

# International insights:

Best practice in  
employment programmes

June 2008



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**Ingeus Centre for Policy and Research**

**June 2008**

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# Foreword

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Ingeus began delivering employment services in Australia in 1989. Since expanding into the United Kingdom in 2002, the company is now one of Europe's largest private welfare-to-work providers. Part of this growth included the establishment of the Ingeus Centre for Policy and Research in 2004. Through this it is our aim and intention to provide operational experience to policy makers, ensuring the real-life experiences of our clients and staff are central to decisions about welfare-to-work delivery in the future.

The 'Ingeus approach' has successfully assisted the long-term unemployed, recently unemployed, single parents, ex-offenders, people with long-term health conditions, low-skilled people, and individuals of all ages to find sustainable employment. It is used effectively in the UK, France and Germany, where the challenges we have encountered are as varied as the clients with whom we work. We are proud of our ability to provide consistently high quality services which are tailored to the needs of our partners and clients.

We have learned many lessons from our experience of helping thousands of unemployed individuals progress into lasting employment and by working in partnership with governments and other organisations. This paper seeks to share our knowledge and understanding of best practice in employment programmes.

I am pleased to be able to endorse this paper. We hope that the insights that it highlights will serve to enhance the debate on how to promote best practice in welfare-to-work services.



**Thérèse Rein**  
**Managing Director, Ingeus Group of Companies**

# Executive summary

Ingeus is one of Europe's largest private providers of welfare-to-work services. Currently operating in the UK, France and Germany, we have unique experience of the transfer of policy in active labour market policies internationally. This paper seeks to draw lessons of 'best practice' from three of the contracts we deliver - the Employment Zones (UK), the ARGE contracts (Germany) and the Unédic contracts (France). An overview of each of these contracts is provided.

It is not the intention of this paper to attempt a comparison between the contracts described. Delivery models must necessarily be adapted to accommodate the many local factors which differ from country to country, and location to location. These factors mean that an absolute and accurate comparison can never be made, and to attempt this would be fruitless.

Instead, this paper focuses on five core elements drawn from each of the three contract designs which are comparable and similar in nature, and which we believe are key to achieving successful outcomes.

- **Effective advisor-client relationships**<sup>1</sup> – for employment programmes to be effective, clients need to be supported by highly skilled advisors from diverse backgrounds. Rapport and personalised Action Plans are key in these relationships.
- **A flexible and individual-focused approach** – by removing prescriptive processes from employment programmes, providers are free to design individual pathways to work based upon the needs of the client. This flexibility negates the need to segment client groups.
- **Working in partnership** – providers must work in partnership with purchasers and other specialists to provide integrated services and ensure that value is added to the existing available support. These partnerships must be based on effective local relationships and facilitated by the procurement process.
- **Outcome-based funding** – purchasers must ensure that contracts and funding mechanisms are designed to reward outcomes which reflect the policy aims of the employment programme. Positive financial incentives will drive positive provider behaviour.
- **Rights and responsibilities** – alongside active labour market policies, purchasers must ensure that a balance exists between requirements to participate in job search activities and adequate incentives to leave benefits and enter work.

This paper provides a comprehensive overview of our experience-based thoughts on the design of employment programmes in order to inform future debate on the provision of active labour market services.

<sup>1</sup> - For the purpose of this paper, the term 'advisor' relates to personal employment advisors, and 'client' refers to any benefit claimant participating in an employment programme.

# Introduction: policy transfer

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Governments across the world are typically held accountable for the number of people who are disadvantaged and excluded from the labour market in their countries. Increasingly, policy makers have looked for ways of adopting active inclusion strategies based around moving excluded individuals into work. The active labour market agenda has evolved rapidly over the last 10 years and, while some countries have advanced more quickly, many of the lessons learnt through this process are now being mirrored across the world.

Policy transfer has been identified as occurring in numerous ways<sup>2</sup>. However, with regards to active labour market policies, the most prevalent form of policy transfer has been cross-national policy learning. When Tony Blair launched the New Deal programmes in the late 1990s, much was made of the fact that the UK was drawing on the lessons learnt from the experience of the Clinton administration in the USA<sup>3</sup>, and the experiences of the USA have more recently been used to justify calls for further welfare reform in the UK<sup>4</sup>. Countries continue to look for examples of best practice in this area, and many international studies have sought to draw lessons for the benefit of those countries wishing to reform their labour markets. The countries which are repeatedly turned to as exemplars of innovative ideas are the USA, the UK, Australia, the Netherlands and Denmark.

At the end of the 1980s, six countries formed WAPES (World Association of Public Employment Services) which has since grown to have over 90 members. WAPES exists, in part, to 'promote exchange of experiences and information of the activities of the members and encourage cooperation between members'<sup>5</sup>. This inter-agency learning is facilitated through meetings, conferences, fact-finding visits, and publications. The organisation itself is representative of the support for policy exchange in this field.

As an international welfare-to-work provider, Ingeus has experience of operating in both Australia and the UK, as well as in France and Germany. We have witnessed and participated in the successful policy transfer of employability programmes across these countries. This has provided a unique opportunity to transfer our approaches in helping the most disadvantaged people access diverse labour markets. As a company, we promote the sharing of best practice and constantly look to learn from colleagues operating in other countries. Ingeus has been privileged to host visits to our operations from international delegations which have sought to learn from our experiences and practices. This paper is inspired by the lessons we have learnt as a company, and the questions posed by delegations seeking to develop the active labour market agenda in their own country.

2 - For a more detailed understanding of policy transfer and the debates surrounding it, see Hudson and Lowe (2004), 'Understanding the Policy Process: analysing welfare policy and practice', chapter 10.

3 - Ibid. p. 166.

4 - Department of Work and Pensions (2007) 'Ready for work: Full employment in our generation'. p. 39.

5 - For more information on WAPES, see [www.wapes.org](http://www.wapes.org)

# Contract overview:

## The UK and the Employment Zone contracts

### Contract history

Ingeus operates in the UK as WorkDirections. The Employment Zones were first established in the UK in 2000, originally in 15 separate districts selected from the most deprived areas in the country. The contracts proved to be successful and were re-tendered in 2003-4. In Nottingham, WorkDirections operates as a sole provider, and in Birmingham, Brent and Haringey, and Southwark<sup>6</sup>, as one of up to three providers in each district. Following the continued success of this initiative, the programme was opened up to include additional client groups, as detailed below. The Employment Zone contracts are widely viewed as a paradigm of best practice in employment programme delivery<sup>7</sup>.

### Eligibility and conditionality

The Employment Zones work with three client groups. The original client group was long-term unemployed individuals, over the age of 25, who had been claiming Jobseeker's Allowance for at least 18 out of the previous 21 months. Following expansion of the programme, clients aged 18-24 who had been unemployed for at least six months and had already been through the New Deal programme were also included. Both of these groups are referred from Jobcentre Plus, the UK public employment service, when they become eligible. Referrals and attendance are compulsory and compliance is a condition of continued receipt of benefits. People claiming Jobseeker's Allowance within the Employment Zone area who have particular constraints to work are allowed to join the Employment Zone programme voluntarily before the point at which it becomes mandatory<sup>8</sup>. Once they have started the programme they become subject to the same levels of conditionality as the mandatory referrals. Employment Zones also assist single parents. They can self-refer to the programme on an entirely voluntary basis, and providers may market their services to this group. To be eligible, single parents must be entitled to access public funds<sup>9</sup>, have at least one child under the age of 16, and be working fewer than 16 hours per week.

### Contract design

The Employment Zones are based on fixed geographical areas and designed to assist as many people living within those areas as are eligible for support. When an individual becomes eligible for support, their Jobcentre Plus advisor arranges an initial appointment for them. In the majority of WorkDirections offices, this means attendance at a group Welcome Meeting. In this meeting, WorkDirections advisors introduce the programme to new clients, explain the expectations and conditions of participation, and answer any questions posed<sup>10</sup>. Clients are then introduced to their advisor who completes the necessary paperwork to start them on 'Stage One' of the programme.

6 - Brent, Haringey and Southwark are all areas within London.

7 - For an example of these arguments refer to: Bruttel, O. (2005) 'Are Employment Zones Successful? Evidence from the First Four Years' in *Local Economy*, Vol. 20, No. 4, p. 389-403. Routledge.

8 - There are 13 categories for early entry eligibility, including ex-offenders, long-term health conditions and homelessness.

9 - Single parent clients do not have to be claiming benefits to participate. This is to ensure that individuals who are supported financially by their family or ex-partner are still able to access employment support.

10 - In the Birmingham Employment Zone, clients are booked onto initial meetings directly with their personal advisor and the same information is given on a one-to-one basis.



