

St Mungo's

Response to No one written off: reforming welfare to reward responsibility

A consultation response to the Department for Work and Pensions

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About St Mungo's

St Mungo's is the main provider of services for London's rough sleepers, as well as to other homeless populations. Over the last ten and more years, central government has launched a number of initiatives to reduce rough sleeping. St Mungo's is the only third sector agency to have been involved in each of these programmes.

We run a comprehensive range of housing (shelters, hostels, high-support projects and independent flats), with ancillary services from street outreach to resettlement support, backed up by drugs, alcohol and mental health specialists. Every year we help more than 10,000 homeless and vulnerable people find responsive and integrated solutions for problems with housing, employment, training and health.

A fundamental element of our approach is our *Work and Learning* programme, which is the largest such programme for homeless people in Europe. It consists of an integrated range of a dozen projects stretching from engagement through training to employment. Each year we help roughly 100 people into sustainable jobs – and behind that headline figure are the 2,000 other unemployed men and women whom we help to improve their employability through *Skills for Life* and *Skills for Jobs* training, as well as volunteering and other forms of short-term work placements.

We believe that work is central to human identity, and promote its benefits wherever possible. We have a unique track record stretching back more than 20 years, and the clarity of purpose to project this forward into the future. The particular challenge for us – and, we believe, for government – is how to transform the unemployment rate in our hostels. Twenty years ago 86% of our hostel residents were in some form of paid work. Today that figure is 4%.

This represents a shocking failure of policy. We are encouraged by the tone of the Green paper, which identifies welfare dependency and makes some radical suggestions for tackling it. In some areas we think it does not go far enough in its prescriptions for tackling entrenched unemployment. We are determined to bring down the unemployment rate in our hostels, but we need government help to do so. We hope that the Green Paper can be just the launchpad we all need.

Introduction

St Mungo's generally welcomes the DWP's Green Paper on Welfare Reform "*No one written off: reforming welfare to reward responsibility*", and would offer a number of observations and suggestions.

Homeless people living in hostels are almost exclusively unemployed with less than 5% in any form of paid employment. Yet 77% say they would like to start work tomorrow if they could. St Mungo's helps those furthest from the labour market – more than a third of our clients have no qualifications at all, and nearly a fifth struggle to read or write well enough to fill in a form or apply for a job. 60% of St Mungo's clients have yet to achieve their first full level 2 NVQ. One of the barriers for homeless people entering the labour market is thus competency in the basic skills: we know that government recognises this, at least in theory. We need to see this translated into hard reality, into practice that one can see, and almost touch and smell.

We would like to emphasise that there are enormous cost benefits to society in helping homeless people get off the streets and into work. Independent research shows that St Mungo's *Work and Learning Services* saved the tax payer £5.6 million in 2007, and helped 125 people find sustainable employment. This represents a £45,000 saving per person. It baffles us that something which is morally the right thing to do and which saves considerable sums to the public purse can be ignored by government.

St Mungo's is very happy to be a delivery partner of the flexible New Deal. We would like to highlight the characteristics of our client group, who typically experience a complex range of physical and mental health problems, substance misuse and poor education which present substantial barriers to recovery and employment. Therefore provision that meets their needs must be in place for a suitable duration and intensity.

From 'first steps' learning provision or engagement activities which increase confidence and aspiration, through to job-seeking and in-work practical and emotional support, sustainable outcomes for our client group will involve sufficient resources and commitment. Payment to providers based on job outcomes alone will set up homeless people to fail; progression must be rewarded, with payments-by-milestones-results.

We believe we can deliver up to 30% positive job outcomes with homeless people if we are given the right level of financial support. St Mungo's already provides a range of housing, health and personal support. Effective employment support would be the last piece of the jigsaw.

Executive Summary

St. Mungo's welcomes many of the proposals and opportunities outlined in the Green Paper. We particularly welcome:

- **The Right to Bid** – It is fair to assume that there will always be gaps in any large national programme, and the **Right to Bid** is an imaginative and inclusive innovation.
- **Clear expectations on job seekers** – There is a mass of evidence that shows work is good for people and there is also evidence that a large group of people have become dependant on benefits, and that this corrodes motivation.
- **The focus on what people can do rather than what they cannot.** This is an important part of St Mungo's approach to client recovery, and exemplifies the kind of attitudinal shift which is crucial to help people make progress.
- **The linkage of employment interventions with substance use and health services** – St. Mungo's have long known that housing, health and work are intrinsically linked, and that integrated packages are the only way to success with this client group.
- **The simplification of the benefits system** – this is very welcome. We hope that it will be underpinned by a transparent system of entitlement, and active practical help by well trained JCP staff for the most vulnerable clients.

