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Department for Work and Pensions
The Adelphi
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Date: 20 March 2007

Wingham Rowan
Project Director
Slivers of Time Working
Unit 3, 375 Stratford High Street
LONDON
E15 4QZ

Our Ref: Fol 95

Dear Mr Rowan

I am writing to confirm that I am now in a position to reply to your request for information about Slivers of Time which you requested under the Freedom of Information Act on the 20th February 2007.

I am unable to provide a copy of the report you requested as such a report does not exist. However, I have enclosed a copy of the recommendations and background analysis contained in the submission that was sent to Ministers at the time.

If you are not satisfied with my handling of your request please tell me why. I will then arrange for an internal review of your request and my actions. The review will be conducted by another officer of a more senior grade to myself who took no part in my original decision. The reviewing officer will advise you of his decision in writing.

If you are still not satisfied after we have looked at your request again, you can then ask the Information Commissioner to look into the way your request has been handled. The Commissioner is an independent officer who is appointed by Her Majesty the Queen and reports directly to Parliament. The Commissioner can see all the papers about your request and decide whether my decision is fair and meets the requirements of the Freedom of Information Act.

The Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Helpline
Telephone: 01625 545 745
Fax: 01625 545 510
email: mail@ico.gsi.gov.uk



Yours

Sharon White



Recommendations

- a) DWP are impressed with the technology and innovative approach that Slivers of Time uses
- b) DWP remains supportive of helping people into flexible work patterns where this is beneficial to the individual. We support the principles of a flexible labour market
- c) We are not convinced by the business case put forward by Slivers of Time and Oxford Economic Forecasting. There is no evidence to support the claims made, and the cost benefit analysis relies on unrealistic assumptions.
- d) While we remain supportive of flexible working where appropriate, the priority of Welfare to Work policy is to support people to move into long term sustained employment, not dependent on benefits. We remain unconvinced that Slivers of Time could act as a significant stepping stone to permanent part or full time work. There is a need for evidence to be presented on this aspect.
- e) Benefit rules as they currently stand support the movement from welfare to work. We could not work with the benefit rules that Slivers of Time propose, it would cost the exchequer a huge sum.
- f) There is perhaps more mileage in using this approach for those not on working age benefits, for example those above State Pension Age to tie in with the Extending Working Life agenda, for students, and for workless people not on benefit.
- g) The link with Jobcentre Plus IT, procedures and operations is hugely optimistic, and unlikely to work. With other pressing priorities, such as Pathways, there is little room to add to the list.
- h) Overall therefore, while we would remain interested in observing how Slivers of Time operates in the private sector, and any evaluation evidence it can provide, there is not a case for integrating Slivers of Time with Jobcentre Plus services, or offering it to all but a very small proportion of our benefit recipients.

Clearance with Sharon White – Director Welfare to Work

Background – Current Position of Slivers of Time

Arguments put forward by Slivers of Time

1. Wingham Rowan will give the following reasons why DWP should endorse Slivers of Time:
 - a) 13.7m people in the UK 'need' this way of working;
 - b) 68% of them already want to try it;
 - c) 5% take up would save the exchequer £400m per annum.
2. He will also suggest that Government should endorse or even own Slivers of Time in order to make it work for the people who need it most (long term unemployed, lone parents, disabled) rather than selling out to the private sector.
3. He is likely to say that it is most beneficial to Lone Parents and people on Incapacity Benefit, who may be unable to work no more than a few hours a week for caring or health reasons, and are able to take advantage of benefit tapers and permitted work. He will also argue that Slivers of Time will help achieve the objectives set out in the Welfare Reform Green Paper
4. He will argue that ministerial backing and an announcement is needed in order to kick start the programme, gain employers interests and launch it nationally.



Arguments against Slivers of Time – Analytical

5. The 13.7m figure is grossly overestimated. It includes all those who are currently working part time (6.5m), 0.5m temporary or agency workers, almost 1m self employed part time workers, all 0.9m on JSA, 2.3m people not looking for working due to family/home, half of all those long term sick or disabled, and almost 1m 'discouraged workers'.
6. The cost benefit analysis put forward by Oxford Economic Forecasting admits that:

"The exact impact of Slivers of Time is difficult to gauge and with no precedents to work with, setting out the potential benefits and costs of Slivers of Time is necessarily a speculative exercise".
7. It is a stylised cost benefit analysis based on a number of simplified assumptions, many of which we would disagree with. The figure of £400m of exchequer savings per annum through reduced benefits depends on assumptions which would appear to be grossly over-exaggerated. For example, only 20% of those on JSA would have found work if it weren't for Slivers of Time directly conflicts with the fact that over 50% of JSA claimants move into work within the first three months of claiming.
8. Moreover, under the Slivers of Time assumptions, someone on JSA who works for 15 hours earning circa £75 per week, would still be eligible to claim 80% of the full amount of JSA. This would cost the exchequer a huge sum each year (depending on take up, and working with Slivers of Time figures, upwards of £100m per year), and would mean fewer people flowing off benefit with large incentives to work part time and claim. Plus there would be incentives for part time workers not currently on JSA to cut hours and claim. Costing the exchequer even more.
9. There is almost no evidence available on current Slivers of Time operation, to assess what value added the programme gives, and what benefits might flow from it. There are currently around 200 individuals signed up to the programme, not enough to give any impact or quantitative analysis. There is not enough evidence to warrant buy in or ministerial backing.

