

**Impact case study (REF3b)**

<p><b>Institution:</b> University of Portsmouth</p>
<p><b>Unit of Assessment:</b> 22 Social Work and Social Policy</p>
<p><b>Title of case study:</b> Shaping the design and implementation of payment by results contracts in the delivery of Welfare to Work programmes</p>
<p><b>1. Summary of the impact</b>          The research findings improved the comparative evidence base used by policy makers, providers and advocacy organisations when designing and delivering contracted out welfare to work programmes in the UK, including the development of service user safeguards implemented through the Department of Work and Pensions ‘Commissioning Strategy’ and Work Programme (which will cater for over 3 million unemployed participants between 2011 and 2016). The research findings have also had a wider impact in informing policy makers, providers and user groups in other countries that have introduced or are introducing such contracting systems.</p> <p><b>2. Underpinning research</b>          The underpinning research comprised findings, insights and expertise derived from six externally funded projects, undertaken between 2007 and 2012. These investigated the rationale, design, implementation and impacts of contracted out welfare to work programmes in the countries at the forefront of such reforms – Australia, the Netherlands, the USA and the UK.</p> <p>The individual research projects were undertaken solely by Professor Finn whilst employed at the University of Portsmouth. They each comprised reviews of documentary evidence, findings from formal evaluations, investigations by scrutiny bodies and other ‘grey’ literature, and were completed within 12 to 26 weeks from commencement. Cumulatively they included two two-week case study visits each in Australia (2008, 2011), the Netherlands (2008, 2009) and in the USA (2007, 2010). Each study visit involved qualitative fieldwork comprising extensive site visits and interviews with stakeholders, advocacy organisations, service providers, and researchers. The studies resulted in the collection and analysis of a unique body of research materials supplemented by interviews with and unpublished documentation provided by high-level policy makers and peer researchers.</p> <p>The research findings have been published in eight public reports, two peer reviewed journal articles and two book chapters. In addition to peer reviewed articles the research reports were each subject to quality assurance processes that involved detailed review by expert readers and policy analysts. In the case of the grant awarded by the Joseph Rowntree Foundation (JRF) this included pre-publication review by three leading social policy academics, including Professor Julian Le Grand, the primary social policy expert on quasi-market analysis. Findings from Finn’s studies are now frequently cited in the growing academic literature on welfare to work quasi-markets.</p> <p>The studies identified and critically evaluated emergent policy and design ‘lessons’ from the experience of successive tendering rounds in the different countries and their implications for the design, regulation and efficiency of the British system. Each research project had particular objectives but shared key themes central to the design of payment by results contracting systems and the concerns of policy makers, providers and service users. The studies critically assessed how policy makers and programme designers sought to minimise the risks of ‘creaming’, ‘parking’, ‘gaming’ and ‘fraud’, commonly associated with such systems. The findings showed how the development and management of welfare quasi markets comprised novel, complex and demanding tasks for managers and administrators, and gave insights into how best to prepare them for such challenges. The studies gave detailed information also on the varied ways in which policy makers may steer their systems and capture the efficiencies and innovation offered by independent contractors, including the safeguards needed to ensure third sector providers are not displaced by larger for-profit companies.</p> <p>The research findings assessed and gave policy makers and user groups insights into how different contracting models shaped the experience of participants and employers, including the types of services offered by providers, the placement strategies they adopted, how service users were treated, and how benefit sanctions were designed and implemented. Despite early reluctance they helped persuade UK policy makers of the importance of contracting agencies independently</p>

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monitoring participant experience and ensuring robust systems to respond to complaints of unfair treatment and poor service delivery.

**3. References to the research**

Finn D. (2007) *Contracting Out Welfare to Work in the USA: Delivery Lessons*, Research Report No. 466, pp 1-34, Department for Work and Pensions, London, ISBN 978 1 84712 288 9, at <http://webarchive.nationalarchives.gov.uk/20130314010347/http://research.dwp.gov.uk/asd/asd5/ports2007-2008/rrep466.pdf>

Finn D. (2008) *'Welfare Markets': lessons from contracting out the delivery of welfare to work programmes in Australia and the Netherlands*, pp 1-59, Joseph Rowntree Foundation, York, ISBN: 978-1-85935-678-4 (pdf), at <http://www.jrf.org.uk/bookshop/eBooks/2306-welfare-unemployment-services.pdf> REF2 output: 22- DF-001

Finn D. (2010) 'Outsourcing Employment Programmes: Contract Design and Differential Prices', *European Journal of Social Security*, Vol. 12 No. 4, pp 289-302, Intersentia, Kluwer Press, ISSN: 1388-2627. Available on request.

