

Work Programme statistics: *Inclusion* analysis

26 September 2013

Summary

The Department for Work and Pensions (DWP) has published the third official performance statistics from the Work Programme. These show the number of job outcome payments made to providers between June 2011 and June 2013.

For the **12 months between July 2012 and June 2013** using DWP's contractual Minimum Performance Level, the performance was:

Minimum Performance Level	DWP Minimum Performance Level	Actual performance
JSA 18 to 24 participant group	35.8%	48.1%
JSA 25 and over participant group	28.9%	35.0%
New ESA claimants participant group	16.5%	5.8%
Three MPL groups combined	28.8%	32.1%

The Work Programme is **now exceeding the DWP Minimum Performance Level** for the two main groups of Jobseeker's Allowance claimants, but is still **falling significantly short** for Employment Support Allowance claimants. However, **DWP's Minimum Performance Level is flawed** because it can be affected by the numbers joining the programme rather than job outcomes.

Inclusion's preferred **Job Outcome Measure** is a more accurate measure of performance because it only looks at performance for those who could get a job outcome. On this measure performance was:

One-year job outcome measure	Estimated equivalent of DWP Minimum Performance Level	Latest performance	Previous performance
Three MPL participant groups combined	13.6%	10.2%	9.5%
Estimated total programme	12.9%	10.5%	10.0%

On this measure the Work Programme **has slightly improved but not achieved** the equivalent of the Department's Minimum Performance Level.

One reason may be that the **economy is weaker** than envisaged when the Work Programme was commissioned. Taking the economy into account we calculate the minimum performance level would be **11%**. On this basis **the Work Programme, at 10.5%, is just short of hitting minimum performance.**

Job outcome performance for Jobseeker's Allowance claimants had been improving month on month since the programme began, however it now appears to have reached a plateau. Whilst performance for Employment and Support Allowance claimants has slightly improved it remains considerably below expectations.

A positive sign is that **those JSA claimants who get jobs are staying in work for longer** - job sustainability following a job outcome is now above expectations. However, for ESA claimants job sustainability is considerably lower than expected.

Conclusion

Performance has increased for the programme as a whole but it appears the rate of increase in performance has flattened out. The latest figures confirm that the Work Programme is beginning to work for the more employable but that it continues to struggle for the more disadvantaged.

Introduction

What statistics have been released?

DWP has published statistics from the beginning of the Work Programme in June 2011 to the end of June 2013. The data covers the first two years of the programme and the first quarter of year three.

The statistics give:

- The number of customer **referrals** to Work Programme providers, and the number that **started** on the programme.
- The number of **job outcome payments** that have been made to providers. These are paid after a customer has been in work for either three or six months.
- The number of **sustainment payments** to providers, and the number of individuals for whom at least one sustainment payment has been made. Sustainment payments are made for each four-week period a customer spends in work following a job outcome.

It is possible to analyse these statistics by each of the nine participant groups, localities, and participant characteristics. DWP has also released information on job outcomes by the month when participants joined.

How is performance measured?

DWP has two measures of performance:

- 1) the contractual measure is the '**minimum performance level**' (**MPL**) for three key participant groups. The MPL is an annual measure and is used to benchmark contractors.
- 2) the **DWP business plan measure** is a monthly indicator and is a measure of how each monthly cohort of referrals is succeeding in getting a job within 12 months.

Inclusion uses a third measure:

- 3) the **one-year Job Outcome Measure**. This gives an annual view of DWP's monthly business plan measure and is not subject to the distortions within the MPL measure.

Our Job Outcome Measure is the *average* proportion of customers achieving a job outcome **within a year** on the programme. When sufficient participants have passed through the programme for two years we will also publish a two year Job Outcome Measure.

See Annex 2 for a detailed explanation of these measures or see [Inclusion's briefing paper on measuring Work Programme performance](#)

The Work Programme as a whole

How many job outcomes have there been?

From the beginning of the programme to the end of June 2013, **168,000 job outcome payments have been made to providers**. 144,000 of these (86%) were achieved in the most recent 12 months of the programme.

Has DWP's Minimum Performance Level (MPL) been met?

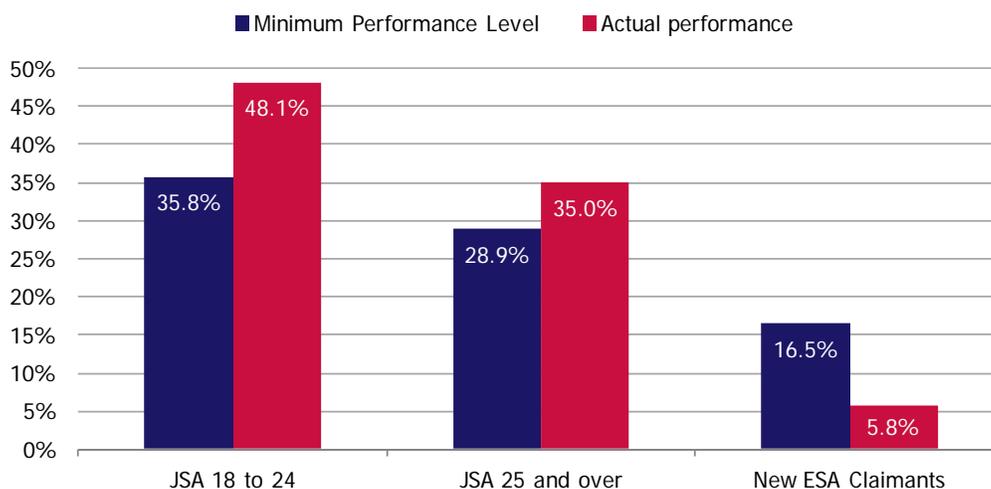
The MPL is calculated for each contractual year (April–March) and is used to: give more participants to providers with high performance; issue 'Performance Improvement Notices' to those with low performance; in the case of very low performance, terminate contracts.

The [June 2013 statistics](#) showed that job outcomes were 24.9% of referrals for the three MPL groups against an estimated DWP MPL of 27.5% - so performance fell short of expectations. For JSA claimants the MPL was almost reached, however for Employment Support Allowance (ESA) claimants performance fell significantly short.

The current figures give the **first quarter of year 3** and can only be used to assess whether MPL performance is on track for year 3. We have calculated that the DWP MPL at this stage of the programme (July 2012–June 2013) should be **28.8%** for the three MPL groups.

As Figure 1 shows performance has now exceeded the MPL for the two JSA groups but is still considerably behind for ESA. The average for the three MPL groups performance is **32.1%**.

Figure 1: DWP Minimum Performance Level compared to actual performance, by MPL participant group (July 2012–June 2013)



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations.

We can also calculate an MPL for all participants, not just the three contractual groups. This is **30.0%** of referrals during July 2012–June 2013, against an estimated DWP MPL of **24.0%**.

Performance against the MPL for each individual contract is detailed in Annex 1.

Has *Inclusion's* one-year job outcome measure been met?

For **all participants** who were referred to the Work Programme between June 2011 and June 2012, **10.5% had achieved a job outcome within a year** on the programme. This compares to a figure of 10.0% at the last publication.

We estimate that for all participants **the equivalent of DWP's contractual and indicative expectations is 12.9%**.

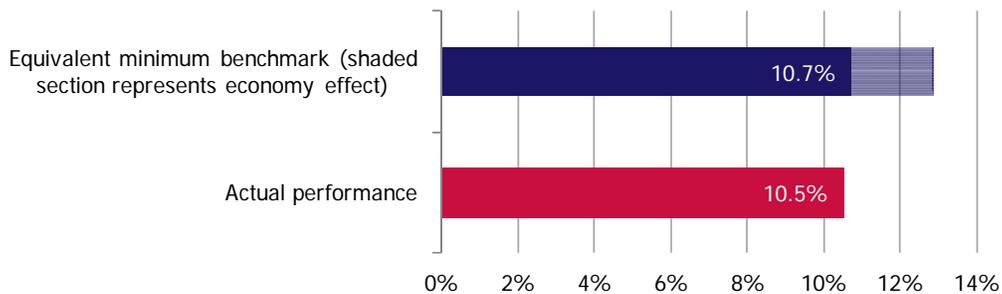
For the three Minimum Performance Level groups the one-year job outcome measure was **10.2%**, against an equivalent of the DWP contracted level of **13.6%**.