Concerns

Of course change can often have unintended consequences and St. Mungo's would like to raise the following concerns about proposals contained within the Green Paper:

- **Programmes** - There is a real danger that the main contractors could 'cherry pick' the clients who are most likely to succeed, while the multiply disadvantaged are left behind. We are proposing a more flexible programme that would focus on their needs.
- **Sanctions** – It is very easy to beat the vulnerable with a stick meant for the feckless. Whilst we can see the rationale behind applying sanctions, we consider further work is needed. It is hard to see what in reality can be taken away from someone who is already homeless. Of course, the state could impose sanctions which would lead to them being evicted onto the streets – but that should never be a possible outcome (quite apart from that fact that it does not help government meet its rough sleeping targets). St Mungo's would oppose a total withdrawal of benefits. We consider it the job of the state to ensure a basic safety net is in place.

We would also ask that **the impact of sanctions be fully tracked**, to ascertain for example whether this has the effect of encouraging those without benefit to resort to criminal activity. Unfortunately the push to

change attitudes to work could have unintended consequences, particularly in the disruption to housing benefit.

- **Substance use** – We welcome a focus on people with substance use problems and we note that the Green Paper does talk about extending the approaches used to alcohol and other illegal drugs. However, to specifically target heroin and crack cocaine users is problematic. Any such approaches will only work if they are planned with local substance use services and if joint approaches are agreed with the Department of Health.

Detailed Response to Questions Raised

Our detailed responses to questions raised in the Green paper on which we have a particular perspective are set out in the following:

Question 1: How long should ‘work for your benefit’ last at different stages in the claim?

Building in a period of real work experience to the flexible New Deal (**fND**) is clearly a sensible approach. Many long-term unemployed individuals have no real idea of what work actually involves or what an employer expects. Such work placement opportunities can however, actually be quite hard to find in large numbers. Whilst many employers will see such a scheme as being a recruitment route for new staff and as a way to contribute to the local community, having too many unpaid placements can be disruptive to a business’s smooth running. Another approach would be to organise work programmes; this could, however, be very expensive; furthermore, it does not exactly replicate conditions in the labour market and would need additional support to then move people into work. St Mungo’s already provides work programmes in a wide range of skills including woodwork, catering, gardening etc and we can see the scope for extending these schemes into this area of work placement.

St. Mungo’s therefore suggests that a mandatory minimum of 4 weeks for work or work-related activity as part of fND is actually a mistake because it will be hard to deliver. As an alternative we would suggest that if lack of work experience is identified as a barrier for an individual fND customer then a work placement of at least 4 weeks should be built into their personalised programme.

Overall St. Mungo’s welcomes the planned pilot for a community work programme but we do urge some caution. Specifically we recommend that:

- as part of entry to such a programme, the purpose of the community work is discussed with the claimant and a job search plan is formally built into the provided programme;
- a formal review of the appropriateness of JSA as the claimed benefit to be conducted, should the individual actually be on ESA (Employment Support Allowance formerly Incapacity Benefit);
- If such an arrangement continues for more than 6 weeks, progress is formally reviewed.

Question 2: How could capacity and capability to provide full-time work experience in the community sector be provided and incentivised to produce the best employment outcomes for participants?

St Mungo’s runs a successful trainee scheme, which recruits and trains ex-residents. This is tailored and quite resource-intensive, but on the other hand yields very promising results. One concern of ours is that a rise in unemployment might be met with the sort of discredited YOP schemes of the 1980s. Good community schemes can be tremendously valuable, but they need careful planning and clear delivery. Public services are major employers, and should be encouraged (required?) to play their part.

St. Mungo's would also suggest that if the community work continues for more than 12 weeks and the customer is meeting the requirements of the person managing their work, they should be paid the minimum wage for the number of hours work they undertake, rather than JSA. This will help the programme not be exploitative; introduce the remuneration ethic of the 'real world'; ensure that the most vulnerable do not get permanently trapped doing community work; and help the programme's reputation among the target group.

Question 3: Is full time "work for your benefits" as an alternative to a sanction of loss of benefit for repeated non-compliance with work search requirements an effective option for some jobseekers? How should it be targeted?

There is no question that some people find the process of job search and being part of a programme hard, and St. Mungo's welcomes the idea of personalisation that has been built into fND. We would suggest that this personalisation gives the DWP the opportunity to try approaches such as working for your benefits to avoid sanctions. Sanctions should only be resorted to in case of those clients who "can-but-won't" work. The "work for your benefits" option provides a more appropriate mechanism, and also widens experience at the same time. However it will be important to consider the reason behind claimants' non-compliance; if this is caused by barriers to work such as lack of skills, low confidence, literacy or other needs, the "work for benefits" will not succeed unless a tailored support programme addressing specific needs is provided.

