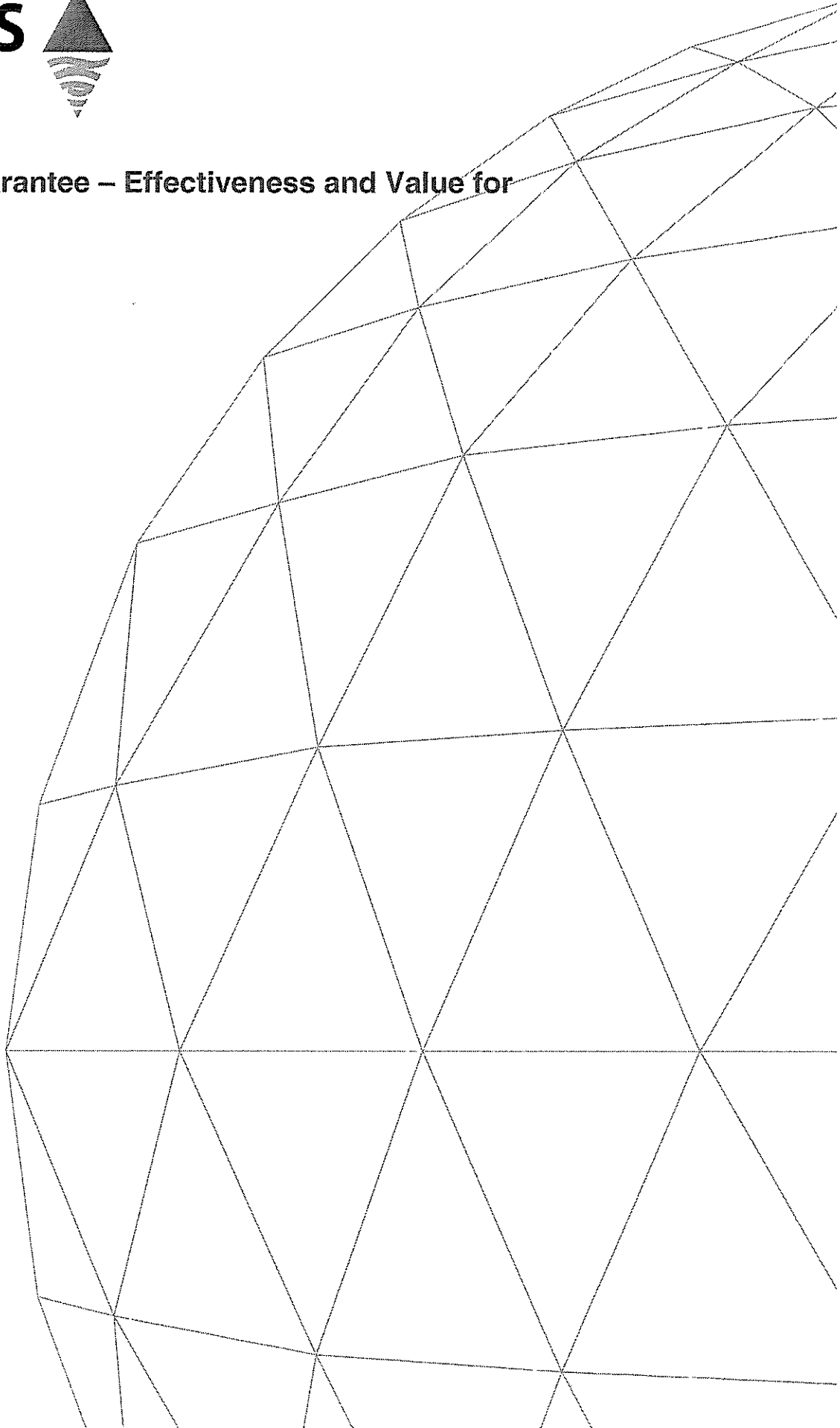




Haringey Guarantee – Effectiveness and Value for Money



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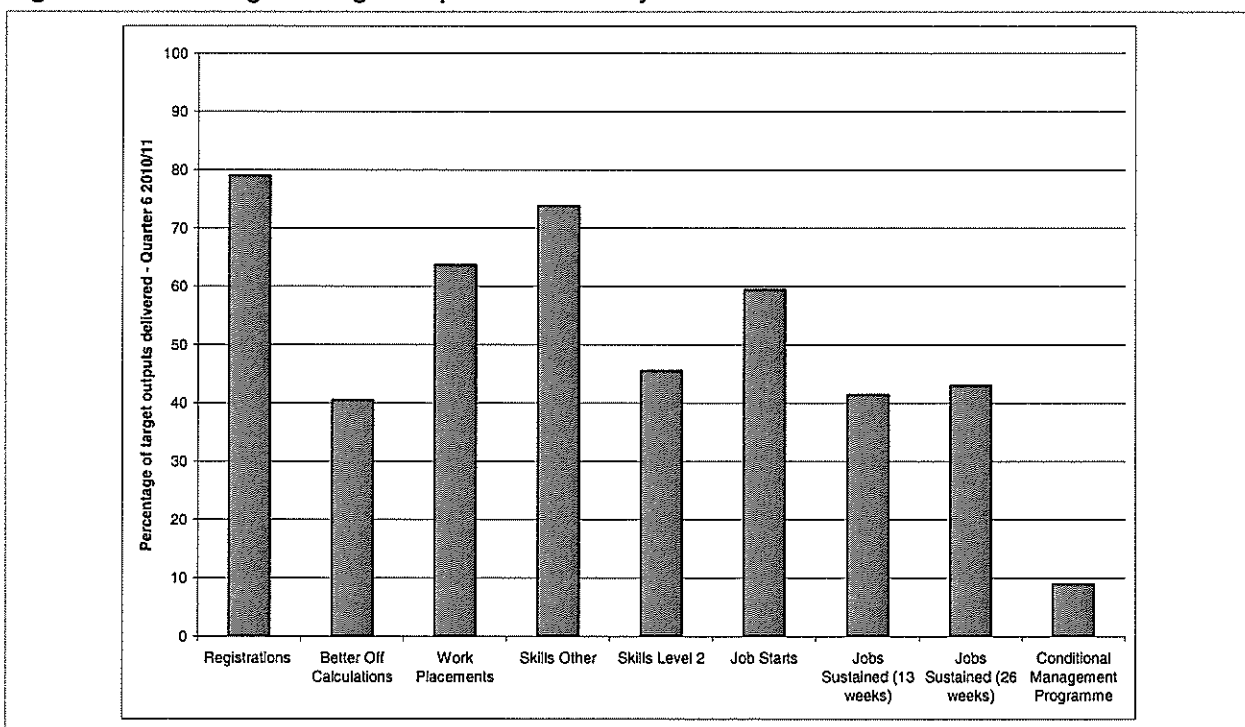
1.0 Haringey Guarantee: Scrutiny Panel Paper

1.1 Effectiveness of the Haringey Guarantee

1.1.1 Delivering outputs

The chart below shows the progress made by the Haringey Guarantee in delivering outputs by the end of Quarter 2 2010/11. Around 80 percent of overall participation targets (for the duration of the programme), and 60 percent of the target for job starts were delivered by the end of quarter 2 2010/11 with two quarters for delivery remaining. Full figures for quarter 3 are not available yet, although there are early indications that substantial further progress was made.

