1. **About the Local Government Association (LGA)**

1.1. The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government.

1.2. We are a politically-led, cross party organisation which works on behalf of councils to ensure local government has a strong, credible voice with national government. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems.

2. **Summary**

2.1. The Government’s pledge to halve the disability employment gap by putting one million more disabled people into work is encouraging. We understand the scale of the challenge ahead and want to ensure councils play a central role in overcoming any barriers to reaching this target.

2.2. Previously, the Work Programme has been less effective in helping disabled people find employment. The national programme did not provide tailored support for people with complex conditions or co-ordinate with local support groups. Locally commissioned employment support programmes can help to provide tailored support to people who have complex conditions and find it difficult to overcome certain barriers to access the jobs market.

2.3. The establishment of the joint Work and Health Unit (WHU), tasked to join-up health and employment systems, and to reduce health inequalities is positive. We have called on the Government to ensure the Work and Health Programme is adequately funded and helps to support the needs of unemployed people with disabilities or health issues.

2.4. The Department for Work and Pensions (DWP) should allocate adequate time for the White Paper on the Work and Health Programme consultation so that local government can provide their expertise to inform Government’s approach on integration.

3. **Steps required to halve the disability employment gap**

*To what extent are the current range of proposed measures likely to achieve the Government's ambition of closing the disability employment gap?*

3.1. The Government’s pledge to halve the disability employment gap by putting one million more disabled people into work is encouraging. This is a pledge that councils whole-heartedly support and we will continue to work with the Government and our local partners to help to achieve this ambition. We understand the scale of the challenge ahead and want to ensure councils play a central role in overcoming any barriers to reaching this target.

3.2. The establishment of the joint Work and Health Unit (WHU), tasked to
join-up health and employment systems, and to reduce health inequalities is positive. The Government’s decision to integrate the work and health agendas will help to support the needs of disadvantaged claimants or people with health problems. We would expect, therefore, for adequate investment to achieve this ambition.

3.3. National employment support programmes have helped many people into work, but have continued to struggle to support those with weaker labour market prospects. These programmes have been less effective in providing support for people furthest away from the labour market, including those with disabilities and health problems. Locally commissioned employment support programmes can help to provide tailored support to people who have complex conditions and find it difficult to overcome certain barriers to access the jobs market.

3.4. Disabled people, including those on Jobseeker’s Allowance (JSA), are nine percentage points below the Work Programme average (13 per cent) to find employment success. We have found that 11 per cent of Employment and Support (ESA) claimants that join the Work Programme find employment, whilst only five per cent of people on incapacity benefit find employment. The Work Programme underperformed in helping disabled people find employment because as a national programme, it did not provide the necessary tailored support needed. This difference was highlighted in the LGA report ‘Realising Talent for everyone’ii, which showed that too often national programmes work in isolation from local programmes of support.

3.5. The report also showed that a national approach does not benefit local areas and has led to significant variations in performance between areas. Job outcomes vary hugely across England’s local authority area, from 28 per cent below the average to 44 per cent above between and within local areas. The wide local variations in what is offered and in performance reveals geographical differences under a centrally contracted system. Furthermore, national programmes fail to adequately take into account that job prospects of residents are vastly affected by their geography and the local economy.

Work and Health Programme

3.6. The DWP’s main flagship employment programmes, the Work Programme and Work Choice, will expire in March 2017. These programmes will be replaced by the specialist Work and Health Programme providing support for claimants with health conditions or disabilities and those unemployed for over two years. It is likely to start in autumn 2017, with an annual budget of £130 million per year. This budget is a fifth of the Work Programme size. It is currently not decided how many claimants this will support, but using the same unit price as the Work Programme it would support around 110,000 people per annum.