We do, however, emphasise our earlier point that work experience is an important part of any employment programme but we would reiterate that if someone is permanently "working for benefits" and they are meeting the requirements of their employer (the State), then they should be paid at least the minimum wage rather than JSA.

Question 4: What penalties do you think would be most effective to deter more people from committing benefit fraud?

Fraud is a crime; the criminal justice system is well-equipped to deal with such crime; and the penalties should be left to the courts. If someone has misrepresented his or her means, then an assessment should be made involving the new information that has come to light. Clear and explicit penalties for fraud are an important part of reinforcing the contract between citizen and state.

Question 5: Do you think it would be appropriate to reduce or withdraw entitlement to benefit after a first offence? How long should the sanction period be?

The proposal to reduce or withdraw entitlement to benefit is a very extreme response, and whilst St Mungo's would caution its use after a first offence, it is also important to clarify the principle overall. The use of sanctions can have immediate and unintended consequences. Therefore further guidance on exactly what actions the 'offence' encompasses, and what the steps are within the proposed sanctions regime, from warning to withdrawal. It is vital to emphasise that to stop someone's benefits, with no access to other means of support, is going to cause real hardship which will ultimately cost the taxpayer money. Either they will resort to crime to

make ends meet, or their health or housing situation will deteriorate meaning they will need very expensive services.

We could understand an approach which reduced the personal allowance as long as rent + charges were unaffected. The state must have no truck with causing homelessness in order to reduce unemployment.

Question 6: Do you agree with the proposed approach for identifying problem drug use? How should it be implemented? Do you think that everyone claiming a working-age benefit should be required to make a declaration of whether or not they use certain specified drugs?

St. Mungo's has a great deal of experience providing support and services to drug users in its hostels, in prisons and in outreach and daycentres in the community. We would encourage the DWP to consult the body of good practice developed under the Drugs Strategy when deciding on its approach. This suggests that "Models of Care" processes should be used to screen at lower tiers and then refer for specialist assessment. This would require staff to become more competent in recognising signs, encouraging clients to engage in further referral and assessment, and supporting them during this process.

In general, the benefits system has not invested in developing a tier one capability, nor the capacity to develop referral pathways into higher tiers of drug and alcohol services via liaison with relevant agencies (including community treatment agencies, primary care trusts, social services, probation and police services). We find that simple screening approaches and sensitive conversations which form part of our assessment process enable us to identify problematic substance use very accurately.

It is important to emphasise that the current reality is that there is not much progress in general on drugs treatment – one reason for that is there is very little provision for occupational development for drug users. There is a need for radical action, and we are willing to work with DWP and its partners in DH and the NTA to pilot a new approach.

Question 7: What elements should an integrated system of drug treatment and employment support include? Do you agree that a rehabilitation plan would help recovering drug users to manage their condition and move towards employment?

St Mungo's has focused its thinking on elements that are not already mooted for fND, and many of the ones listed below in all likelihood will not be delivered by or for the DWP. However, without these elements it is our view that any programme to support substance users into treatment and help them enter the labour market will fail.

Elements should include:

- Staff competency training, including tailored training for clinicians and prescribers and other specialist staff, accommodating the need for daily pick up and attending appointments. Often the treatment itself can make it very hard for someone to get work.

- A key work system that works across multiple agencies so that there is only one key worker and one action plan that addresses all the complex needs of the client, with all agencies subscribing to that plan.
- Multi-agency convergence on agreed protocols using Service Level Agreements between all the relevant services.
- Convergence on agreed referral and assessment forms that are concise
- Care plan/action plan structures that are shared across agencies (with clients' informed consent and investment)
- Reduction in unilateral action, and improved consultative processes.
- A flexible package of job search support and training which has an element of personal development training built into it.
- Flexibility and the ability to access volunteering and trial run work-based activities to ease people back in to the routines of the labour market
- Safe, decent quality housing.
- Access to prescribing services, treatment programmes, rehabs etc.
- An acceptance that part-time work may be the maximum for some
- Access back onto benefits if a trial work period doesn't work out, combined with a revised back-to-work programme

Earlier in this response we include a proposal for a tailored programme to get drug users back on the pathway to employment, and which would aim to incorporate all the above elements alongside skills training and work placements.

Question 8: When is the right time to require ESA claimants to take a skills health check?

