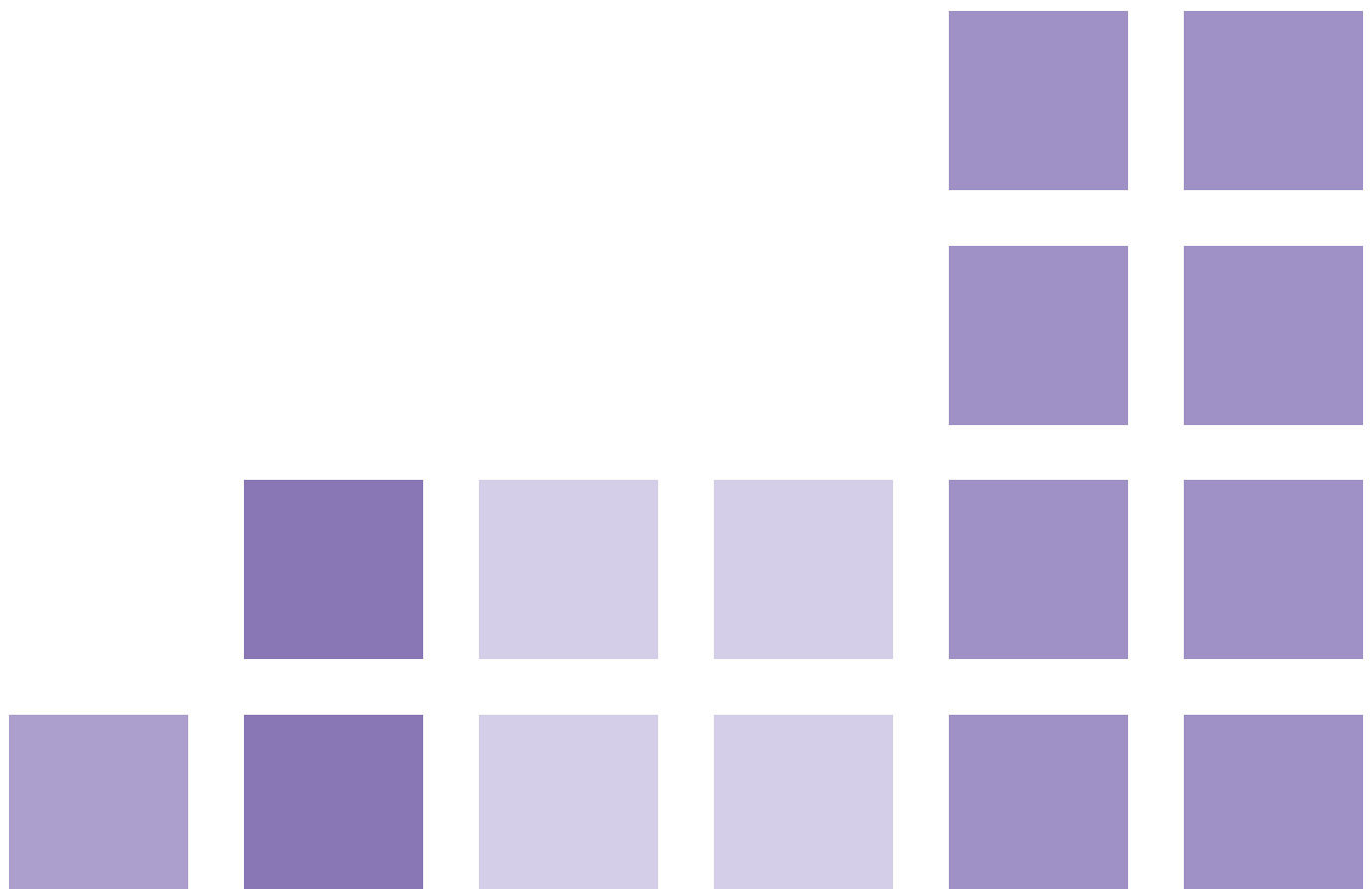




# Customer Journey – Paper No.1

The complexity of handoffs along the journey into employment and learning

June 2010



Expert advice from the UK Commission for Employment and Skills

# Executive Summary

## Key points in this paper

- No one agency or provider can provide an “end to end” service along the journey into work and/or learning for all clients so referrals are very important, but they are also where the customer journey can hit problems.
- There are two broad referral routes from Jobcentre Plus, contracted and non-contracted, but within this the number of projects and providers can be extensive. This can cause problems for customers or advisors working on behalf of customers.
- The importance of knowledge of non-contracted provision is set to rise with the new JSA regime.
- The non-contracted provision base is in a constant state of flux due to multiple funding streams and bidding rounds which causes further problems for advisors.
- Due to the variation in funds and funders it is impossible to establish quality, type and capacity of all provision.
- Eligibility restrictions, clashes and confusion are an issue for both advisors and customers.
- There is a lack of consistent capacity in non-contracted provision throughout the year due to churn in the provision market and publicly funded training provision geared around academic years.
- The preponderance of funding streams means that there is no mechanism for establishing what interventions an individual has received.
- Competitive funding inhibits the cross-referral of clients between different providers so the maximum benefit available from the local provision base may not be achieved.
- There is a lack of feedback and information flows to advisors from non-contracted provision.
- There is no consistent measure of Customer Satisfaction across all provision.

## Recommendations

- Rationalisation of funding streams and bidding rounds would mitigate many of the problems highlighted above. However, the rationalisation should not disadvantage any providers or groups of providers, particularly smaller or third sector providers.
- There needs to be consistent eligibility criteria across all funding streams.
- A consistent measure of customer satisfaction would provide one measure of quality that could be applied to various types of provision and would therefore be one consistent measure of quality.
- Development of shared local provider inventories would help advisors keep track of the local provider base. There are examples of this kind of work currently in use in many local areas.
- DWP/BIS/HMRC matched data should be used to establish which kinds of publicly funded training produce the best employment and progression outcomes and provide this info to advisors to help inform referrals.

