

# Temporary jobs through the Work Programme

Why social housing providers  
should consider negotiating  
with Work Programme prime  
contractors to provide  
temporary jobs for young  
people

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# Introduction

Social housing providers in the UK play an increasingly valuable role in tackling social deprivation, poverty and worklessness among their residents and within their communities. In recent years, many have engaged with a variety of initiatives aimed at tackling unemployment, in particular the Department for Work and Pensions' (DWP) Future Jobs Fund job-creation scheme for young people. Following the abolition of the Future Jobs Fund in 2010, a number of housing associations were motivated to continue to provide temporary, paid jobs to young unemployed people and residents of their communities. It was with this goal that 20 social housing providers joined forces in March 2011 to create the 'Give Us A Chance' consortium.

In partnership with the Centre for Economic & Social Inclusion (*Inclusion*), the Give Us A Chance consortium has developed a model for delivering temporary 'proving talent' jobs in partnership with contractors on the DWP's flagship welfare to work initiative, the Work Programme. This report summarises the temporary jobs model, and provides further detail on the financial commitment required of housing associations in order to make 'proving talent' jobs a reality.

## Temporary jobs – summary

Temporary 'proving talent' jobs involve social housing providers creating temporary waged jobs within their organisations, with recruitment open exclusively to Work Programme customers, and the **wage costs shared between the housing provider and the Work Programme Prime contractor**.

'Proving talent' jobs of this nature are an attractive proposition to social housing providers because they:

- Enable recruitment of temporary employees at **much-reduced costs**;
- Allow housing associations to continue to provide the kind of **community benefit** outputs generated under the Future Jobs Fund; and,
- Ensure that housing associations **provide opportunities to the people who need them most** – the long-term unemployed.

The attractiveness of this approach to Work Programme contractors rests on the fact that temporary jobs increase job sustainment,<sup>1</sup> which is the basis upon which Work Programme contractors are paid by DWP. It is possible to project the average income that Work Programme contractors would receive when their customers are placed in temporary jobs of varying types. The basic proposition from housing associations to Work Programme contractors is that a portion of a Work Programme contractor's income is used to support the temporary job, with the balance made up by the housing provider.

To provide an example of how this might be financed, if a young person was recruited to a six month temporary job within a housing association, the housing association would need to cover between £1,000 and £1,500 of the wage costs to 'top-up' the contribution made by the Work Programme contractor. In-depth information on the financial commitment housing associations would need to make in order to create temporary 'proving talent' jobs is provided in the following section.

A partnership between a social housing provider and a Work Programme contractor would work as follows:

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<sup>1</sup> Evidence for this claim comes from *Inclusion's* Future Jobs Fund Evaluation and from various evaluations conducted by the National Transitional Jobs Network in the USA: [Fishwick, Lane and Gardiner \(2011\) Future Jobs Fund: An independent national evaluation. Centre for Economic & Social Inclusion; National Transitional Jobs Network website.](#)

- The social housing provider offers 'proving talent' job vacancies to the Work Programme contractor's customers;
- The Work Programme contractor contributes a share of the wage costs directly to the housing association, with the share depending on the customer group and the job characteristics;
- The social housing provider offers in-work support and training, minimising the Work Programme contractor's support costs, with the housing provider benefiting in return from the output of the temporary workers; and,
- Either or both of the housing provider and the Work Programme contractor support job-search near the end of the 'proving talent' job to maximise the chance of sustained employment (and therefore continued income to the Work Programme contractor).

'Proving talent' jobs will come about through negotiation between housing associations and local Work Programme contractors. Different Work Programme contractors will have different attitudes to this approach and will be interested in different deals. It is more likely that Work Programme contractors will be interested when more disadvantaged clients are recruited and when jobs are targeted in areas with low levels of existing vacancies.

# Temporary jobs – financing options

Financing arrangements for temporary ‘proving talent’ jobs through a partnership between a housing association and a Work Programme contractor depend upon:

- The **wage, hours and length** of the job;
- The Work Programme **customer group** of the employee, the **year** of the Work Programme contract and the **pricing discounts** the Work Programme contractor has offered to DWP;
- **Assumptions about how likely employees are to complete their temporary jobs and to find and sustain further jobs** in the open labour market; and,
- The **share of their projected income that Work Programme contractors are willing to put towards job costs.**

What follows is a worked-through example of how much a housing association would need to contribute to the cost of a range of temporary jobs in order to ‘top-up’ a Work Programme contractor’s contribution. The following assumptions have been applied within this example:

- Jobs are paid at 25 hours per week at the National Minimum Wage for the age group;
- Jobs are created in the first year of the Work Programme and Work Programme contractors have not offered pricing discounts to DWP;
- Temporary job completion, job outcomes and job sustainment assumptions are based on the findings of *Inclusion’s* Future Jobs Fund Evaluation;<sup>2</sup> and,
- Work Programme contractors put either 70%, 80% or 90% of their projected income per customer towards job costs (entailing a ‘contractor fee’ of 30%, 20% and 10% respectively).