During Stage One, a client visits Jobcentre Plus twice more to receive their benefit payment. Stage One lasts until the day after their second visit (between 16 and 28 days). The Employment Zone contract dictates that Stage One includes certain tasks: writing a personal costed Action Plan; completing a 'better-off in work' calculation; writing a high quality CV; and ensuring the client has a bank account<sup>11</sup>. A client then moves onto 'Stage Two' of the programme which lasts a maximum of 26 weeks. During Stage Two, the provider takes responsibility for the payment of benefits to each individual and there is no obligation for the client to have contact with Jobcentre Plus<sup>12</sup>. Stage Two is completely flexible and has no compulsory elements which the provider must deliver; the only condition being that meaningful contact occurs with each client at least every two weeks. A client can enter work at any point of the programme and if they do, they then enter 'Stage Three' which consists of 13 weeks of in-work support. This can include applications for in-work benefits, providing items necessary for starting work and help to budget for new expenditure. If a client completes Stage Two without finding employment, they must attend Jobcentre Plus again to continue to claim their benefit payments. They can also volunteer to attend the 'Follow-on' stage of the programme for a further 22 weeks.

The programme payments are fixed and all providers receive the same fees; the intention of this was that contract bids should prioritise quality and innovation over price. Providers receive nominal payments when a client starts Stage One of the programme and when they enter work. When a client starts Stage Two of the programme, the provider receives a payment equivalent to 21 weeks of Jobseeker's Allowance to cover the benefit payments they must make to the client<sup>13</sup>. The main payment to the provider is made once they have provided evidence to Jobcentre Plus that a client has started work and is still in employment 13 weeks later. At this point the client is considered to have 'sustained' in work. Job entry is classified as a client completing 16 hours' work in a period of one week and receiving at least the national minimum wage. The Employment Zone contract also allows providers to collect evidence and claim payments for individuals moving into self-employment.

### **Contract achievements**

Since 2004, across all five of WorkDirections' Employment Zone operations, we have recorded over 28,000 programme starts, including over 9,000 registrations on the voluntary single parent programme<sup>14</sup>. A consistent conversion ratio of 41% of programme starts entering employment has been achieved<sup>15</sup>. This has resulted in over 10,000 employment outcomes and more than 7,500 people sustaining in work for 13 weeks<sup>16</sup>. Contract performance is continuously monitored and improved, with all operations seeking to optimise their performance and service to clients.

### **Other contracts in the UK**

WorkDirections delivers a number of contracts across the UK in London, Birmingham, Nottingham, Edinburgh, and Dorset and Somerset. These contracts include Pathways to Work, Private Sector Led New Deal, New Deal for Disabled People, European Social Fund contracts, and ESOL and Employability provision for Tower Hamlets Primary Care Trust.

11 - The setting up of a bank account for each client reflects the fact that few UK employers are prepared to pay wages by means other than directly into an employee's bank account.

12 - Except in the case of a change of circumstance (e.g. address, marital status) which may affect benefit entitlement.

13 - This system is covered in greater depth later in the paper - see p. 29.

14 - These figures relate to programme starts and not necessarily numbers of individuals: they include individuals who have started the programme more than once, either re-qualifying as a mandatory client, or re-joining the programme as a voluntary client.

15 - To give an accurate picture of our success in delivery, our conversion rates are calculated taking into account a three-month lag. This reflects the fact that fluctuations in start levels at a given point in time are often reflected in job outcomes two-to-three months later. This explains the discrepancy between the programme start, job outcome and conversion ratio figures provided.

16 - Internal figures, correct as of March 2008.



# Contract overview:

## France and the Unédic contracts

### Contract history

Ingeus operates in France as Ingeus SAS. In February 2005, Ingeus began a two-year pilot programme with Unédic (the French unemployment insurance body) and ANPE (the French public employment agency). This programme was an experiment designed to assist people deemed at risk of becoming long-term unemployed in the cities of Lille and Rouen. This pilot was particularly successful and prompted Unédic to contract-out services across other parts of France. Unédic learnt from the pilot programme, and changed some of the contract details for the second programme – notably narrowing the criteria for a successful job outcome. Ingeus successfully tendered for the new two-year contracts in 2006 and now delivers this programme in three areas: Haute-Normandie, Pays-du-Nord, and Sud est francilien.

### Eligibility and conditionality

The Unédic programme is available to people who receive unemployment insurance. In France, this works on an insurance contributions basis. Therefore, individuals are only entitled to claim these benefits if they have been working within the previous two years. The unemployment benefits are based on a percentage of the individual's last salary. Previously, this had created a situation where individuals chose not to job search while they were still entitled to these benefits, and by the time entitlement expired, they then struggled to secure work.

ANPE assesses whether new claimants are eligible for intensive welfare-to-work support. Assédic (the local unemployment insurance service) then contacts potential clients to offer Ingeus' services. The programme becomes available to individuals as they enter their fourth month of unemployment. The programme is entirely voluntary and attendance is not a condition of continued benefit receipt.

### Contract design

In terms of delivery, the Unédic programme is very similar to the Employment Zone programmes. The programme is flexible and focused on the individual. Advisors and clients are given the freedom to create tailored solutions to the constraints they face. However, there are a number of marked differences that were added to the contract design to complement the objectives of the purchasing partners.

Following referral from Assédic, potential clients attend a Welcome Meeting to learn more about the assistance available, after which they can choose whether or not to join the programme. Clients work with Ingeus for up to six months, which can be extended to nine months in agreement with Assédic. In-work support is available to clients for their first three months in employment, although sustainability is measured at six months. Due to the nature of referrals, the numbers entering the programme fluctuate greatly according to the site and time of year. On average, Ingeus SAS has around 120 clients starting on this programme each week.



Payments are made to Ingeus at three stages of the programme: 30% of the tendered fee is received at the point of engagement; 35% when the client starts work; and 35% once the client has been in work for six months. There are strict criteria defining a 'claimable' job outcome. A client must enter a job which has either a permanent contract, or a fixed-term contract of at least six months. They must also be working over 110 hours per month (roughly 26 hours per week). If a client enters a contract that is for fewer than six months this cannot be claimed as a job outcome; if that client secures a subsequent contract and is still in work after six months, it can then be claimed. This results in a far higher percentage of clients entering work than that for which Ingeus can claim outcome payments.

### **Contract achievements**

The underlying performance achieved by the Unédic contract represents an average client cohort job placement rate of 65% before the contract ends. Ingeus SAS staff continue to build on their experience of working with this client group to produce excellent results.

### **Other contracts in France**

Ingeus SAS operates two other employment programmes. The first is a contract with a regional Parisian Council - Hauts-de-Seine - to deliver outreach employment services for long-term unemployed clients who can volunteer to join. This programme pays the provider for clients engaging and starting on the programme, as well as for sustained job outcomes. All participants on this programme have been claiming RMI benefits<sup>17</sup> for at least two years, although the average claim period of RMI for clients on the programme is six years. Payments under this contract are made when people reach three months and six months in a job, and again when they reach 12 months of employment. Most recently, Ingeus SAS was awarded a contract with the National Ministry of Employment to assist 800 high school graduates in Haute-Normandie to find work.

17 - RMI unemployment benefits are available for people who are not entitled to insurance-based benefits. This means they have either lost entitlement, i.e. been unemployed for two years or more before claiming RMI, or they have never worked long enough to be able to build up insurance contributions.

# Contract overview:

## Germany and the ARGE contracts

### Contract history

In Germany, Ingeus operates as Ingeus GmbH. In June 2006, the Nuremberg Arbeitsgemeinschaft (or ARGE, the joint body of the German local public employment service and regional municipality) and Ingeus GmbH launched a pilot programme. Nuremberg was facing similar unemployment issues to many UK cities. The decline of the traditional industries, such as manufacturing, had resulted in a number of long-term unemployed individuals whose skills did not match the needs of employers in an otherwise buoyant labour market. In addition to this, there was a need and desire to assist others who were facing multiple constraints to work. The explicit intention of the pilot was to see if an Employment Zone-style programme could assist unemployed individuals to access the Nuremberg labour market more successfully. The ARGE was particularly keen to adopt the Employment Zone characteristics of a flexible, individualised focus, outcome-based payments and partnership working. Following the success of the ARGE project in Nuremberg, a similar pilot has been adopted by the ARGE in Munich, which, with double the number of clients, commenced operation in October 2007.

### Eligibility and conditionality

It was felt that to test the programme fully, the clients referred should be as diverse as possible and reflect the full spectrum of constraints faced by local jobseekers. All eligible clients claim Unemployment Benefit II which means they have been assessed as capable of working for at least three hours-a-day. Clients are aged between 15 and 49 and have been unemployed for a minimum of 12 months. The contract ensures that a certain percentage of clients referred are under the age of 25, and that a specified percentage have a disability. Clients on the programme face a variety of constraints, including being a single parent, physical or mental health issues (including learning difficulties), low basic skills, poor work histories, and immigrant backgrounds. In fact, the programme has welcomed individuals from 60 different countries who speak 56 different languages. Clients are invited by the ARGE to volunteer for referral to Ingeus, but once they join the programme, their participation becomes a mandatory condition of continued benefit payments.