Figure 1.1 Percentage of Target Outputs Delivered By the End of Quarter 2 2010/11



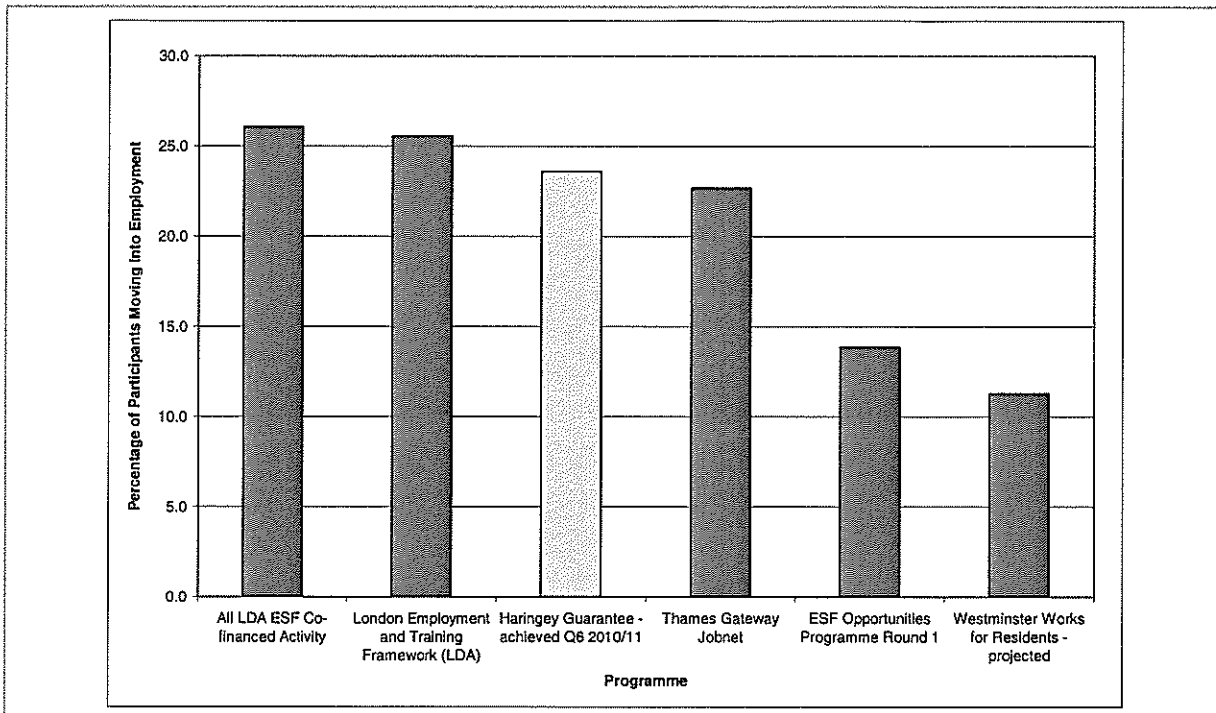
Source: GLE

1.1.2 Effectiveness in moving participants into employment

By quarter 6 2010/11, the Haringey Guarantee had moved some 24 percent of participants into employment. Comparisons against programmes suggest that the support provided is effective in moving people into employment, with this ratio at the upper end of the range established for other programmes.

68 percent of those obtaining employment have sustained employment for 13 weeks (to date). Monitoring evidence for other programmes has not tended to collect evidence on sustained employment outcomes, although evidence for the Thames Gateway Jobnet project suggested that 55 percent of those entering employment sustained employment for 13 weeks. This suggests that the Haringey Guarantee has also been effective in supporting sustained employment outcomes although the evidence is limited in this area.

Figure 1.2 Percentage of Participants Moving Into Employment



Source: Programme Evaluation Reports, Various

1.2 Value for money

This section provides a brief outline of the value for money secured by the programme, comparing unit costs for key outputs and outcomes against those delivered by comparator programmes. The Haringey Guarantee has been delivered utilising a payment-by-outputs format of contract, so the financial exposure of the Council to non-delivery has been limited to some extent, and this should be acknowledged in the figures below (i.e. some providers may have incurred delivery costs over and above the payments received through the Haringey Guarantee). The figures below exclude spending by Families Into Work, and the youth projects funded.