Later in the Green Paper comes the idea of a Work Capability Assessment for all ESA claimants. It seems to us that a skills health check is an integral part of a Work Capability Assessment: it may well be that someone's health means they could not carry out any job they are currently trained to do but by gaining skills in different areas they might be able to re-enter the labour market. We would therefore suggest that a skills health check should be undertaken with all ESA claimants, and if such a check along with the Work Capability Assessment identifies a sustainable career route for the individual, then making attending such training mandatory is clearly appropriate. Presumably if their action plan has required them to undertake some training, there needs to be some sort of verification of whether that has succeeded.

We would suggest that a skills health check should focus on soft as well as hard skills – our client group can be very far from ready to enter employment in terms of hard skills but also in terms of confidence, aspiration, belief in own sense of ability to challenge self, achieve. For our client group, access to the right skills and personal development opportunities is crucial for their eventual ability to re-enter the labour market in a sustainable way.

Question 12: Are there any other circumstances where customers cannot get the skills that they need to enter employment under present and planned arrangements?

Firstly, St. Mungo's welcomes the planned relaxation of the 16-hour rule: the proposals are sensible and should make a big difference.

Secondly, some people learn differently from others and struggle to engage with existing skills training. A one-size-fits-all model will fail those, such as our client group, with the most complex needs and chaotic lifestyles. Making a learner comply with a training approach that does not work for them is folly, and many NEETs and other people who have failed in the education system are regarded as culpable for that failure. The fact is, however, that if you offer these individuals a more personalised and flexible way to learn, they take it but will probably need more time than the majority. Of course such an approach costs more, but the counter-argument is that leaving people on benefits is also expensive. There will also be cost benefits from our approach.

For this group, it is important to emphasise that a purely outcomes-based approach will often expect too much too soon. As such, basing progression into employment on a 'distance travelled' model rather than job entry alone will allow for real progress that has been made with groups exhibiting extreme disadvantage. This is crucial, because it will not label as failures those who have not yet entered full-time employment, but have still made significant progress against a very low baseline. We therefore call for more personalised learning opportunities for individuals who can be seen to struggle to access conventional skills training.

Question 13: How might we build on the foundations of the current rules so that they do not discourage unemployed people from volunteering as a deliberate back-to-work strategy, while retaining a clear focus on moving off welfare onto paid employment?

Volunteering can be a very useful first step on the ladder to permanent employment and is particularly relevant for those with a poor work record. It would be very helpful if the DWP published clear guidance that relates to volunteering. As pointed out already, there is a lot of flexibility in the system in relation to volunteering. This flexibility is poorly understood by claimants, third sector organisations and JCP staff themselves.

When legislation was introduced last year for the creation of Employment and Support Allowance there were references to economic activity being wider than just paid employment, and that there are people who just are not well enough to hold down a regular paid job but who could contribute something tangible to society through volunteering. This approach is not mentioned in any great detail in the current Green Paper and St. Mungo's thinks that is a wasted opportunity.

Question 14: Do you agree that the Work Capability Assessment (WCA) and Work-focused health-related assessments (WFHRA) should be refocused to increase work-related support?

Yes. We welcome the general move to extend the concept of occupational health from the workplace to the dole queue. Work-related support takes many forms, but our overall desire is to see DWP introducing a funding stream (similar to "Supporting People, which funds housing-related support) which funds work-related support.

Question 15: What expectations should there be of people undertaking the personalised support we will now be offering in the work related activity group? Could this include specific job search?

The work-related activity group will contain a broad spectrum of individuals, some of whom will be very close to joining the labour market, whilst others will be much further away. This means that the support has to be personalised and appropriate to the individuals, but for the people nearest the labour market there is no reason why it should not be very similar to what is offered through fND. If the individual is employable, then the package should definitely include specific job search.

For those whose disadvantage is more entrenched, and who are furthest from entry into the labour market, distance travelled towards job readiness must be more effectively measured and rewarded.

Question 16: How can we make Access to Work more responsive to the needs of claimants with fluctuating conditions – Including mental health conditions?

Question 17: What additional flexibilities in the system or forms of support would claimants with multiple and complex problems need to enable them to meet the new work-focussed requirements proposed in the Green Paper?

For those involved in starting work there are added expenses (travel, lunches, work clothes), and there is also a lack of understanding as to what actions claimants need to take when they start work; many St Mungo's residents do not immediately tell staff they have started a job. Also any benefit changes invariably produce payment delays and consequent hardships. Individuals with multiple and complex problems by definition are not easily categorised, and therefore a flexible system that responds effectively to individual circumstance and offers packages of support tailored to need is an absolute requirement. Such a system should be characterised by the integration of health, work and housing support and entitlement and service provision, in one easy-to-navigate package.