# 1. Introduction and Context

## The Customer Journey Project

The focus of this project is the individual's experience of the employment and skills system on their journey into work and progression in work and training. The scope of the project covers people on benefit (in the first instance), is UK wide and their "journey" is broadly described as any kind of assistance they receive from DWP/Jobcentre Plus and its contracted provision and/or publicly funded skills provision (FE, IAG etc) as they move into work and beyond.

There are five specific areas the project is looking at:

- The appropriate functions, responsibilities and resources for advisors
- The degree to which provision is individualised/customised
- The robustness of hand-off/referral points
- The sufficiency of links with ancillary services (health, social services, housing & justice for example)
- If post-employment support has sufficient capacity and priority

## This Paper

This paper is the first in a series on the Customer Journey and presents findings and recommendations on the third strand of the project, referrals. The transition from one agency to the another, for example from Jobcentre Plus to DWP contracted provision such as New Deal, are a key part of the customer's journey as it has long been recognised that no one agency can provide an "end to end" service for every single client.

However, referrals and transition points more generally are also a potential problem point for the customer journey as they can be governed by restrictive eligibility criteria or limited by lack of appropriate local provision (or knowledge of local provision). It is at the points in between different providers that the Customer Journey can come to an abrupt halt. The importance of referrals and the relationship between Jobcentre Plus and other "non-contracted" providers is set to rise in importance as the new JSA regime expects advisors to capitalise on their knowledge of all local provision.

## 2. Referral to where?

In general there are two routes for referral from Jobcentre Plus, these are firstly to 'contracted provision', which is funded by and contracted to DWP, this includes programmes such as the New Deals, Pathways to Work and Jobcentre Support Contracts (formerly Programme Centres). Referrals here tend to be governed by time on benefit, for example under current arrangements referrals to the Flexible New Deal (FND) takes place once a customer has been on benefit for 12 months<sup>1</sup>.

The second route is to 'non-contracted' provision which can include a wide variety of services relating to employment and skills but also other services such as debt advice. Provision here may include publicly funded training such as Further Education (FE) provision and Information, Advice and Guidance (IAG) or private and third sector welfare to work providers funded by discretionary funds such as the Working Neighbourhoods Fund.

