Kevan Jones MP

Dear Kevan

Voluntary and Community Sector organisations and the Work Programme

During the debate on Mental Health and unemployment held on 24 February 2015, you raised concerns about payments to Work Programme providers where Voluntary and Community Sector (VCS) organisations and other local partners such as the NHS are involved in supporting Work Programme participants into work.

In designing the Work Programme a conscious decision was taken to pay providers outcomes whenever the claimant is in work for long enough, no matter the activity that got them into work or kept them there. This is the case whether a provider or third party got them into the job, the claimant found the job without assistance or a combination of these.

Moving claimants into work is complicated and it is often impossible to say exactly what intervention, activity or support actually made the difference – usually there will be a combination of factors that lead to the claimant getting a job, including of course the local labour market, and the conditionality regime placed on claimants.

Attempting to make judgements about which intervention led to a job outcome would be an art rather than a science, and would also require an expensive, bureaucratic process; every pound spent on such validation and decision making would be a pound less to spend on supporting claimants into work.

We do expect providers and participants to take advantage of support that is available locally, whether that be from another Government Department, from Local Government, the NHS or indeed a VCS organisation.

The Department requires all prime providers to treat all partners fairly and has introduced the Merlin standard which has proven an effective benchmark for supply
chain management. A failure to meet the standards would potentially see primes at risk of a range of penalties which could include: removal of the benefits of Market Share Shift; being excluded from future procurement rounds; or losing existing Work Programme contracts.

Equally, I can assure you that the Department expects prime providers to treat all organisations which are not members of their supply chains fairly. In December 2012, we issued guidance to primes and sub-contractors to remind them that they are expected to have forged good working relationships with local sources of help and support outside of their supply chain, including those delivered by voluntary organisations. They were also reminded that they should acknowledge that VCS organisations may incur additional costs and if so, should consider entering into some form of contractual negotiation with them. Many providers do this, and pay VCS organisations for the support they provide, but ultimately that is a commercial decision for providers, not for government.

The Independent Work Programme: Building Best Practice Group, chaired by Andrew Sells, explored these issues as part of looking at how voluntary and community sector organisations, and national charities, can become better involved in supporting and delivering the Work Programme. In December 2014, the Group recommended that the Department strengthen current market stewardship within the Work Programme, with Prime contractors required to ensure that a mutually acceptable agreement on the funding position for provision is in place before referrals are made. The Department accepted this recommendation and will continue to work with providers to ensure that organisations are treated fairly.

I have placed a copy of my reply in the House of Commons library.

Your ever,

Mark Harper MP
Minister of State for Disabled People

P.S. If you could give me further details of the case you mention in the House, I will ask the office to forward it up for me.