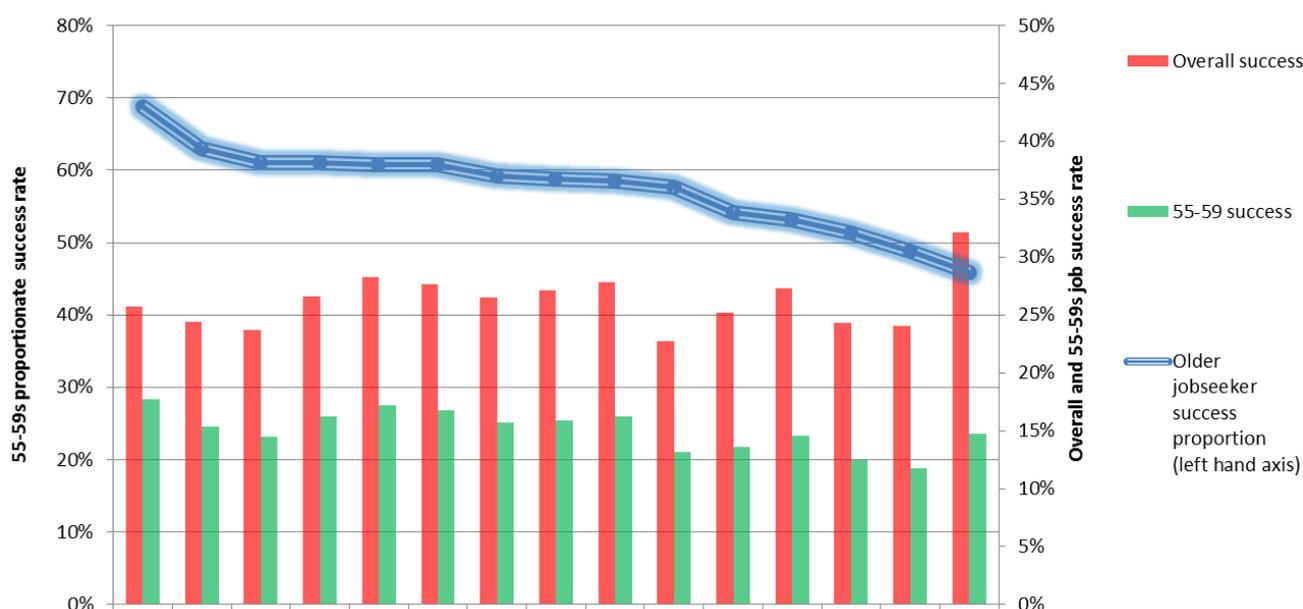


We can also compare each provider's overall success rate to its 55-59 rate, shown in Figure 13. This paints an interesting picture, allowing us to see where older participants are losing out to their younger counterparts. Learndirect, on the left hand side, has the closest match, so by this measure is the best performer for our focus age group. There is a significant degree of variation, however, ranging down to two providers who have delivered to 55-59s less than 50% of the success rate that they achieved across all age groups.

**While the providers are clearly not responsible for the overall Work Programme payment structure, the disparity of outcomes proves there is more to the poor performance for older participants than programme design alone (although this is, of course, a major factor).**

**As the Work and Health Programme is designed and rolled out, mechanisms to ensure that providers can up their game for their older clients, for example re-examining payment structures and good practice-sharing mechanisms, must be built into the process and become part of day-to-day operations.**

Figure 13 – 55-59s vs overall job success rates, by provider



## 7. Policy recommendations for the Work and Health Programme

The rollout of the Work and Health Programme is an excellent opportunity to improve job outcomes for the 50+ cohort. A clear demonstration of how 50+ participants – and even more so the over 55s – typically suffer worse outcomes than younger participants has emerged since the inception of the Work Programme, and Age UK believes the following solution will help alleviate this disparity.

If the Government wants to successfully tackle the disability employment gap, it is important to focus on improving outcomes for the over 50s in the new scheme.