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<sup>1</sup> The Government has announced its intention to change this, see <http://www.dwp.gov.uk/newsroom/ministers-speeches/2010/27-05-10.shtml>

Referrals to 'non-contracted' provision are expected to play a much larger part in stage 3 (from 6 to 12 months) of the new Jobseekers Allowance (JSA) regime where advisors are expected to capitalise on their knowledge of local provision. Furthermore the Government has trialled 'Integrated Employment and Skills' (IES) pilots across England (and equivalent trials are taking place in Scotland), which are seeking to increase the numbers of Jobcentre Plus clients using IAG and FE provision. A variety of recessionary measures have also been introduced, in England for example the Learning and Skills Council (LSC)<sup>2</sup> introduced the 'Response to Redundancy' package and a training offer for those who have been unemployed for 6 months.

There are some key differences and issues in referral to contracted and non-contracted provision routes – see table 1 below.

### 3. Referrals to Contracted and Non-Contracted Provision

As has been noted the use of non-contracted provision of welfare to work is set to rise with the new JSA regime and other changes such as the advent of the IES agenda and the 6 month offer. There are a significant number of funds and funders for employment outcomes apart from the DWP, these include the Working Neighbourhoods Fund, which is devolved to local authorities and amounts to £1.4bn in total over three years<sup>3</sup>. There are the ESF programmes which are devolved to co-financing organisations across the UK (although this varies across countries) and will spend approx £1.2bn over 2007-13 on "extending employment opportunities" and a further £670m on up-skilling<sup>4</sup>. Furthermore the recent Price Waterhouse Coopers (PWC) evaluation<sup>5</sup> of Regional Development Agencies (RDAs) noted that between 02/03 and 06/07 RDAs in England spent £900m on employment and skills initiatives. The LSC<sup>6</sup> in England had started to fund employment outcomes through its Skills for Jobs and Employability Skills programmes. A large and varied set of funders may present a problem, an extreme example is illustrated in a recent report by the Social Market Foundation which cites the example of a welfare to work provider that had 16 different funders<sup>7</sup>.

This variation in funders and funds for employment programmes combined with that for skills provision means there are significantly different referral processes and routes for adults on working age benefits, some of these differences may present problems for the customer journey – they are outlined below (and summarised in table 1).

- **The scale of provider base varies significantly**

Contracted provision is increasingly characterised by a small number of larger providers with longer and larger contracts, in the case of Flexible New Deal these are five years with the option of a further two. However, in the same areas there may be scores of non-contracted providers or sub-contractors, one example is West London<sup>8</sup> where one prime contract area contains 200 other employment and skills providers<sup>9</sup>. An overly large and varied market place can present problems for the Customer Journey as advisors struggle to keep up to date with what provision is available, establish which referral route is the most appropriate and form meaningful relationships with so many providers<sup>10 11 12 13</sup>, this is

<sup>2</sup> As of April 2010 the LSC no longer exists, its funding functions are now the responsibility of the Skills Funding Agency.

<sup>3</sup> Communities and Local Government – "The Working Neighbourhoods Fund (WNF) Scoping Study: Worklessness and how WNF is being used to tackle it.

<sup>4</sup> [http://www.esf.gov.uk/introduction\\_to\\_esf/](http://www.esf.gov.uk/introduction_to_esf/)

<sup>5</sup> Department for Business, Enterprise & Regulatory Reform (Now the Department for Business, Innovation and Skills) "Impact of RDA spending – National report – Volume 1 – Main Report" (March 2009).

<sup>6</sup> As of April 2010 the LSC no longer exists, its funding functions are now the responsibility of the Skills Funding Agency

<sup>7</sup> "Vicious Cycles" – Social Market Foundation (2009).

<sup>8</sup> Many similar examples can be noted across the UK, particularly in large urban areas.

<sup>9</sup> West London Working (City Strategy Pathfinder in West London).

<sup>10</sup> DWP Research Report No. 580 "Jobseekers Regime test site evaluation: Qualitative research".

discussed further below. DWP research notes that clients were often the advisor's best source of information when building up knowledge about local provision<sup>14</sup>.