It is important to note that the economic outlook has worsened since the Work Programme was commissioned and DWP's minimum expectations were set. Last year [we identified a link between economic growth and job outcomes](#). For year two of the Work Programme, we estimated this 'economy effect' was a performance reduction of 17%. Whilst there has been a recent increase in GDP growth we do not think there will be a significant change in

performance impact for the April–June data released. We have therefore continued to show an economy impact effect in our Job Outcome Measure – see Figure 2 below.

Any performance over 11% on our job outcome measure (for the whole programme) would represent performance equivalent to the DWP’s MPL, taking the economy into account.

Figure 2: One-year job outcome measure for all participants – equivalent minimum benchmark compared to actual (June 2011 – June 2012 referrals)



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations. Average weighted by monthly referral numbers.

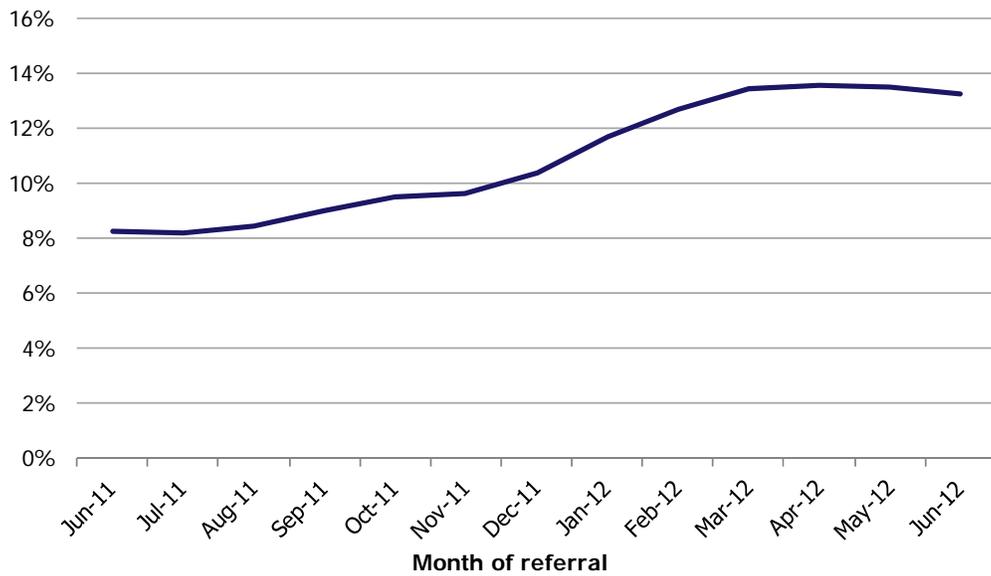
Is performance improving?

The short answer is, not in the latest data. While performance was improving month on month up to March 2013, it appears to have reached a plateau in recent months.

One of the deficiencies of DWP’s contractual MPL is that it is not comparable over time. However, we can fairly judge performance improvements using our job outcome measure.

Figure 3, below shows that performance has begun to improve for the first 13 months of referrals. Performance has flattened in the latest data, at a level **62% higher** than it was in the first quarter of referrals to the programme in June–August 2011.

Figure 3: One-year job outcome measure – quarterly rolling average



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations. Average weighted by monthly referral numbers.

Are jobs being sustained?

Yes, job sustainment is above expectations.

One of the objectives of the Work Programme was to support participants to sustain employment for longer – beyond their three or six month job outcome. As yet DWP statistics do not allow us to analyse the number of participants who have been in a job for a year, although we hope this will be possible in the future.

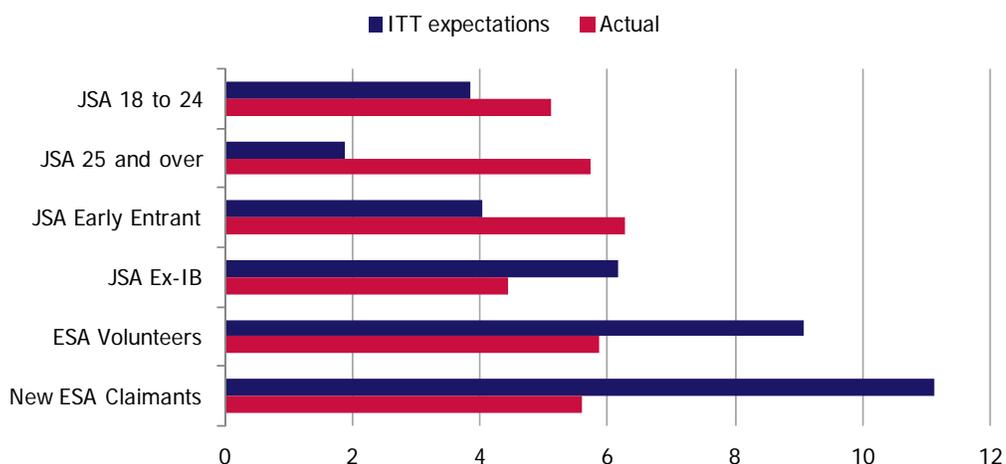
Up to the end of June 2013, DWP had made 960,000 sustainment payments for participants sustaining work beyond a job outcome. This equates to **5.7 payments (or 23 weeks in work)** following every job outcome that has been achieved so far. This higher than the last results.

At Invitation to Tender (ITT) stage, DWP expected a cumulative total of 5.2 sustainment payments per job outcome by the end of June 2013. Current performance is above this level, which suggests that long-term job sustainment is holding up as intended when the programme was commissioned.

However, this overall success masks significant variation within groups. As Figure 4 shows, while job sustainment is above expectations for JSA groups, it is far below expectations for groups on health-related benefits. For new ESA

claimants, 5.6 sustainment payments have been made for every job outcome up to June 2013, compared to a DWP expectation of 11.1 sustainment payments per job outcome at this stage.

Figure 4: One-year job outcome measure – quarterly rolling average



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations. Because the IB/IS Volunteers and JSA Prison Leavers groups were included in the programme after the publication of the original ITT, we do not have sustainment expectations for these groups.

Is the Work Programme performing better than predecessors?

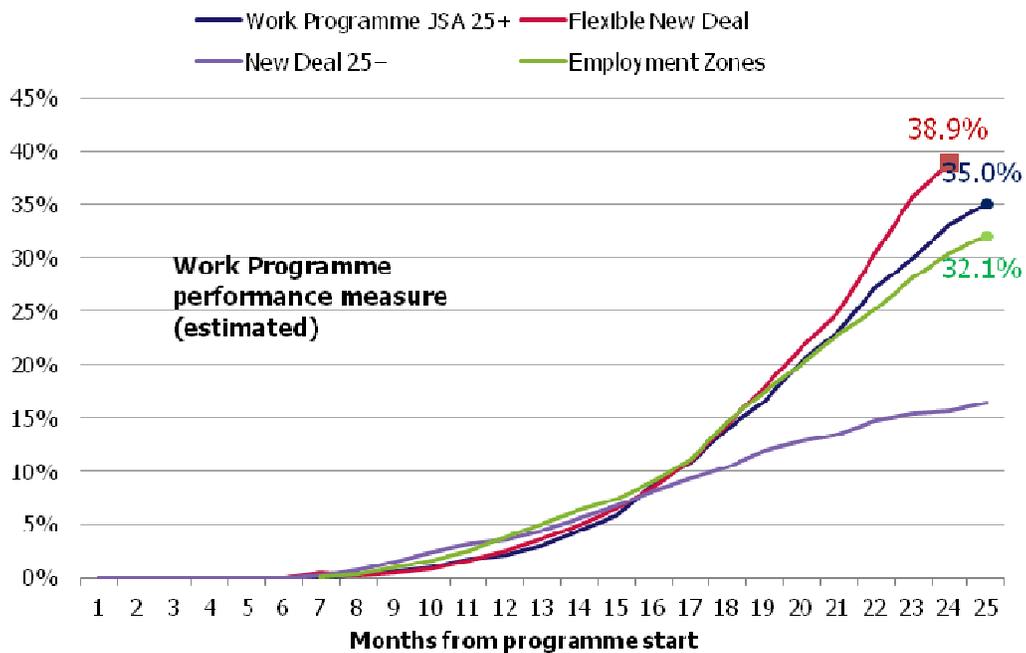
Not quite. It is now out-performing Employment Zones but has yet to catch up with what Flexible New Deal had achieved before cancellation.