Arguments against Slivers of Time – Policy

10. The Slivers of Time operation encourages those to work very low hours and maintain benefit receipt. Arguments are made that the system can work well with benefit disregards and tapers.
11. Government policy is that work is the best route out of welfare. Policy is geared towards not just moving into work, but moving off benefits and into self-sufficiency and independence. The Slivers of Time approach doesn't place any impetus on flowing off benefit, indeed it may trap people on benefit longer, if they can increase their income by receiving both benefits and a small wage.
12. The business case for Slivers of Time becomes confused on this issue. There is an argument that people can build up hours and then move into full time work through this approach (what much of the cost benefit analysis is based on). However, there is no evidence that this will aid this process, especially for JSA customers. It is also not what the Slivers of Time approach initially set out to do. There is a proposal that Slivers of Time maybe able to work for more severely disabled people on IB who can work through Permitted Work. This would seem more reasonable, but for a much smaller audience than Wingham Rowan would argue.



Arguments against Slivers of Time – Operations

13. There is a question as to whether such a system could work alongside Jobcentre Plus operations. Wingham Rowan admits that there is a heavy burden on Jobcentre Plus to recalculate benefit on a weekly basis with flexible working. He proposes closer alignment of his operating system with Jobcentre Plus. It would seem unlikely that Jobcentre Plus' Labour Market System and benefit processing would be able to work with the very professional, automated and slick Slivers of Time system.
14. Jobcentre Plus already has a long list of priorities and pressing concerns. It is not clear that this should be placed on this list, and is likely to become a distraction rather than complementary.

Arguments for Slivers of Time

15. While we don't advise that this approach is used for people on working age benefits, there may be some case for other groups in the labour market. Specific groups may include those who are still interested in work and are aged over State Pension Age, and tie in with the Extending Working Life agenda; students who are not dependent on benefits; workless people who are not dependent on benefits. There may also be some limited scope to work with some disabled people through permitted work and some carers.
16. It may be the case that Slivers of Time could be used in terms of work tasters or work experience for those who have been out of the labour market some time and aren't able to work full time, although concerns around working and benefit receipt remain.
17. There is still a need for evidence to show that working limited hours through Slivers of Time could lead people on to more meaningful and permanent employment. But we agree that attachment to the labour market is better than no attachment at all.

Conclusions

18. For these reasons we'd recommend that DWP does not buy in to Slivers of Time for customers of working age benefits.
19. There is need for a more detailed evidence base with actual results rather than projections. The business case does not support helping people move from welfare to work, it proposes work and welfare combined. The system is complicated and would not fit comfortably with Jobcentre Plus operations.
20. However, the proposals around flexible working, and the innovative approach used by Slivers of Time are worth acknowledging. The approach may well be beneficial for people not on benefits, and we should not oppose any help to support workless people move into flexible employment.



Our response to DWP report about Slivers-of-Time Working

Key points:

- There are some fundamental errors in the economists' assumptions about this new form of employment.
 - One example: they assume SoTW requires wholesale changes to the benefits rules. Not so. What we have always said was: (a) you can introduce this way of working within the existing rules (b) IF it is clear lots of claimants want to work their way of benefits in this way THEN the rules should be changed, to extend the opportunity to JSA claimants for example.
- It is not a good idea to write internal reports and refuse to release or discuss them with the organisations to which they pertain. Nor is it good practice to dismiss independent research into a proposal but fail to come up with any alternative figures.
- The document as provided to us is not complete. There is no title and no author. If it was an internal memo where is the header that identifies sender, recipient and date?
- Our “ask” to the DWP has always been for endorsement (not funding, which the private sector provides).

DWP objection	Our response
There is no evidence SoTW will succeed	It's an innovation! We are asking for endorsement to encourage people to try the experiment. Without that it's very difficult to evaluate.
SoT systems won't interface with DWP computer systems	True. DWP's I.T. is a sprawling, disastrous, monolithic system which has barely been upgraded since 1995. (A recent £140m spent on upgrading was written off.) Nothing based on state-of-the-art web interfaces can deal directly with DWP computers. The answer is to allow SoT type systems to be freestanding. They can then export data in forms that can be entered into the older DWP networks. The DWP does not have to control everything.
SoTW will encourage people to work while on benefits rather than going into a New Deal	This misconception probably stems from the problems DWP currently have enforcing the rules (eg the “no more than 16 hours a week of work” rule for IB claimants). Current, paper based

	<p>systems make it very hard for staff to monitor this.</p> <p>The point about SoTW is its fully computerized. It knows hours of availability, hours worked, earnings all in real time. It can easily enforce the rules: eg not allowing bookings of more than 16 hours a week for 6 months. (Or more individualized regimes.)</p>
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The root problem

The DWP's muddled document is a reflection of a two-fold problem we have with the department when it comes to Slivers-of-Time Working.