However it should be noted that in many areas the reverse situation is true, for example in rural areas the problem is not too much provision but too little.

- **Non-contracted provision base in constant state of “flux”**

Providers funded by discretionary funds tend to be smaller and their contracts shorter (although this varies), sometimes as short as one year. While FE colleges represent a far more consistent provider base they too may only be delivering employment focussed programmes that are funded by discretionary funds and will therefore be short-lived. Furthermore their mainstream programmes still operate on a one year rolling basis and so this provision can vary too.

As a result of this the non-contracted provider base is in a near continual state of flux as multiple funders and multiple bidding rounds mean that contracts are constantly starting and ending and therefore the capacity of the system itself is also changing. This in turn means that advisors in some areas have a significant task in keeping track of what provision is available for their clients. This is a task which advisors do not have the time for, particularly in current circumstances where caseloads are on the rise and the number of advisors themselves is on the rise. Furthermore short term contracts means that the benefits derived from forming long-term relationships between the jobcentre plus advisor and provider (contracted or otherwise) are not always fully felt. It should be noted that this situation differs markedly across the UK with larger urban areas encountering large numbers of providers<sup>15</sup> and the opposite in rural areas.

The Houghton Review<sup>16</sup> also highlighted further complications from the “stop and starts” of funding. Firstly the churn of contracts and providers it in turn generates a situation where a lot of staff are on fixed term contracts and so there is a reasonable level of churn of staff within providers as well. The “stop and starts” of funding means that it is very difficult to make the connections with other local services which are necessary for the most disadvantaged, these include housing and health for example.

- **Impossible to establish quality, type and capacity of provision**

In referring clients to any kind of provision advisors need to be aware of three key pieces of information in order to vouch for it, motivate the client and make sure the referral is the right one from the customer's perspective:

- **Type of provision** – does it meet the client's needs/circumstances?
- **Quality of provision** – how good is it at sustainable employment outcomes?
- **Capacity** – How many places are available and when?

The nature of the contractual relationship means that all three kinds of information should be shared for contracted provision via a variety of routes including the contracts themselves, third party provision managers who liaise with providers in their areas, PRaP<sup>17</sup>, Star Ratings and the forthcoming customer satisfaction metric.

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<sup>11</sup> DWP Research Report No. 555 “Pathways to Work from incapacity benefits: A study of referral practices and liaison between Jobcentre Plus advisers and service providers”.

<sup>12</sup> DWP Research Report No. 464 “progress2work and progress2work-LinkUP: an exploratory study to assess evaluation possibilities”.

<sup>13</sup> DWP Research Report No. 555 – “Pathways to Work from incapacity benefits: A study of referral practices and liaison between Jobcentre Plus advisers and service providers” (2009).

<sup>14</sup> Ibid.

<sup>15</sup> Research for the two City Strategy Pathfinders in London found 200 providers in the West London CSP area and 300 in the East and South East CSP.

<sup>16</sup> Tackling Worklessness: A Review of the contribution and role of local authorities and partnerships – Interim Report (Nov '08).

<sup>17</sup> The “Provider Referrals and Payments System” which is the digital system for providers to receive information about new referrals and claim for payments against contracted targets.

This is not the case for non-contracted provision as they are only required to provide this kind of info to their funders. Significantly there is not a consistent measure of quality across all employment provision. This means that even if there was a duty or process in place for all providers to provide information to JC+ advisors there would be no consistency to the information provided. Various DWP research reports<sup>18</sup> have noted that advisors find establishing the quality, capacity and type of provision of non-contracted provision to be an issue. So the churn and scale of provision and multiple funders means that, as discussed above, advisors have a job to establish whether provision is out there but much further work to establish its quality, type and capacity.

- **Lack of feedback and information flows to advisors**

Ideally the advisor would be armed with good information on the type, quality and capacity of provision before making a referral but upon making the referral they would receive feedback on progress and the eventual outcomes. With contracted provision, there should be a steady flow of information from providers to the DWP and the local jobcentre that advisors can use to assess the status of customer's current journey into work and to guide future referrals.