We have compared¹ Work Programme performance for the JSA 25 and over group with: the original New Deal for 25+ (1998-2001); Employment Zones for 25+ JSA claimants (2000-2003); and Flexible New Deal (2009-11). We have used the JSA 25 and over group as it is the most similar in terms of eligibility to earlier programmes and Employment Zones and Flexible New Deal are the most comparable because they offered providers wide flexibility to support people into work.

The Flexible New Deal line is stopped when referrals to the programme ended as the Work Programme started.

¹ To do this we have estimated progress to six-month job outcomes for previous programmes where sustainment to three months was the most ambitious measure.

Figure 5: Start-up of programmes: outcomes adjusted to Work Programme measures for over-25s



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations.

How have Prime contractors performed?

Table 1 shows how Work Programme performance has varied among the 18 Prime contractors on the one-year job outcome measure, and also on DWP's MPL. It shows a performance variation of 5 percentage points between the highest and lowest performing Primes.

Table 1: Prime contractor performance on the one-year job outcome measure and year two DWP Minimum Performance Level

	Number of contracts	One-year job outcome measure			DWP MPL		
		Measure	Change on quarter	Quarterly change in rank	JSA 18 to 24	JSA 25 and over	New ESA Claimants
ESG	1	12.6%	0.4%	=	52.5%	31.8%	3.1%
G4S	3	12.0%	0.3%	=	54.4%	31.2%	6.1%
EOS	1	11.8%	0.6%	=	54.8%	32.5%	4.1%
Serco	2	11.6%	0.7%	+1	51.0%	28.3%	4.7%
Maximus	2	11.6%	0.5%	-1	56.1%	50.5%	5.2%
Ingeus	7	11.5%	0.7%	=	49.9%	38.6%	6.7%
CDG	1	11.1%	0.4%	=	47.0%	44.9%	3.9%
Seetec	3	10.5%	0.8%	+2	46.9%	37.1%	6.7%
Avanta	3	10.3%	0.6%	-1	49.8%	30.7%	6.2%
A4e	5	10.2%	0.4%	-1	43.7%	33.7%	4.4%
Reed	1	9.7%	0.5%	+1	44.6%	47.8%	5.6%
Working Links	3	9.7%	0.4%	-1	46.9%	32.2%	6.5%
Pertemps	1	9.4%	0.4%	=	46.9%	26.1%	3.2%
Rehab	2	8.4%	0.5%	=	44.5%	28.6%	4.8%
NCG	2	7.9%	0.5%	=	42.2%	24.6%	3.3%
BEST	1	7.6%	0.5%	+1	36.2%	32.2%	5.4%
JHP	1	7.6%	1.0%	+1	45.1%	41.6%	2.8%
Prospects	1	7.6%	0.4%	-2	48.8%	35.9%	5.7%

Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations. Average weighted by monthly referral numbers. Green shading represents high performance, red shading represents low performance.

None of the 18 Primes have exceeded our estimate of DWP's minimum performance level on the one-year job outcome measure; however, seven of 18 have exceeded our lower benchmark that takes the economy into account.

The performance ranking of Prime contractors has not changed substantially since the first release of performance statistics in November 2012.

The above table also shows performance on the MPL for each of the three key participant groups, for each Prime as a whole. The shading demonstrates that some providers are performing well on these contractual benchmarks for some participant groups but not others.

The Work Programme for participants

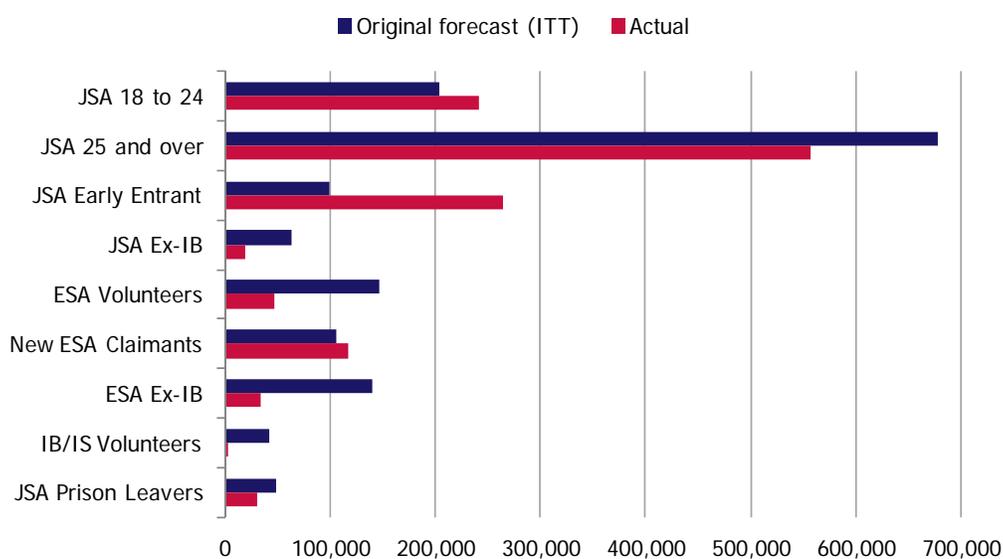
How many people are taking part?

Up to the end of June 2013, 1.31 million people had been referred to the Work Programme, of which **1.27 million** (97%) had started receiving support from providers.

Monthly referrals numbers have been steadily declining since the programme began and, on average, were 36% lower during July 2012–June 2013 than in the previous 12 months.

As, shown on Figure 6, referrals to date have been below original forecasts by DWP in the ITT for the main group of adult jobseekers and for voluntary groups, but above original forecasts for the main group of young jobseekers and for jobseekers who join the programme early (which includes those transferred from previous programmes; young claimants who were previously not in education, employment or training; disabled people; those with drug or alcohol dependency; care leavers; and homeless people). Total referrals to date are 14% below what was originally forecast. However, referrals to different groups are almost exactly in line with the latest forecasts supplied by DWP in December 2012.

Figure 6: Work Programme referrals by participant group – forecasts compared to actual (June 2011–June 2013)



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations.