### Contract design

Whilst the UK's Employment Zone was the model for the programme, a number of amendments were made in order to tailor the design to the requirements of the locality and the pilot nature of the contract. It was specified that the ARGE would refer a finite number of clients to the Ingeus programme over the length of the contract. Referrals occur in the first four months of the programme, in which Ingeus receives all the client allocation for that year. Ingeus is committed to place a minimum of 40% of the clients into work in the first year in order to extend the contract for a further year and receive a new cohort of clients. When a client is referred to Ingeus, they attend for the first time with their ARGE advisor. The ARGE advisors work within the Ingeus offices in order to promote cooperation and partnership-working between the two organisations. In general this is a flexible service with no mandatory requirements placed on the provider. Ingeus works with a client for up to 10 months to help them find work, using individual Action Plans to design and tailor the support on offer to each client. Once in work, Ingeus provides a further six months of in-work support which reflects the measurement of sustained job outcomes at 13 and 26 weeks.



In the ARGE contracts, payments are made to the provider at different stages of client activity: programme start (56% of total available funds per client); job placement (10%); sustaining work at 13 weeks (17%) and sustaining work at 26 weeks (17%). To claim a job placement, a client must become eligible to pay social insurances. This can be claimed once the client has been in work for eight days. Unlike the Employment Zones, if a client leaves the programme for any reason they are not then able to return to it. If a client drops off the programme within the first four months, then the ARGE replaces them with another client and the replaced client can make use of the remaining period of the 10-month programme. There is no duplication of fees paid for the original client, i.e. if the first client had started and then stopped work before 13 weeks, payments could only be claimed for the replacement client if and when they reached the 13 and 26-week sustaining points.

### **Contract achievements**

The Nuremberg operation exceeded its target of 40% placements in the first year of operation by placing 47% of clients into work, 75% of whom sustained work for over 13 weeks<sup>18</sup>. The ARGE in Nuremberg has already reported significant savings in benefit payments as a result of the pilot programme's success. It is too early to give an indication of success rates in Nuremberg's second year, or of the first year operating in Munich, but signs show that both operations continue to perform to a high standard.

### **Other contracts in Germany**

Ingeus GmbH also operates a contract with the Bundesagentur für Arbeit, (BA - the Federal Employment Office). Over a period of almost three years, Ingeus will work with 1,400 short-term unemployed people who have been out of work for no longer than four weeks. Jobseekers join the programme for between six and 11 months. The programme, which takes place in six cities, started in July 2007 and is designed to test innovative approaches to assisting unemployed people in cooperation with a private provider. Each provider could only tender for one city and Ingeus GmbH tendered for, and won, in Nuremberg.

<sup>18</sup> - Internal figures, correct as of May 2008.

# The Ingeus approach

Employment programmes vary according to contract, client groups, duration, and location. Regardless of these factors, Ingeus ensures that key elements of service delivery remain constant.

An Ingeus office is instantly recognisable. Ingeus operations are situated in commercial centres, easily reachable by public transport, and right in the heart of the local labour market. Offices are accessible, open-plan, and fitted out to consistently high specifications. Advisors sit in clusters of desks, with clients and advisors side-by-side. The removal of physical barriers promotes joint ownership of activities and enables clients to see everything being written for, or about, them. There is a Job Station, a supervised job search facility which provides up-to-date job vacancies, internet-enabled computers, telephones, and local information. There are meeting rooms which accommodate group sessions and workshops, or allow privacy for one-to-one meetings with clients. Clients are greeted by a receptionist who immediately informs their advisor of their arrival, and there is a waiting area where they can sit and help themselves to a drink. Clients are immersed into a world of professionalism, where expectations are made of them, but where they are always treated with respect and, most importantly, as an individual.

High quality personal advisors work with each client to identify 'where they are' and 'where they want to be'. Ingeus operates a 'work first plus' approach. This means employing personalised strategies to help individuals enter the workforce swiftly, while at the same time investing significantly in the human capital required to navigate and progress in the labour market independently. We believe that work is, in itself, an aid to tackling many of the issues faced by the most disadvantaged in society. We work with each individual to ensure they are reintegrated into the labour market as soon as possible. We understand, however, that creating real change means placing individuals into sustainable work. For a job to be sustainable it needs to provide satisfaction and financial reward to the individual, which would not be achieved by getting 'any job'. We encourage clients to think in terms of short and long-term goals and to identify career paths. Often, it is not possible to move straight into their preferred job. By helping clients to identify jobs that move them closer to their goal, and then offering appropriate in-work support, career progression becomes a more viable option.

Ingeus is not simply a job-brokerage organisation. The work of advisors is to equip their clients with the tools required to find a job themselves and negotiate the labour market independently. This journey is different for every client, but may include: confidence building; interview coaching; learning effective job search methods; creating a high quality CV; reverse-marketing to employers; providing basic skills and IT training; and advice on in-work etiquette.

The Ingeus approach to achieving a high quality service is based upon our commitment to deliver 'Excellence with Integrity' and has evolved through the sharing of best practice across our international operations.

# Case studies

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## **Dorte Kodron: Employment advisor, Ingeus GmbH**

“I started working for Ingeus SAS in France in January 2005. As a trilingual French, German and English speaker, I was approached to assist with the induction of nine new employment advisors for the Ingeus/Nuremberg ARGE pilot programme in May 2006.

As this was the first programme to be run in Germany by Ingeus, new employment advisors underwent training and induction in Ingeus' London operations. The induction programme lasted for three weeks, with two weeks in London and a further week in Germany to adapt processes and organise the office. It combined group-based training with the opportunity to shadow an established employment advisor as they worked with clients.

After the induction, I accompanied the new employment advisors back to Germany to support the new operation for a further five months. The induction group returned to Germany highly motivated to apply their newly-acquired skills. Regular telephone calls made to our London colleagues helped to maintain buddying/mentoring relationships.

The induction had shown us the ‘Ingeus approach’, which we found worked well across both cultures. However, we found that we needed to adapt our approach in more technical areas, such as in CV-writing and local job search techniques. After spending a year in French operations, I returned to Germany to work as an employment advisor in January 2008. I am enjoying sharing aspects of how we work in France with my German colleagues and hope to implement a number of methods and projects that have proven successful in France.”

# Advisors

Central to any employment programme are the clients and the advisors who work with them. Ingeus recognises that the recruitment of our advisors is pivotal to our success as a provider. Across Europe it is generally accepted that advisors should have obtained specific qualifications, or come from a particular coaching or advisory background. However, Ingeus values the diverse experiences of our staff; advisors come from a range of backgrounds, including recruitment, education, customer service, banking, the arts, the public sector, healthcare and recent graduates of all types of discipline. All must possess certain abilities: building rapport effectively; solving problems creatively; maintaining high levels of professionalism and integrity; and having excellent communication skills. The ability to demonstrate these skills is far more important in the assessment of potential staff than the qualifications they possess. Ingeus uses the same proven recruitment methods in all the countries in which it operates, mindful of the reality that all clients, irrespective of their constraints to work, require the same high quality of support to help them achieve their goals.

Each advisor is allowed the freedom to develop their own 'style' of working, within a setting of shared best practice and coaching support. Advisors are responsible for the management of their own caseload and diary, allowing them the flexibility to have longer appointments with those who require more intensive support, for example, or more frequent activities with those who are closer to finding work. This approach requires placing a large amount of trust in the advisors to ensure that support is being given to all clients. This trust is intrinsic as a result of the stringent recruitment processes, the provision of ongoing training, and regular caseload and performance reviews.

Advisors are measured on their ability to place their clients into sustainable employment, with targets set according to the programme being delivered. Advisors are paid well in order to attract the highest calibre of staff. Ingeus chooses not to use performance-related pay or financial bonuses, but rather pays advisors equally. The targets in place help to ensure that Ingeus delivers on its contractual obligations and provides a high quality service to all clients. Advisors should not be motivated by personal financial incentives, but rather by the satisfaction of helping others achieve their goals.

## **Advisor-client relationships**

The relationship between client and advisor is key to successful job placements. The job of an advisor is a juggling act between various roles. Ideally, an advisor will act in a supporting role, identifying needs and empowering clients to achieve results for themselves. It is far more effective to provide a client with the tools they need to find their own job, and equipping them for the future, than simply to provide a job-brokerage service. However, advisors also have to address unrealistic job goals, negative attitudes and non-compliant behaviour. Good rapport between advisors and their clients is key to achieving successful outcomes. A client will only be empowered to do things independently if their advisor is able to motivate and encourage them and address the issues they face. To challenge opinions and behaviours which are acting as additional constraints to finding work successfully, a client must trust the judgement of the advisor and believe that they are constantly acting in their best interests. For this reason, Ingeus advisors invest time in getting to know and understand their clients, treating every case on an individual basis, and making no assumptions or judgements about what will motivate that person to work.