There is no comparison for non-contracted provision and advisors are often unaware of client's progress or the impact of their referral in terms of outcomes. The lack of incentive for providers to provide this information to Jobcentre Plus is compounded by Data Protection issues. The recent DWP evaluation<sup>19</sup> of the new JSA regime found little evidence of joint working between advisors and non-contracted providers on customer needs etc. It should be noted that issues with data protection are not solely the problem of non-contracted provision, there are information sharing issues between Jobcentre Plus and contracted providers too.

- **Non-contracted providers are not obligated to take referrals on**

Without a contractual relationship non-contracted providers are not obligated to take on the referred client. This is in strong contrast to contracted providers whose business case is predicated on a steady flow of referrals from Jobcentre Plus. Also, depending on the type of benefit and associated conditionality regime individuals themselves can be sanctioned in certain circumstances if they do not follow up on a mandated referral to contracted provision.

If an advisor and client agree that a referral to non-contracted provision is appropriate advisors can find it difficult to follow up on this action and rely upon information provided by the customer when next in contact with them. It is possible that this results in Jobcentre Plus advisor reticence to refer in this direction. The lack of obligation to take on referrals reflects a broader issue which is the degree of influence Jobcentre Plus advisors have over non-contracted provision, this includes the make-up of the provision itself (type, length of course, eligibility) as well as what actually happens to their individual clients in terms of outcomes, progress and feedback.

- **Confusion over eligibility**

Furthermore the issues with poor information flows between non-contracted providers and Jobcentre Plus advisors may mean that advisors are sometimes unaware of eligibility criteria for the non-contracted provision.

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<sup>18</sup> See footnotes 4, 5, 6 and 7.

<sup>19</sup> DWP Research Report No. 580 "Jobseekers Regime test site evaluation: Qualitative research".

- **Eligibility clashes between contracted and non-contracted provision**

There is a lack of framework agreements between mainstream (i.e. DWP funded provision) and that funded by other discretionary budgets (ESF, RDA, WNF etc) and skills budgets so that for example a claimant may join an RDA funded employment programme, reach a trigger point in their benefit claim (such as 12 months under FND currently) and then be forced to leave the discretionary funded project and join a mainstream/New Deal programme. This can lead to the confusion and frustration on the part of the individual and waste of public money.

- **Lack of consistent capacity throughout the year**

Referrals to contracted provision are made according to need and so providers are geared up to receive clients on a constant year round roll-on/roll-off basis. This is not always the case with non-contracted provision, particularly publicly funded training which tends to be based around academic years. Focus group research<sup>20</sup> for the DWP highlighted that individuals are very keen for training to begin as soon after the need is identified as possible with a maximum wait of three months, for training geared around academic years this isn't always viable. Individuals on benefit (JSA) are only eligible to train for 16 hours a week fulltime, so in order for them to be referred onto training then local provision must meet these criteria.

Currently, once someone has been on benefit for six months they become eligible for the "6 month offer" and part of this offer is the flexibility to train fulltime for up to 8 weeks. The "6 month offer" package is designed around the principle that provision needs to be more flexible in terms of multiple start dates throughout the year and allowing learners to continue their learning once they've entered work. But again the question remains as to how much publicly funded training provision in a particular area is designed around this principle.

- **Competitive funding inhibits the cross-referral of clients**

Providers don't have the incentive to refer to one another for fear of 'losing' the job outcome or fear of double-counting the outputs. This means that the individual may not receive the maximum benefit available from the provision locally.

- **There is no mechanism for establishing what interventions an individual has received**

If individuals, particularly those further from the labour market, do receive multiple interventions the preponderance of funding streams means that each of these is likely to be funded by a different funder or stream. This in turn means that the information about these interventions is never gathered together centrally, which means that there is no way of following or tracking a customer along their journey from intervention to intervention and to work. This then leads to a lack of understanding of "what works" with getting someone into employment as there is no way of knowing what interventions someone has received, furthermore it may be the case that providers of the individual services are not paid for their contribution. While some areas and local partnerships have set up tracking systems which have made progress here these are rarely universal in their coverage or providers and in particular they don't join up the contracted and non-contracted provision.