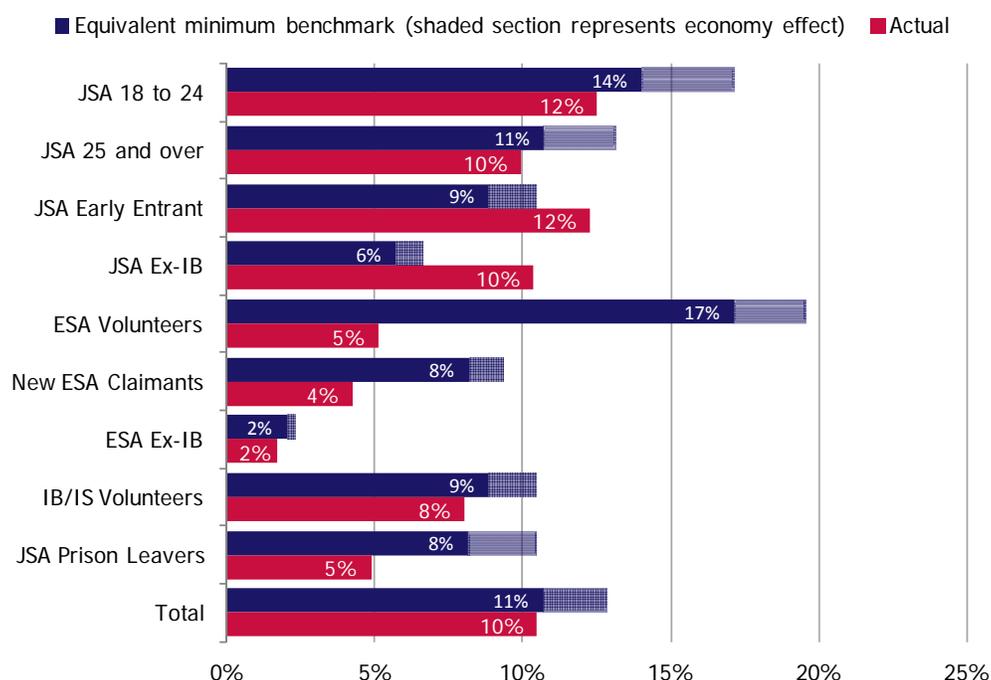
Participants claiming Jobseeker's Allowance make up 85% of those referred to the Work Programme so far.

Has it worked for all groups?

Performance varies substantially between the nine different participant groups on the Work Programme. DWP expected that job outcomes would vary between different participants, and set MPLs or illustrative benchmarks for each participant group.

Figure 7 shows performance for each group against the DWP measure, expressed as our one-year Job Outcome Measure. In addition, we show the economy effect (the lighter-shaded section).

Figure 7: One-year job outcome measure – equivalent minimum benchmark compared to actual, by participant group (June 2011 – June 2012 referrals)



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations. Average weighted by monthly referral numbers.

This shows that performance has been below both our estimate of DWP's MPL on the one-year job outcome measure, and our lower benchmark that takes the economy into account, for seven of the nine groups. The two exceptions are the 'JSA Early Entrant' group and the 'JSA Ex-Incapacity Benefit' group,

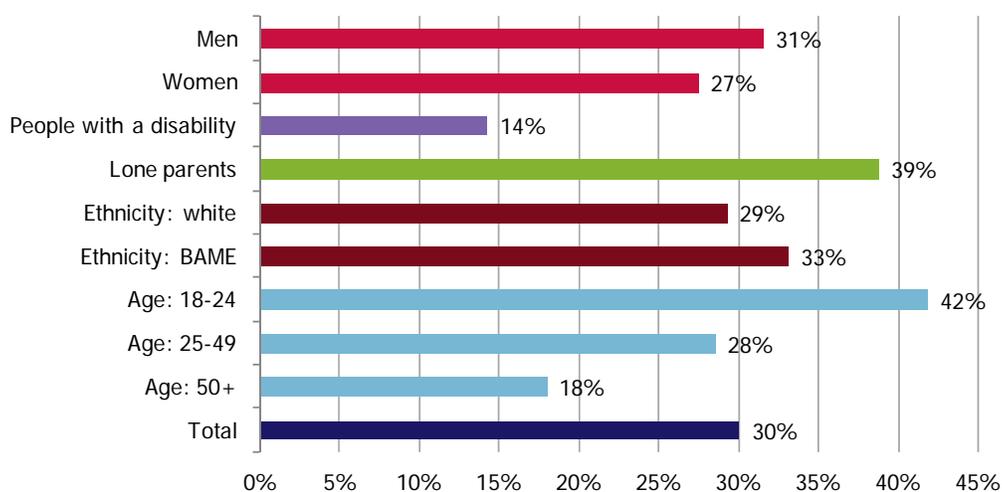
for which performance has been above our estimate of the MPL, even without the economy adjustment.

Has it worked for the most disadvantaged?

The published statistics do not allow us to analyse performance by our preferred one-year job outcome measure for participants with different characteristics.

However, we are able to look at performance for a range of groups of participants using the DWP performance measure, as shown in Figure 8.

Figure 8: Job outcomes as a proportion of referrals by participant characteristics (July 2012–June 2013)



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations.

Figure 8 shows the same patterns as we saw three months ago. This is a mixed picture, with some groups often disadvantaged in the labour market performing worse than average (women, disabled people, the over 50s), but others performing better (black, Asian and minority ethnic groups, lone parents).

Performance looks particularly poor for people with a disability, at less than half the average for all participants. In the above figure we have included all people with a characteristic irrespective of the participant group they are in. It should be noted that 27% of participants with disabilities are in the two main JSA participant groups (and therefore attract lower outcome fees), rather than the groups capturing those claiming health-related benefits.

Has there been any 'parking'?

In any programme, there is a risk that organisations focus support in the early months and reduce support over time, particularly for the more disadvantaged participants.

This is very difficult to quantify, as at the same time more employable people are more likely to enter work quickly than less employable people – so you would expect to see job outcomes declining. In addition because the Work Programme is the first two-year programme, there is nothing to benchmark against.

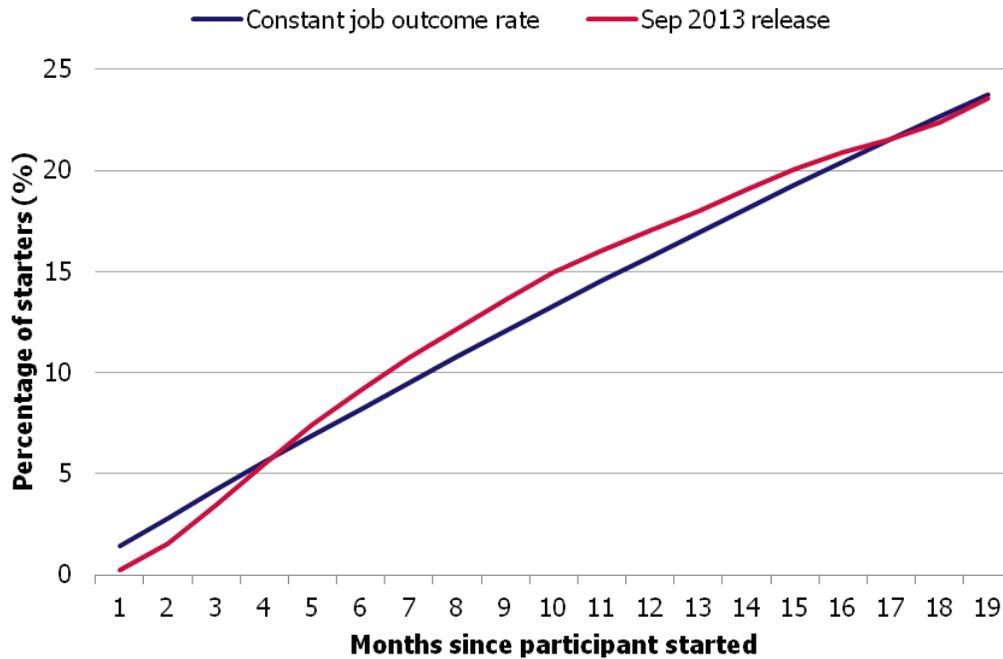
Nonetheless, *Inclusion's* starting point is that the Work Programme should be aiming to achieve a **constant and high job outcome rate** for participants throughout their time on the programme. In other words, it should be aiming to support people throughout their time on the programme and continuing to achieve job outcomes.

Figure 9 shows actual job outcomes (the red line) to date for JSA 18-24 and JSA 25 and over, and Figure 10 shows the same thing for ESA new claimants, the group that is furthest below contractual targets.