Finn D. (2011) *Job Services Australia: design and implementation lessons for the British context*, pp 1-49, Research Report No 752, Department for Work and Pensions, London, ISBN 978 1 84712 986 4, at <https://www.gov.uk/government/publications/job-services-australia-rr752>

Finn D. (2012) *The design of the Work Programme in international context*, National Audit Office, London, at [http://www.nao.org.uk/publications/1012/dwp\\_work\\_programme.aspx](http://www.nao.org.uk/publications/1012/dwp_work_programme.aspx)

Finn D. (2012) *Subcontracting in Public Employment Services: the design and delivery of 'outcome based' and 'black box' contracts*, The European Commission Mutual Learning Programme for Public Employment Services, GHK Limited / Budapest Institute, DG Employment, Social Affairs and Inclusion, Brussels, [available here](#)

**4. Details of the impact**

The primary impacts of the case study research have been to highlight and improve safeguards for service users; enhance understanding of the issues influencing the delivery of contracted out welfare to work programmes; and improve the quality and range of the comparative evidence base available for policy making, programme design and service delivery. Direct impacts have been secured through publication and dissemination of research reports, articles and blogs in which Finn has translated his comparative knowledge and expertise into findings directly relevant to policy design and implementation. The impact has been further secured through a sustained programme of public engagement including formal presentations to and dialogue with senior policy makers, practitioners, advocacy organisations and user groups. This activity has been facilitated by the University of Portsmouth and often undertaken in collaboration with the independent and non-profit Centre for Economic and Social Inclusion (*Inclusion*).

Two of the research studies were specifically commissioned to inform UK policy development. The 2007 DWP study on 'Contracting Out Welfare to Work in the USA' informed and was published alongside the consultative draft of the Department's 'Commissioning Strategy', finalised in 2008. The 2011 DWP study of 'Job Services Australia' was commissioned to inform the design of the Work Programme, with Professor Finn delivering presentations on emerging findings to the civil service teams responsible for designing the programme. Not all recommendations were acted on but the report findings ensured policy makers fully considered the implications for service user safeguards including the subsequent decision to require Work Programme prime contractors to put minimum service standards in place. Professor Finn is currently also a member of a consortium of research organisations commissioned to evaluate the Work Programme for DWP and is responsible for ensuring the evaluation is informed by the latest comparative research evidence.

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Several of the research studies enhanced public scrutiny. The 2008 JRF-sponsored report on 'Lessons from contracting out welfare to work programmes in Australia and the Netherlands' focused on the experiences of and safeguards for service users. The 2012 NAO report on 'The design of the Work Programme in international context' informed their first scrutiny report on the new programme, was published alongside it, and was then drawn on in the lines of questioning pursued by the Public Accounts Committee (to which Professor Finn gave oral evidence).

Professor Finn was also a Special Adviser to two inquiries undertaken by the House of Commons Work and Pensions Committee into 'DWP's Commissioning Strategy' (2009) and the 'Management and administration of contracted employment programmes' (2010). His advice to the Committee on the terms of reference of each inquiry and detailed guidance on the lines of questioning pursued and recommendations made drew directly on his UK and comparative research findings, as did his subsequent oral evidence to the Committee's 2012 inquiry into the 'Introduction of the Work Programme'.

Professor Finn's collaboration with *Inclusion* ([www.cesi.org.uk](http://www.cesi.org.uk)) facilitated the impact of his research output and allowed the quick dissemination of findings through their networking activities and extensive internet based services. Professor Finn has given presentations on his research at each of *Inclusion's* annual 'Welfare to Work Conventions' between 2005 and 2012 and in the run up to DWP's Commissioning Strategy he led discussions on user safeguards and services at four *Inclusion* brokered confidential 'Chatham House' workshops with officials and senior managers of employment service providers.

Professor Finn has presented his research output and made recommendations to successive British Work and Pensions Ministers and Shadow Ministers with mixed results, albeit several findings directly influenced subsequent policy, as around service user safeguards. He has in particular improved knowledge of the design and findings from comparative contracting systems through the delivery of presentations at many conferences and seminars attended by senior policy makers and practitioners in both the UK and in other countries. This has included key-note presentations to Ministers, policy makers and the national conferences of employment services providers in Australia, the Netherlands and the USA.