*“Each advisor develops an approach for each client. This ensures that the advisor gets to know the client with all his/her strengths and challenges, can respond to them individually and hence can find a long-term position for the client.”*

**- Martina Kallert, Ingeus Deputy Operations Manager, Nuremberg, Germany.**

Central to any advisor-client relationship is the Action Plan. Within the first four weeks of participation, every client produces a personalised, costed Action Plan jointly written with their advisor. The Action Plan acts as a contract between the provider and the individual, outlining what can be expected by both parties. A good Action Plan will balance responsibility and reward; what is expected from the client in terms of activity and attendance, and what help the client can expect in terms of pre-employment and in-work support. This includes the use of discretionary spend to provide financial assistance<sup>19</sup>. Action Plans often act as a motivational tool and can be used to track progress throughout the programme. On Employment Zone programmes in the UK, all providers are contractually obliged to produce an Action Plan for clients during Stage One. Action Plans are subject to internal and external quality assessments to ensure consistently high standards of advisor-client interventions. Ingeus uses Action Plans across all of the programmes we deliver and strongly advocates them as an effective tool for all employment programmes.

For a variety of reasons, advisor-client relationships are occasionally not as constructive as desired, or become stale due to exhaustion of ideas. In these circumstances it can be appropriate for a client to begin working with an alternative Ingeus advisor to try another approach to securing work. In the Nottingham Employment Zone office, all clients change advisors, by random allocation, if they reach week 12 of Stage Two<sup>20</sup>. This allows a transitional point to be created in the programme, adding an incentive to some clients to move into work sooner, and providing clients with the opportunity to work with another advisor. In all cases, the advisor who is working with a client at the point they go into work will continue to have responsibility for that client until they sustain in work.

19 - 'Discretionary spend' refers to the funds available to advisors to cover client expenses such as transport, clothing, and specialist interventions.

20 - Unless the client has an offer of employment or it is deemed not to be in the client's interest to change advisor.



# Flexible programmes

Ingeus believes that every client is an individual and should be treated as such. In the past, employment programmes have ignored client individuality. It is tempting for purchasers to prescribe the occurrence of certain actions – a CV to be written, or a workshop to be attended, perhaps even mandatory work experience. This is clearly motivated by a desire to ensure that what is understood to be effective in helping people into work is converted into action on the ground. Whilst understandable, this over-simplifies the situation and can result in a large number of people failing to benefit or engage fully with the support on offer.

When Ingeus refers to a ‘flexible programme’, what is meant is a programme that is free from fixed procedures; a programme which is driven by outcomes rather than processes. We recognise that however comprehensive a ‘menu of choices’ is, it is still a list which cannot accommodate every circumstance. When a flexible programme is designed, it allows the providers and, importantly, the advisors, the ability to tailor support to the needs of each individual. This encourages, indeed necessitates, creative thinking about the best approach to dealing with the unique set of constraints faced by each client. Action Plans, when used appropriately, identify the constraints faced or perceived by each individual, and detail specific actions and solutions. In many cases there may be similarities between clients’ Action Plans based on the reality of what is required to find a job. For example, if a client does not have a suit to wear to an interview, we can provide one, as there is a greatly reduced chance of securing work without dressing appropriately for interviews. However, it would not be correct to say that employment programmes *must* provide each client with an interview suit. Likewise, there is no point in mandating the writing of a CV if the client already has a good quality one; this would be a waste of time and effort. The same logic can be applied to any element of a traditional employment programme.

*“An advisor’s professionalism will uncover the priorities, values, necessities, and hopes of a client which then enables the advisor to better understand, encourage and steer the support given.”*

**- David Vergriete, Ingeus Advisor, Lille, France.**

The success of a flexible programme is increased by the opportunity to offer one-off, individually-tailored support. These interventions usually tackle issues which prevent individuals going into work but are not directly work-related. Examples of this include assistance with issues such as childcare, housing, transport, condition management and skills acquisition. The list of possible actions is as varied as the individuals who participate, which is ultimately why there should be no list.



## Dealing with multiple constraints

Ingeus chooses not to refer to 'barriers to work', but rather refers to issues faced by clients as 'constraints'. The reason is that the word 'barrier' implies that, once in work, the issue no longer remains. In truth, many of the constraints clients face not only prevent them from initially securing work, but are also a continuing strain on their ability to remain in work, or progress into further employment. Some constraints can be overcome, such as the need for a particular qualification. Once achieved, the lack of it is no longer a constraint. However, single parents, ex-offenders, or people with long-term health conditions, for example, may face issues which must be effectively managed as they cannot be eliminated.

The majority of clients who participate on Ingeus' programmes are perceived as 'hard-to-help' and face multiple constraints to work. Often, the initial reason for someone's unemployment is not the same reason why they continue to find it difficult to secure work. Long-term unemployment in itself produces additional constraints, such as the lack of recent relevant work experience or a contactable reference.

Many constraints to work are connected. For example, drug abuse is the second most common cause of homelessness in the UK<sup>21</sup>. Once homeless, it is very hard to complete postal job applications or secure a bank account. This is compounded by not having a permanent place to wash and dress appropriately for interviews. There may also be other effects of drug abuse, including criminal activity or mental health issues, as well as the circumstances which led to the initial dependency. Considering a client with all of these constraints, it would be impossible to judge what is 'the' fundamental factor preventing easy access to employment. Is it the drug abuse, the fact that they are homeless, or any of the other issues faced? It is therefore essential that employment programmes are flexible, with the ability to tailor interventions to the needs of the individual. Ingeus advisors work to prioritise and tackle clients' issues in turn, or simultaneously, to move their clients into work. When the focus of an employment programme is to do what is required to help an individual into work, rather than pass them through a set of prescribed actions, then real solutions can be modelled and achieved.

Constraints to work often become obstacles to retention and progression once employment is secured. In the UK, there is debate over whether and how progression in work can be measured. If it can, consideration must be given to the fact that progression is not possible, or even desirable, for everyone within a measurable period of employment.

21 - Home Office (2003) 'Youth homelessness and substance use: report to the drug and alcohol research unit'.  
See: [www.homeoffice.gov.uk/rds/pdfs2/r191.pdf](http://www.homeoffice.gov.uk/rds/pdfs2/r191.pdf)

## Flexible programmes

### Segmentation

Purchasers often believe that different employment programmes are required for different 'groups' of individuals. Clients have been grouped and segmented as 'young', '50-plus', 'ex-offenders', 'low-skilled', 'single parents' and so on. However, as we have shown, it is often impossible to separate one constraint from another, or identify with any confidence which factor is the most influential in preventing employment. It therefore makes little sense to refer people to employment programmes designed around a single contributing factor to individuals' worklessness.

*"I could come up with so many groups that it is no longer meaningful. In the end [Ingeus clients] are all individuals with very different backgrounds, with basically one thing in common, namely that they have been out of active working life."*

**- Christian Binnig, Ingeus Advisor, Munich, Germany.**

The UK Government has recognised the value of flexible programmes. Whilst in the past its New Deal programme has been highly segmented (for example, New Deal for Young People, New Deal 50-plus and New Deal for Lone Parents<sup>22</sup>), the Government is now in the process of replacing all of these programmes with one 'Flexible New Deal'. Based on lessons learnt from the Employment Zones and other initiatives, this programme will focus on the individual and allow providers the flexibility to help each client according to their needs<sup>23</sup>.

This is not without qualification. We have learnt from experience that we are more successful in assisting single parents when we have specific single parent advisors to work with them. Likewise, clients with disabilities and long-term health conditions work with specialist advisors. Specialists aid success by accruing relevant knowledge, such as local childcare contacts, and building an understanding of the issues faced by a majority of the client group, such as the need for flexible or part-time working hours. It is, however, the same approach that will move these clients into employment. A separate programme for single parents, or any specific client group, is not necessary as long as the programme is flexible and tailored adequately to the need of each individual.