3.7. The LGA has a number of concerns about this approach. Firstly, the Work Programme model has struggled to support people with weaker labour market prospects, and may not be able to deliver effective support for people with such complex needs. For example just one in five disadvantaged Jobseekers Allowance (JSA) and Employment Support Allowance (ESA) claimants secured a job through the Work Programme. After two years on these schemes, 70 per cent of all jobseekers and 87 per cent of all ESA claimants had returned to the job centre looking for
3.8. People who face complex and multiple disadvantages in the labour market, require more tailored support to meet their individual needs. Employment support should be delivered alongside skills provision, welfare support and other services people rely on, including housing, childcare, health, debt management and substance misuse. This can only be achieved locally and requires coordinated and consistent support. DWP through the WHU is making positive steps to address this issue. We urge the DWP to clarify how the work and health elements of the Work and Health Programme will add value to employment support. We would like to see providers bidding to deliver the Work and Health Programme working collaboratively with councils and health services as part of the procurement process.

3.9. Secondly, the low levels of funding available for Work and Health Programme match the scale of the challenge, and will result in either too few claimants receiving support or interventions falling short of the support claimants need to enter into sustainable jobs. The DWP should consider alternative funding streams available within the Department (for instance Work and Health Unit budgets) and seek to truly integrate policy and funding across Whitehall.

3.10. The Work and Health Unit’s first white paper, due to be published this year, will show the formed policy so far, together with the aims and results expected from the Unit, incorporating both employment and health agendas. We ask the DWP to allow adequate time for the White Paper consultation with local government to provide the knowledge of their expertise to inform Government’s approach on integration.

3.11. The LGA proposed an integrated employment and health programme in its submission to the Spending Review, a similar programme to the Work and Health Programme, but on a larger scale. The LGA proposed that local government should have a central role in the design, commissioning and delivery as councils can better integrate the existing local services for the disadvantaged claimants to improve job outcomes, reduce duplication, and provide a more personalised service for claimants.

3.12. The programme was based on locally tailored solutions which integrate employment, health and skills interventions, using a case worker approach rather than a purely employment-focused national provision. The proposal defines the key components of a specialist employment support programme for ESA and JSA claimants facing multiple needs and labour market disadvantage.

3.13. The proposed programme puts local government at the heart, as it is local government across the country which is providing a safety net for the most vulnerable residents. Local government is doing this by working in partnership with employers, charities and voluntary groups, schools, colleges and housing associations to ensure local services are integrated and effective. This disconnection of national programmes with local programmes makes national interventions even more financially inefficient and often ineffective for vulnerable people, who lack the skills to navigate the complex landscape of support.
Should the Government set interim targets along the way to meet the commitment to halve the disability employment gap? What should they be?

3.14. The experience from the Work Programme is that targets can lead to adverse consequences. Providers may be inclined to divert resources to those most likely to meet their targets rather than investing resources to moving claimants closer towards employment. Councils should be responsible for setting local targets to help achieve the disability employment gap, as they are best placed to co-ordinate efforts locally with their partners.

3.15. As employers, councils have long been at the forefront of good practice in the employment of disabled workers and introducing targets would not be of benefit to the sector. Introducing targets would be counter-productive at a time when councils are downsizing or outsourcing their workforces and will be required to meet targets in employing large numbers of apprentices. Councils are already required to be transparent in their recruitment and employment practices and in reporting the diversity of their workforces, including disabled workers, under the requirements of the Public Sector Equality Duty and so to introduce targets would create an additional administrative burden for our sector.

4. Support for employers

How effective is the Disability Confident campaign in reducing barriers to employment and educating employers?

4.1. Reducing barriers to employment is a key priority for councils. We continue to share best practice and help to train councillors to build on this progress in local government to date. The information collated through the Disability Confident campaign has been useful to council managers as a resource it help support disabled staff in their teams. Councils are also supporting disabled people into employment by introducing a range of measures from changes in recruitment practices to developing toolkits for managers. (Case studies – Annex A)

What more could be done to support employers?

