

**An Independent Evaluation of Mencap  
Pathway's 'Progress into Work' Supported  
Employment Project**

**Outcomes and Cost Benefit Analysis**

From October 2008 to July 2010

Dr Mark Kilsby and Dr Stephen Beyer

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**Correspondence:**

Dr Mark Kilsby

Kilsby/Allan

13 Tewkesbury Place

Cardiff

CF244qu

Tel: 02920 333707

Email: Kilsbysms@Yahoo.co.uk

## Executive Summary

This report evaluates the progress of Derbyshire Pathways Supported Employment 'Progress into Work' project from October 2008 to July 2010 (22 months), which aims to support people with learning disabilities living in Derbyshire into paid employment. It is delivered through three strands, run in parallel, specifically for people with learning disabilities living within the County. The aim is to progress people either directly into paid employment, or, when beneficiaries need additional skills and confidence, via the voluntary and education strands.

The project targets were to enable 87, 87 and 80 beneficiaries to access the paid employment, voluntary and education strands respectively, by December 2010. As of July 2010, the project had evidence for supporting 135 beneficiaries: 56 in paid work, 49 in voluntary work and 30 in further education. Of the 56 jobs obtained, 9 people had progressed into work via a voluntary placement and 5 people via the educational route (25%). This indicates positive progression from the training routes into paid employment and that 75% of those obtaining paid work through the project did so by directly accessing the paid employment route. Over a third of those obtaining paid jobs were working independently by month 22 (36%), highlighting the project's potential to free-up capacity for new referrals.

The project team spent most of their time working directly with, or, on behalf of the beneficiaries, negotiating with host organisations or setting up placements. The staff to paid work beneficiary ratio for those entering paid work was 1:2.3, reflecting set-up activity and the distribution of staff activity over the voluntary and paid work strands. If these strands are included, the ratio decreases to 1:5.2. 86% of paid jobs were obtained in the last 11 months at an accelerating rate, following a set-up period. There are no observed ceiling effects, suggesting that this number could increase significantly, increasing the returns on the current and future investments. The average age of beneficiaries in paid work was 28 (range= 19-55). 66% were under the age of 30, reflecting local transition policies to target young people.

Most beneficiaries were referred via the DEAs (56%), with 11% being self referrals, and 2% via families. This suggests that many beneficiaries accessing the project are not eligible for local adult day services, although 94% of those accessing paid work via the project were previously unemployed. The project is filling a 'gap' in service provision for this group, created when the criteria for day service eligibility was tightened. Very few beneficiaries in work were referred directly from the local day services, reflecting funding constraints that restrict referrals to those who can progress into paid work with limited support in a relatively short time span. This is a basis for continued dialogue between the local authority and Mencap in Derbyshire to develop ways of enabling more people with severe disabilities to access the project.

The average hours worked by beneficiaries was 11.31 hours per week (range=3 – 37.5). 75% of paid jobs were part time, being below 16 hours per week. The highest proportion of jobs obtained were for 16 hours per week (9=16%), the point where working tax credits become available. 63% of those who obtained work lived at home with their parents, with 12 people (21%) living independently. 9% were in supported accommodation and 2% of beneficiaries in residential care. This suggests that the project should continue to explore ways to develop more full time paid work opportunities for this group, who are not be subject to the welfare

benefits trap. There was an uneven gender split with only 1 in 4 of paid work beneficiaries being women.

The project generated positive cost/benefit outcomes with beneficiaries averaging £6.91 per hour and being £25.58 better per week when in employment. Overall the project generated £210,000 in earned wages, £114,773 in reduced welfare benefit payments and £13,566 in increased tax and NI contributions. Using a conservative estimate, potential savings of £1,898 per person were identified at the local authority level and £3,506 in savings per person to the taxpayer. This returns a potential saving to the government of 8% for every £1 invested in the project. These outcomes are impressive, given the project focus was not solely upon paid employment. Clearly, a rise in the numbers of beneficiaries who currently use the day services would increase the potential savings to the local authority, while obtaining more full time jobs would significantly increase savings to the taxpayer. The project findings generated a list of recommendations that are included in the report.

The results show that the project is contributing significantly to the prospects of people with learning disabilities obtaining paid work in the County and is hitting its ESF funding targets. It is also in line with local and national strategies for developing supported employment provision for this target group. This includes the new Coalition Government's commitment to a 'Big Society', fulfilling the key themes of increased social responsibility, community integration and less dependency on state intervention, while maintaining the potential to generate savings in a harsh economic climate.

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## **Evaluation Context**

This report was commissioned by Derbyshire Pathways Supported Employment service to evaluate their 'Progress to Work' project which began in October 2008 and is funded until December 31<sup>st</sup> 2010 (27 months). The project was funded by the European Social Fund (Investing in Work and Skills) via match funding through Derbyshire County Council. This evaluation plots the course of the Pathways project across the first 22 months since its inception on the 1<sup>st</sup> of October 2008 to the 31<sup>st</sup> of July 2010.

The project aims to support people with learning disabilities living in Derbyshire to access paid employment. Policy makers and professionals have been concerned that people with learning disabilities are under-represented in the workforce (DWP, 2005).<sup>1</sup> Nationally, it has been identified that the unemployment rates among people with learning disabilities can be as high as 95% in some local authorities, and it is rare that employment rates exceed 15%. It was recently estimated that nationally only one in ten of those known to Adult Day services has any form of paid employment, and of those very few worked more than 16 hours a week.<sup>2</sup>

Increasing the numbers of people with learning disabilities obtaining paid work is a national objective for government and local authorities, underpinned by the principles encapsulated in the Valuing People Now (DOH 2009)<sup>3</sup> document and the transformation policies set out in the Putting People First document for people with a learning disability.<sup>4</sup> These emphasise the need to enable people to lead meaningful lives as typical and inclusive members of our society and provide a framework for the progressive movement of people towards these typical life experiences, emphasising progression into employment. It also has direct links with the new Coalition Government's commitment to the 'Big Society', hitting the key themes of increased social responsibility and less dependency on state intervention.

Enabling greater numbers of people with learning disabilities to access work is also one of the four key aims of the Derbyshire Joint Commissioning Strategy for 2010 to 2014.<sup>5</sup> The cross-government employment strategy has embedded employment outcomes to the Public Service Agreement (PSA) 16 delivery plans<sup>6</sup> to increase the proportion of socially excluded adults in settled accommodation and employment, education or training, and currently the national indicators NI46, based on the percentage of adults with learning disabilities known to adult Adult Day services who are in paid work within the County.

Supported employment has been seen as having potential for improving the prospects of disabled people in the labour market and for being a financially viable option, compared to traditional in-house day service provision.<sup>7</sup> Research shows favourable outcomes compared

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<sup>1</sup> DWP (2006). Improving Work Opportunities for People with a Learning Disability: Report of a Working Group on Learning Disabilities and Employment. Department for Work and Pensions.

<sup>2</sup> Commission for Social Care inspection (CsCi) data (2006/07)

<sup>3</sup> Department of Health (2009). Valuing People Now: A new three-year strategy for people with learning disabilities. Department for Health, Making it Happen for Everyone  
[http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH\\_093377](http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_093377)

<sup>4</sup> Department of Health (2007). Putting People First: A shared vision and commitment to the transformation of Adult Social Care.

<sup>5</sup> Derbyshire County NHS Trust (2009). Services for Derbyshire People with a Learning Disability Joint Commissioning Strategy 2009-14.

<sup>6</sup> PSA 16 is now been discontinued

<sup>7</sup> British Association for Supported Employment (2008). Improving Specialist Disability Employment Services: A Response from the British Association for Supported Employment. Available at <http://www.base-uk.org/>

to traditional day services in the US and UK in terms of social integration into the community,<sup>8</sup> increased levels of engagement,<sup>9</sup> increased financial independence,<sup>10</sup> and increases in self-esteem and job satisfaction,<sup>11</sup> compared with traditional services.

The core of the supported employment approach is encapsulated in what has become known as the 'place', 'train' 'maintain' approach,<sup>12</sup> which places an emphasis on enabling the person direct access to employment, (as opposed to indefinite pre vocational and work preparation programmes), a structured approach to support, utilising proven supported employment techniques<sup>13</sup> and an ongoing commitment to the employer and employee through longer term monitoring and ongoing support.

As with other local authorities, Derbyshire County Council are increasingly looking to external providers to provide supported employment services and aims to have helped 72 people with learning disabilities into paid work during 2009-10 and to increase this to 89 people during 2010-11. Within Derbyshire, The Council's 'Disability Employment Project', has a small team operating closely with the NHS and County Councils to create more job opportunities for people with learning disabilities within these local public sector organisations, which historically (and somewhat ironically), has proved a difficult sector in which to secure jobs for people with learning disabilities. The council also funds two main supported employment providers, the High Peaks Supported Employment Service. In addition to the Progress to Work contract, Mencap are also funded by LA to deliver a small project in Erewash /Derbyshire. The County Council also has a fund to pay for in work support which is required by disabled people and not covered by Access to Work.

### Evaluation Aims and Questions

This evaluation focuses on what the project delivery model looks like, how it compares with best practice indicators and benchmarks from supported employment, and identifies the financial implications of running the service. In the current national economic climate, there is merit in identifying the financial costs, as it has implications for future funding sources and the delivery model. The evaluation will build upon the cost benefit framework developed by the authors in collaboration with Kent Supported Employment Agency<sup>14</sup> and North Lanarkshire Supported Employment service.<sup>15</sup> The use of a consistent cost framework and the similarities in service provision across the Lanarkshire, Kent and Pathways projects (eg, the provision of supported employment for people with learning disabilities to help them obtain paid jobs) allow for comparisons of some of the key evaluation variables.

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<sup>8</sup> Chadsey-Rusch, J., Gonzales, P., Tines, J. & Johnson, J. R. (1989). Social Ecology of the workplace: contextual variables affecting social interactions of employees with and without mental retardation. American Journal on Mental Retardation, 94, 141-151.

<sup>9</sup> Kilsby, M. & Beyer, S. (1996). Engagement and interaction: A comparison between supported employment and day service provision. Journal of Intellectual Disability Research, 40, 348-357.

