

Temporary jobs through the Work Programme

Why Work Programme prime
contractors should consider
working with housing
associations to create
temporary jobs for young
people

September 2011



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. With longer contracts and more freedom to deliver back-to-work support as they see fit than ever before, Work Programme contractors will need to find new ways to move people into jobs in order to be successful. Creating temporary 'proving talent' jobs in partnership with housing associations represents an innovative approach to Work Programme delivery that has the potential to maximise income for Work Programme contractors and outcomes for their customers.

This report summarises the temporary jobs model, and provides further detail on the financial commitment required of Work Programme contractors 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**. The attractiveness of this approach to Work Programme contractors rests on the fact that:

- Temporary jobs are effective in producing subsequent job outcomes in the open labour market; and,
- Temporary jobs **boost job sustainment** among those recruited.¹

Because these temporary jobs are waged, Work Programme contractors will receive outcome and sustainment payments while their customers are employed in the temporary job and subsequent employment. Therefore, **by placing their customers in temporary waged jobs, Work Programme contractors can maximise their income**.

Using the findings from its national evaluation of the Future Jobs Fund² and its Work Programme financing model, *Inclusion* has estimated the average income that Work Programme contractors would receive when their customers are placed in temporary jobs of varying types. Projected income tends to be over £1,000 more than the average that DWP expects to pay per customer. **The basic proposition from housing associations to Work Programme contractors is that a portion of the Work Programme contractor's income is used to support the temporary job, with the balance made up by the housing provider**. For example, if a young person on the Work Programme was recruited to a six month temporary job within a housing association, a Work Programme contractor could contribute around half (£1,567) of the wage costs and still retain 30% of the total payment it will receive from DWP, according to *Inclusion's* projections. For the most disadvantaged groups on the Work Programme these arrangements can become even more attractive. In-depth information on the financial commitment Work

¹ Evidence for this 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.](#)

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

Programme contractors might 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:

- 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).

There is even the potential that Work Programme contractors share their risk by offering some funding to housing associations on the basis of job outcomes achieved in the open labour market after the temporary job has ended. These and other specifics can be agreed upon through negotiation between housing associations and local Work Programme contractors.

In summary, 'proving talent' jobs represent an innovative way for Work Programme contractors to maximise their own income and the outcomes they achieve for their customers. This option is likely to be particularly attractive for the customer groups that are proving hardest to support, and 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 customers 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 Work Programme contractor might contribute to the cost of a range of temporary jobs, with the balance to be ‘topped-up’ by a housing association. 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; and,
- Temporary job completion, job outcomes and job sustainment assumptions are based on the findings of *Inclusion’s* Future Jobs Fund Evaluation.³

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

³ [Fishwick, Lane and Gardiner \(2011\) Future Jobs Fund: An independent national evaluation. Centre for Economic & Social Inclusion](#)

three Work Programme customer groups, although temporary jobs are likely to be an appropriate intervention for all groups.

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
JSA 18-24	£1,205	£2,239	£2,513
JSA 25+	£1,096	£2,178	£2,505
ESA Flow	£2,098	£2,883	£3,043

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. The table has been colour-coded on a traffic light scale, with green representing the options where Work Programme contractor income covers a high proportion of jobs costs. It is these scenarios that are likely to be most attractive to both Work Programme contractors and housing associations, as contractors will be able to contribute a substantial share of the temporary job costs and still retain a large chunk of their projected income.

Table 3: Projected Work Programme contractor income as a proportion of temporary job costs

	Work Programme customer group			
	JSA 18-24 (those aged 18 to 20)	JSA 18-24 (those aged 21 to 24)	JSA 25+	ESA Flow
3 month job	76%	61%	55%	106%
6 month job	73%	59%	57%	75%
8 month job	64%	51%	51%	62%

The following sets out the potential financial implications of creating these temporary jobs for Work Programme contractors. As an example, table 4 shows financing arrangements for temporary jobs based on the contractor contributing 70% of projected income (and therefore retaining 30% of the projected income shown in table 1). The proportion of projected income that a Work Programme

contractor is willing to contribute to job costs is likely to vary according to customer characteristics, job characteristics and local labour market conditions. This proportion can be varied in the *Give Us A Chance Temporary Job Financing Toolkit*.

Table 4: Financing temporary jobs by a Work Programme contractor contributing 70% of their projected income

		Work Programme customer group			
		JSA 18-24 (those aged 18 to 20)	JSA 18-24 (those aged 21 to 24)	JSA 25+	ESA Flow
3 month job	WP contractor's contribution to job costs	£843	£843	£767	£1,468
	Projected income retained by WP contractor	£361	£361	£329	£629
	Proportion of job costs covered by WP contractor	53%	43%	39%	74%
6 month job	WP contractor's contribution to job costs	£1,567	£1,567	£1,524	£2,018
	Projected income retained by WP contractor	£672	£672	£653	£865
	Proportion of job costs covered by WP contractor	51%	41%	40%	53%
8 month job	WP contractor's contribution to job costs	£1,759	£1,759	£1,754	£2,130
	Projected income retained by WP contractor	£754	£754	£752	£913
	Proportion of job costs covered by WP contractor	45%	36%	36%	43%

To follow through an example of how negotiations between a Work Programme contractor and a housing association might proceed: a Work Programme contractor might, on the basis of table 3, decide it wants to create a three month job for an ESA Flow customer. The contractor decides to contribute 70% of its projected income to job costs, equal to £1,468 (see table 4). The Work Programme contractor partners with a housing association that tops up the balance of the job costs and agrees to provide in-work support, training and job-search assistance to the customer, thereby minimising the Work Programme contractor's costs of provision. Within this arrangement, the Work Programme contractor retains £629 of its projected income, as shown in table 4.

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*.