22 - There are seven New Deal programmes in total: New Deal for Young People, New Deal for 25 plus, New Deal for 50 plus, New Deal for Lone Parents, New Deal for Disabled People, New Deal for Partners and New Deal for Musicians. For more information see: [www.jobcentreplus.gov.uk/jcp/Customers/New\\_Deal](http://www.jobcentreplus.gov.uk/jcp/Customers/New_Deal)

23 - For more details on 'Flexible New Deal' please refer to Department for Work and Pensions (2007) 'Ready for Work: full employment in our generation'. Available at: [www.dwp.gov.uk/welfare-reform/readyforwork](http://www.dwp.gov.uk/welfare-reform/readyforwork)



In Australia and the Netherlands, clients are segmented according to the perceived difficulty of helping them find work. We appreciate the rationale for attempting to do this in order to pay providers more for assisting ‘hard-to-help’ clients and incentivising a focus on helping the most disadvantaged. However, in practice, this raises a number of problems. It has been suggested that in Australia certain providers have asked for clients to be reclassified as more disadvantaged in order to achieve a higher fee for helping them into employment<sup>24</sup>. This potential exploitation of individuals’ constraints to work needs to be carefully avoided.

*“Clearly there are people who are burdened by so many issues that it’s going to be very difficult to get them into work but I have to say that making that decision beforehand is not such a great idea... because what’s happening in the United States until recently has been we have tried to say, ‘well, these people are really hard to employ and these people aren’t hard to employ’ and the truth is you never fully know.”*

**– Peter Cove, Founder and Managing Director of America Works<sup>25</sup>.**

Diagnostic systems are unlikely to give accurate predictions of time spent unemployed. A motivated client, who is eager to work at any cost, is far easier to place into work, regardless of multiple constraints, than an unmotivated client who has unrealistic expectations of the wages or position they can achieve. If a client is fast-tracked to support because they are expected to become long-term unemployed, it should not be surprising if they enter employment before others who are left without support because they are deemed to be self-sufficient. These factors are intangible and should not be assumed prior to entry on an employment programme.

24 - Samantha Maiden, ‘Millions owed on jobless’, *The Australian*, 13 February 2006.

25 - Peter Cove speaking in London at an RSA debate ‘Welfare to Work: US/UK Policy Perspectives’ on 23rd January 2008. Full audio available at: [www.rsa.org.uk/audio/index.asp](http://www.rsa.org.uk/audio/index.asp)

# Case studies

## **Cormac O’Leary: Demolition worker and former WorkDirections client**

When Cormac joined WorkDirections’ Employment Zone in Birmingham, he had been on Jobseeker’s Allowance for two years. He was under a probation order, and was being forced to move from hostel accommodation into a halfway house. He had also become anxious, paranoid and unreliable since he had stopped taking his prescription medication.

Despite these constraints, Cormac was keen to participate in the Employment Zone programme, and when he met his WorkDirections advisor, Colette, she found him to be articulate, polite and enthusiastic. Cormac was keen to become a tree surgeon, but did not have the required qualifications, so he and Colette decided to keep this in mind as a longer-term goal while he pursued more immediate opportunities.

Cormac had previously enjoyed labouring work, but told Colette that he was no longer able to do this work due to a hand injury he had sustained while working as a roof-tiler. Colette arranged for Cormac to meet WorkDirections’ in-house physiotherapist, who investigated his injury and advised him that, with the help of special gloves, he would be able return to labouring work without further damaging his hand.

With the focus firmly back on his chosen profession, Colette talked to Cormac about the positive impact that a stable job could have on his emotional wellbeing, and introduced him to WorkDirections’ psychologist, Rina, who provided one-to-one support and advice on how Cormac could manage his anxiety.

With the support of the team at WorkDirections, Cormac’s confidence grew, and he worked with Colette to create a new CV. They then set about distributing speculative applications and visiting potential employers in the Birmingham area.

Cormac soon secured a meeting with a local demolition firm. The interviewer was so impressed with his confidence and enthusiasm that he hired Cormac immediately and asked if he could start work the next day.

WorkDirections gave Cormac the financial support he needed to purchase safety clothes and equipment, and helped him to apply for in-work benefits so that he could adjust to the move into paid employment.

Cormac now has a new lease of life and for the first time feels that he is in control of his future. He is now able to work towards his longer-term goal of becoming a tree surgeon.

# Working in partnership

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Partnership is an essential component of any contracted-out provision of employment services. It is the fundamental relationship between purchaser and provider, and specifically between public employment services and providers from the private and not-for-profit sectors. Many countries are exploring the role that providers can play in assisting those furthest from the labour market. In most cases, the public employment service or insurance companies continue to work with certain groups and contract-out the provision to others. This approach to working in partnership can be used effectively to add value to existing provision and is advocated by Ingeus.

In the UK, Jobcentre Plus expects to place 90% of individuals back into work within the first year of their claim for Jobseeker's Allowance<sup>26</sup>. It is therefore not necessarily cost-effective for providers to work with clients who find employment through existing support. However, for the other 10% who do not find employment in the first year, it is likely that the existing support is not sufficient to tackle the constraints to work they face. Such statistics provide a clear rationale for contracting-out services in the UK after 12 months of an active claim.

*“Jobcentre Plus is best at helping people who really want the help, who are going to engage and do things independently, and maybe just need a few pointers... Our advisors have the time and resources to give extra help to those who need it.”*

**– Kamini Sanghani, WorkDirections Outreach Advisor, Haringey (London), UK.**

As in all Ingeus partnerships, it is essential that each partner works at ‘what they do best’. By allowing the public employment service to work with those closest to the labour market, and making provision for those who are ‘hard-to-help’ through contracted-out services, each partner can focus on ensuring appropriate and necessary levels of support are available for all.

Both purchaser and provider, and the respective staff involved in implementation at local level, should be clear about what part they play in the ‘bigger picture’. All stakeholders should have an understanding and respect for the work performed by their partners. This allows for positive working relationships, coordination of services, cooperation in joint ventures and the appreciation of common goals, all of which contribute to successful working partnerships.

## Working in partnership

### Contracting

Pivotal to the success of any partnership is the quality of the contract that exists between the purchaser and provider. The contract dictates the workings of the relationship, as well as the behaviour and involvement of both parties. Certain factors must be taken into account to ensure the effectiveness of any employment programme. The Ingeus Centre for Policy and Research has previously produced a detailed overview of the requirements for successful procurement<sup>27</sup>, and it is not the intention of this paper to cover all the issues in this field of discussion. However, as an essential element of any contract, we will consider referral processes.

The programmes in France and the UK have different referral processes from that in Germany. This difference is dictated by the nature of the contract in place. The Employment Zones were designed to work with as many people as possible in their areas and have evolved over time with increasing numbers of clients. The Government specified the size of contract by length of operation, set eligibility criteria, and then allowed everyone who met the criteria within the time frame to be referred to the programme. When the programme was extended to voluntary single parent clients, it was decided that the provider was allowed to 'recruit' as many voluntary clients as they saw fit. This translates to rolling and fluctuating referrals, with between 20 and 60 new clients starting per operation each week. On the Unédic programme, referrals are also continuous throughout the programme and fluctuate from week to week.

In Germany, the precise number of clients was dictated in the contract. The clients are referred in large cohorts over a short amount of time at the beginning of the contract (up to 2,000 in four months), with client numbers falling as people move into employment.

This cohort approach reflects the experimental nature of the programme. It gives purchasers the opportunity to contain the programme and its costs, and allows clear analysis of conversion rates and success in achieving results. However, it also means that there are many individuals who may be eligible for support but are never able to access it. This system is therefore only suited to the fixed-term nature of a pilot programme, and is not sustainable as a referral process for a long-term, universal programme which is intended to support as many people as possible.

The best argument for a continuous system of referrals is the ability to maintain the average caseload size of each advisor. A recent OECD study which observed the work of Ingeus in the UK noted that some of the success experienced could be attributed to the ability to keep advisor caseloads below 50, which ensures that advisors are able to have meaningful contact with all of their clients<sup>28</sup>. This is possible in a situation where clients join and leave the programme at a relatively steady rate, as providers can recruit staff to reflect an optimum advisor:client ratio. In instances of cohort referrals, advisors inevitably start with large numbers of clients, which fall as individuals start and sustain in work.

27 - Mansour, J. and R. Johnson, Ingeus Centre for Policy and Research (2006) 'Buying quality performance: procuring effective employment services'. Available online at: [www.workdirections.co.uk/files/uploads/DocFile\\_id\\_54.pdf](http://www.workdirections.co.uk/files/uploads/DocFile_id_54.pdf)

28 - Organisation for Economic Co-operation and Development (2007) 'Sickness, Disability and Work: Breaking the Barriers – Vol. 2: Australia, Luxembourg, Spain and the United Kingdom', p. 143.



The cohort process allows advisors to help the most 'job-ready' into work quickly and then, as numbers drop, advisors are able to invest more time in assisting the most disadvantaged. The risk with this approach, however, is that advisors are necessarily required to focus on those closest to the labour market at the start of the programme. Once advisor:client ratios drop, those clients still on the programme may feel disaffected by the lack of engagement and progress experienced. This can be avoided by careful caseload management by advisors.