Clearly, with a smaller budget than the Work Programme, this will be harder to achieve, and it is essential that the new programme takes time to commission a delivery model

We recommend that:

- 1) **The introduction of the Work and Health Programme is delayed**, to ensure that it can meet the demands placed on it by a less secure post-Brexit jobs market. This includes considering whether the suggested budget will be sufficient for providers to build in bespoke support that helps improve sustained job outcomes. The scheme should be specifically designed to encompass the outcome of the State Pension age review, taking place in 2017, to ensure that older jobseekers are not left behind by the welfare-to-work system as they wait longer for their State Pension.
- 2) **Jobseekers within ten years of their State Pension age should be referred to the scheme after six months** rather than having to wait two years. Early referral is proven to help older jobseekers get back to work, but under the proposed scheme only people with a serious health condition will get an early referral. This will leave the growing numbers of participants approaching State Pension age stranded, unable to access support that might help them back to work – where Jobcentre Plus has been shown to fail, jobseekers will need access to more appropriate help. Such a change would reflect the evidence that older workers typically suffer a longer spell of unemployment than younger workers,<sup>xv</sup> and that the longer a jobseeker is out of work the harder it is for them to re-enter the labour market.<sup>xvi</sup>
- 3) The payment structure under the new scheme must reflect the difficulties faced and **a separate payment group for the over 50s should be established**. While there is mixed evidence on the extent to which payment incentives affect provider behaviour, it is necessary to have a separate group as a signalling effect that this is a priority group. In addition, the DWP should consider a differentiated payment structure, for example higher payments for people aged over 55.
- 4) **Minimum outcome standards specific to the over 50s should be introduced**. This could work either separately or in addition to having a separate payment group, but would encourage providers to place greater emphasis on their 50+ clients.
- 5) **All providers should include as standard practice a range of specialist initiatives for 50+ clients**, for example workshops addressing age-specific barriers, a weekly job club, and building networks of age-friendly employers. Many such initiatives can be achieved at a relatively low cost and produce good results.

- 6) **Providers' supply chains need to use voluntary and private sector specialist providers more effectively.** There is already a great deal of expertise among these sectors at helping disadvantaged groups, including older workers – it makes absolute business and practical sense to utilise this as effectively and as fairly as possible (using the Merlin standard<sup>xvii</sup> for supply chain management).
- 7) **Opportunities to re- and up-skill need to be radically improved** – with public funding for skills being focussed on people with low level qualifications and apprenticeships, many older jobseekers who already possess these or for whom apprenticeships are not an appropriate route are being frozen out. 24+ Advanced Learning Loans have resulted in a decrease in participation – these issues must be examined in detail and a coherent skills strategy for the over 50s developed. This must be at the heart of the Work and Health Programme.
- 8) **The DWP should examine how to build a job brokerage service into its employment support delivery, spanning Jobcentre Plus and the Work and Health Programme.** Many older jobseekers and Work Programme providers found that a brokerage service, akin to a recruitment agency model, was particularly effective. This includes keeping up to date with the labour market, sourcing vacancies and identifying appropriate candidates, with support delivered alongside training in job search techniques. These are, however, expensive and so may need to be targeted at the most disadvantaged.

## Appendix A - Brief explanation of JSA and ESA

### 1. *Jobseekers Allowance*

This is the main out-of-work benefit paid to unemployed people actively seeking work. A full explanation of JSA is available on [the Citizens Advice website](#).

The Work Programme payment groups are divided into: JSA 18-24; JSA 25+; JSA ex-Incapacity Benefit; JSA early access.

Here, we look at three different benefit routes:

1. 'Early entrants' – people passed from Jobcentre Plus to the Work Programme prior to the standard 12 month period. A minority of claimants qualify because they are deemed as having a particular disadvantage.
2. ex-IB claimants – usually those who transferred to JSA in the as part of the IB-ESA migration process, having been found 'fit for work'. Often such people will still have some health issues, even if not enough to claim ESA.
3. JSA ex-offenders – people leaving prison, who are referred on to the Work Programme upon their release.
4. all other ex-JSA claimants aged 25+

Young people registered as being on JSA 18-24 are not included because of unexplained anomalies in the data.