The blue line shows what would happen if people get 'job outcomes' at a constant rate throughout their two years on the Work Programme. The lines extend beyond 24 months because job outcomes can be counted (and paid) for people who are in work at the two-year point and continue in work to the job outcome point.

In Figure 9, we show a fall in the job outcome curve towards the end of the two-year service period. This could be a reflection of lower performance over the entire service period for the very first groups of starters, or it could be indicative that people coming towards the end of the service period receive less effective service.

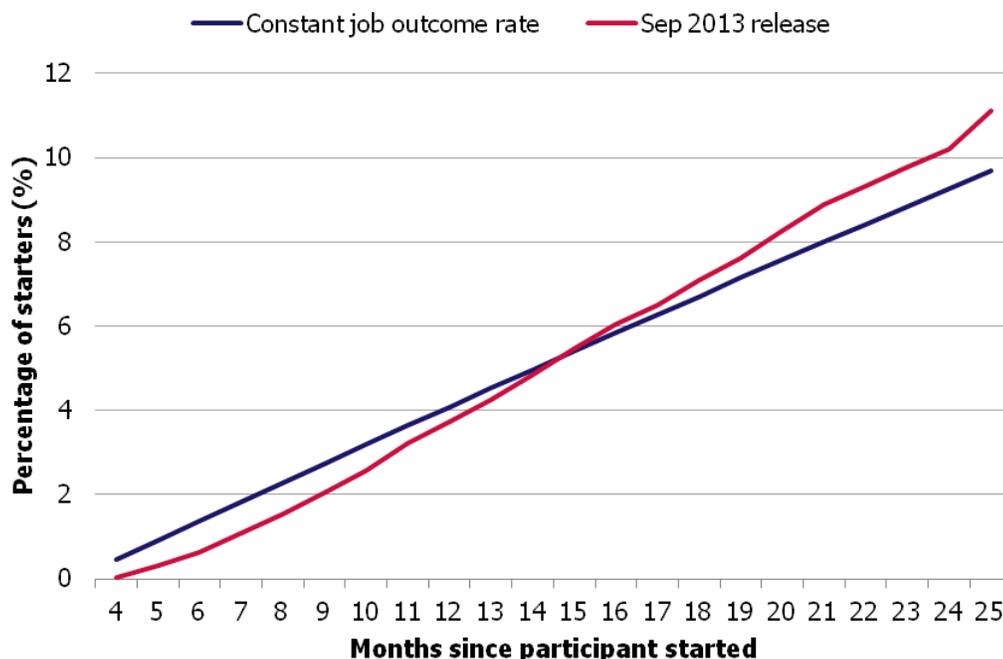
Figure 9: Proportion of starters with a job outcome for the 'JSA 18 to 24' and 'JSA 25 and over' participant groups, by duration on the programme (June 2011–June 2013)



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations.

Figure 10 shows the performance for ESA new claimants on the Work Programme. This is showing both that just over 11% of starters have achieved a 3-month job outcome within their whole time on the programme, and that outcome rates are lower for those who have been on the programme for less time. While providers are concentrating hard on this group, the eligible group has been expanded to include claimants who are expected to be fit for work at longer intervals – in these statistics the initial group of starters were expected to be fit for work in three months, later groups have been expected to be fit for work in six months, and now twelve months. Therefore, expecting high job outcomes early in participation may be unrealistic.

Figure 10: Proportion of starters with a job outcome for all ESA new claimant participants, by duration on the programme (June 2011– June 2013)



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations.

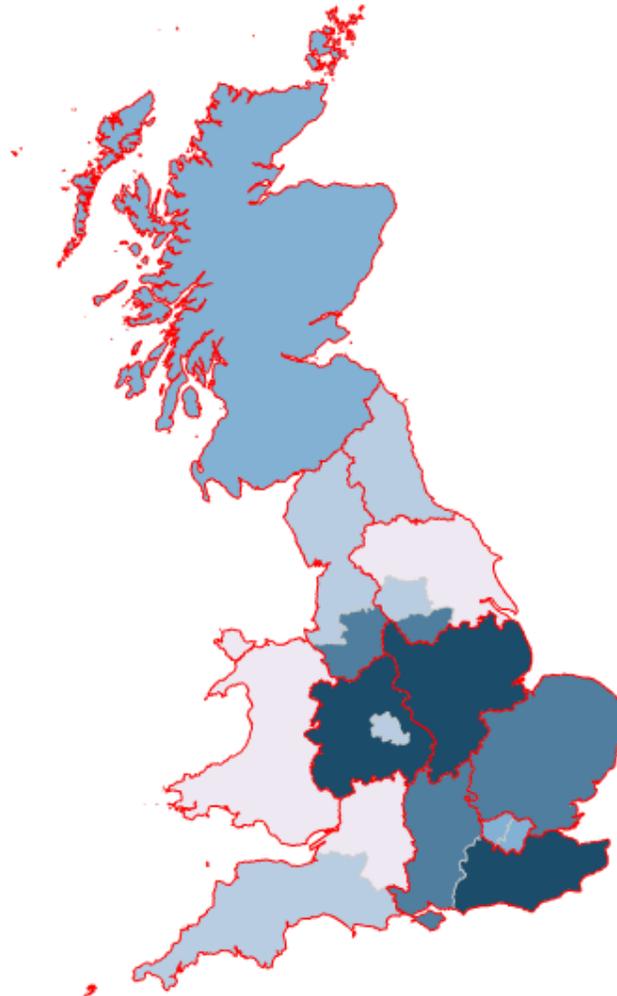
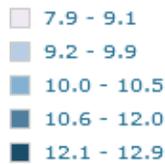
Has it worked everywhere?

The Work Programme is delivered by providers working in contract package areas (CPAs). There are between one and three contractors in each area. The map in Figure 11 shows performance in each CPA.

Work Programme performance varies between CPAs by 5 percentage points. The East Midlands, the rural West Midlands and Coventry; and Surrey, Sussex and Kent have the highest performance. Gloucestershire, Wiltshire and Swindon, and West England; North East Yorkshire; and Wales have the lowest performance.

There are some signs that CPAs with low unemployment rates are performing well (e.g. Surrey, Sussex and Kent), but other, strong labour markets show very poor performance (Gloucestershire, Wiltshire and Swindon, and West England). Equally, the rural West Midlands and Coventry has one of the highest unemployment rates but is among the best CPAs in terms of Work Programme performance.

Figure 11: One-year job outcome measure (%) – map of performance across Contract Package Areas (June 2011–June 2012 referrals)



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations. Average weighted by monthly referral numbers.

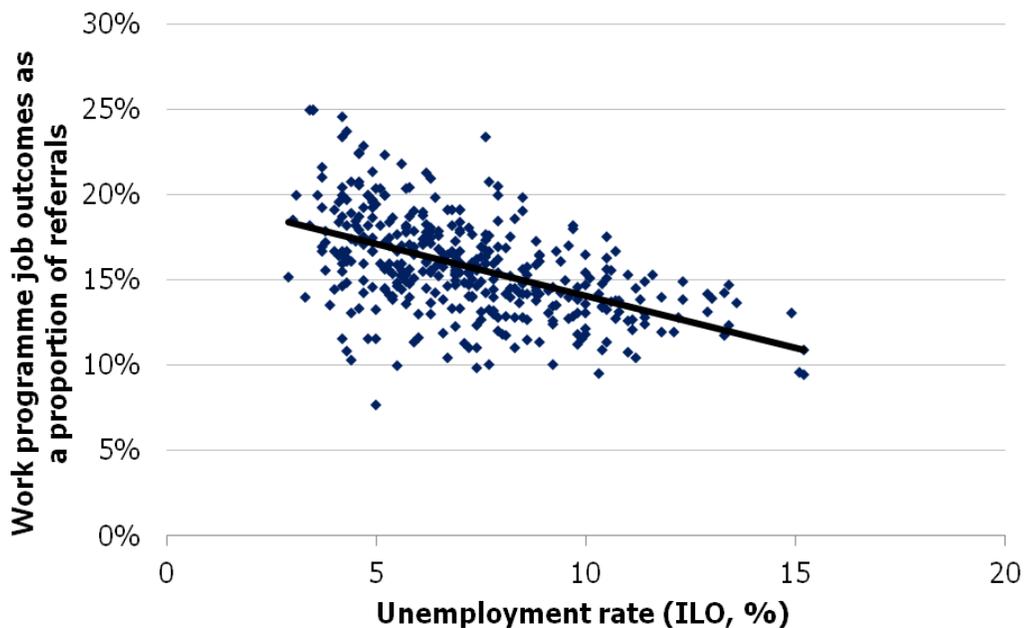
The map above also masks wide variation in performance within CPAs. Figure 12, below, shows the variation in performance at Local Authority level (expressed as total job outcomes as a proportion of total referrals for the two main JSA groups).