<sup>10</sup> Wehman, P., Hill, M., Hill, J., Brooke, V., Pendleton, P. & Britt, C. (1985). Competitive employment for persons with mental retardation: a follow-up six years later. American Journal on Mental Deficiency, 23, 274-281

<sup>11</sup> Parent, W. (1993) Quality of Life and Consumer Choice. In P. Wehman (Ed). The ADA mandate for Social Change (pp19-41) Baltimore: Paul H Brooks Publishing Company.

<sup>12</sup> These include Training in Systematic Instruction techniques, job carving and job creation, vocational profiling, facilitating social integration and marketing to employees.

<sup>13</sup> Such as Training in Systematic Instruction, job carving and matching techniques, Vocational profiling

<sup>14</sup> Kilsby, M. & Beyer, S. (2010) A Financial Cost Benefit Analysis of Kent Supported Employment. Establishing a Framework for Analysis. An Interim Report.

<sup>15</sup> Beyer, S. (2007). An Evaluation of the Outcomes of Supported Employment in North Lanarkshire. Welsh Centre for Learning Disabilities, Cardiff.

[www.valuingpeople.gov.uk/echo/filedownload.jsp?action=dFile&key=2745](http://www.valuingpeople.gov.uk/echo/filedownload.jsp?action=dFile&key=2745)

The cost benefit analysis will calculate whether the beneficiaries in work through the Pathways project, were better off financially as a result of working, and identify any potential savings and costs to the local authority and the government.

### Evaluation Aims

The Evaluation had the following aims:

1. *To identify the extent that the service complies with best practice approaches of supported employment and is meeting the local and national targets set;*
2. *To describe the Progress to Work delivery model and compare this with national indicators of good practice;*
3. *To identify how Progress to Work is establishing links with local day services and support organisations;*
4. *To identify whether the jobs obtained through Progress to Work reflect a variety of choice for individuals across the employment sectors;*
5. *To determine how staffing ratio to jobs obtained through the project, compare to national indicators, and the implications this has for future capacity and growth;*
6. *To determine the extent that those obtaining jobs through Progress to Work match the characteristics of the local and national target groups set for the national supported employment programme;*
7. *To determine the extent that the client group reflect the range of severity typically found within the target population;*
8. *To identify the extent that obtaining a paid job resulted in the beneficiaries becoming less dependent on local authority day service provision;*
9. *To identify the impact that residential status has upon employment outcomes in Progress to Work;*
10. *To explore the implications that personalised budgets may have for future project development;*
11. *To identify the extent that the beneficiaries are financially better due to obtaining a job through Progress to Work;*
12. *To present the financial cost implications for delivering the service and potential savings to the local authority and taxpayer as a result of Progress to Work;*
13. *To calculate a financial cost/benefit ratio in terms of amount saved/returned overall for every pound invested in Progress to Work.*

## Evaluation Questions

The method focussed on 6 main areas of information gathering to answer the following questions:

- 1. What is the service context? This includes local employment demographics, strategies and service goals, day and residential service pattern;*
- 2. What is the service delivery model? This includes mission, operational procedures and staffing structure and the supported employment approach adopted;*
- 3. How does the agency form partnerships with local organisations and services, especially local day services?*
- 4. What are the characteristics of the jobs being obtained? This includes the type of job, employment sectors, number of jobs being obtained, the proportion of job finishes and staffing to jobs ratios;*
- 5. What are the characteristics of those obtaining jobs? This includes the age and gender distribution of beneficiaries, level of disability, numbers known to Adult Care, extent of day service usage prior to and following work, hours worked and rates of pay, and residential status of employees;*
- 6. What are the financial costs and benefits of delivering the service? This to include the levels of welfare benefits received prior to and following employment, better off calculations for the workers, a comparison between local day service costs and the costs involved in running the Pathways project and the financial implications for the Taxpayer.*

## Evaluation Method

In order to address questions 1 & 2 the evaluators gathered information from local reports and reviews and official government statistics relating to employment and service distribution in the area. We accessed Progress to Work mission statements and operational delivery procedures. Question 3 was addressed through interviews and meetings with Progress to Work managers and key delivery staff. Three informal interviews were conducted, with the regional project manager with the responsibility for developing regional strategy, the service manager, responsible for running the Progress to Work and an informal interview with four delivery staff to gain clarity on delivery procedures, and the roles and responsibilities of the project team.

To answer questions 4, 5 and 6, a spreadsheet was developed in collaboration with Progress to Work staff to collect information on all those entering the project between the 1<sup>st</sup> October 2008 and the 31st July 2010 (22 months).

This provided the following descriptive and financial variables:

**Table 1: Descriptive variables**

<b>Beneficiary</b>	<b>Service</b>	<b>Job</b>
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Date of birth,	Residential status	Job Title
Gender	Known to LA	Employer name
Primary disability	Attended Day service prior to work	Employment sector
Level of disability	Attendance at day service following work	Paid or unpaid
Age	Number of days attended	Job number for person
Living Arrangements	Previous day service	Start date
	Estimated day service use	Finish date
	Referral date and source	Pay per week
	Contract type	Hourly rate
	Exited	Hours worked

**Table 2: Financial variables for cost comparison (from Progress to Work)**

<b>Prior to Employment</b>	<b>Following Employment</b>
DLA care	DLA care
DLA mobility	DLA mobility
Income Benefit	Income Benefit
SDA	SDA
Income Support	Income Support
Employment Support Allowance	Employment Support Allowance
Job seekers Allowance	Job seekers Allowance
Training Allowance	Training Allowance
Housing Benefit	Housing Benefit
Council Tax Benefit	Council Tax Benefit
Paid income prior to job	Pay per week
Other income prior to job	Hourly rate
Residential payments	Tax Credits
	Return to Work Credit
	Job Introduction Scheme

	Access to Work Payments
	Access to Work Capital
	Hours of agency input for period
	Income Tax
	National Insurance

In order to address 4, 5 and 6 the evaluators developed an Excel spreadsheet containing these key variables and work alongside Progress to Work staff to generate and obtain the relevant data. In developing the spreadsheet, the evaluators tapped into existing project data sources and ensured that no individual's names were included on the final spreadsheet. The evaluators filled in any gaps in the data via follow-up enquiries with Progress to Work staff.

### **Cost-Benefit Framework Assumptions**

The financial costs and flowbacks to the individual, local authority and the taxpayer over the duration were calculated in a situation where Progress to Work exists and one where it does not exist. Calculation of costs and flowbacks in a situation without Progress to Work involved making assumptions and estimations and a set of central calculations were developed representing a 'best estimate' of net costs. A detailed list of the calculation uncertainties is presented in Appendix 3.

In the situation where Progress to Work exists in 2009/10, the relevant **costs** include:

1. the cost to the taxpayer of delivering the service, through the local authority;
2. the cost of additional employment support, particularly Access to Work or WORKSTEP;
3. the cost of providing in-work Welfare Benefits and Working Tax Credits to disabled workers;

In the situation with the Progress to Work, appropriate **flowbacks** are:

4. the tax and national insurance paid by disabled workers;
5. VAT receipts from disabled workers from their spending of income from paid income;

In the situation where Progress to Work does not exist, there would be **no costs** of delivering the project programme, but the following costs would be incurred by the taxpayer and local Authorities:

6. the cost of providing alternative local authority day activity for disabled people. (As around half of the people served were unknown to Adult Day services this might be challenged as the most appropriate comparison, but we have no other alternative service history for these clients).

In the situation without Progress to Work, **flowbacks** to the Taxpayer will occur through:

7. indirect taxes, such as VAT, from the income received by disabled workers if they were unemployed.

The net cost will be the difference between expenditure and flowbacks in the situation with Progress to Work, less the difference between the costs and flowbacks in the situation without Progress to Work. Table 3 summarises the elements that used to calculate or estimate, in the two situations.

**Table 3: Summary of costs and flowbacks for Progress to Work**

	<i>Situation with Progress to Work</i>		<i>Situation without Progress to Work</i>	
	Costs	Flowbacks	Costs	Flowbacks
Funding - LA - Government	1. Progress to Work 2. Access to Work/Workstep funding		6. Cost of Local Day Service	
Disabled workers in Progress to Work	3. In-work Welfare Benefits/Tax Credits	4. Income Tax & National Insurance 5. Indirect tax on income	7. Welfare Benefits paid when unemployed	8. Indirect tax on income

The detailed assumptions and methods of calculation at the level of cost per person of each of these elements for the 22 month period of the project are:

Situation **with** Progress to Work – Costs

1. *LA costs*- Per capita costs were provided by Progress to Work for each month from October 2009 to July 2010 (22 months). Cost headings were provided.
2. *Cost of additional employment support*- No additional funding sources, such as Access to Work, WORKSTEP or other government funding, were identified.
3. *Cost of in-work benefits and Working Tax Credits*- Average costs per person for these were the sum of all in-work benefits and Working Tax Credits claimed per week divided by the average number of people in work in the period to provide a cost p.p.p.a..

Situation **with** Progress to Work – Flowbacks

4. *The Tax and National Insurance Flowbacks from Disabled Workers*- Employee PAYE and contributions to NI were estimated from people’s pre-work benefit situation and wages. Detailed assumptions on this are given in the text. In general tax and NI were estimated from gross salary figures (excluding tax-free benefits) using Tax Benefit Model Tables, assuming people were single, excluding those disabled workers working small hours and using Supported Permitted Work arrangements. The range of weekly tax and NI yield were then totalled and multiplied by 52 weeks to provide an annual total. This was in turn divided by the average number of people in work in the period to provide a flowback to government p.p.p.a..

5. *Indirect Tax Flowbacks from Disabled Workers* - It was assumed that workers will generally earn more in employment than while receiving Welfare Benefits. The existence of Progress to Work will lead to an increase in indirect tax (VAT) paid by disabled workers based on the difference between net income when in employment and when unemployed and receiving Welfare Benefits only. We assumed all of the difference in net income due to being employed is spent on VAT eligible goods and generates a 17.5 per cent yield for the exchequer (ignoring a shift to 15% during the project).