1) The demand site: government inertia as an employer

The DWP has no channel for innovation. It's an amazing omission.

Government is the biggest buyer of prescription drugs in the economy. If you invent a new pharmaceutical the NHS doesn't say "*let's see if this takes off in the private hospitals*". They have channels to test your claims and introduce usage if they stand up. Government is the biggest buyer of defense technologies. The MoD have clear routes for assessing and exploiting new weapons. The taxpayer would be short changed if it was any other way.

Government is the biggest employer in the economy. The DWP is their de-facto HR department. It is the DWP who set the targets around which so much public expenditure on employment is channeled. There is no channel for assessing innovations that outside the current targets within the DWP.

The DWP is aware of this omission and have proposed an Innovations Unit. In 2004, for example, the department submitted a memorandum to the Select Committee on Work and Pensions listing "issues identified by the gateway review process for DWP IT projects". It lists an Innovation Centre as one of 59 projects classed as Desirable. Above them were 14 projects classed as Mission Critical and 42 deemed Highly Desirable.

<http://www.publications.parliament.uk/pa/cm200304/cmselect/cmworpen/311/311we38.htm>

2) The supply side: non-joined up accounting

Current benefits rules allow some benefits claimants to do small amounts of work. But the situation is hazy and the paperwork daunting. Even JobcentrePlus's own research shows claimants who are entitled to work (a) don't know they can (b) won't do it because the reporting is so onerous. We would like to see the value of small amounts of work as a progressive way off benefits recognized.

Which is were we come up against some disingenuous accounting.....

DWP is focused on reducing the bill for out-of-work benefits. But there is another bill: for in-work benefits. These come from different government departments and can amount to many times the cost of worklessness for the taxpayer. If you have been unemployed for a year you can qualify for all sorts of personalized support to get a job, you can then get extra payments when you get a job. The employer can even be subsidized to take you on.

Here's a comparison for an over-25 year old:

Out-of-work costs		Potential In-work costs	
Weekly Job-Seeker's Allowance: £59.15 ⁱ X 26 weeks	£ 1,537.90	Employment programme: cost-per-job created ⁱⁱ	£4,000
		Job Grant ⁱⁱⁱ	£250
		Tax Credits – basic element – up to £1,730 p.a.	£865
		Tax credits – 30+ hours element – up to £705 p.a. ^{iv}	£352.5
		New Deal for Employers subsidy £75 X 26 weeks ^v	£1,976
COSTS FOR 6 MONTHS	<u>£ 1,537.90</u>	COSTS FOR 6 MONTHS	<u>£7,443.50</u>

Our problem is that getting someone off £1,537 of state support and onto the £7,443 package is seen as a target met for Jobcentre staff. You could argue that getting someone into a sustainable job is a triumph. But so few of the jobs are lasting. The [Guardian yesterday](#) (7th Feb) reported that a mere 29% of over-25s on the type of package above stuck at the job.

Government spends £800m a year on employment programmes. All of that is targeted at getting people into a "sustainable job". That generally means at least 16 hours a week for at least 13 weeks. Providers of employment programmes can be public, private or third sector. We'd like to see the targets that drive these programmes widened to include "bits of work".

The DWP's over-arching focus at the moment is government's ambitious target of 80% of working age adults in employment. But what about the 20%? For them, some work should always be regarded as better than none. We'd like to see a sub-target of perhaps half the 20% currently economically inactive to be working at least 3 hours every other week for 6 months. That could be easily incorporated into the current structure of employment

programmes. It could do far more for self reliance than people churning through expensive “sustainable jobs” repeatedly.

The state will spend a fortune to get someone working its way. But it makes it very hard for benefits claimants who want to move into work their way.

Note: we have had some words of encouragement in a letter from a DWP minister (which can be provided). But it was specifically a suggestion we focus on people outside the benefits system who the DWP doesn't serve.

ⁱ This is the figure, as of September 2007 for an over 25 year old.

<http://www.jobcentreplus.gov.uk/JCP/Customers/WorkingAgeBenefits/Jobseekerallowance/index.html>

ⁱⁱ Computing costs-per-job for employment schemes is uncertain and contentious. The figure of £5,000 for someone on a New Deal 25+ is a low to mid-point figure taken from government data such as that offered at <http://www.theyworkforyou.com/wrans/?id=2005-01-31a.210947.h&s=%22national+audit+office%22+%22new+deal%22#g210947.ro>

ⁱⁱⁱ The Job Grant is automatically payable once a job starts. It replaced the Back to Work Bonus in October 2004.

http://www.jobcentreplus.gov.uk/JCP/Customers/WorkingAgeBenefits/Dev_008578.xml.html

^{iv} Tax credits rates explained at:

http://www.adviceguide.org.uk/index/life/benefits/benefits_and_tax_credits_for_people_in_work.htm

^v

http://www.jobcentreplus.gov.uk/JCP/Employers/Ourservices/Programmes/New_Deal/index.html