

Re-designing welfare to work around poverty reduction

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The system now

Initial engagement

- JCP, job search, administrative conditions

Post-initial engagement

- Referral by benefit type/length of claim
- Work Programme, Sector-based academies

Long-term unemployed

- Daily attendance at JCP
- Community work placement for 6 months
- 'intensive job centre support'

If you get a job: nothing

What's wrong with the system?

Segmentation on age/benefit type

- Not best practice or good resource allocation
- Doesn't reflect dynamics of worklessness
- No support once into work (hours/pay)

Leads to

- Parking effects (e.g. Work Programme)
- Scarring effects (low morale, poverty)
- Wasted resources
- Inappropriate conditionality

System is too narrow

Off-flow rates are too narrow a target

- “75% of claimants signed off in 6 months”
- Need to consider earnings, household experience of poverty, low paid work and in-work benefits

System does little for some groups

- Job outcomes: young people 25% vs 5% for ESA

Upskilling, job progression needs policy and practice development (esp. under UC)

All JSA claimants

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graph TD; A[All JSA claimants] --> B[Leave JSA by six months (75%)] --> C[Enter employment (68% of those leaving)] --> D[Continuously in work after 7 or 8 months of leaving JSA (71% of those entering employment or just 36% of all claimants)]
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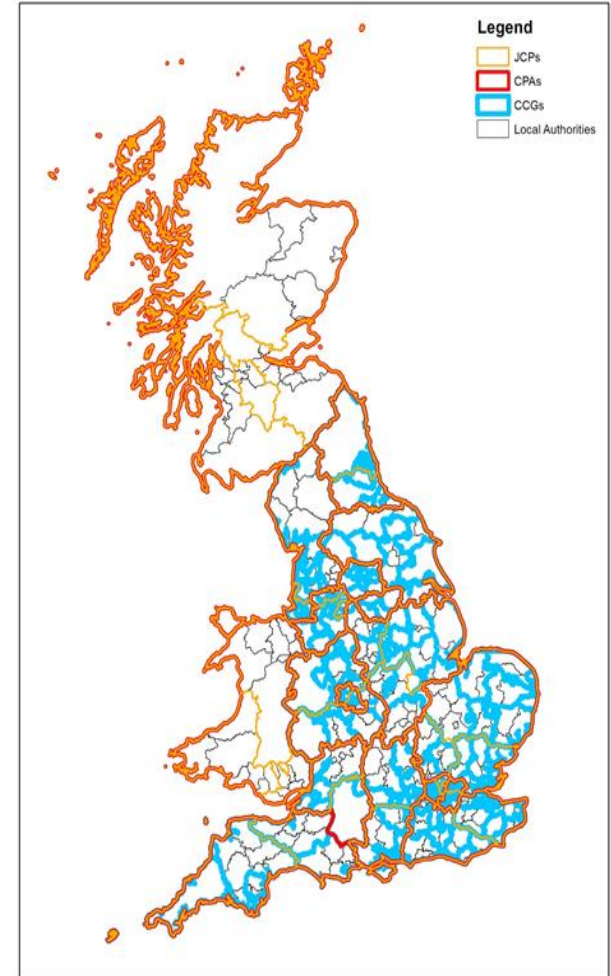
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Uncoordinated budgets

- Tie up between employment support and health/social services, education and skills training, housing services etc. is poor
- Provision and commissioning is split between Departments, LAs, LEPs
- System remains difficult to navigate, coordinate budgets and services (esp. for hardest to help)



A new approach

All employment services commissioned and delivered with primary goal of reducing poverty by increasing sustainable employment and earnings

Personalised approach to tackling barriers to employment and higher earnings

New measures of success for all related programmes (state run and private / third sector contractors)

Open publishing of data on outcomes

Differentiate for disadvantaged groups, supporting furthest from the labour market effectively

Join-up support available across different agencies and delivery partners

Basic framework

- New central organisation bringing together local and national support
- Evidence-based segmentation of all claimants
- Just two programmes:
 - one for those furthest from labour market
 - one for everyone else

Two programmes

1. Mainstream

- Payments based on total earnings over contract period
- Differentiated by distance from labour market (not benefit type)

2. Hardest to help

- Focus on smaller and third-sector providers
- Use of Intermediate Labour Markets (potentially through Social Enterprise)
- Upfront funding model (based on total expected benefit payments)
- Leverage Social Finance

New system design

- A single national framework/set of boundaries
- Piloting of new ideas for in-work support
 - Claimants keep a % of benefit savings as a bonus?
- Increase benefit rates for those not in system
- Review conditionality regimes
 - Ensure conditions are actually helpful
 - Reduce use of sanctions