4.2. Councils are engaging with a range of employers in a number of ways to support them with the recruitment and retention of disabled people or those with health problems.(Case studies - Annex B)

4.3. As employers, councils would welcome additional support from the Government on the recruitment and retention of disabled workers. The support listed below would help councils to build on the good practice already evidenced:

- Additional support for the training and qualification of occupational health nurses and other practitioners. The majority of councils are proactive in managing the recruitment and retention of disabled employees using the support of occupational health services. However the shortage of suitably qualified and experienced professionals in this specialist field is proving a barrier to this.
• Funding to help train and guide managers to provide support for employees with mental health illnesses or complex conditions. In local government, many councils are experienced and capable in managing many of the issues presented in the workplace by staff with physical disabilities, whether that is making reasonable adjustments or using Access to Work to procure specialist equipment. We would like the Government to promote information and resources to support employee resilience and mental health well-being and also to support managers’ understanding of mental health issues and how to deal with stressful situations at work.

5. Effective employment support for disabled people

What should support for people with health conditions and disabilities in the proposed Work and Health programme look like?

5.1. Employment support schemes could be improved in a number of ways. We know that job prospects of residents are often affected by where they live. National programmes are inconsistent with the contemporary labour market and the areas people recognise they can travel to work. In addition, JCP does not align with other nationally defined economic, welfare and skills boundaries including Combined Authorities (CAs) and Local Enterprise Partnership areas (LEP), the current Work Programme Contract Package Areas (CPAs), and the Skills Funding Agency regions (SFA). This creates a complex system which is difficult to coordinate, and can mean employment support becomes fragmented.

5.2. The LGA recommends the Work and Health Programme should be planned and commissioned along established or emerging regional partnerships. Councils should have commissioning functions for employment support locally, this would allow them to apply their expertise of broad employer base in their respective areas, both large and small, as well as link into the local LEP.

5.3. Councils work together with businesses and have a strong knowledge of the local economy. They are able to anticipate and respond to the demand and supply-side challenges but lack the formal role and levers to make this a reality. Having the relevant statutory responsibilities, in particular where these overlap or adjoin age groups, for instance with NEETs and care leavers; or public health responsibilities and local links with health provision, will enable better service integration and outcomes for people with health conditions and disabilities.

5.4. To support service integration at a local level government departments should align programmes, funding and services (employment support, skills, health and social care, Universal Credit and Troubled Families) and place councils at the heart to enable interventions and services to be integrated to support claimants. In the LGA’s report, Realising Talent: supporting people with multiple needs into work, we proposed a number of key features of an integrated model:

The key elements of the proposed integrated model were:

• Everyone referred to the programme will have an initial assessment to put them on the right track to support. Local government will work with DWP to agree a standard assessment tool to be used in every area, enabling the open learning of what works.
• A personal Key Worker will plan with the claimant their steps towards or directly into work. Local authorities will make the best use of existing key workers in their areas and take steps to build capacity and expertise.

• The right support at the right time will be provided by key workers matching claimants with existing local provision. The role of the local authority (or their appointed agent) will be to co-ordinate the full range of services that claimants may need. This will involve organising clear referral routes between health provision, skills providers, advice agencies and other specialist services. Integrating existing local provision will be central to delivering a programme that can reduce duplication and make best use of local expertise.

• Local government will lead the way in encouraging the co-location of services, including Jobcentre Plus. This makes sense for claimants who need easy access to the right services, but it could also bring substantial efficiencies and help in the introduction of Universal Credit. To stimulate integration every area will commit to establishing a body, such as Local Integration Boards modelled in Greater Manchester, which bring together service leads and providers.

5.5. Once referred a claimant should be the responsibility of the local authority for two years plus one year in-work (if appropriate) – helping people stay and progress in jobs – to reduce churn. We want to develop and agree a framework for Service Standards for claimants that would apply in all areas. These would cover the amount of contact time and its regularity, as well as the support that claimants could expect to receive.