In a rolling referral system, advisors are constantly dealing with a spectrum of clients across the full length of the programme. This means they can allow for the initial investment of time required by all clients, and can balance the varying needs of their clients more easily. This system is open to the accusation that it only ever assists those closest to the labour market and never provides a high quality service to those facing more constraints. The balance required is one between programme design and eligibility. In any given group of clients, some are easier to place into work than others. If the programme is designed to assist the most disadvantaged, and the eligibility is set so that everyone who is referred is in need of more support than would otherwise be given, then this should not be seen as negative. In fact, it is often the case that those clients who are quickly assisted into work allow for the additional investment of time, discretionary spend and resources required to help those further from the labour market.

### **Partnership in practice**

Ingeus' international experience demonstrates that contracting can be effective, either as part of a national programme of welfare reform or a localised pilot programme. In the same way that our advisors tailor the way they work with each of their clients, Ingeus also adapts its delivery model to suit the needs of purchasing partners.

For example, in Germany, advisors from the ARGE are based in our office at all times. They are able to access the ARGE computer system remotely and are therefore able to assist Ingeus clients and staff with swift responses to queries, and resolve any issues. This also allows the ARGE staff a greater understanding of our work, which facilitates informed referrals and open communication channels.

The success or failure of a partnership approach is ultimately dependent on the relationships built at a local level. This works differently with each of our contracts, and even varies from one office to another within one contract. If the focus of all stakeholders is to create a seamless provision of services, and to work towards a shared goal, the individuals involved in delivery can create the most effective and appropriate partnerships.



# Case studies

## **Philippe Chopin: Stock Manager Assistant and former Ingeus SAS client**

“I began my professional life as a driver after gaining a Certificate in Mechanics. I then moved to the logistics sector, working my way up to become Head of Operations. After being made redundant at the age of 42, I was referred to Ingeus by the Melun ANPE.

My Ingeus employment advisor, Norika, was familiar with the logistics sector, and put me on the right track. Together we created several cover letters for speculative applications which demonstrated my experience perfectly. Prior to coming to Ingeus, I had no experience of writing speculative letters, so Norika’s help was invaluable.

When looking for a job, you constantly waver between hope and despair. Norika was always there to support me and she encouraged me to call her with even the smallest questions.

She saw me every week for three months and helped me to build up my confidence. Thanks to this, I approached a construction company in person. Fifteen days later, the company offered me a position as a Stock Manager Assistant.

I now have my dream job working for a great company.”

# Outcome-based funding

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When contracting-out employment services to providers, it is key that the programme design reflects policy objectives. Purchasers must set the *right targets* to achieve the *right results*. These targets must reflect well-defined aims and measurable outcomes.

For example, as many countries are now facing a transition from an industrial to a knowledge-based economy, a skills gap between the needs of employers and those seeking employment often exists. Predictably, this has resulted in a strong emphasis on the ‘upskilling’ of both the active and inactive working age population. The ultimate goal is to move individuals into work. It must be clear to providers that, while investment in human capital is one of the objectives of active labour market interventions, the outcome by which success is measured remains a progression into lasting employment rather than skills acquisition. If this is not clear, providers could be faced with perverse incentives, whereby they gain more from keeping an individual on their caseload and in training than they do from helping that person into work.

The clearest way of ensuring that these perverse incentives do not occur is by creating a system of outcome-based funding which rewards providers financially for achieving the objectives of their partners. As has been demonstrated, providers’ behaviour can, and is, dictated by the outcome and reward structure of the employment programme. Whilst purchasers must be careful to ensure that perverse incentives are not in place, they are also in a position to reward desired outcomes and, in this way, dictate provider behaviour through funding mechanisms.

## **Sustainability and in-work support**

Ingeus has delivered a number of employment programmes which have been measured on different outcomes. Initially, in the UK, it was deemed that it was not enough to fund ‘processes’ and that outcome payments to providers should be made for placing an individual into employment. On the Employment Zone programmes, the UK Government moved to a position where it was not seen as sufficient to place someone into a job, they needed to sustain in employment. Providers were paid a nominal sum for placing clients into work, but received far higher financial rewards for proving these individuals were still in work after 13 weeks. At their inception, this feature of the Employment Zones was a radical proposal.

As the policy debate surrounding retention and progression evolves, it has become increasingly clear that 13 weeks is not an adequate measure of sustainability. Both the ARGE programme in Germany and the Unédic programme in France measure and reward sustainability at 26 weeks. The UK Government recently introduced sustainability measured at 26 weeks for the new Pathways to Work programme, and is continuing with this agenda on the forthcoming Flexible New Deal. The Government has indicated that, in the future, they intend to move towards sustainability measurement of up to 18 months.

## Outcome-based funding

Ingeus recommends that payments to providers should be weighted towards sustained outcomes, and that a sustained outcome should be classed as 12 months in employment. The rationale for measuring sustainability is based on creating a lasting change for the individual and financial savings for the purchaser. Once an individual has returned to work, and been supported through their first year in employment, they are likely to have reached a level of integration into the labour market at which they would be very unlikely to return to benefits<sup>29</sup>.

### Promoting positive provider behaviour

Funding programmes on the attainment of sustainable outcomes can have two very clear effects on provider behaviour: the provision of in-work support and the quality of job placements made.

If a provider does not receive financial reward unless an individual stays in work, it then becomes crucial for that provider to remain in contact with the client once they are in work. This results in a continued service to ensure that each client has the highest possible chance of sustaining in work. As with the support provided to clients seeking employment, in-work support needs to be tailored to the individual and flexible in its nature. Many clients who enter work are reluctant to remain in touch with an employment programme; any contact with the 'system' they were previously bound to is undesirable. In these cases, fortnightly contact by the most appropriate means (phone, email etc.), to ensure that the client is aware that support is still available, may be sufficient. Others require far more support, including: applying for in-work benefits; settling disputes with employers; gaining confidence with the new pressures of financial management; applying for alternative employment; and handling emergencies such as the breakdown of childcare arrangements. These circumstances can, if not effectively managed, all contribute to a client falling out of work. In many cases, the intervention of Ingeus staff can assist our clients to overcome such difficulties and remain in employment.

*"The value that in-work support has is to offer a safety net to clients and, ultimately, to employers. Even if clients choose not to access this support, the knowledge that it is there is sometimes enough to make the leap into work."*

**- Colette Carr, WorkDirections Sustainability Advisor, Birmingham, UK.**

The variance between the level of in-work support that is required and the level that some clients actually want throws into question how much a provider can be held responsible for client sustainability. Even if all attempts are made, not all clients will remain in contact with providers, and some will fall out of work before sustaining, for reasons beyond providers' control. Ingeus believes that our task as a provider is not to just 'get someone a job' but rather to equip our clients with the skills and knowledge required to find employment, remain in employment, and progress to further and better work in the future. If a provider gives a client adequate pre-employment preparation, ensuring a good job-match has occurred, and the individual has been equipped with the skills required to navigate the labour market, then the need for intensive in-work support should be minimal.

<sup>29</sup> - The rationale for this argument is based on studies examining the impact of in-work benefits which cease after a year in employment. Having received benefits in addition to their earnings for up to 12 months, clients were not leaving work, or considering leaving work as a result of diminished income once their benefit entitlement expired. 'People had strong personal and financial reasons for wanting to work'. Anne Corden and Katharine Nice (2006) 'Pathways to Work from Incapacity Benefits: A study of experience and use of Return to Work Credit'. Department for Work and Pensions. Available online at: [www.dwp.gov.uk/asd/asd5/rports2005-2006/rrep353.pdf](http://www.dwp.gov.uk/asd/asd5/rports2005-2006/rrep353.pdf)



Outcome-based funding also affects the quality of job that clients achieve. If a programme only rewards a job start, then there is no consequence for the provider if a client enters into a temporary job expected to last a few weeks, or if they fall out of work after a short period of time. This kind of measurement can encourage ‘cycling’, where a client frequently moves in and out of work and employment programmes. By paying for a sustained outcome, it is not in the interest of the provider to place clients in an unsustainable job, and there is no opportunity for a ‘quick win’ through the exploitation of temporary jobs.

In the Unédic programme, in order to claim a job start, Ingeus must provide evidence of an employment contract of at least six months (to the point at which a sustained outcome can be claimed). This means that every claimed job start has a strong chance of sustaining, and advisors gain little from encouraging their clients to take a job that is not sustainable. These conditions make little or no concession for the fact that clients can build a career and sustain in employment through a series of shorter contracts, or of the fact that a short-term contract can provide the recent experience often necessary to secure a longer, more permanent contract. However, it reinforces the message that the provider will only be rewarded for a sustained outcome, and that sustainability must be an integral consideration throughout the pre-employment process, and not just once work is found.