#### Situation **without** Progress to Work – Costs

6. *Cost of Day Service*- Per capita costs were collated by Derbyshire Adult Care, based on actual expenditure for the year divided by the average number of people attending day services from 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010 to provide a cost per place p.a.. In the event we did not have a breakdown of actual expenditure nor participant attendance times which means that we could not confirm that the costing was done on the same basis as for Progress to Work costs.

7. *Welfare Benefits paid to disabled people when unemployed*- Progress to Work have identified what benefits people were claiming when they started with the service. To establish any current saving, we updated the amount the person would be receiving, given the welfare benefit they would be receiving, to 1<sup>st</sup> April 2010 levels, using published rates. Again, more detailed assumptions used are given in the text.

#### Situation **without** Progress to Work - Flowbacks

8. *Indirect tax Flowbacks from Disabled Workers when not employed*- See 5 above.

#### Progress to Work Financial Cost:benefit Analysis at the Local Authority Level

The costs before employment were the average cost of a day service. The comparison used the net cost for Progress to Work now, and the net cost for day service now (i.e., not employing the “world with and world without Progress to Work” formulation) based on cost in the last months of the project. This was chosen as the window rather than the full 22 months of the project because the vast majority of jobs were found in the period September 2009 to July 2010. We recognise, however, that differences in cost per person p.a. between Progress to Work and Day Services will not necessarily reflect a real saving by moving a client from the Day Service to employment unless there is credible evidence that cost savings are being implemented through this move.

#### Progress to Work Financial Cost:benefit Analysis at the Individual Worker Level

For the person with a learning disability income before employment comes from welfare benefits (as calculated above), any Housing and Council Tax Benefits and grants. Income after employment will be from paid income, in-work welfare benefits retained (e.g., DLA, residual IS or JSA where low hours are worked), any Housing and Council Tax Benefits, Tax Credits and grants, less tax and NI. We did not calculate the difference between personal expenditure prior to, and after, employment as this was not possible within the resources available for the study.

## **Calculation Assumptions**

### *Welfare Benefits received prior to employment*

Progress to Work identified the type of benefit workers received before entering employment and the amount of benefits received following employment were based on the most up to date welfare benefit rates available in April 2010.

One person was identified by the service as receiving Employment Support Allowance (ESA) with Support Component (SC) before entering employment. It was assumed that this person was:

- single
- was in the main phase after assessment and therefore receiving the 25 or over personal allowance
- did NOT receive premiums, even for enhanced or severe disability
- did receive the appropriate SC component

In relation to those people identified as receiving Incapacity Benefit, we assumed that people were:

- single
- receiving long-term rates

Those receiving Severe Disability Allowance (SDA) were assumed to be receiving the basic rate without age premiums.

Progress to Work reported people's receipt of Disability Living Allowance (DLA) with Care and Mobility elements. These were specified at "low" rates.

Those receiving Income Support were assumed to be:

- single
- receiving IS (Non-contributory)
- at the single person's personal allowances aged under 25 or over 25 as appropriate
- each was assumed to be receiving a single person's Disability Premium only

Those receiving Job Seeker's Allowance (JSA) (income-based) were assumed to be:

- single
- receiving JSA (Non-contributory)
- at the single person's personal allowances aged under 25 or over 25 as appropriate
- receiving no additional premiums

Progress to Work identified those receiving Housing Benefit (HB) and Council Tax Benefit (CTB). Here we assumed that people were:

- single
- receiving their personal allowances within HB aged under and over 25 as appropriate
- each was assumed to be receiving a basic Disability Premium

### *Welfare Benefits received when in employment*

The welfare benefits and tax credits people received when in employment were based on the following rules:

*Where people were employed for 16 hours or more*

- We assumed that they would no longer receive any ESA (IB), JSA (JB) or IS as they would be ineligible
- Where DLA was already received we assumed that the person would continue to receive this. We made no assumption about DLA being newly taken up AS people went into employment
- Those on Incapacity Benefit
- We estimated entitlement to tax credit based on people's total taxable income (earned income and taxable benefits).
- We assumed that the person was single

*Where people were employed for less than 16 hours*

- We assumed that people were entitled to permitted work status and would keep some element of ESA (IB), JSA (IB), IB or IS welfare benefits that they received before employment when they entered employment, subject to reduction for any paid income over disregard figures associated with the benefit
- Relevant disregards and applicable amounts for particular benefits in 2010 were:
  - IS- assumed first £20 p.w. earnings disregarded where people received a disability premium
  - JSA- assumed first £5 p.w. earnings disregarded as unable to assume any disability premium associated with JSA receipt
  - ESA- earnings must be below applicable amount of £93 p.w. to continue receipt of benefit and reduce £1 for £1 down to a disregard of £5 as no disability premium awarded
  - IB- earnings must be below applicable amount of £93 p.w. to continue receipt of benefit.
  - SDA- earnings must be below applicable amount of £93 p.w. to continue receipt of benefit
- Again, where people already received DLA, we assume that this was retained at pre-employment level.

*Reduction of welfare benefit when in employment*

The level of ESA (Income-related) received in employment, if below £93, was estimated by subtracting people's total income from their applicable amount (prescribed amount of £64.45 or £51.85 depending on age and Support Component of £31.40).

For the means-tested benefit IS, we assumed that the people concerned received Disability Premium with their IS and were therefore eligible for the higher £20 disregard. Any earned income over the higher exceptional disregard rate of £20 was deducted from benefit £1 for £1.

For the means-tested benefit JSA, there was no assumption of any exceptional disregard and any earned income over the ordinary disregard rate of £5 was deducted from benefit £1 for £1.

For SDA and IB, where total income, net of tax, was under £93, all benefit was retained when in employment.

### *Income tax, National Insurance, Housing Benefit and Council Tax Benefit*

When people were employed, we used published tax benefit model tables (the latest available were for April 2009) to estimate the tax and NI payments people would make on their total income from all sources. People with incomes under £125 per week would pay no tax as this would be under a their tax free Personal Allowance of £6,475 for 2010. The tables applied were:

- for single people aged over 25 working 16 hours p.w. or more
- living in private accommodation (this provided the most conservative estimate of Housing Benefit and Council Tax Benefit allowances)

Those people receiving HB before employment were assumed to carry it forward into employment. People were assumed to be entitled to HB and CTB if they lived independently or in supported living arrangement, retained a passport benefit, and had suitable low income when in employment. Residential Care and living with parents were not allocated Housing Benefit as they are “not liable for rent.” If people were entitled to HB and CTB the amount received when employed was reduced if total income exceeded the appropriate benefit disregard threshold. In this case HB was reduced by 65p, and Council Tax Benefit by 20p, for every £1 earned over £20.

### *Working Tax Credit*

Where people were working 16 hours or more per week and their pay was less than the first WTC income threshold of £123.13 p.w. it was assumed that they received maximum WTC, with no additional elements paid. If gross income was more than the first WTC income threshold, 39p of every excess £1 of gross pay was deducted from the maximum WTC payable.

### *Hourly wage rates*

Actual wage rates were unknown for 16 of the 56 people in paid work. In these cases wage rates per hour were estimated to be National Minimum Wage of £5.80 from March 2010. For one person a range of hourly rates was given and here an average of the two was used.

## **Results: Service Descriptors**

### The Progress to Work Project Context

The project covers the 7 Derbyshire Boroughs: High Peak to the north, Amber Valley, and Bolsover to the East, Chesterfield, the Derbyshire Dales, Erewash and North East Derbyshire. As elsewhere, the prevalence figures for those with learning disabilities living in Derbyshire, is predicted grow by 18% over the next two decades.<sup>16</sup> As of 2009 there were an estimated 10,400 people with learning disabilities aged between 18-64 living in the County. Of these 80% are described as having a moderate learning disability, 18% as having a mild learning disability and 2% in the severe range. As of August 2010, 735 of these individuals accessed in-house adult day service provision. Unemployment levels in Derbyshire as of July 2010 were at 3.1%, which is below the rate of East Midlands and England as a whole (3.4% and 3.5% respectively).<sup>17</sup> This suggests that the performance of Progress to Work within

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<sup>16</sup> Derbyshire County NHS Trust (2009). Services for Derbyshire People with a Learning Disability Joint Commissioning Strategy 2009-14.

<sup>17</sup>[http://www.derbyshire.gov.uk/community/about\\_your\\_county/unemployment\\_statistics/monthly\\_claimant\\_stats/default.asp](http://www.derbyshire.gov.uk/community/about_your_county/unemployment_statistics/monthly_claimant_stats/default.asp)

Derbyshire as a whole, is not dependent on a particularly disadvantageous jobs market, compared the situations across the UK.<sup>18</sup>

### The Progress to Work Project

As Appendix 1 shows, Progress to Work is delivered through three strands of activities run in parallel specifically for people with learning disabilities. Beneficiaries are advised on the best option between paid work, voluntary work and/or education following a 6 week induction/assessment phase. The project targets were to enable 87, 87 and 80 beneficiaries to access the paid employment, voluntary and education strands respectively.

Staff activity is planned over a 16 week period per beneficiary to support them to access one of the activity strands. The ultimate aim is the progression of beneficiaries into paid work, although it is realised that the educational and voluntary strands can produce outcomes of their own. The non work strands are seen as alternatives for those beneficiaries who feel they need to gain more confidence, or learn more skills and gain specific qualifications towards obtaining a paid job. In the initial weeks following referral, (weeks 1 to 6) staff get to know the person, identify their skills and abilities and begin to develop a learning plan.

One of the key drivers in the process are the Individual Learning Plans (ILPs), which act as an ongoing guide to service planning and assists in matching the beneficiaries with an appropriate strand, or, onto another service if the project does not meet a particular beneficiary's needs. The paid employment and voluntary placements commence with a 6 week trial period, with the job trainers providing the beneficiaries with support, observing their progress, and developing upon their ILPs. Following this induction the client may stay on their chosen strand, try out one of the other strands or, can be signposted to another service. In the third stage (12 to 16 Months) the project assumes a monitoring role, developing on ILPs, signposting as described, and staying in touch with the host organisation and beneficiary to detect any issues or further support needs.