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<sup>20</sup> DWP Research Report No. 519 "A 'User Voice' study: Jobcentre Plus customers' perspective on DWP/DIUS strategy for skills".

- **Lack of consistent measure of customer satisfaction**

Over the last 12 months or so the DWP have been developing a customer satisfaction metric that, if rolled out, will apply uniformly to all of their prime contractors. This would mean that there would be a tool for creating broad comparisons of satisfaction across DWP's contracted provision in a similar way to that which is already available for Jobcentre Plus. The purpose of this metric is in part to help inform customer choice in their selection of prime provider but also to drive performance more generally.

However, there is no comparison for the non-contracted providers and therefore customer satisfaction will not drive performance in the same way and individuals will not have access to the same information to help guide their choice. Rectifying this situation would go some way to mitigating the problems with inconsistent quality measures outlined above.

- **Varied referral processes**

Firstly, the referral process itself differs, with contracted provision the referral process is characterised by procedure and process with specific contractual arrangements, forms to be completed and information, such as client need and circumstances, to be exchanged. By comparison there is no real process for non-contracted provision except that which has been established at a local level, referrals to this kind of provision may just be a verbal recommendation or "sign-posting" with little of the information sharing and discussion of client need characterised by referral to contracted provision.

Before going on it should be noted that this is fine for many clients who just want information and signposting, furthermore the IES trials have developed a more formal referral relationship with Information, Advice and Guidance providers.

Currently the referral process to contracted provision is still paper based, this means that forms have to be completed and then faxed to the provider who then manually enters the information to a database by hand – this process is highly labour intensive, liable to error and has been heavily criticised by providers. However, with Flexible New Deal (and all DWP funded provision by 2012) a new automated electronic process has been launched, this process is called the PRaP (Provider Referral and Payments) system. This change to an efficient automatic system will clearly and significantly improve referrals to contracted provision but also serves to underline the differences in referring non-contracted provision which will remain "informal" or paper-based.

## 4. Recommendations

**Significant rationalisation of funding streams and bidding rounds** – There is a strong argument for further rationalising the existing funding streams and bidding rounds within those streams to help create a more stable base of local provision and make the referral process much more robust. The DWP have already moved to rationalise their contracting and bidding rounds and now contract with significantly fewer organisations. However, other sources of funding beyond DWP still make up a significant part of the provision base and a process of rationalisation and alignment of these streams should:

- Remove need for co-ordination of similar services at the local or regional level through bidding rounds, joint prospectus' etc.
- Make it easier to share management information and therefore keep track of the interventions an individual receives on their journey to work.
- Engender a more stable provider base.
- Ensure greater consistency in eligibility criteria.
- Enable more consistent measures of quality.



- Encourage greater co-operation and cross referral between providers. If two organisations are driven by two funding streams then they are driven by different targets. If they are driven by the same outcomes for the same individuals then they may also be driven to refer to one another (and feel obligated to take on the referral), share resources, align referral processes, discuss client need and communicate over progress and outcomes.

**Consistent eligibility across all funding streams** – If there is a clear and evidenced policy reason why claimants should not receive extra support beyond Jobcentre Plus for the first 6 or 12 months on benefit then this should be consistently applied across all funding streams. This would help advisors understand what provision is available to their caseload.

**Consistent measure of customer satisfaction** – Over the last 12 months or so the DWP have been developing a consistent customer satisfaction metric which will be based on research on what customers really value in service delivery. If this metric is implemented its purpose will be to help drive performance, inform referrals for advisors and help inform customer choice. However, it will only do so for DWP prime contracts and not cover non-contracted provision or the primes' sub-contracts. In the case of the West London City Strategy Pathfinder there are 200 employment and skills providers but one prime contractor. While London is an extreme case the situation is likely to be similar across all large urban areas and there is plenty of scope and need for the measure to be used across all provision.

If this metric is proven to work then it could be applied consistently to a much broader range of employment and skills service delivery including the sub-contractors below the primes as well as all non-contracted employment related provision. This will enable one consistent measure of quality and performance to guide referrals and choice.