5.6. Councils are working hard to bring the health and work agendas together to provide help and support to the most disadvantaged, disabled or those with health issues. (Case studies – Annex C)

5.7. Our case studies demonstrate that locally integrated work and health interventions, alongside a similar case worker approach to that successfully used in the council-led Troubled Families programme, would improve job outcomes for claimants. But all of this comes at a cost at a time of continuing severe pressures on councils' funding, in particular in meeting the rising costs of adult social care, and following a 40 per cent reduction in core funding for councils from Central Government.

5.8. **How should providers be incentivised to succeed?**

5.9. Payment by results could deliver better outcomes by focusing on rewarding progress towards employment. Providers are currently incentivised to ensure unemployed people get into work quickly. We would suggest incentives are attached to unemployed people making steps towards employment, for example literacy classes or IT training. This would acknowledge the claimant’s progress towards employment, rather than focusing solely on the outcome.

5.10. In some cases, providers would have to invest significantly in a claimant and they would run the risk of not securing an outcome payment for supporting them in the longer term. We would suggest this acts a disincentive to providers to support people furthest from the job market to enter employment. Providers’ efforts need to be acknowledged and some flexibility is required in the model which recognises the progress made by the claimant. For instance, a job outcome may not be realistic nor
achievable for each client that is placed on the Work and Health Programme. Therefore, a shift in the payment model to keep an attachment fee, with some conditions placed on receiving the fee, would ensure providers have the incentive and contractual requirement to support all claimants that are referred to them.

6. Likely effects of proposed ESA reform:

What are the likely impacts on disability employment of the abolition of the Employment and Support Allowance Work Related Activity component?

6.1. At present claimants on the Employment and Support Allowance (ESA) are classified into two groups, Work Related Activity Group (WRAG) or the Support Group. The classification is based on the results of the Work Capability Assessment, which also determines the additional component to be paid on top the basic ESA benefit amount.

6.2. People who are considered able to undertake work related activity are placed in the WRAG. Claimants in this group are expected to take part in work-focused interviews and work focused health related assessment. For this group the contributory ESA entitlement is time limited for one year. People with more severe illnesses or disabilities who are assessed or treated as having limited capability for work related activity are placed in the support group. They are paid a support component which is not subject to any conditions whilst they remain in the support group.

6.3. From April 2017, new claimants placed in the WRAG of Employment and Support Allowance will receive the same weekly payment as those on jobseeker’s allowance (JSA). This equates to an annual loss of about £1,500 a year, and signals a move which aims to reduce £640 million a year from disabled people’s income by 2020-21.

6.4. The Work Programme supports disadvantaged jobseekers and many claimants of ESA. However disabled people are less likely to find work than participants without an impairment and may also be less likely to receive appropriate support. This is driven in part by low funding in the system. This would suggest that insufficient resources for the providers makes it difficult to deliver an efficient and effective provision for this particular group.

May 2016

Annex A

This section includes a number of case studies which exemplifies councils supporting disabled people into employment:

Selby District Council signed up as a partner to the Disability Confident campaign employer accreditation and made changes to their recruitment practices. The council now selects candidates for interview on the basis of the key skills required, and a disability is not a factor. The accreditation symbol of two ticks is displayed on job advertisements and this gives people with a disability the confidence to apply and to know that they will be fairly considered for the post.

Newham Council introduced an equalities strategy with the aim of increasing employment for local people, including disabled people. The Bright Futures
scheme is a collection of measures that the Council’s Human resources service have put in place to increase work placements in the Council for people with learning disabilities. At the same time, the Council introduced specific training on employing people with learning disabilities as part of its mandatory “Managers Toolkit”.

**London Borough of Sutton**, HR checks all job vacancies to see if they are suitable for ‘job carving’. They use exit interviews to find out which tasks and responsibilities could potentially be ‘carved out’ of existing jobs to create a suitable job for someone with a learning disability.