Although, as Appendix 1 shows, the project provides a 16 week timetable, in practice the approach is more flexible. It could be that a beneficiary is undertaking a vocational qualification in order to progress into paid work and the project may extend the monitoring period until the person has graduated and then look to help them progress into paid work. It is also possible that some beneficiaries are not ready to progress into paid work and are referred to the job club, or, voluntary strands.

As of July 2010 the Derbyshire project employed a total of 24 staff. Appendix 2 shows the staffing structure. The team are split across 2 sites: Alfreton in North and Long Eaton in South Derbyshire. There is a Service Manager overseeing the team, with 2 Administrative staff serving both project sites. There are then two Referral Co-ordinators, one on each area whose roles are to take referrals, make initial contact with the beneficiaries, ensure their eligibility and identify their personal circumstances and preferences for progression.

There are then 4 Employment Co-ordinators (South=2, North=1) with one working across both sites, with the job of identifying beneficiary skills, including assessment based on observations of the beneficiaries in informal settings. There is also a Personal Progression Qualification trainer, based in the North, whose role is to support beneficiaries in the education strand to gain accredited qualifications. There are also 2 Disability Equality

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<sup>18</sup> Based on claimant counts

Officers (North=1, South=1), who are people with learning disabilities hired through the project to represent the views of people with learning disabilities, and share with other potential beneficiaries their experience of paid work and what it means for them, sometimes via the job clubs.

There are then 11 Job trainers responsible for supporting the beneficiaries in their chosen placement. The support activities they provide vary according to the client and the placement type. In paid employment, the job trainers will liaise with the employer, conduct task analyses and provide travel training to and from the worksite if required. Although there is an emphasis placed on fading support over time, this is time limited, and the service will either signpost the person to another strand, or, attempt to liaise with other organisations to secure the additional and ongoing support required for those whose needs cannot be met through the project.

Within the voluntary placements the same approaches are used, but often withdrawal of job trainer support is more rapid, because of the absence of paid work imperatives and the supportive nature of many of the beneficiaries' peers (eg, charity shop workers). The job trainer's role in the education strand also varies from the type of support provided in employment and voluntary work. Here their role is to support the person to attend college open days, make course applications and introduce them to their new tutors. Some beneficiaries access mainstream courses, such as those offered through the Chesterfield college, and many access special needs courses, such as the foundation learning course 'skills for Life'. The education strand also offers its own accredited internal courses through its job clubs and in-house training events, such as Health & Safety in the workplace, First aid and Advocacy. Mencap also offer PPQ City and guilds qualifications to people with little or no previous experience of work. As with the voluntary strand the aim is for the beneficiary to use their newly acquired qualifications and skills to progress into the paid work strand of the project.

#### Evidence of Engagement and Exit Strategies

In order to be classified as a project beneficiary, the funders stipulate that the project produces evidence to show that the beneficiaries were engaged in, and received, significant levels of support from the project deliverers. Evidence obtained includes evidence of support provided (such as number of visits and contact with beneficiaries) evidence of outcome, such as payslips, for those in paid work, signed slips and diaries for voluntary placements and certificates and attendance, and qualifications gained from further education. This means that the project is working with a larger number of people than those they obtain evidence for at any one time, which is discussed later.

Once withdrawal has taken place (hopefully following week 16) and the clients are performing independently, they complete a 'leaver's form' and are 'exited' from the project. The project then sends out letters and questionnaires to the beneficiaries to track their progress for up to a further 12 months. However, not all those exiting the project progress in this way. Progress to Work holds a separate database for those who exited the project, but never engaged in it enough to provide evidence of outcome. This includes people who signed up for various strands and never engaged sufficiently and those for who the project support was deemed unsuitable. Importantly, all of the beneficiaries will be exited in month 27 of the project on conclusion of the current funding round, and it is currently unclear how many of the beneficiaries who have not progressed into paid work at this stage, will be able to access the project in the new funding phase.

### Numbers Accessing and Exiting the Project

The project's Beneficiary database holds a total of 335 people who accessed the project. Table 4 shows only those beneficiaries where there is evidence of outcome. It shows that as of July 2010, there were a total of 135 beneficiaries across the three project strands. It also shows the project targets for the remaining 5 months and the numbers exiting the project, and indicates that in order to meet the project targets, the project team need to successfully obtain just over 6 paid jobs, and 8 voluntary and 10 educational placements for each of the remaining 5 months.

**Table 4: Numbers accessing and exiting project**

Strand	Number( Month 22)	Target (Month 27)	Numbers exited
Paid Work	56	87	20 (36%)
Voluntary	49	87	15 (31%)
Education	30	80	10 (33%)
<b>Total</b>	<b>135</b>	<b>254</b>	<b>45 (33%)</b>

Of the 56 paid jobs obtained over the duration, 9 people had progressed into work via a voluntary placement and 5 people via the educational route (25%). This is encouraging as it demonstrates that these routes are providing stepping stones into employment for one in four beneficiaries, which frees up capacity in the education and voluntary strands. It also indicates that 47 beneficiaries (75% of those in paid work) directly accessed the paid work strand, reflecting the 'place' component associated with good practice in supported employment, and avoiding the 'revolving door' and 'constant work preparation' phenomena.

Table 4 also shows the numbers of beneficiaries exiting each strand. It shows that over a third of those obtaining paid jobs were working independently by month 22 (36%). Similar proportions were found for those exiting the voluntary and education strands, (31% and 33% respectively) and one could expect that more people will progress into paid work via these routes by month 27. This highlights the project's potential to free-up capacity, increase the number of beneficiaries and, given relatively fixed costs, the financial cost efficiency of the project over time.

Although the project is focussed on producing paid work outcomes, the project team are engaged in a variety of activities across the three strands. The project's Exit Database provided a summary of the distribution of time staff spent on each project strand based on the average number of visits made by the project team per exited beneficiary. Although this does not show the full range of activities undertaken it does provide an indication of where their activities were focussed. Table 5 shows the distribution of visits made across the three strands for beneficiaries who had successfully progressed off the project. It shows that the highest proportion of visits occurred during paid work, which is unsurprising given the additional support requirements of job carving, task analysis and training support.

**Table 5: Distribution of visits made by project staff**

	Paid Work	Voluntary	FE	Total
Client	23.1	15.6	14.7	53.4 (71%)
Work with host organisations	0.9	1.3	0.9	3.1 (4%)
Placement	8.7	4.8	4.8	18.3 (25%)
Total	32.7 (44%)	21.7 (29%)	20.4 (27%)	74.89 (100%)

The amount of contacts required for voluntary and educational placements were similar, with voluntary work requiring on average just less than 1 extra visit per beneficiary, compared to those exiting the education strand. Table 5 also shows that most staff support was directly with the client (71%) with a quarter of time spent during the post placement phase. This indicates that project team were employing effective fading strategies, reducing their input over time up to the project exit phase.

If the conversion rates into paid employment are of compared as a guide to the effectiveness of one strand over another, (voluntary, 9 beneficiaries=18.4%, education, 5 =16.7%, employment, 42=75.9%), then this would suggest the project would increase their outcomes and progression rates by increasing their focus on the employment option, or by increasing conversion rates considerably from the voluntary and education strands in compensation. While this may be constrained by contractual targets and timetables imposed upon the project, it raises some interesting questions about the potential that the project has for increasing savings if more investment is channelled down the paid employment route or, is developed as a separately funded arm of the project, without loading the costs of the two training strands onto the paid employment strand.

Job Starts and Finishes

Figure 1 shows when the jobs obtained through Progress to Work started, and those that finished over the 22 month duration. The chart is consistent with a supported employment agency with a set-up phase.

**Figure 1: Job starts, job finishes and numbers progressing (exits)**



Activities such as hiring staff, staff training, setting up administration systems, making the initial contact with beneficiaries and employers, meant that the project took a while to reach operating capacity. The average time taken from project entry to obtaining a paid job was 26 weeks per person per paid job outcome. One would expect this to reduce over time given that set up is now complete. Figure 1 shows a gradual increase in the numbers of jobs obtained up to month 11 and a more rapid progress in the last 11 months up to month 22. In total 8 jobs were obtained in the first half of the project, compared with 48 in the second. This suggests effective job finding strategies, and that the remaining project target of just over 6 jobs per month will be achieved.

Figure 1 also shows that 5 jobs were lost over the project period (9%). This compares favourably with Kent (12%) and North Lanarkshire (17%), and by month 22 a total of 51 people were still in their jobs. It is a credit to the project that the first job loss did not occur until month 17 of the project, indicating strong job matching and follow-up components. One person lost their job due to inappropriate behaviour, two people resigned and another made redundant. The remaining individual left their job to spend more time caring for their disabled partner.