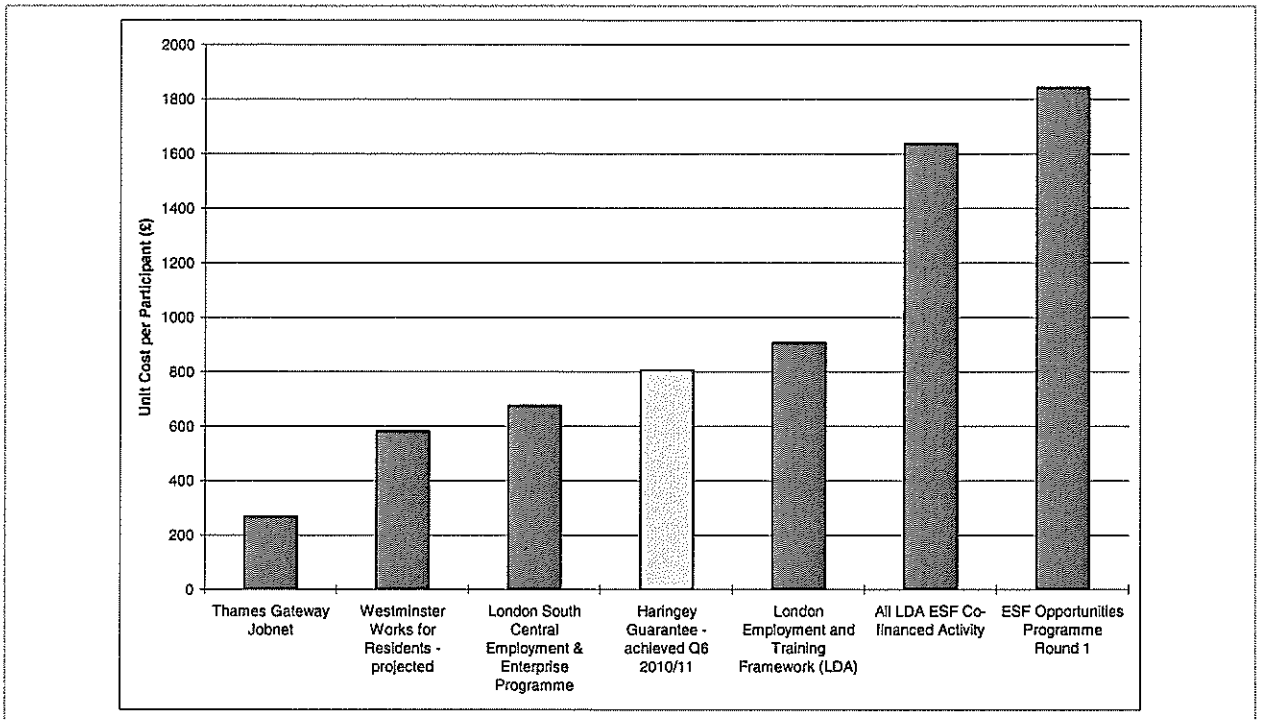
1.2.1 Cost per participant

The unit cost per Haringey Guarantee participant was just over £800 (this has been estimated by excluding the costs and outputs of youth projects funded through programme, and Families Into Work). This includes the cost of all employment support, IAG, and training provided. As the chart below shows, amongst programmes delivered via London boroughs (Thames Gateway Jobnet, Westminster Works for Residents, and the London South Central Employment and Enterprise Programme), unit costs of delivery are relatively high. ESF programmes have proven considerably more expensive to deliver, with unit costs exceeding £1,500 per participant – this also applied to the Haringey Guarantee ESF extension with a cost per starter of £1,040.

These variations are likely due to the intensity of support provided (for example, Thames Gateway Jobnet provided light touch support and referrals to rather than provision of training). However, many of the programmes delivering these outputs were contracted to deliver the LDA output 'employment support' (2 hours

of IAG) rather than to move individuals into work, which may have encouraged programmes to target engagement rather than employment outcomes. The Haringey Guarantee encourages providers to target employment outcomes, which may have resulted in a more intensive service provided to participants.