This does appear to show that the Work Programme is producing fewer job outcomes in high unemployment areas than in low unemployment areas (the

right-hand side of the graph). In high unemployment areas there is greater competition for the jobs that exist from unemployed people who are not on the Work Programme.

However, there is a wide spread around the line, particularly for areas with stronger labour markets (the left-hand side of the graph). So as with the CPA-level analysis, it does not appear that the economy alone can explain variations in performance.

Figure 12: Work Programme job outcomes as a proportion of referrals compared to unemployment rates in local authorities



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations.

Work Programme finances

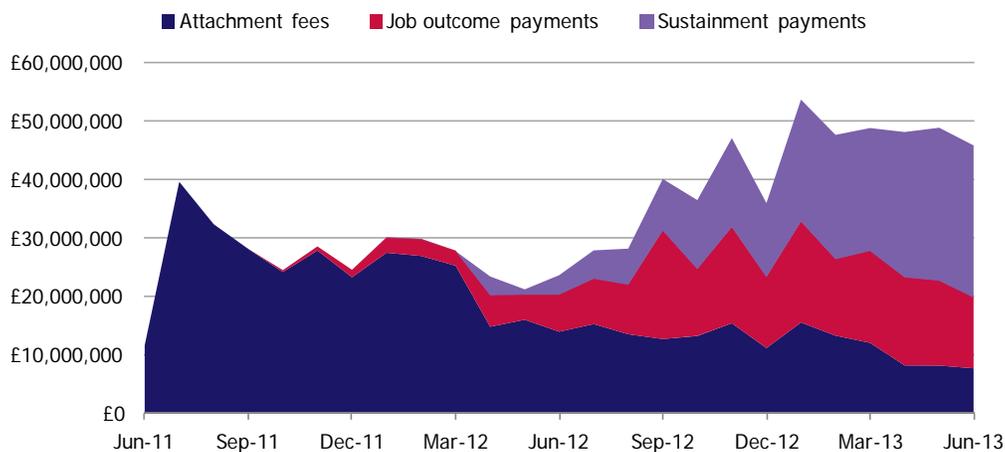
What payments have been made?

Up to June 2013, we estimate that DWP had paid providers a total of £856 million. This is made up of:

- £456 in attachment fees, which are paid when customers start on the programme.
- £191 in job outcome payments.
- £208 in sustainment payments.

Figure 13, below, shows how the payment profile has changed over time.

Figure 13: Payments to Work Programme providers by payment type



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations. These figures have been estimated using actual numbers of attachments, job outcome payments and sustainment payments. Job outcome payments incorporate an estimate of the average price discount that providers offered in their bids to DWP.

This shows that the attachment fee income has been in decline over the course of the programme. This is partly due to referrals falling, and also reflects that the attachment fee is reduced year on year as the programme moves towards a wholly outcome-funded model. The fee was reduced to 75% of the original amount in April 2012, and to 50% of the original amount in April 2013. From April 2014 onwards providers will receive no up-front funding via attachment fees at all.

While attachment fees made up 94% of provider income in the first year of the programme, outcome payments are now the dominant source of funding,

with job outcome and sustainment payments together accounting for 67% of provider income in the latest 12 months.

How much has DWP spent on each person?

We estimate that DWP has paid providers an average of £653 for each participant referred. Because recent participants have only been receiving support from providers for a short period, a more accurate reflection of the amount of funding that is available to providers is **DWP spend per participant per month** since they joined the programme.

We estimate that providers have received funding to date from DWP equivalent to £45 per participant per month, or £543 per participant per year. We estimate that when DWP commissioned the programme it expected to pay providers £56 per participant per month at the minimum performance level. **DWP payments per person are therefore currently running at 19% lower than was originally planned.**

These estimates represent average spends and do not reflect what a provider chooses to spend on individual participants. In addition, DWP spend **does not equate** to actual spending by providers – all of whom would have invested their own (or borrowed) funds in the hope of securing outcome payments at a later date.

What is 'market share shift'?

DWP has announced the 'market share shift'. This gives high performing contractors a greater share of the referrals in a contract area. DWP's intent is that overall Work Programme performance will be increased by giving higher performers more participants.

To date referrals have been split equally between the providers in an area and the market share shift adjusts this by five percentage points. For example, if a high performing provider was receiving 50% of referrals in an area they would now receive 55% and the low performing provider 45%. For this to be triggered there must be a three percentage point difference in the performance between to the higher and the lower provider.

The shifts announced are:

Table 2: Market share shift

Contract Package Area Number:	Contract Package Area Name	Provider gaining Market Share	Provider Losing Market Share	Payment Groups Affected
CPA 1	Bedfordshire, Hertfordshire, Cambridge & Suffolk, Essex, Norfolk	Ingeus	Seetec	1 & 2
CPA 2	Nottinghamshire, Derbyshire, Lincolnshire and Rutland, Leicestershire and Northamptonshire	Ingeus	A4E	1 & 2
CPA3	West London	Ingeus	Reed	1 & 2
CPA 6	Merseyside, Halton, Cumbria and Lancashire	Ingeus	A4E	1
CPA 7	Greater Manchester, Cheshire and Warrington	G4S	Avanta	1
CPA 10	Surrey, Sussex and Kent	G4S	Avanta	1
CPA 14	Birmingham, Solihull and the Black Country	EOS - Works	Newcastle College Group	1 & 2
CPA 16	West Yorkshire	Ingeus	Interserve Working Futures	1, 2 & 6
CPA 17	South Yorkshire	Seroo	A4E	1
CPA18	North East Yorkshire and the Humber	G4S	Newcastle College Group	1 & 2