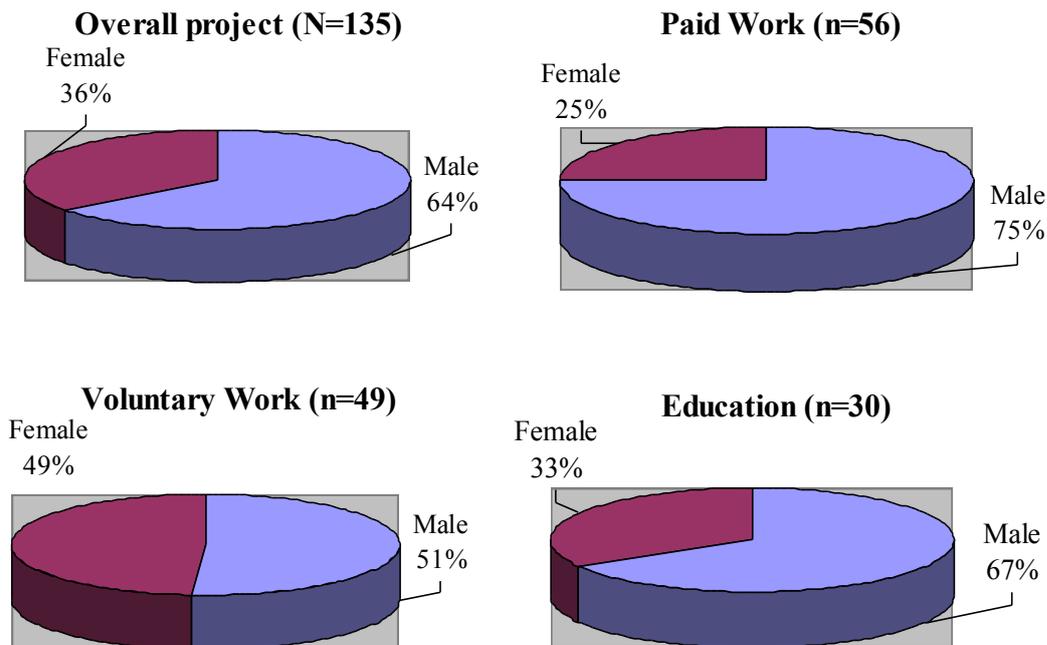
#### Staff Client Ratios and Growth Capacity

The staff client ratios at month 22 stood at 5.6 per client if all the evidenced beneficiaries are included across paid employment, voluntary work and education at month 22. The paid work to staff client ratio stood at 2.3 (compared with 3 in Kent and 4.1 in North Lanarkshire). However, both of these services had been in operation for over 5 years, placed no emphasis on the voluntary and education strands, and did not include the set up phase required to bring staffing levels up to full capacity. Figure 1 also shows no signs of ceiling effects, which is the slowdown in growth observed as project resources are gradually used up supporting more and more beneficiaries over time. As with the North Lanarkshire and Kent services, these data suggest that the project has room for growth and it could reasonably be expected that the numbers obtaining paid work through the project could double over time, without doubling financial investment and that the new target figures of an additional 112, 60 and 54 beneficiaries in paid work, voluntary and education strands respectively are achievable.

#### Age and Gender of Supported Employees

Figure 2 shows there was an uneven gender split within the project with only 48 (35.5%) of evidenced beneficiaries being women and accounting for only a quarter of those accessing paid work (14=25%), and a third of those accessing the education strand (10= 33%). Voluntary work was more representative with 24 (49%) of beneficiaries being females. Of the 335 people referred to the project, 34% were females. This suggests the need to target more females at referral stage and encouraging more women to progress into paid employment.

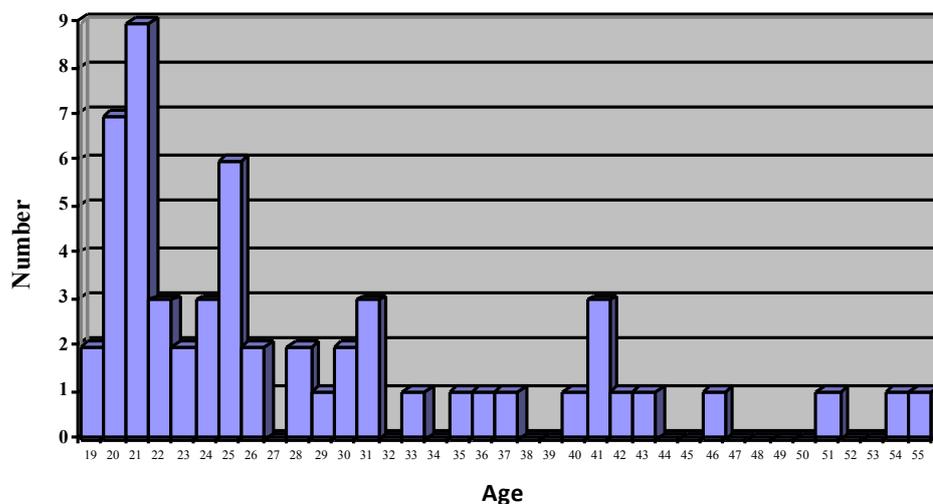
**Figure 2: Proportion of male and female beneficiaries**



Age Ranges

Figure 3 shows that the ages of beneficiaries in paid work ranged from 19 to 55 years. People under the age of 30 are well represented (37=66%), while the average age of all employees was 28 years (compared to 33 in Kent). The high representation of younger adults is in keeping with the focus of local modernisation plans to develop more effective transition into work strategies for younger people leaving full time education for the first time.

**Figure 3: Age distribution of beneficiaries in paid work (n=56)**



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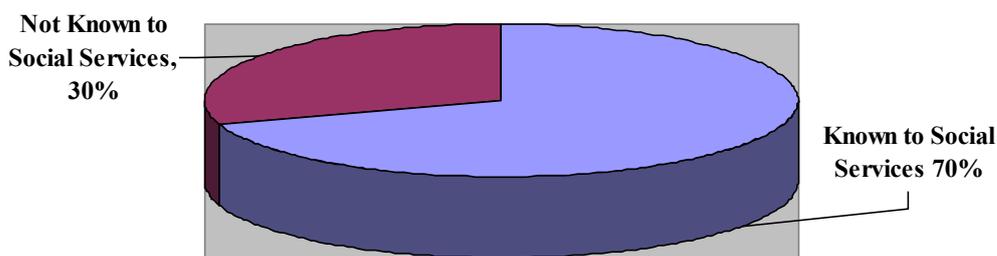
Those Known/Not Known to Adult Day Services

Figure 4 shows that 70% of the beneficiaries in paid work were known to Adult Social Care, according to latest figures from project administrators. Although this does not indicate if people were in receipt of, or eligible for day service provision, they are more likely to access

these services and are an essential target group for taking forward the local authority's day service modernisation agenda.

This suggests that around 30% of the beneficiaries in paid work were not known to Adult Social Services and are less likely to be eligible for in-house day service provision. There has been a growing recognition that, since the day services tightened the eligibility criteria towards those with higher support needs, there have been a growing number of young adults with learning disabilities, who, but for the need relatively small amounts of initial support to access paid work, are remaining unemployed. Many of these individuals will be referred via the DEAs and Colleges specifically because they require specialist provision that is not provided in mainstream provisioning.

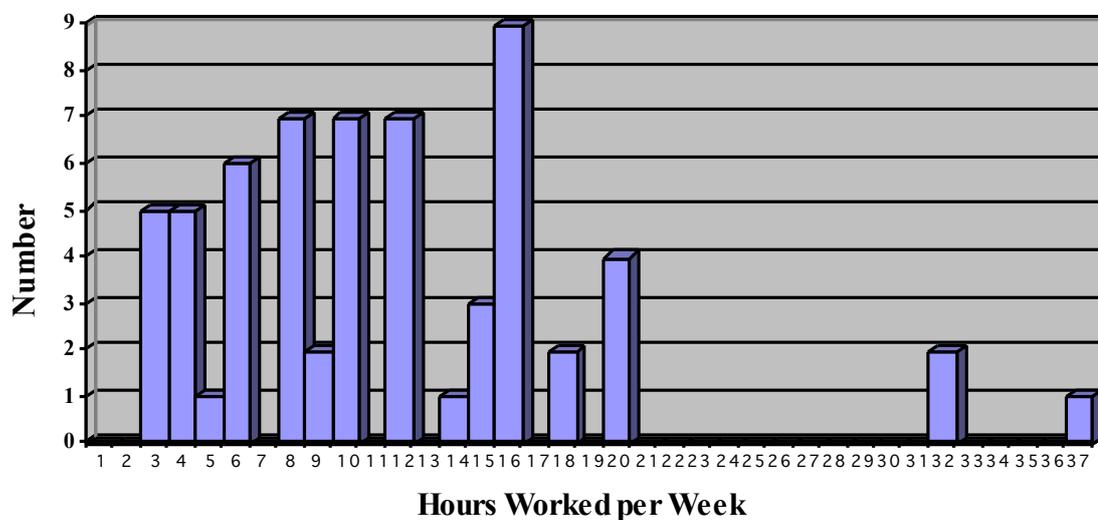
**Figure 4: The proportion of beneficiaries in paid employment known/not known to Adult Day services**



Hours Worked by Beneficiaries

Figure 5 shows the hours worked by those in paid jobs. The range in hours was 37.5 for someone working in Tesco, to 3 for someone working in a Church Hall.

**Figure 5: Distribution of hours worked by beneficiaries in paid work**

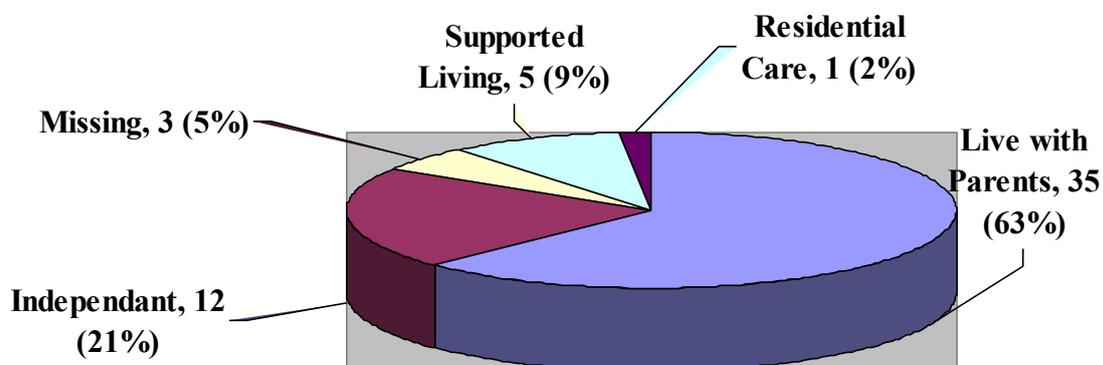


All the paid jobs obtained fell within the NI 146 classifications for what constitutes paid work used by Derbyshire County Council.. Forty two of the jobs (75%) were part time, being below 16 hours per week. This compares with 48% in Kent and 16% in North Lanarkshire. The average hours worked was 11.31, hours per week compared with 17.9 hours in Kent and 24.2 hours in North Lanarkshire. As with Kent, Figure 5 shows that the highest proportion of jobs obtained were for 16 hours per week (9=16%), the point where working tax credits become available. These results indicate that more beneficiaries could access full time work, than is currently the case.