**Provider database** – The impact of an ever changing provider base means advisors have a significant task to stay informed and keep their clients informed. However, in some areas local partners and funders have come together and developed online databases of provision for use by both advisors and customers; the West London City Strategy is one example.

This kind of activity needs to be more widespread and there is scope for making providers enter their details to shared databases as a condition of contract for all funders. This would shift the burden of keeping the databases up to date from funders to providers. However, if these databases become major sources of referrals then it is in the providers' interest to upload and maintain their details. However, while tools such as joint funder databases can be useful they represent a resource intensive work-around for a complex system

**Align referral processes** – We have two very different ways of sending customers to provision which is ultimately supposed to achieve the same thing and these different ways of doing things may negatively impact on the customer's experience. The different referral methods may mean that Jobcentre Plus advisors are more disposed to send clients on contracted provision because of an easier process (PRaP) combined with expectations of feedback and knowledge of quality and accountability that the contractual relationship brings. Instead the referral should be based on what's best for the customer in getting them into sustainable employment and progression. The referral process should be designed on the basis of what works for the customer and not by what funding stream is in use.

Referrals, no matter to where, should be guided by clear and consistent information on type, quality and capacity, involve a flow of information back to the advisor on progress and outcomes, have room for discussion over client's needs and involve some kind of accountability back to the referral maker.

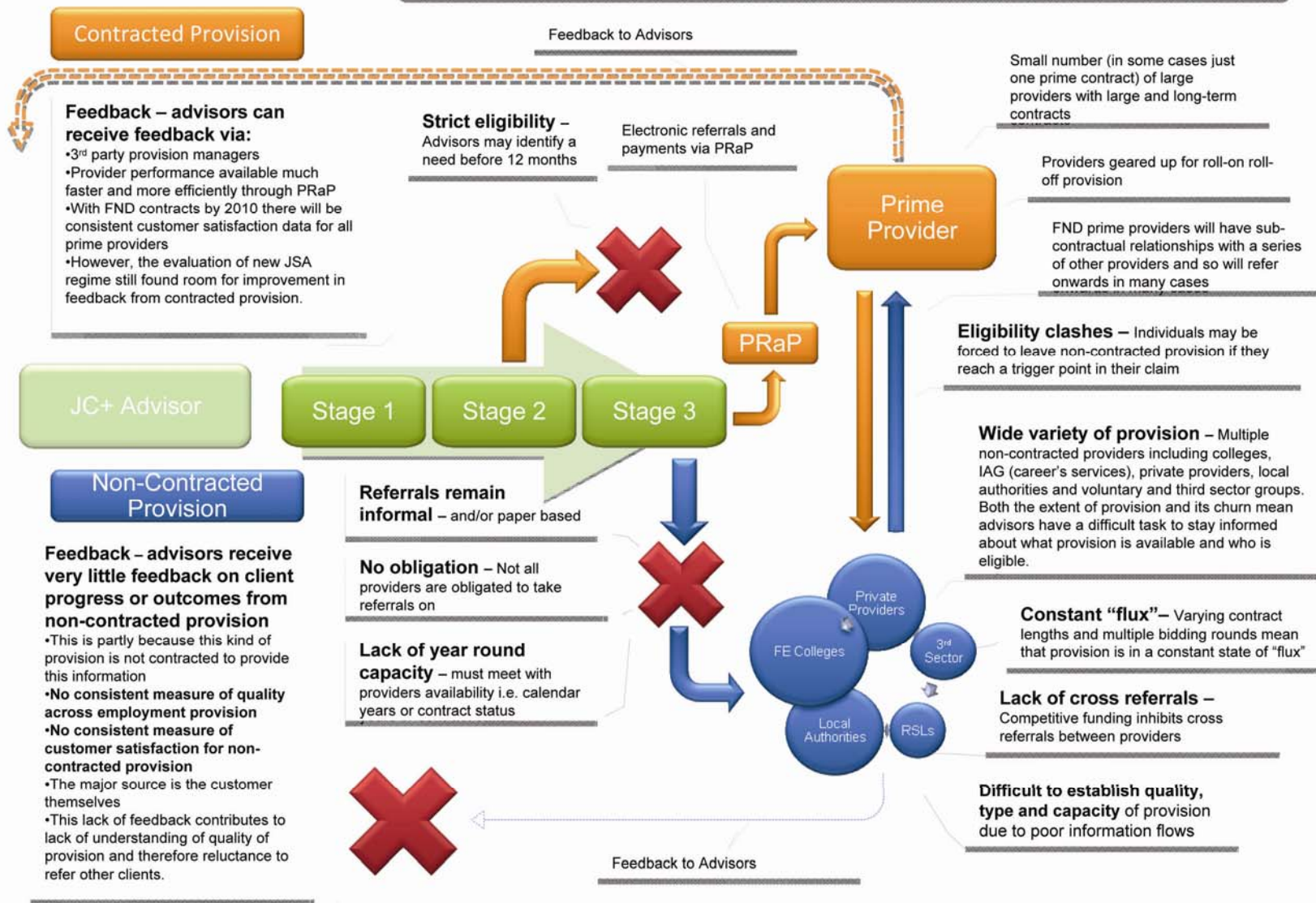
**Referral obligation** – There is clearly an issue with forcing non-contracted providers to take on a Jobcentre Plus referral simply because the lack of a contract means there is no power to do so. However, it makes sense that Jobcentre Plus has greater influence over employment provision regardless of who the funder is if they are to continue to “own” the customer journey into work.