Figure 1.3 Unit Cost Per Participant

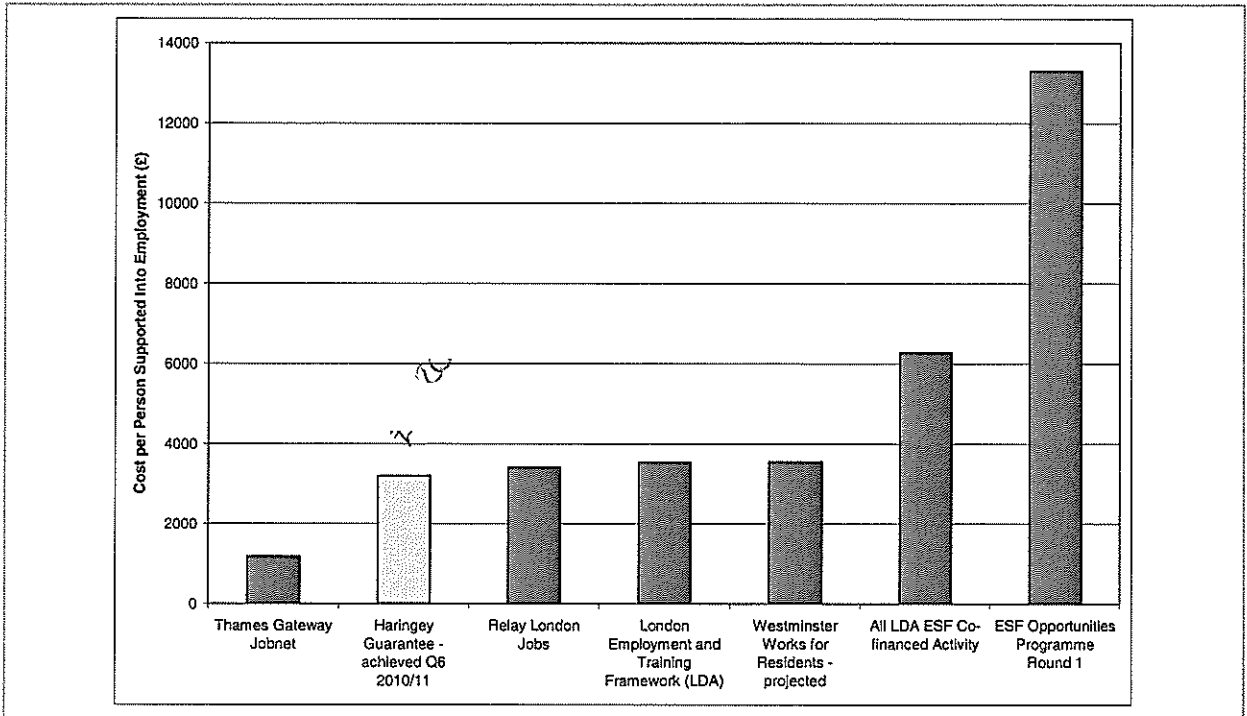


Source: Programme Evaluation Reports, Various

1.2.2 Cost per entry to employment outcome

However, although the costs of supporting participants were higher than comparable programmes, the unit cost per employment outcome was among the lowest amongst the sample of projects and programmes available (at around £3,200). As the Haringey Guarantee tended to be amongst the more effective programmes in supported individuals into employment, this resulted in lower unit costs for entry to employment outcomes.

Figure 1.4 Unit Cost Per Person Supported Into Employment



Source: Programme Evaluation Report, Various

1.2.3 Sustained employment outcomes

The programmes for which Ecorys has detailed monitoring evidence did not monitor sustained employment outcomes, and insufficient time has elapsed to allow the Haringey Guarantee to fully claim outputs sustained after 13 and 26 weeks, making it difficult to make judgements with respect to VFM.