#### Residential Status of People in Work

Figure 6 shows that 63% of those who obtained work lived at home with their parents, with 12 people (21%) living independently. Only 9% were in supported accommodation and 2% of Beneficiaries in Residential Care. These figures are comparable with Kent. Unsurprisingly, the average numbers of hours worked by those in receipt of residential services was lower (mean=8 hours), compared to the rest of the group (mean=11.1 hours). This again creates downward pressure on the number of hours that these people could work to make their jobs economically viable. Again, this supports the notion that more of the beneficiaries could access full time paid work opportunities through the project, there being little evidence of a ‘welfare benefits trap’.

**Figure 6: Residential status of beneficiaries in paid work**



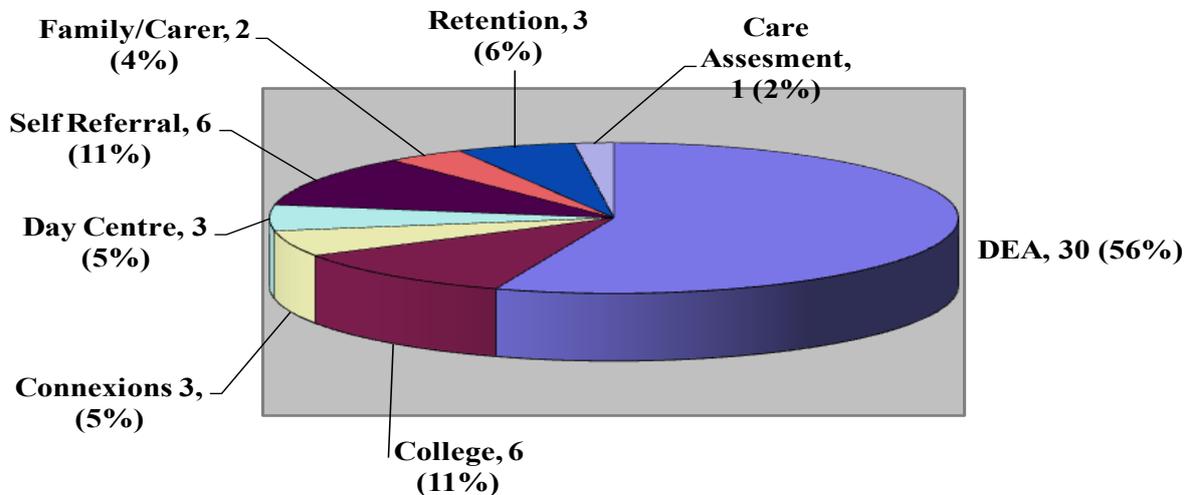
#### Referral Sources

Figure 7 shows the referral sources for those who obtained jobs through the project. It is encouraging that the project has established links with the local connexions service and colleges, which is reflected in the relatively young age of the beneficiaries. Historically, very few people with learning disabilities have progressed into paid work directly from school, or as a result of attending special needs college courses. One likely consequence of personalised budgets will be an increase in self referrals and referrals from families. The project needs to orientate towards this, by developing and maintaining close contact with families from an early stage to help them to understand the choices offered through the project and the potential it offers for a more individually tailored financial support packages.

Figure 7 also suggests that the highest proportion of referrals came through the DEAs (56%). This, coupled with referrals from the beneficiaries’ families (2%) and self referrals (11%), reinforces the notion that Progress to Work are plugging a gap in service provision as many of these beneficiaries will not be eligible for local day service provision. Only 3 beneficiaries

in work were referred directly from the local day services and of the 335 people referred to the project up to month 22, only 31 people were referred from Adult Day Services (9%).

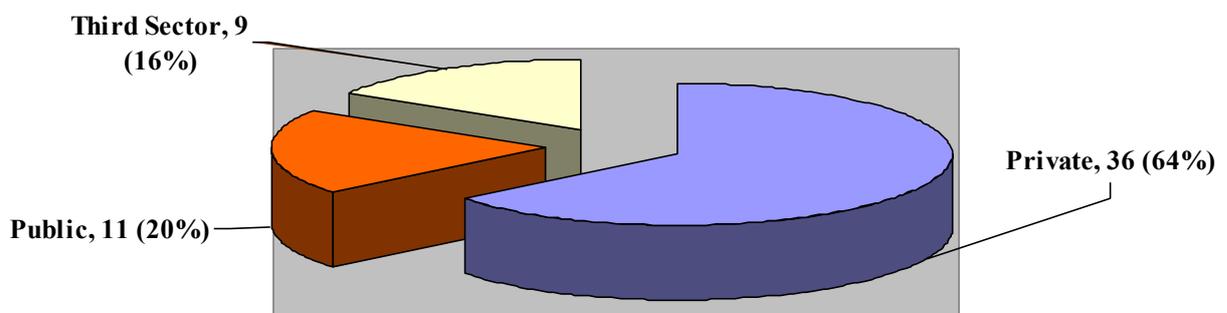
**Figure 7: Sources of referral for those in paid work**



Types of Jobs Obtained

Figure 8 shows that the highest proportions of jobs were obtained in the Private Sector (64%). Of these 21 jobs were in supermarkets, which accounted for 37.5 % of all jobs found and 58% of all private sector employment. The Co-operative Supermarket had provided 11 employment opportunities, accounting for just less than one in five of all jobs found (19.6%). This suggests that the project has made a breakthrough in employer engagement and negotiation in this retail sector. Of the remaining 15 Private Sector jobs, 2 were in the Leisure Industry, two worked for cleaning firms, two in private health care, one in the motor service industry and two were in manufacturing jobs.

**Figure 8: Proportion of Paid Employment Obtained by Employment Sector**



Public Sector jobs accounted for one in five of all jobs accessed (20%), with 8 beneficiaries employed within Derbyshire County Council. This is encouraging, as traditionally these sectors have proved difficult to create placements in, and demonstrates that the project is working closely with the local authority run Disability Employment Project. Nine of the

beneficiaries (16%) were employed by Third Sector organisations, eight being within registered charities, and one beneficiary working in the Faith Sector in a Church Hall.

**Figure 9: Type of Jobs Obtained**

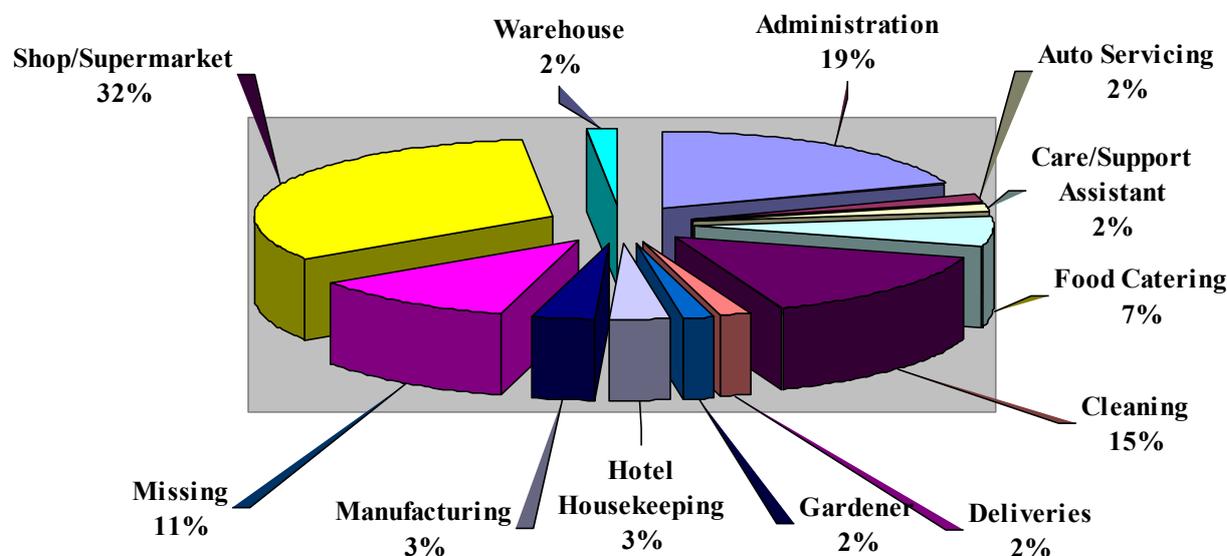


Figure 9 shows that Progress to Work has enabled beneficiaries to obtain a wide variety of paid employment opportunities. Unsurprisingly, the highest proportion of jobs involved work in supermarkets, involving tasks such as shelf stacking, serving customers, trolley collection and warehouse work. The second highest proportion of jobs involved administration activities, with 3 of these jobs being provided within the Mencap offices. It is encouraging to see that only 15% of the jobs involved cleaning and 7% catering. While these jobs have their own intrinsic values, traditionally, supported employment services have obtained disproportionate numbers of these jobs, consistently accounting for over one in three jobs obtained nationally.

### **Cost/ Benefit Analysis Results**

#### *Welfare Benefits received prior to employment*

Table 6 shows the welfare benefits that supported employees were receiving prior to entering paid employment. This shows that the main benefits received were JSA (42.9%), IB (19.6%) and IS (14.3%). A large minority of people were receiving DLA (42.9%), a small number of these also with a DLA Mobility component (17.9%). Only one received ESA. Only 12.5% were reported to be in receipt of Housing and Council Tax Benefits. The average income from all benefits prior to employment was £94.45 across those who were reported to be in receipt of benefit- 48 people or 86% of those ultimately employed, with welfare benefit information being missing for 8 people.