**Information on quality** – DWP/BIS/HMRC Matched data should be used to establish which kinds of publicly funded skills provision and provider deliver in terms of employment outcomes and this information should be provided to advisors to guide their referrals and advice.

**Table 1. Comparison of referrals to contracted and non-contracted provision**

	<b>Contracted</b>	<b>Non-Contracted</b>
<b>Referral Process</b>	Formalised process, information sharing and paperwork. From 2012 (starting with FND in 2009) all referrals and payments fully automated and electronic via prap, this replaces the paper based process.	Informal verbal/paper based or “signposting”. Data protection issues with sharing data.
<b>Taking on Referrals</b>	Obligated, business case dependent on steady stream of referrals.	No obligation.
<b>Nature of Provision</b>	Large providers, long-term contracts, fairly consistent provider base.	Varied in size and nature from very small voluntary/community groups to FE colleges. Contract lengths vary but often short-term which contributes to ongoing ‘churn’ of providers.
<b>Information on Quality, Type and Capacity</b>	Contracts stipulate size, outcome data provided in return for payment via prap, third party provision managers, star rating	Contracts agreed with other funders so output/outcome data, capacity, type etc not shared as a matter of course.
<b>Eligibility</b>	Clear eligibility mainly determined by time on benefit. Some advisor discretion but some want more to refer earlier in a claim.	Advisors are not always informed due to the varied and constantly changing nature of provision.
<b>Timing</b>	Providers geared up for steady flow of referrals throughout the year.	Capacity varies constantly (see above) and many publicly funded training (FE) course start dates are governed by academic years.
<b>Eligibility and Frameworks</b>	N/a	Lack of recognition of non-contracted provision.
<b>Post referral feedback loop to advisors</b>	Feedback is possible via customer themselves, third party provision managers, performance data available by area, programme and provider, JOT data available 8/9 months after job entry.	Very little formal feedback from discretionary funded provision on progress or outcomes. Main source is customer themselves but this is ad-hoc.
<b>Customer Satisfaction</b>	DWP currently developing a consistent metric across all provision.	No consistent measure, wide variation in practice.
<b>Cross-Referral</b>	Under prime contracts larger providers have sub-contractual relationships with other providers. Issues with passing risk down the supply chain.	Competitive funding inhibits cross-referral.

## Referral Pathways on the Customer Journey



The UK Commission aims to raise UK prosperity and opportunity by improving employment and skills. Our ambition is to benefit employers, individuals and government by advising how improved employment and skills systems can help the UK become a world-class leader in productivity, in employment and in having a fair and inclusive society: all this in the context of a fast-changing global economy.

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