### **Transferring responsibility for benefit payments to the provider**

Employment Zones in the UK have a unique feature in that the responsibility for administering benefit payments to the participant is handed over to the contract provider. For the duration of Stage Two of the programme, participants have no obligation to contact Jobcentre Plus, and receive their fortnightly benefit payments directly from the provider. Individuals continue to receive the same amount of benefit as before they started the programme. The exception to this is a nominal amount which continues to be paid directly from Jobcentre Plus to ensure that entitlement to other Jobseeker’s Allowance-dependent benefits (e.g. Housing Benefit) remains unaffected.

When a client enters Stage Two of the Employment Zone programme, the provider receives a payment equivalent to 21 weeks of Jobseeker’s Allowance to cover the fortnightly payment to the client. As Stage Two lasts a maximum of 26 weeks, for every client who has not found work within 21 weeks, the provider must cover the benefits payments from their own finances. Conversely, if a client enters employment early in Stage Two, and goes on to sustain in work, the provider is rewarded by being able to keep the additional money. This establishes a financial incentive to facilitate a swift transition into work. If there is an even spread of clients entering work across the 26-week period, then a provider can offset losses from those who do not move into work with gains from those who find employment quickly. If a provider can move the majority of clients into work in the early weeks of Stage Two then they can significantly increase their revenue per outcome. This financial incentive is qualified by the need for sustainability. If a client fails to sustain, they must return to the programme at the exact point they left to complete the ‘balance of time’, and payment of benefits resumes until the client leaves the programme or goes back into work. There is no incentive to try and achieve ‘quick wins’ at the expense of good quality placements as there is no added gain to the provider unless the client sustains in work.

## Outcome-based funding

### Other funding considerations

If the purchaser only pays for what works, they take a reduced financial risk, which is particularly beneficial if the new approach being adopted is politically sensitive. This financial risk is passed to the provider. If the provider cannot meet the agreed outcomes, they will be forced to leave the market. This risk must be rewarded appropriately, however, and outcome payments must be considerable in order to attract good quality providers and justify the financial burden in the early stages of operation. There should also be payments made for set-up of the programme and/or registration of clients on the programme. This allows for new, smaller and niche providers to enter the market and ensures programmes are financially viable for providers in the period between initial delivery and the first sustained outcomes being achieved. These payments should ideally be equal or secondary to the sustained payment to ensure that the financial incentives for the right outcomes remain in place.

The balancing of risk and reward can also have implications for the funding of employment programmes in general. As suggested in the Freud report<sup>30</sup>, employment programmes can be funded by future savings made in reduced benefit payments, and tax income generated by increased numbers in employment. Our experience in France has shown that purchasers can make considerable savings in benefit payments. These savings not only cover, but exceed, the costs incurred by funding the employment programme.

30 - Freud, D. (2007) 'Reducing dependency, increasing opportunity: options for the future of welfare to work'. Department for Work and Pensions. Available online at: [www.dwp.gov.uk/publications/dwp/2007/welfarereview.pdf](http://www.dwp.gov.uk/publications/dwp/2007/welfarereview.pdf)

# Case studies

## **Daria Lescu:**

### **Sales Clerk and former Ingeus GmbH client**

In 1985, Daria and her family moved from Romania to Germany in search of a better life. Just two years later, she and her husband lost their daughter in a car accident, and Daria developed severe depression that left her housebound and unable to work.

When Daria later returned to the workforce, she soon became pregnant again, this time with twin boys. As one of the boys was severely disabled, Daria had to leave her job to provide full-time care for him, while her husband distanced himself from the family.

Daria's depression returned and she also developed a painful back condition from constantly lifting and carrying her son. Following several unsuccessful attempts to secure lasting work, Daria decided to join Ingeus, which had recently partnered with the ARGE to provide employment support to long-term unemployed people.

At her first meeting with her Ingeus advisor, Mark, Daria explained how her family commitments and back condition restricted the type of job she could do, and they put together a strategy to support her into suitable work.

In addition to identifying and applying for part-time retail and administrative work that would not require heavy lifting, Daria and Mark spent the following weeks re-building her confidence and practising interview techniques so that she was comfortable with all aspects of the job-seeking process.

Daria was soon offered a job as a sales clerk in a women's clothing boutique. The hours, location, and pay were exactly what Daria was looking for, and she was delighted to accept the role. In the lead up to her start-date, Mark worked with Daria to ensure that she felt comfortable taking on new responsibilities and balancing work and family commitments.

As a result, Daria settled quickly into her job, and has now become financially independent and more socially active. Her depression is now a thing of the past, and she is looking forward to a bright future with her children.

# Rights and responsibilities

## Mandatory vs voluntary programmes

In Germany and the UK, Ingeus works with clients who join our programmes as a condition of their continued receipt of benefits. Our clients in France and our single parent clients in the UK engage on an entirely voluntary basis. Ingeus has seen success in working with both mandatory and voluntary clients. When designing an employment programme, it is important to consider whether it is engagement or activity that is made compulsory.

It is impossible to mandate participation in an employment programme if the out-of-work benefits being received are not conditioned by the requirement to seek employment. The UK Government is currently implementing reform to the benefits system so that more individuals who are currently on 'inactive benefits', which do not require job search activities, are moved onto work-focused benefits with a greater level of conditionality.

For those people on benefits which do not have mandatory job search elements, it is possible to enforce engagement rather than activity. This means benefit claimants are required to attend information sessions where they are made aware of the support available to help them to return to work. Clients can choose to accept this support if they feel the time is right for them to look for work.

Many assumptions can be made about the difference in attitude between voluntary and mandatory clients. The stereotypes would suggest that voluntary clients are more compliant and potentially more 'job-ready', that, having opted to join the programme, they are already convinced that work is the best option for them. It is also assumed that mandatory clients object to being 'forced into work', attend under duress but do not actively engage, and bring negative attitudes as an additional constraint to work. Whilst there are occurrences of both extremes, it is dangerous and misleading to draw conclusions from these stereotypes of client behaviour.

*"When mandatory clients are treated with respect, listened to, and can have a say over what type of work they look for, they become more motivated."*

**- Tammy Vipond, WorkDirections Advisor, Nottingham, UK.**

The reality is that each individual joins a programme for different reasons, and comes with varied expectations, aspirations and motivations. It is the job of a provider and their advisors to ensure that each client becomes fully engaged in the programme, and that high levels of motivation and activity are maintained across advisors' caseloads.



## Sanctions

Mandating employment programmes raises the issue of what happens in the event of non-compliance and, in most cases, the answer to this is benefit sanctions. This is when a decision is made for a percentage of an individual's benefit payment to be withdrawn for a certain amount of time. In the UK, the maximum sanction is six months without any payment. Single parents' sanctions are currently capped at a 20% reduction in benefits to ensure provision is made for the children involved.

A necessary result of Employment Zone providers paying client benefits directly is that, during Stage Two of the programme, a provider can put an immediate stop to a client's payments by suspending them from the programme and referring them back to Jobcentre Plus. When this occurs a 'doubt' must be raised against their claim by their advisor, which triggers an investigation into whether or not the individual should face an official sanction of benefits. It has been argued that providers should not be involved in the administration of sanctions, but that it should be the sole responsibility of those who administer the benefits involved. This argument is based on the fear that an advisor's involvement in a client's benefit sanctions could lead to a loss of rapport and influence, as well as a risk of negative or abusive behaviour. Ingeus' experience has shown that the threat of sanctions can create an opportunity to engage individuals who otherwise may not attend in meaningful activity:

*"On the Employment Zone, having control of a client's benefits allows greater influence over initial client attendance which, in turn, gives us a greater opportunity to engage every client who comes onto the programme."*

**– Guy Venables, WorkDirections Deputy Operations Manager, Birmingham, UK.**

A Government study in the UK looked at claimants of Incapacity Benefit who had received sanctions for non-compliance with job search requirements. It showed that clients were more than capable of separating their attitude towards their advisor from their experience of the sanctions regime. It also showed that the threat of sanctions was a motivating factor in future attendance, but rarely the sole reason for compliance<sup>31</sup>.

It is interesting to note that there is a far lower rate of programme suspensions from our operations in Germany. This is possibly a result of the contracting conditions which mean that, unlike the 'balance of time' rules on the Employment Zone programmes, once a client has left the programme they cannot return to it. This may have a two-fold effect on the behaviour of both advisors and clients. Clients may be more compliant, on the understanding that they only have one opportunity to access this support which, once forfeited, will not be accessible again. Advisors may also look at alternative measures for handling non-compliance as they try to avoid excluding individuals from the support available.