### 2. *Employment and Support Allowance*

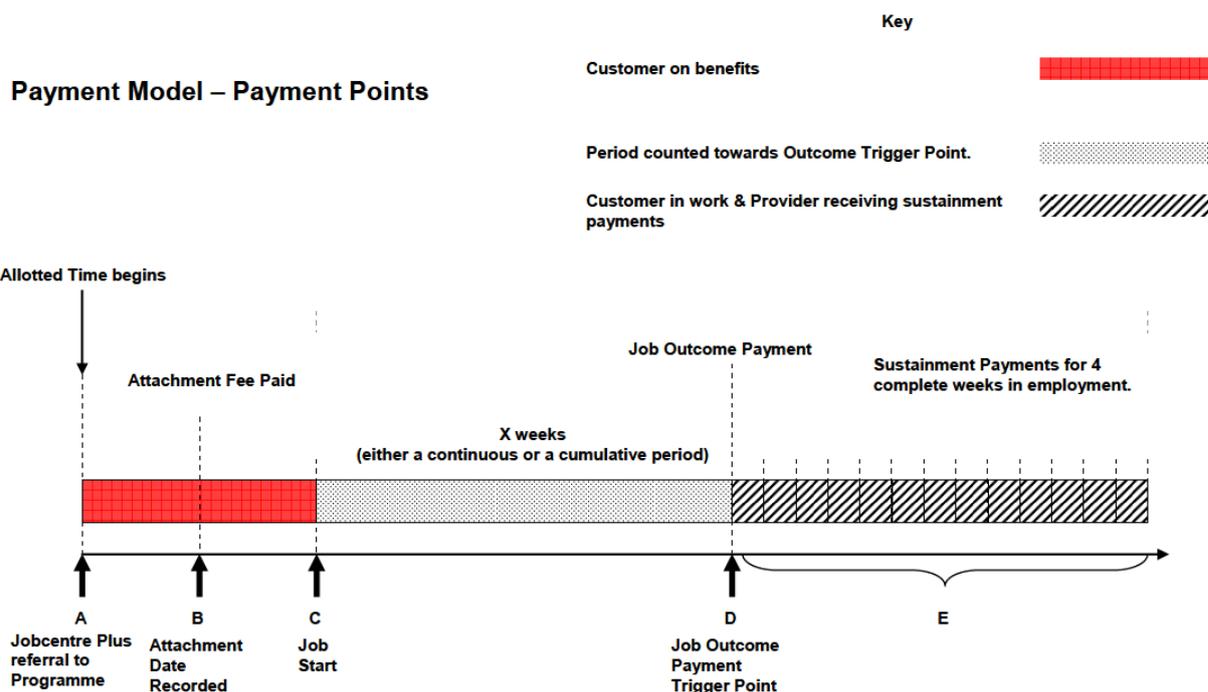
ESA is the out-of-work benefit for people who have a health condition that prevents them from immediately looking for work. It was introduced in 2008 for new claimants, and between 2011-14 all existing Incapacity Benefit claimants are being migrated over. A full explanation is available on [the Citizens Advice website](#).

An ESA claimant has to undertake the 'Work Capability Assessment' test in order to determine whether or not they are 'fit for work'. If found to be 'fit for work' they are then transferred to JSA instead, or if found not to be they are then placed in either the Support Group (for those with a severe disability) or the Work Related Activity Group (for those who could be expected to work in the future).<sup>xviii</sup>

ESA claimants can either volunteer or be mandated on to the Work Programme depending on circumstances.<sup>xix</sup> WP participants who claim ESA are divided into six payment groups.<sup>xx</sup>

Reforms to the compulsory re-testing of people in the Support Group have been announced by the DWP<sup>xxi</sup> and further possible reforms are discussed in the DWP/Department of Health Green Paper 'Improving Lives', launched in October 2016.<sup>xxii</sup>

## Appendix B – Work Programme payment structure<sup>xxiii</sup>



## Table of benefit routes on to Work Programme<sup>xxiv</sup>

Group	Time of Referral	Basis for referral
JSA claimants aged 18-24	From 9 months	Mandatory
JSA claimants aged 25 and over	From 12 months	Mandatory
JSA claimants who have recently moved from Incapacity Benefit	From 3 months	Mandatory
JSA claimants facing significant disadvantage (e.g. young people with significant barriers, ex-armed services personnel)	From 3 months	Mandatory or voluntary depending on circumstance
ESA claimants who are unlikely to be fit for work in the short term	When Work Capability Assessment is concluded	Voluntary
ESA claimants who are expected to be fit for work within 3 to 12 months [ESA Flow]	When Work Capability Assessment is concluded	Mandatory
ESA claimants who have recently moved from Incapacity Benefit	- Any time if expected to be fit for work within 3 to 12 months	Mandatory
	- Any time if not expected to be fit for work in short term	Voluntary
Incapacity Benefit and Income Support (In England only)	Any time	Voluntary
Prison leavers claiming JSA	Immediately, once benefit claim made within 3 months from leaving prison	Mandatory

Work Programme payment structure (DWP)