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<sup>2</sup> [Fishwick, Lane and Gardiner \(2011\) Future Jobs Fund: An independent national evaluation. Centre for Economic & Social Inclusion](#)

All of these assumptions can be varied within the *Give Us A Chance Temporary Job Financing Toolkit*.

On the basis of these assumptions, projected Work Programme contractor income and temporary job costs can be calculated. This has been completed for the largest three Work Programme customer groups, although temporary jobs are likely to be an appropriate intervention for all groups.

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**Table 1: Projected Work Programme contractor income per customer when customers are placed in temporary jobs**

Work Programme customer group	3 month job	6 month job	8 month job
<b>JSA 18-24</b> (18-24 year old JSA claimants who have been claiming benefits for at least nine months)	£1,205	£2,239	£2,513
<b>JSA 25+</b> (JSA claimants aged 25 and over who have been claiming benefits for at least 12 months)	£1,096	£2,178	£2,505
<b>ESA Flow</b> (New ESA claimants who are required to undertake work related activity and are expected to be fit for work in three months)	£2,098	£2,883	£3,043

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**Table 2: Temporary job costs (wage costs plus employer National Insurance contributions)**

	3 month job	6 month job	8 month job
18-20 year old	£1,589	£3,069	£3,946
Adult	£1,979	£3,822	£4,914

The following table compares jobs costs and projected Work Programme contractor income, in order to demonstrate the financial commitment required of housing associations in order to create a temporary job. The table has been colour-coded on a traffic light scale, with green representing the least costly, and therefore potentially most attractive, options for housing associations.

**Table 3: Cost to housing association of creating a temporary job**

<i>Work Programme contractor contribution to job costs</i>		Work Programme customer group			
		JSA 18-24 (those aged 18 to 20)	JSA 18-24 (those aged 21 to 24)	JSA 25+	ESA Flow
90% of their projected income	3 month job	£504	£894	£992	£91
	6 month job	£1,054	£1,807	£1,862	£1,227
	8 month job	£1,685	£2,653	£2,660	£2,176
80% of their projected income	3 month job	£625	£1,015	£1,102	£301
	6 month job	£1,278	£2,031	£2,080	£1,516
	8 month job	£1,936	£2,904	£2,910	£2,480
70% of their projected income	3 month job	£745	£1,135	£1,211	£510
	6 month job	£1,502	£2,255	£2,298	£1,804
	8 month job	£2,187	£3,156	£3,161	£2,785

In most cases, it will be beneficial to both housing associations and Work Programme contractors for temporary jobs to be created at scale, rather than singularly. Costs for any number of temporary jobs can be obtained within the *Give Us A Chance Temporary Jobs Financing Toolkit*.

It is clear from the above that temporary jobs lasting longer periods of time tend to be more costly for housing associations; however, these cost implications should be balanced against the advantages of having temporary employees in post for longer. In order to assess the options from a slightly different perspective, the following table shows the *proportion* of temporary job costs covered by a housing association under the above arrangements. Again, it has been colour-coded on a traffic light scale, this time with green representing the situations in which housing associations finance the lowest share of the overall job costs.

**Table 4: Proportion of temporary job costs financed by housing association**

<i>Work Programme contractor contribution to job costs</i>		Work Programme customer group			
		JSA 18-24 (those aged 18 to 20)	JSA 18-24 (those aged 21 to 24)	JSA 25+	ESA Flow
90% of their projected income	3 month job	32%	45%	50%	5%
	6 month job	34%	47%	49%	32%
	8 month job	43%	54%	54%	44%
80% of their projected income	3 month job	39%	51%	56%	15%
	6 month job	42%	53%	54%	40%
	8 month job	49%	59%	59%	50%
70% of their projected income	3 month job	47%	57%	61%	26%
	6 month job	49%	59%	60%	47%
	8 month job	55%	64%	64%	57%

To work through an example, a housing association might decide to create six month temporary jobs for 18-20 year olds in the JSA 18-24 customer group. Through negotiation between that housing association and a local Work Programme contractor, the contractor agrees to contribute 70% of their projected income to the job costs. The housing association therefore pays 49% (see table 4) of the costs per job created – £1,502 (see table 3) – with the Work Programme contractor’s contribution covering the other 51%.