From 2009 the geographical remit of the impact of his research has extended further, as evidenced through presentations on 'making markets in welfare programmes' to senior policy makers in Ireland and Sweden and to Ministers and officials from a wide range of 'middle income' developing countries at events organised by the World Bank and the Inter-American Development Bank (including for example, Ministers from Turkey, Slovakia, and Mexico). He has also produced two 'analytical reports' for the European Commission's 'Mutual Learning Programme for Public Employment Services' that further developed the comparative evidence base on contracting practices. Main findings from both studies were presented at conferences in Brussels each attended by some 200 EU policy makers and representatives from employment services providers.

**5. Sources to corroborate the impact*****Individuals***

1. ***Chair of the Work and Pensions Select Committee from 2005 to 2010*** – can corroborate the impact of the research findings in helping shape the approach and findings of two Select Committee inquiries into DWP commissioning and contracting practices.
2. ***Delivery Director, Department for Work and Pensions from 2007 to 2012*** - can corroborate the impact of the research findings on the Departments 2008 Commissioning Strategy and subsequent influence on the design of the Work Programme.
3. ***Chief Executive Officer, Centre for Economic and Social Inclusion***, can corroborate the collaborative research undertaken, the rapid dissemination of findings through their networks with officials, providers and advocacy organisations, and the impact on policy debate and design.
4. ***Chief Executive Officer, Jobs Australia***, can corroborate the impact of the body of work with

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officials, providers and advocacy organisations in Australia, including key note presentations at several of his organisations annual conferences, which bring together up to 800 representatives from government agencies, non-profit providers and advocacy organisations.

**5. Senior Fellow at the Institute for Government and at The King's Fund, and until 2011 Public Policy Editor of the Financial Times** – can corroborate the impact of the research findings in informing media coverage of the issues.

**Formal evidence sessions and media coverage**

1. Formal evidence given to the House of Commons Public Accounts Committee on its inquiry into the 'Introduction of the Work Programme', 8 February 2012, at <http://www.parliamentlive.tv/Main/Player.aspx?meetingId=10079> (evidence from Professor Finn between 29 mins and 53 mins) and to the House of Commons Work and Pensions Committee on its inquiry into the 'Work Programme', 12 January 2011, at <http://www.parliamentlive.tv/Main/Player.aspx?meetingId=7385>. Testimony discusses and draws on comparative research findings about safeguards for service users and risks of payment by results contract models.

2. Podcast of panel discussion on *Learning from History: Markets in Welfare* (20 February 2012), with James Purnell, previously Secretary of State for Work and Pensions; Leigh Lewis, previously Permanent Secretary, Department of Work and Pensions; and Kirsty McHugh, CEO of the Employment Related Services Association. Professor Finn's contribution draws on the findings from the body of work outlined in this case study. Organised by the Institute for Government as part of its programme of work on 'Choice and competition in public services', at <http://www.instituteforgovernment.org.uk/events/learning-history-markets-welfare>

3. Feature article by Nick Timmins for the *Financial Times* (28 February 2008) that drew heavily on the case study findings and cites the research in 'The jobless multinationals: How welfare-to-work schemes are becoming a globalised business', at (requires free subscription password) <http://www.ft.com/cms/s/0/ee1a452c-e59e-11dc-9334-0000779fd2ac.html#axzz25W2wWlna>

4. Interviews for BBC Radio 4 *The Report* on the Work Programme, 15 September, 2011; for Radio 4 *Analysis* on impacts on voluntary sector, 14 October, 2013; and for 'FE News' on international developments in employment and skills systems, corroborating media impact of findings [http://www.bbc.co.uk/iplayer/episode/b014ggh3/The\\_Report\\_The\\_Work\\_Programme/](http://www.bbc.co.uk/iplayer/episode/b014ggh3/The_Report_The_Work_Programme/); <http://www.bbc.co.uk/programmes/b03cmnzs>; and <http://www.fenews.co.uk/welfare-to-work-2012/international-developments-in-employability>

5. UK blogs drawing on comparative research findings to inform debate on the impact of the Work Programme respectively on the third sector and the delivery of contracted employment services: 'Get with the programme', *Public Finance Blog*, 23 April, at <http://opinion.publicfinance.co.uk/2012/04/get-with-the-programme/>, and 'The Department of Work and Pensions must reappraise the proposed costs and efficiencies of their flagship Work Programme before they introduce flawed solutions', *British Politics and Policy at LSE*, LSE Public Policy Group, 15 February 2012, at <http://blogs.lse.ac.uk/politicsandpolicy/2012/02/15/work-programme-flawed-solutions>