**Table 6: Combination of Welfare Benefit/Working Tax Credits received *prior to* Employment.**

Source of income	Prior to employment (Number of all	Prior to employment (% of all	After employment (Number of	After employment (% of all

	workers)	workers)	all workers)	workers)
DLA Care	24	42.9%	24	42.9%
DLA Mob	10	17.9%	10	17.9%
IB	11	19.6%	9	16.1%
SDA	2	3.6%	2	3.6%
IS	8	14.3%	7	12.5%
ESA (SC	1	1.8%	0	0%
JSA	24	42.9%	10	17.9%
HB/CTB	7	12.5%	7	12.5%
CTB	7	12.5%	11	19.6%

*Earned income, Welfare Benefits and Tax Credits received when in employment*

Table 7 shows the estimated welfare benefit profile after workers had been found a job and started receiving a salary (see assumptions for this in previous section). As we can see there is a potential transfer from JSA to Working Tax Credit as a result of getting a job. Those people receiving IS generally retained this in employment and only worked a low number of hours. DLA, as a non-means tested benefit, remained in place after employment. We estimated that 11 (19.6%) of the workers were eligible for Tax Credits when in employment. Overall, welfare benefits represented 100% of income before employment, and 48.9% on average when in employment.

**Table 7: Estimated combination of Welfare Benefit/Working Tax Credits after Employment**

Source of income	Number of employees	When in employment (% of all workers)
DLA Care	24	42.9%
DLA Mob	10	17.9%
IB	9	16.1%
SDA	2	3.6%
IS	7	12.5%
ESA	0	0%
JSA	10	17.9%
HB/CTB	7	12.5%
Tax Credit	11	19.6%

Welfare benefit income fell from an average of £94.45 per person before employment, to £59.46 when employed (a reduction of 37.0%); Working Tax Credit rose from £0 per person before employment to an average of £7.12 p.p.p.w. when employed; and salary rose from £0 before employment to an average of £68.00 p.p.p.w. when employed (a range from £17.70 p.w. (3 hours) to £303.00 p.w. (37.5 hours)). Hourly pay rates ranged from £5.80 (National Minimum Wage) to £8.08 per hour.<sup>19</sup> The average hourly rate was £6.91 per hour, 19% above the adult National Minimum Wage of £5.80 in place for 2009/10 (range £5.80 to £8.08). Clearly, on its own, salary was significantly lower than the average pre-employment welfare benefit income of £94.45 per person per week. However, 7 workers (13%) had a higher gross income from salary alone, than their welfare benefit income before employment.

Figure 1 earlier showed that there was an acceleration of job placements towards the end of the project. The average number of months worked over the 22 months of the project

evaluated here was 7.1 months (range 1 to 21 months). The project delivered 393 months of paid employment. If we total the earnings and estimate savings for this period we find that the project generated £210,096 of earned wages, £114,773 of welfare benefit reductions and £13,566 of increased tax and NI payments.

#### *Better off Calculations for Workers*

Overall, average total gross income from all sources after employment was £120.33 p.p.p.w.. From the perspective of the worker with a learning disability, the difference between the Welfare Benefits they received before entering work, and the average total gross income after employment (wages + retained Welfare Benefits + new Welfare Benefits + Working Tax Credits) was +£25.88 p.p.p.w. (+27%) based on 56 people.

Derbyshire does not currently collect comprehensive data on tax and NI payments for clients in this service. However, we can estimate the impact of tax/NI for those working over 16 hours per week on better off figures using tax benefit model tables.<sup>19</sup> In terms of net total income, including tax and NI paid on wages and taxable retained welfare benefits and tax credits, the average net income in employment was £117.79, an increase of +£23.34 p.p.p.w. (+25%), compared with £62.30 p.p.p.w in Kent, due to the relatively high number of part time jobs obtained.

#### Cost per person of Progress to Work and Locality Day Service

We have a comprehensive Derbyshire costing of day service cost provided by Derbyshire Adult Day services of £13,200 p.p.p.a. for 2009/10 (See Table 8). We have no breakdown of cost headings for the Day Service cost and cannot confirm that this is based on an equivalent set of costing as the SE service. In addition we are unsure whether this covers commissioned as well as directly provide day services.

**Table 8: Costs and numbers served by Derbyshire Day Services and Progress to Work-2010**

Service	People served	Cost per person served	Estimated Gross cost from cost per person-12 months
LA day services	735	£13,200	£9,702,000
SE service	56	£8,018	£449,023 <sup>20</sup>
Voluntary	49		
Education	30		
<b>Total all people served</b>	<b>135</b>	<b>£3,326</b>	<b>£449,023</b>

We can provide three costings for the jobs found, remembering that training and voluntary work were provided for an additional 79 people:

- Using a figure of 56 people in employment for the whole 22 month period, the cost per employed person of SE averaged was £14,700 p.p. based on a total expenditure of £823,208. An equivalent 22 month cost for day service would be £24,200, a difference of £9,500 for the period, the jobs cost being 60.7% of the day service cost.

<sup>19</sup> The latest available are for April 2009.

<sup>20</sup> A figure of £823,208 for 22 months, averaged as a per months cost, multiplied by 12 months.

- We can also estimate a 12 months cost by calculating an average monthly cost over the 22 months of the project, and then multiplying this by 12. Using a figure of 56 people in employment. The average cost per employed person this basis was £8,018 p.p.p.a based on a total expenditure for a 12 month, compared to the 12 month day service cost of £13,200 p.p.p.a., a difference of £5,182. The percentage will be the same.
- We can also calculate the cost for the last 12 month period of the project we have data for- Sept 2009- July 2010- as £610,319. During this period numbers in jobs rose from 9 to 54 (2 jobs being lost during the period). The cost per job based on 54 people in employment in July 2010 was, therefore, £11,302 .p.a., a difference of £1,898 or 85.6% of the day service cost over the most expensive 12 months of the Progress to Work project.

We know that on average people had paid employment through Progress to Work for 11.3 hours, with 25% working over 16 hours per week. A comparison of the data is complicated by the fact that we do not know what hours people in Day Service attend and therefore what the equivalent cost per hour is for Progress to Works employment outcomes and the Day Service alternative.

On the basis of these figures, Progress to Work's supported employment would represent, at best a potential saving of £5,182 over a day service cost, and at worst a potential saving of £1,898, based on jobs found only. While caution is clearly needed because of uncertainties in the data, a cost per job of £11,302 and a potential saving of £1,898 over day service costs appears to us to be a best estimate as this equates to the costs during the 12 month period when the majority of jobs were found and reflects a conservative estimate of potential savings.

#### Costs related to Progress to Work's integrated service delivery model

The Progress to Work model represents an integrated approach to training, volunteering and supported employment. Table 4 showed the numbers receiving training or volunteering as an intervention from Progress to Work. Data for the project as a whole for those receiving significant input from the project shows that:

- 9 of the 49 in volunteering went on to paid employment with supported employment (18.4% throughput to jobs)
- 5 of the 30 in training went on to paid employment with supported employment (16.7% throughput to jobs)
- 42 of the 56 supported employment only group went on to paid employment (75.9% throughput to jobs)

If we include all the numbers of people who received significant input for training, voluntary work, and supported employment (135 people) the cost per person served drops significantly to £3,326 for a 12 month period, or £6,099 over the whole 22 months. This level of funding invested in an integrated model delivered 56 jobs (41.5% throughput to jobs overall).

#### Financial cost:benefit for Government of employment

We can calculate the net cost of Progress to Work to the taxpayer, using the methods and frameworks outlined earlier. We use our preferred cost per job of £11,302. p.p.p.a. over the last 12 months for the main taxpayer cost. The relevant figures are summarised in Table 9. It

shows an indicative illustration (with caveats) of net costs comparing the situation with and without Progress to Work for government expenditure.

**Table 9: Indicative illustration of Costs and Flowbacks per person over 12 months, to Government for Progress to Work.**

	<i>Situation with Progress to Work</i>		<i>Situation without Progress to Work</i>	
	Costs (A)	Flowbacks (B)	Costs (C)	Flowbacks (D)
Funding	1. LA funding Progress to Work-£11,302 2. Access to Work or other subsidies- £0	5. £0	9. Cost of Derbyshire Day services- £13,200	12. £0
Disabled workers in Progress to Work	3. In-work benefits/ Tax Credits- £3,092	6. Tax NI- £132 7. Indirect tax on total income- £1,095	10. Welfare Benefits paid when unemployed- £4,210	13. Indirect tax on income- £737
<b>Total</b>	<b>£14,394</b>	<b>£1,227</b>	<b>£17,410</b>	<b>£737</b>
Net cost* to government 12 months	-£3,506			
Ratio of flowbacks to costs with Progress to Work <sup>+</sup>	0.08			

\*Calculated as columns (A-B)-(C-D).

+ Calculated as B/A

This suggests that the figure per job may be a net saving to the taxpayer of nearer £3,506 p.a. Better outcomes also appears to be related to greater numbers of people working over 16 hours per week, with increased take up of tax credit and tax/NI. This is well illustrated if we compare the potential flowbacks of £1,227, observed in Progress to Work (with 25% full time jobs) with those observed in Kent (£1,629, 48% fulltime) and North Lanarkshire (£3,553, 75% full time) a result of relatively smaller amounts in tax and NI contributions made by part time employees.

Table 9 also provides a net financial cost:benefit ratio for the situation with Progress to Work, which is 0.08. This suggests a potential saving to the government of 8p for every £1 invested in the project, which is an encouraging given that the costs are spread across the three activity strands. This compares with 12p for every £1 invested in Kent, and 21p in North Lanarkshire, which, as stated, can mainly be accounted for by the relative age of the agencies, the imposition of a set up phase in Progress to Work, and the additional costs involved in running the voluntary and educational strands of the project (which have few opportunities for financial flowbacks in the short-term). However, it is also the case that more full-time jobs would increase the tax and insurance revenue to the government, and reduce the numbers of beneficiaries retaining their pre-work welfare benefits.

## Conclusions

The project has had numerous positive outcomes. It has enabled 135 beneficiaries with learning disabilities living in the County to access voluntary work, education and/or paid employment during the first 22 months of operation. All but 3 beneficiaries were unemployed on referral. Fifty six individuals obtained paid employment during this time. The growth in the numbers of jobs being obtained increased rapidly in the last 11 months following the set-up period, with 86% of paid jobs occurring during this period and at an accelerating rate.