Annex 1: Minimum Performance Levels by contract

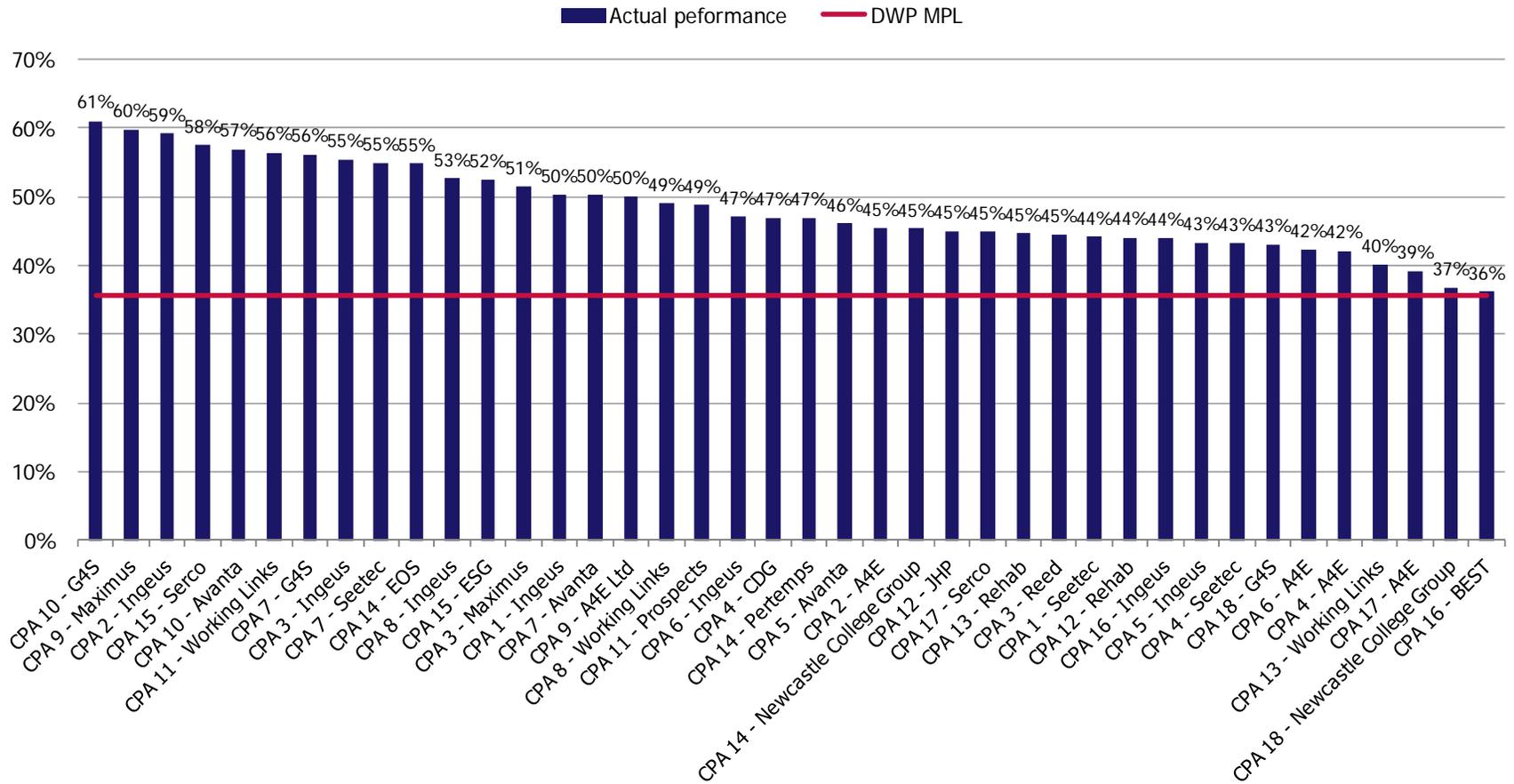
The 18 CPAs in which Primes hold contracts are detailed in Table 3, below.

Table 3: Work Programme Contract Package Areas

CPA number	Area
CPA 1	East of England
CPA 2	East Midlands
CPA 3	West London
CPA 4	East London
CPA 5	North East
CPA 6	Merseyside, Halton, Cumbria and Lancashire
CPA 7	Manchester, Cheshire and Warrington
CPA 8	Scotland
CPA 9	Thames Valley, Hampshire and Isle of Wight
CPA 10	Surrey, Sussex & Kent
CPA 11	Devon and Cornwall, Dorset and Somerset
CPA 12	Gloucestershire, Wiltshire and Swindon, West of England
CPA 13	Wales
CPA 14	Birmingham and Solihull, the Black Country
CPA 15	Coventry, Warwickshire, Staffordshire and the Marches
CPA 16	West Yorkshire
CPA 17	South Yorkshire
CPA 18	North East Yorkshire and the Humber

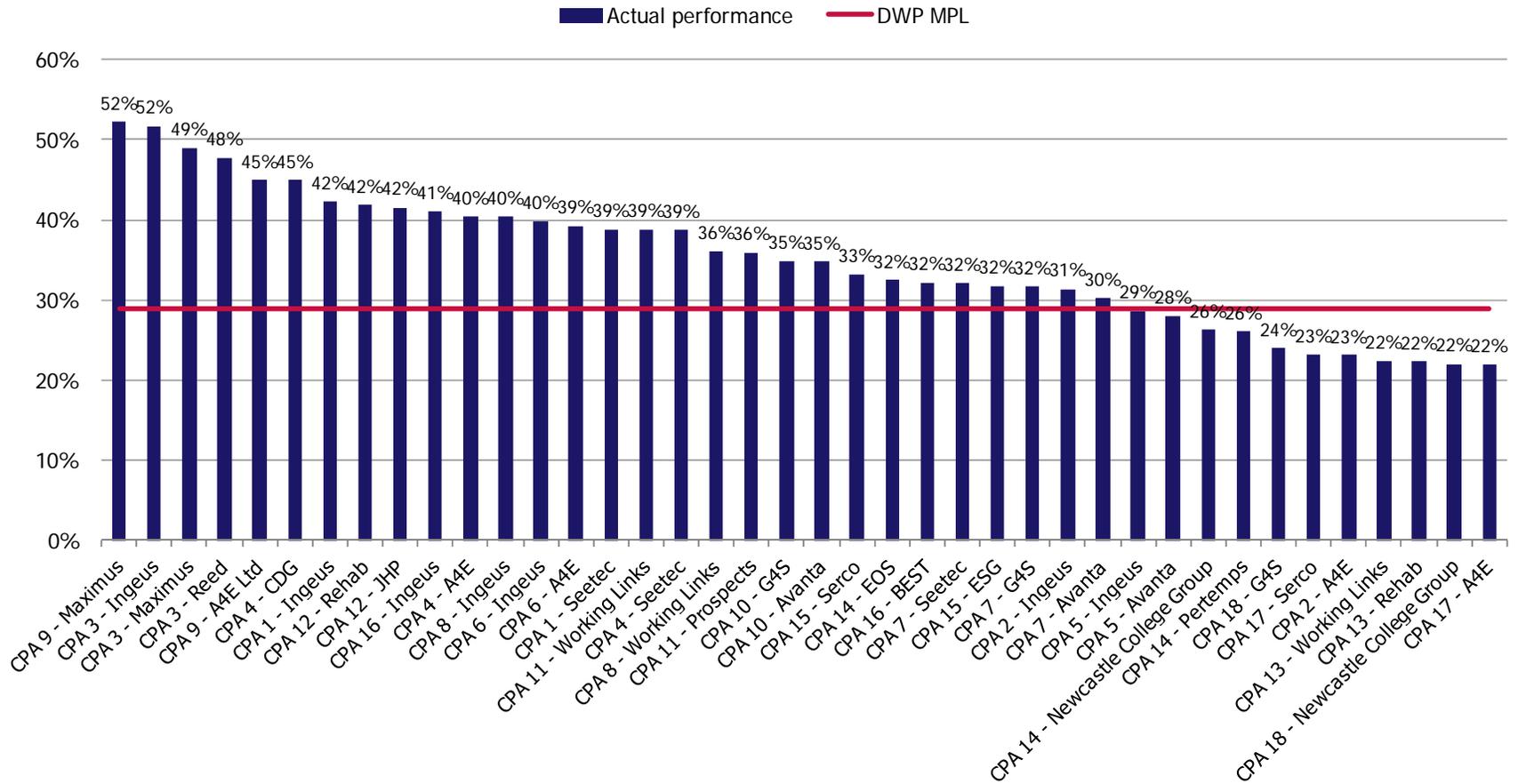
The following figures show performance on a contract-by-contract basis against minimum performance levels capturing the latest year of data, for the three key participant groups captured by the MPL.