St. Mungo's has formed the view that a concrete action that could help make the Access to Work Programme more responsive to need and help people with complex needs navigate the system effectively is to provide a benefits safety net. If someone had had long periods of being unwell then they are taking a big risk if they leave their regular benefits payment to take a wage.

We feel that it will be important to offer a simple safety net (such as if you lose your job as a result of a recurrence of your illness in the first year of employment you will be passported back onto your original benefit) can give people the confidence to take a risk and get a job. A more radical solution would be to offer an in-work allowance for the first 6 weeks to cover the additional costs incurred.

Question 22: Is a system based on a single overarching benefit the right long term aspiration? How could a simpler system be structured so as to meet varying needs and responsibilities?

Currently the benefit system is complex and poorly understood by many people who access it; so any simplification is welcome. However St Mungo's has some reservations. Firstly, what is proposed erodes some existing rights; entitlement to funds to cover basic living expenses will become conditional and that will result in hardship for individuals who do not comply. Secondly, it is not clear that the introduction of ESA will result in a simplification of the system – with more intensive

work-related activity and the threat of steps towards sanctions, the maze through the system may appear more daunting for some individuals.

Overall, simplification of any system has a trade-off in terms of winners-&-losers. Simple systems are never good at meeting complex needs. We are in favour of a simple benefits system; but also of bespoke service-delivery. That is the only way in which varying needs can be met.

St. Mungo's recognises the need to change the culture of worklessness that has been embraced by many benefit claimants but would suggest that these changes need to be applied flexibly and with care. Sanctions meant to target the feckless could easily end up being applied to the vulnerable. We suggest that the most vulnerable clients are offered extra support from key workers who have an in-depth knowledge of their case, and can help them navigate their way through the process, and access services and support they need.

Question 26: What information would providers need to make the right to bid effective? How would the evaluation process need to work to give providers confidence that their ideas would be evaluated fairly and effectively? How do we get the balance right between rewarding those who come up with new ideas and the obligation to tender projects?

St. Mungo's welcomes the *Right to Bid*. There are some groups for whom existing provision either is not accessible or just unworkable. Given that 96% of homeless people living in hostels in Central London are workless, it is reasonable to conclude that for this group current provision is failing very badly. If conditionality is ramped up then we end up with a potentially unjust situation, namely that a group of individuals may get their benefits cut because they are not judged to have complied with the requirements of employment provision which do not meet the needs of the group in question. The *Right to Bid* partially addresses this problem (partially because it is the first step – the problem is only fully met if the bid is successful).

St. Mungo's proposes that the DWP sees the *Right to Bid* as a pilot programme and they invite providers to identify (and evidence) gaps or shortcomings of existing approaches and then outline their solutions. This is easy to evaluate, you have a specific target group and you produce baseline data on that group before provision begins (so the fact that 96% of hostel residents in London are workless would be a key piece of baseline data). If the project succeeds it will address the identified gaps and it will also need to be evaluated to show it offers value for money. The test we would suggest for value for money is two-fold: firstly, does the scheme do something that is delivered elsewhere but more efficiently or effectively; or secondly, does the provision save the taxpayer more than it costs?

The *Right to Bid* should be seen as a pilot programme: its first year operation should be properly evaluated and any lessons acted upon and incorporated into the provision. As and when new models are validated they should be added into the specifications for mainstream provision and tendered in the normal way. It is however, vital that successful pilots are mainstreamed and not simply replaced by further pilots. Short term contracts are counter-productive, and there should be adequate payment to provide additional training and support for the most needy clients; otherwise contractors will just cherry pick those most likely to succeed.

Question 27: What would the processes around contributing to commissioning and performance management look like in a range of different partnership areas? How might they best be managed to achieve the desired outcome?

The third sector operates at the sharp end: we know what the situation is really like for clients, we care about outcomes, and know which interventions are likely to succeed. In fact we would argue that the DWP should pay even more heed to our views in designing the programmes to reach people who are socially excluded. After the preferred suppliers have been selected, there should be positive and detailed negotiations over the contents of the contract to ensure programmes are effective and to encourage innovation.

It is important that programmes are tailored to match regional conditions and needs. London in many respects is a single labour market, in the same way that housing is not just provided locally. There is an opportunity for third sector providers, who are not always fully represented on all LEPs, to help the DWP identify local labour shortages and the needs that need to be addressed to give all local jobseekers the opportunity to enter the labour market. Gathering local information and segmenting the provision in this way is vital if equitable access is to be provided.

St Mungo's hopes that this consultation response is useful and would be happy to expand on any of the points made should that be useful to the Department for Work and Pensions.

For further information, please contact:

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