This suggests that the project has the potential to increase the numbers of beneficiaries accessing the project, increasing returns on the initial investment. Results from the project so far suggests that the new project targets of 112 additional beneficiaries into paid employment are achievable. The project has also done well to obtain a variety of jobs in different locations with relatively few job losses and has avoided an over representation of food preparation and cleaning jobs in their work portfolio. Encouragingly, 25% of those in paid work had progressed via the voluntary and education strands, avoiding the ‘revolving door’ phenomenon associated with work preparation approaches.<sup>21</sup> Seventy-five percent of beneficiaries directly accessed the paid work strand, reflecting the ‘place’ component associated with good practice in supported employment. The results also indicate the ‘train and maintain’ elements of the project are in also in place, with 36% of beneficiaries in paid employment successfully working independently through the exit strategies employed in the project by month 22.

The results also suggest that the project is developing effective employer marketing techniques, having made a breakthrough in the supermarket sector and capitalising on the ‘domino’ effect identified in the effective marketing techniques. One future challenge for the project will be to broaden this to target other private sector industries and services within the Shire. The number of local council jobs obtained is also creditable, and reflects effective joint working between the local county council and the project deliverers.

*Recommendation – Continue to develop marketing strategies that target specific industry sectors.*

These results are coupled with positive cost/benefit outcomes. PROGRESS TO WORK has led to increases in financial independence; the wage rates earned by the beneficiaries compared well with those from North Lanarkshire and Kent, (£6.91 compared to £6.11, and £6.09, respectively). Each beneficiary also increased their income on average by £25.58 following employment, although this was relatively modest compared to £62.30 p.w. in Kent.

The cost benefit calculations also suggest the project has potential to generate savings at the local authority and tax payer levels. Overall the project generated £210,000 in earned wages, £114,773 in reduced welfare benefit payments and £13,566 in increased tax and NI contributions. Using a conservative estimate, potential savings of £1,898 per person was identified at the local authority level and £3,506 in savings per person to the taxpayer. This returns a potential saving to the government of 8% for every £1 invested in the project.

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<sup>21</sup> Continually moving from one work preparation environment to another

These potential savings are notable given the contractual obligations of Progress to Work to provide voluntary and educational activities, as well as paid employment. The results indicate a broad spectrum of activities, tailored specifically to each project strand. If the project meets its month 27 target, and those set for the new funding round, then the increase in potential financial savings would increase substantially and represent a significant contribution for improving the quality of the lives of those with learning disabilities living in the County.

We must remember that the Progress to Work project operates within the context, rules and funding levels of an ESF funded project. While there appears to be potential for more people to enter employment through Progress to Work and people with higher support needs to be a part of this, the ESF target culture does tend to mitigate against shifts to supported employment (the most effective job producer) and to take on more challenging people. Greater partnership between LA and Mencap may provide opportunities for greater joint working and resource sharing to ensure the widest number of people benefit from this important resource for the area.

### Progress into Work - Development Issues

#### *Target Population Issues*

The results suggest the project has identified a 'gap' in service provision for this group of people with a learning disability, created when the criteria for day service eligibility was tightened, with many beneficiaries being referred from mainstream employment services. There are advantages to targeting this group: although many of these beneficiaries may have relatively mild learning disabilities, they are clearly a target group for supported employment and their relatively low support requirements make it possible to progress many into paid work rapidly. It is difficult to see how the project will meet its new targets without continued focus on this group.

*Recommendation: Continue to target those who previously would have been eligible for day services and those people with learning disabilities requiring initial help to access paid jobs.*

It is also clear that current funding constraints make the more intensive and longer term support required by those with severe learning disabilities impractical. Of particular concern is the obligation to exit beneficiaries in the current funding round in December, which has two major implications. First, it is unclear how many of those exited at this time will be beneficiaries during the next funding round. If this ongoing support is not forthcoming for those who had not yet progressed into paid work at this time, then the resource invested in these beneficiaries to progress into paid work may not be realised. There is scope, therefore, for the funders to consider a more seamless approach to funding transfer.

Second, it does not guarantee that the ongoing support required by many currently accessing local day service provision will be forthcoming. It is unsurprising, therefore, that so few people are being referred via Adult Care, and that many of those who are referred are being signposted to other services.

Mencap is the main provider of supported employment services in Derbyshire for people with learning disabilities, with an opportunity to redress this imbalance. Unless there are changes in the way the project is funded, which is unlikely, then this will have to be funded externally to the project. Increasing the numbers of people accessing paid employment has the potential to generate savings at the local authority level. This provides a basis for dialogue between Mencap and local authority providers and would increase Mencap's contribution to local day service reform. Any joint work in this area may provide added value and a more unified and

coherent approach for all beneficiaries. The results also suggest that Progress to Work need to find ways of increase the numbers of women who are accessing paid work, either through direct access to the employment strand, or increasing the numbers of women who are progressing via the training routes.

It is difficult to gauge the impact that engaging more people with severe learning disabilities will have on project costs. On the one hand, there will be a reduction in capacity, decreases in the numbers obtaining paid jobs and a tendency towards more part time work. On the other, it may produce savings to the local authority. The challenge will be to strike a balance. Increasing the number of full time jobs obtained and the conversion rate into jobs from the educational and voluntary strands will produce savings to the tax payer, while supporting people with greater support needs will produce savings for the local authority. However, this second strategy may ultimately cost more compared to the average cost of supporting those with lower support needs.

*Recommendation: The project should continue to target people who use local authority day service provision.*

*Recommendation: Mencap should continue with dialogue with the local authority to explore the potential for the provision of supported employment to those with higher support requirements.*

*Recommendation: The project should explore the scope and expertise available within the project to support people with higher support needs.*

*Recommendation: The project should develop strategies for enabling more women to access paid work through the project, especially via the direct access route.*

The results suggest that more of the beneficiaries could access full time, rather than part time paid work, indicated by relatively low support requirements of many and the fact that few are negatively affected by the welfare benefits trap. Full time work is an aspiration for many, and would lead to greater social integration and economic independence for many people with learning disabilities in the County. From the financial perspective, the impact of the relatively high proportion of part time jobs in the project is well illustrated: Despite the relatively high hourly rates of pay of the Progress to Work beneficiaries, compared to those in Kent, people in the latter project were 46% better off, due to higher potential earning capacity afforded by full time work. The carry over effects on potential savings to the taxpayer are also evident, with decreased national insurance contributions, reduced tax revenues (direct or indirect), and the relatively high costs to the taxpayer due to retained welfare benefits. It is evident that the uptake of 16 hour per week jobs in any supported employment programme will be a driver for cost:benefit outcomes, especially at the taxpayer level in the future.

*Recommendation: The project should continue to encourage beneficiaries to take up full time employment.*

#### *Model Issues*

The fact that the conversion rate into jobs is better for the supported employment strand of the project compared to the voluntary and educational strands raises a number of interesting issues. Given contractual obligations, the service needs to maximise the potential for those to progress into paid work via the two training routes. We know from research that

prevocational training provides an effective pathway to employment for those who have the cognitive ability to benefit from the teaching (the more practical the better) and who are able to generalise learning between settings without too much additional support. Conversely, we also know that many people with learning disabilities find this difficult, without additional support. Consequently, pre-work approaches have generally proved unsuccessful as progression routes into paid employment for many people with learning disabilities, compared to obtaining the jobs first and providing one-to-one on the job support *following* the placement (i.e., 'Place' *then* 'Train') for the beneficiaries. As a result, the link between volunteering, education and getting a job is complex. For some, it builds confidence, skills and qualifications, for others it could provide an end in itself, but for many, especially those with higher support needs, it may be of little use as a stepping stone towards paid employment.

This has two main implications for the project. First, outcomes will be maximised if the education and volunteering strands are targeted at those who will get the most from them. The project should continue to carefully differentiate between those who could potentially use the training strands as a stepping stone to paid employment. Second, if the aim is to enable the progression of people with higher support needs into paid employment, then many beneficiaries will be best served by enabling them direct access to the paid work strand, even if often they are deemed not to be ready for paid work due to a lack of experience in paid work, or, a perceived lack of the skills required to successfully undertake paid work.

#### *Growth and Capacity Issues*

The rapid increase in the number of people progressing into the paid employment strand observed over the last 11 months of the project is encouraging, suggesting that once the project had completed the set-up phase it was effective at enabling large numbers beneficiaries to rapidly access the project strands. Meeting the new targets set would enable significant numbers of people with learning disabilities within the County to progress into paid work, and significantly increase any potential cost savings generated by the project. Given this potential for rapid growth, the project should monitor for ceiling effects to ensure that the project has the capacity to support any increased number of beneficiaries being actively supported at any one time.

This may sound obvious, but there are many factors that could affect the capacity of the project to deliver the new targets. A decrease in the numbers of beneficiaries exiting, the need for ongoing tracking and an influx of people with severe disabilities, may act to take up an increasing amount of project resource over time. Any mistakes made in differentiating those able to use the voluntary and education strands as stepping stones to paid work will reduce conversion rates, increase unsuccessful exits, and also use up capacity. Conversely, differentiating those people who can truly use voluntary and educational routes as a stepping stone to paid work, from those who cannot, would ensure progress from delivering the current 41.5% throughput, towards the supported employment only figure of 75.9%. Furthermore, capacity to deliver the education and voluntary strands would be gradually reduced as more and more beneficiaries progress, directly or indirectly into the paid employment strand.

Clearly, there is a compromise between the increase in resource required to support those in paid work on the one hand, and reduced capacity to maintain the voluntary and educational strands on the other, especially as the results indicate that the paid employment strand already

takes up more staff time per person than the other two strands, and that the paid employment option is successfully accessed directly in nearly 8 out of 10 cases.

*Recommendation: The project should monitor for ceiling effects in the next funding round and continue to monitor the conversion rates of the educational and voluntary strands.*

*Recommendation: The project should look to increase the current conversion rates from the voluntary and education strands to bring them more into line with the 75.9% conversion rate of the paid employment strand.*

*Recommendation: The project should ensure that there are effective differentiation procedures in place to ensure that those accessing the voluntary and education strands have the potential to use the voluntary and education strands as stepping stones into paid work and that those who cannot, gain access to the paid employment strand directly.*

## Appendix 1: Operational Flowchart