31 - Martin Mitchell and Kandy Woodfield (2008) 'Qualitative research exploring the Pathways to Work sanctions regime'  
Available online at: [www.dwp.gov.uk/asd/asd5/rports2007-2008/rrep475.pdf](http://www.dwp.gov.uk/asd/asd5/rports2007-2008/rrep475.pdf)



## Rights and responsibilities

### Making work pay

When discussing the 'rights and responsibilities' agenda, there are responsibilities that fall upon the public employment service and ultimately the national government. Governments are responsible for ensuring that the vast majority of individuals are better-off financially in employment than they are on benefits. Many approaches have been taken to achieve this, and there is no ideal system that can be used as a template for other nations to copy, but there are lessons to be learnt.

This paper is not advocating the lowering of benefits to a level where individuals cannot provide for the essential needs of themselves and their dependents while out of work. It must be acknowledged that there are those who face constraints to work which cannot be overcome simply through participation on an employment programme, and there are others with severe disabilities who are genuinely unable to work. These people deserve to live with dignity and respect, supported by a benefits system that protects the most disadvantaged in society.

Client motivation is often the key to success in achieving employment. If an individual is not going to be financially better off in work, their motivation to leave benefits will be significantly reduced. This is not to say that employment programmes cannot be successful in these conditions. Indeed, in France and Germany, it is often the case that advisors motivate clients solely on the many non-financial incentives to work.

*"There are a multitude of reasons why people want to work, all different: money, motivation, recognition, sense of achievement, search for security etc. Money, however, remains the main motivation."*

**- Thomas Fray, Ingeus Manager, Evry-Coucouronnes, France.**

There are many examples of 'make work pay' schemes, such as a minimum wage, tax credits, in-work credits and assistance with housing costs. All of these schemes can ease the transition back into employment and support individuals who find they need to accept low-wage jobs in order to access the labour market.

On the Employment Zone programmes, a 'better-off calculation' is done for every client during Stage One of the programme. This means that each individual can be certain of an improved financial situation once they enter into work. This has proved to be a valuable motivational tool with clients, and that calculation itself can be enough to enthuse previously disengaged individuals. This tool cannot be used effectively if the financial incentive for benefit claimants to enter work is not there.

# The European context

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In 2000, at the Lisbon Summit, the member states of the European Union (EU) committed to the Open Method of Co-ordination (OMC). The OMC was designed as a channel for policy transfer and the sharing of best practice across the EU, particularly with regards to employment. Shared policies were agreed with the intention of delivering 20 million jobs in Europe by 2010. Key to this was the desire to create ‘an employment policy with a goal of full employment in a society which is more adaptable to the personal choices of men and women’<sup>32</sup>.

Since then, steps have been taken to monitor the progress of countries in this area and encourage the adoption of best practice in initiatives including active labour market policies and social inclusion. Increasingly, the idea of best practice has been defined by the word ‘flexicurity’. Flexicurity is the concept that employment policies should be complementary to allow flexibility in the labour market for employers and employment/income security for employees. These two goals, previously considered incompatible, are drawn together to create a win-win situation in the labour market.

In 2007, the European Expert Group on Flexicurity stated that:

*‘Encouraging flexible labour markets and ensuring high levels of security will only be effective if workers are given the means to adapt to change, to enter into employment, to stay in the job market and to make progress in their working life’<sup>33</sup>.*

We work with our clients to equip them with the skills required to do exactly that: to adapt, to secure work, remain in employment and progress throughout their future career. Ingeus believes that the support and guidance that outsourced employment programme providers give to clients across Europe helps to achieve the objectives of the OMC and flexicurity, working with a ‘bottom-up’ approach on an individual-by-individual basis. By working with the most disadvantaged in society, and helping them to achieve their goals, we are also working towards achieving the goals of the EU member states. In addition to this, we continue to contribute to the policy debate at national and international level to ensure that our insights and experiences are informing decisions made for the future of active labour market initiatives.

32 - Chalmers and Lodge (2003) ‘The Open Method of Co-ordination and the European Welfare State’. Available online at: [www.lse.ac.uk/collections/CARR/pdf/Disspaper11.pdf](http://www.lse.ac.uk/collections/CARR/pdf/Disspaper11.pdf)

33 - European Expert Group on Flexicurity (2007) ‘Flexicurity Pathways: Turning hurdles into stepping stones’. Available online at: [http://ec.europa.eu/employment\\_social/employment\\_Astrategy/pdf/flexi\\_pathways\\_en.pdf](http://ec.europa.eu/employment_social/employment_Astrategy/pdf/flexi_pathways_en.pdf)

# Conclusion

Welfare reform is a politically sensitive matter, and the introduction of new employment programmes as part of a package of active labour market policies can sometimes be viewed as controversial. The purchaser has a responsibility to get it right. This is not only to guarantee an effective service for the most disadvantaged in society; the investment of public funds means that there is a duty to the tax-payer to ensure that performance and high quality provision are supplied.

The opportunity to learn from the experiences of others in this area allows purchasers to form policy based on sound and tested principles.

Value for money is dependent on partnership-working, with the public employment service and independent providers working together to deliver comprehensive assistance which meets the needs of all benefit claimants. All employability schemes must be tailored to their locality and based on sound local working relationships.

Flexible employment programmes, focused on the needs of the individual, can assist people with multiple constraints to enter, sustain and progress in work. This can be achieved irrespective of constraints to work and without the need to segment client groups.

Employment programmes are most successful when each participant is actively engaged, motivated and appropriately supported in reaching their goals. In the early stages of participation, mandating attendance, with the possibility of appropriate sanctions for non-compliance, can allow providers the time required to build rapport and engage clients successfully. Ultimately, however, success depends upon the quality of advisors employed to assist clients, and the relationships they develop.

If providers are, as has been the case historically, measured by process rather than outcome, and rewarded for what they *do* with the client rather than what they *achieve*, then there is a strong likelihood that providers will *do* many things but *achieve* very little. To combat this, contracts must be carefully designed to reflect the intentions of the programme, and providers should only be financially rewarded for attaining the goals of their purchasing partners.

Ingeus' international experience has shown that, if combined appropriately, these lessons can not only be successful in assisting large numbers of unemployed individuals into sustained work, but can also contribute to achieving wider economic goals.

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# The Ingeus Group of Companies

The international Ingeus Group of Companies provides effective, accountable welfare-to-work and employment activation services. The Group, which began operations in Australia in 1989, currently delivers services in the UK, France and Germany. The Ingeus Centre for Policy and Research (ICPR) produces original research and responses to government and other consultations in the countries in which we operate.

## WorkDirections UK

- Launched in the UK in November 2002, WorkDirections supports socially excluded and disadvantaged individuals to find suitable and sustainable employment in partnership with Jobcentre Plus and the Department for Work and Pensions.
- Our welfare-to-work operations assist people who have become long-term unemployed, as well as single parents, and those who are not working as a result of health issues.
- WorkDirections began delivering six three-year Pathways to Work programmes from December 2007, allowing us to support over 98,000 Incapacity Benefit claimants in the London, Birmingham, Nottinghamshire and Edinburgh areas. In Birmingham, the Pathways to Work programme replaced our New Deal for Disabled People programme which we ran for over three years.
- We also deliver Private Sector Led New Deal programmes in Central and West London, and Employment Zones in Nottingham, Birmingham, Brent and Haringey, and Southwark. Since 2002, we have assisted over 21,000 individuals into suitable, lasting employment through these programmes.

## Ingeus SAS – France

- In February 2005, Ingeus undertook an experiment in partnership with the ANPE, the French public employment service, and UNÉDIC, the French unemployment insurance body, in the cities of Lille and Rouen to offer early intervention services to those most at risk of long-term unemployment. Following the success of this experiment, our programme has been expanded to other parts of France and Ingeus now delivers its service to 6,000 people a year.
- We also have a contract with a regional Parisian Council – Hautes-de-Seine – to deliver unemployment services for long-term unemployed people, at least half of whom have been unemployed for several years.
- More recently, Ingeus SAS was awarded a contract with the National Ministry of Employment to deliver services to assist 800 young graduates in the Haute-Normandie region to find work, because of issues in this region facing graduates and their access to employment.



## **Ingeus GmbH – Germany**

- In June 2006, Ingeus GmbH formed a partnership with the ARGE (Arbeitsgemeinschaft), the City of Nuremberg's joint body of the regional administration and public employment service, to assist 2,000 people who have been unemployed for at least one year.
- In addition to the ARGE programme, we work with the BA (Bundesagentur Für Arbeit), the public employment service in Nuremberg, to support 1,400 short-term unemployed people.
- In October 2007, Ingeus GmbH opened an office in Munich and launched a pilot project in cooperation with the ARGE Munich, and following the Nuremberg model, to support 4,000 long-term unemployed people over two years.

**To find out more about the Ingeus Group of companies please refer to our websites:**

[www.ingeus.com](http://www.ingeus.com)

[www.workdirections.co.uk](http://www.workdirections.co.uk)

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