During 2009/10 and 2010/11, the LDA began contracting on the basis of a unit cost of £5,000 for an employment outcome sustained for 12 months. If expenditure and outputs are delivered in line with targets, the Haringey Guarantee will support 200 individuals into employment sustained for 6 months at a unit cost of £6,484 (again, this excludes any expenditure associated with the projects delivered by Northumberland Park School, the Windsor Fellowship, and Families into Work), suggesting that unit costs will be higher than anticipated by the LDA. However, the North London Pledge 2 programme was contracted with the LDA on the basis of a unit cost of £5,000 for each individual supported into employment for 6 months.

Ecorys are currently evaluating an LDA initiative contracted on the basis of £5,000 per employment outcome sustained for 12 months - CAP09 – and such unit costs for have not proved attainable, at least for a programme focused on supporting low-income parents into employment.

1.2.4 Time taken to support an individual into work

On the basis of MegaNexus data taken in July 2010, on average, participants entered employment 114 days after initial registration to enter employment. No comparator data was available to assess the effectiveness of the Guarantee in this respect.

1.3 Alignment with the Work Programme

1.3.1 Overall objectives

The objectives of the Haringey Guarantee are broadly in line with those of the Work Programme – i.e. to support individuals into work. However, the Haringey Guarantee has a broader range of objectives, for example, to support the reductions in the number of young people NEET. These broader objectives will be less relevant to the Work Programme, and a narrower focus will be required.

1.3.2 Opportunities for the Haringey Guarantee

The Work Programme will operate on a 'black-box' delivery model allowing prime contractors to subcontract to providers that can deliver the ultimate objective of supporting individuals into work. This creates opportunities for the Haringey Guarantee – the evidence suggests the programme is effective in supporting individuals into work, and helping them sustain employment, that will likely make the programme attractive to prime contractors.

1.3.3 Provider Risk and Competition

The payment model introduces substantial risks to prime contractors. The payment model is staggered such that attachment fees (£400-£600 in year 1) that are paid when a participant enters the Work Programme, fall in each subsequent year to 0 percent of the contract value in year 4/5. Job outcomes are paid after a period of time (13 to 26 weeks) the participant has sustained employment, with further payments each additional 4 weeks that outcome is sustained. Sustained outcome payments represent the greatest share of the overall contract value, with incentive payments (paid when employment outcomes exceed expectations by 30 percent) taking on increased importance over time.

This model is a departure from that used by the Haringey Guarantee. Although the Haringey Guarantee was procured on the basis of a payment-by-results format of contract, what is notable about the Work Programme is that no payments are made for intermediate activity, such as Better-Off Calculations or Work Placements. If the prime contractors pass on the payment model to subcontractors, providers will need to take on substantially greater levels of risk. Given the average time taken to support an individual into employment of 114 days (almost 4 months), this implies a long period in which no outcomes based funding would be received (i.e. from 7 to 10 months).

From the perspective of the prime contractors, this feature implies that only those approaches that have been proven to be effective in delivering employment outcomes will be attractive. While the Haringey Guarantee has proven effective in delivering employment outcomes, there is variation across projects, and the programme has been used to trial new and innovative approaches that have not all proved successful. The Haringey Guarantee will have the most to offer where it can maximise employment outcomes while minimising costs and risks, rather trialling innovative approaches.

The tables below show the performance of providers against a range of indicators for Haringey Guarantee projects. Focusing only on the best performing projects may be the most appropriate approach in light of the financial risks introduced by the Work Programme. Note that the table does not cover all Haringey Guarantee providers, only those that have claimed employment outputs.

Table 1.1 Project Level Performance

Project	% supported into employment	Days between registration and job starts	Job starts	Spend	Unit Cost
Family Mosaic	20	84	49	31,443	642
Positive Employment	35	167	62	88,349	1,425
Working Links	26	59	106	279,944	2,641
Working for Health	23	95	27	113,631	4,209
NLPC	28	125	33	139,344	4,223
2XL	9	183	20	87,624	4,381
Fashion Enter	12	306	7	60,000	8,571