**Annex B**

This section includes a number of case studies which exemplifies councils working with employers to recruit and retain disabled people:

**The Workplace Leeds project** helps people who are experiencing problems retain in work as well as supporting those who are seeking employment. With the job retention side, where an employee may be off sick or at risk of losing their job, the support officer steps in to mitigate the situation. An initial meeting is arrange with the client to discuss the issues and sometimes this involves meeting the employer to discuss or mediate. As well as this support the project also offers **Being Well at Work** service, which is an eight week course for people who want to become more resilient and better able to manage their working environment.

**The North East combined Authority’s Mental Health Trailblazer project** is being launched to support unemployed people with mental health condition. The aim of the project is speedy job search for those who are ready to work, starting within one month. Employment coaches are at the core of this model. They will be co-located with psychological well-being services with shared responsibility for clients. The coaches will also work with local businesses, building on existing local authority relations with employers, recognising the two-way approach and helping businesses see the benefits of tapping into this part of the workforce.

**Gloucestershire County Council’s Forwards Employment Service** supports social businesses to help improve the employment chances of its clients. The project works in partnership with health providers to employers and voluntary bodies. The partnership organisations provide help on all other aspects from debt to budget management. But for the extra support needed Froward has started working with a range of social businesses who are provided with a little council support, such as a contribution towards the start-up costs and then as part of this they agree to provide a work placement for the clients of Forward.

**Annex C**

This section provides case studies on integrated employment and health models:

**East and West Sussex and Brighton and Hove councils** have developed an alternative model which runs alongside the traditional support offer to people with severe mental health problems. The service is provided by a not-for-profit provider Southdown on behalf of the councils and the NHS across the three areas. While most of the support for this particular group focuses on the people who have mental health and have been out of work for some time, an early intervention scheme has been established to work with people who have just experienced their first psychotic episode. This scheme recognises the importance of early intervention and service integration to halt the long term negative impact on individual’s employment prospects.
Hertfordshire County Council’s in-house employment scheme credits its success to being part of the council. The Work Solutions project sits in the Health and Community Services Department which allows for a truly integrated provision. Its Work Skills Programme for those with health problems provides support for around 170 to 220 people a year. This initially involves an eight-week group course with tailored support ranging from confidence building to job applications.

Greater Manchester Combined Authority recognises tackling long-term unemployment means helping people deal with complex range of issues. This requires working in partnership with a number of agencies and the ability to be adaptable. The Working Well is a £14.9 million project which was launched last year and is delivered by two providers. The scheme is aimed at people who have spent two years on the Work Programme and there have been identified as requiring a more personalised and intensive support to seek employment. Around 70 per cent of the clients have mental health conditions, while a similar number also have physical health problems. The model is based on a key worker approach, tackling barriers to employment and providing comprehensive support which continues to sustain employment. It is still early days but it has already had 4,500 referrals with 270 people starting jobs, which is above target.

Central London Forward’s Working Capital, launched last autumn, and is an employment service across its eight London boroughs with the aim of helping 4,000 long-term unemployed in the next five years. The £11 million initiative, funded by the European Social Fund, focused on Employment Support Allowance work-related activity group who left the Government’s Work Programme without securing sustained work. The new approach builds on learning from locally-led programmes, including borough-led Family Recovery programmes and specialist health interventions such as Individual Placement and Support schemes.

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1 Realising Talent for Everyone: http://www.local.gov.uk/documents/10180/6869714/Realising+Talent+for+Everyone/7a44ac7-d757-4ebf-9a04-6cace7a2537
2 Realising Talent for Everyone March 2015: http://www.local.gov.uk/documents/10180/6869714/Realising+Talent+for+Everyone/7a44ac7-d757-4ebf-9a04-6cace7a2537
v Local authority schemes supporting people towards work NIESR, January 2015: http://www.local.gov.uk/documents/10180/11309/NIESR+independent+analysis+council+led+schemes+to+support+people+towards+work+JAN+2015.pdf/0250422e-0c9c-4df5-9e90-3b8aff9f1f2e6