<b>Payment group (£)</b>	<b>Max attachment fee (£)</b>	<b>Max year 1 job-outcome fee (£)</b>	<b>Max sustainment fee (£)</b>	<b>Total (£)</b>
JSA aged 18-24	400	1,200	2,210	<b>3,810</b>
JSA aged 25+	400	1,200	2,795	<b>4,395</b>
JSA Early Access	400	1,200	5,000	<b>6,600</b>
JSA ex-IB	400	1,200	5,000	<b>6,600</b>
ESA volunteers	400	1,000	2,300	<b>3,700</b>
New ESA claimants	600	1,200	4,700	<b>6,500</b>
ESA ex-IB	600	3,500	9,620	<b>13,720</b>
IB/IS	400	1,000	2,300	<b>3,700</b>
JSA prison leavers	300	1,200	4,000	<b>5,500</b>

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- <sup>i</sup> At time of writing, John Cridland is carrying out his independent review of the State Pension age. The Government will then respond in 2017. Helping the unemployed keep working is an important factor to consider for both parties.
- <sup>ii</sup> The Centre for Economic and Social Inclusion is now part of the Learning and Work Institute
- <sup>iii</sup> HM Treasury, DWP settlement in the 2015 Spending Review
- <sup>iv</sup> See also: Centre for Economic and Social Inclusion, June 2014, Employment support for unemployed older people, available at: <http://www.ageuk.org.uk/PageFiles/12808/Age%20UK%20Report%20FINAL.pdf?dtrk=true>
- <sup>v</sup> Age UK (2010), Age as a barrier to work
- <sup>vi</sup> See for example: CIPD (2010), Managing an ageing workforce; TAEN (2013), Survey of 50+ jobseekers; or Age UK (2011), The Age Regulations five years on
- <sup>vii</sup> Centre for Economic and Social Inclusion, June 2014, Employment support for unemployed older people, available at: <http://www.ageuk.org.uk/PageFiles/12808/Age%20UK%20Report%20FINAL.pdf?dtrk=true>
- <sup>viii</sup> "ESA 12 month prognosis" means those ESA claimants who were not expected to be fit for work for a further 12 months but are on the Work Programme nonetheless.
- <sup>ix</sup> Centre for Economic and Social Inclusion (June 2015), Work Programme statistics: Inclusion analysis
- <sup>x</sup> Northern Ireland has a separate welfare system, and has a similar scheme in place.
- <sup>xi</sup> The four areas with three prime providers operating are: Manchester, Cheshire & Warrington; Birmingham & Solihull, the Black Country; West London; East London
- <sup>xii</sup> See for example the Public Accounts Select Committee's report, Work Programme outcome statistics (2013), <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmpubacc/936/93604.htm>
- <sup>xiii</sup> Centre for Economic and Social Inclusion (2012), Work Programme Performance Statistics: Inclusion Analysis
- <sup>xiv</sup> Centre for Economic and Social Inclusion (2012), Work Programme Performance Statistics: Inclusion Analysis
- <sup>xv</sup> Economic and Labour Market Review (2010), Explaining exits from unemployment in the UK, 2006-9, Office for National Statistics
- <sup>xvi</sup> See for example: Kroft, Lange & Notowidigdo (2012), Duration Dependence and Labor Market Conditions: Theory and Evidence from a Field Experiment, NBER; or Cappellari, Dorsett & Haile (2005), Labour market transitions among the over 50s, Department for Work & Pensions Research Report 296
- <sup>xvii</sup> More information on the Merlin Standard, developed by the DWP to improve supply chain management, can be found at <http://www.merlinstandard.co.uk/about-merlin.php>
- <sup>xviii</sup> The Work Capability Assessment has proved controversial since its introduction – we are not concerned with these controversies here, this only includes a brief explanation about the benefit.
- <sup>xix</sup> All ESA participants in the Support Group and most in the Work Related Activity Group can volunteer, however some can be mandated when they are expected to be fit for work in three months. See: DWP (2010), The Work Programme: invitation to tender.
- <sup>xx</sup> The six groups are: 1) Contribution based; 2) Work related activity group – unlikely to be fit for work in short term; 3) ESA flow: Work related activity group – likely to be fit for work within 3 months (income related); 4) Support Group; 5) Ex-IB: Work related activity group – likely to be fit for work within 3 months (income related); 6) Ex-IB Support Group.
- <sup>xxi</sup> <http://www.bbc.co.uk/news/uk-politics-37526324>
- <sup>xxii</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/564038/work-and-health-green-paper-improving-lives.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/564038/work-and-health-green-paper-improving-lives.pdf)
- <sup>xxiii</sup> Department for Work & Pensions (2010), Invitation to Tender
- <sup>xxiv</sup> Copied from House of Commons Library (2015), Work Programme: background and statistics, HoC Library briefing no. 6340