Figure 14: MPL performance for the 'JSA 18 to 24' group (July 2012–June 2013)



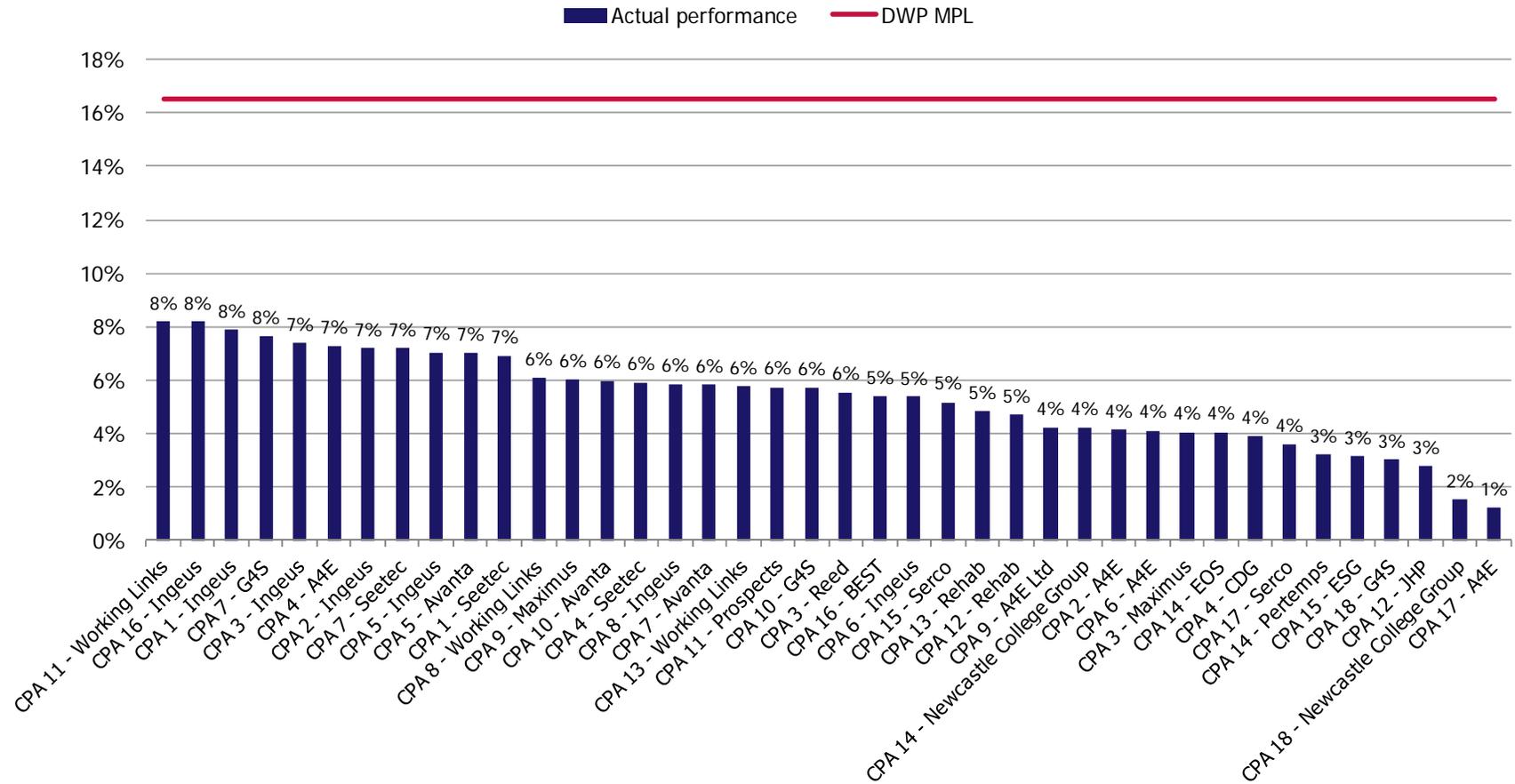
Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations.

Figure 15: MPL performance for the 'JSA 25 and over' group (July 2012–June 2013)



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculations.

Figure 16: MPL performance for the 'New ESA Claimants' group (July 2012–June 2013)



Source: DWP: Information, Governance and Security Directorate; *Inclusion* calculation

Annex 2: Explanation of performance measures

DWP's contractual measure of performance is a 'minimum performance level' (MPL) for three key participant groups:

- JSA 18 to 24 group
- JSA 25 and over group
- New ESA claimants group.

Minimum Performance Levels for all contract years are provided in Table 4, below.

Table 4: DWP Minimum Performance Levels

Customer participant group	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
JSA 18 to 24	5.5%	33.0%	44.0%	44.0%	44.0%	33.0%	11.0%
JSA 25 and over	5.5%	27.5%	33.0%	33.0%	33.0%	27.5%	5.5%
New ESA claimants	5.5%	16.5%	16.5%	16.5%	16.5%	11.0%	5.5%

Source: Work Programme Invitation to Tender, DWP.

The current figures give the **first quarter of Year 3** and can only be used to assess whether MPL performance is on track for Year 3. The MPL targets we have used for this period (July 2012–June 2013) are:

- 35.8% for JSA 18 to 24
- 28.9% for JSA 25 and over
- 16.5% for new ESA claimants.

The average Minimum Performance Level for these three customer groups is 28.8%.

There are no contractual minimum standards for other customer groups; instead DWP provided illustrative benchmarks,² which we can use to set the standard it expects for the Work Programme as a whole. **We estimate that DWP's minimum performance expectation, for all participants, is that job outcomes should be a minimum of 24.0% of referrals over the period July 2012–June 2013.**

² No illustrative performance was ever published for payment group 8 – Income Support and Incapacity Benefit claimants – or payment group 9 – prison leavers claiming JSA. We have modelled minimum performance for these groups based on that for JSA customers with early access to the Work Programme (payment group 3).

On top of this contractual benchmark, DWP also measures performance using its **business plan transparency measure**: the proportion of each monthly cohort of referrals for whom providers have achieved a job outcome payment within 12 months.

We have long argued that DWP's contractual measure is poor and should be replaced. **We believe that performance should be assessed using a one-year job outcome measure: the *average* proportion of customers achieving a job outcome within a year on the programme.** In future, when data is available, we recommend primarily using an overall job outcome measure (the proportion of people who achieve a job outcome at any time on the programme).

We estimate that **the equivalent of DWP's minimum performance level on our one-year job outcome measure is 13%.**

See [Inclusion's briefing paper on measuring Work Programme performance](#) for detailed information on how performance is, and ought to be, measured.

The Minimum Performance Level comes from dividing job outcomes in one year by referrals in that year, it is **very sensitive to changes in the level of referrals** as well as changes in job outcomes. We previously predicted that changes in referral patterns mean that the performance would need to be about 10% higher than the MPL be in line with performance DWP expected at the time the MPL was set.

Referral statistics show that performance would need to be 30% higher than the MPL for JSA to be in line with DWP's original performance expectations.

For the 'New ESA Claimants' group, performance would need to be 20% lower than the MPL.

However, the MPL should **not be adjusted** by these percentages. They are purely an indication of the extent to which the MPL is subject to unplanned variations.

An explanation of how referral numbers drive the MPL in this way is provided in the box below.

How referral numbers have affected the minimum performance level

The MPL for contract year two is calculated by dividing the number of job outcomes in a year by the number of referrals in that same year:

$$\text{DWP MPL} = \frac{\text{Total job outcomes over 12 months}}{\text{Total referrals over the same 12 months}}$$

Taking the 'JSA 25 and over' customer group as an example:

- Referrals to the Work Programme in contract year one were 10% higher than what was expected when it was commissioned and when the MPL was set.³ Some of these customers will have achieved job outcomes during contract year two (driving up the number at the top of the MPL calculation).
- Referrals to the Work Programme in contract year two were 25% lower than what was expected when the MPL was set. This reduces the number at the bottom of the MPL calculation (the denominator).

We have modelled these impacts of these two factors combined, with no change to the actual proportion of participants achieving job outcomes overall. The result is a statistical increase in the year two MPL for the 'JSA 25 and over' participant group of 30%.

For this and other reasons, we have argued that the MPL is a poor way of capturing performance, which we think is much better assessed using our one-year job outcome measure.

³ This figure accounts for the fact that the programme started two months later than DWP expected it to when it set the MPL.