

Research summary

The Adviser Discretion Fund (ADF) was introduced in July 2001 for New Deal customers. The customer group eligible for ADF was expanded in April 2003 to include customers on the following benefits who have been in continuous receipt of benefits for 26 weeks: Jobseekers Allowance (JSA), Incapacity Benefit (IB), Income Support (IS), Carer's Allowance (CA), Severe Disablement Allowance (SDA), and Bereavement Benefit (BB). The ADF allows Personal Advisers (PAs) flexibility and discretion to use financial assistance in circumstances where a small amount of money can be instrumental in breaking down barriers to work or job search. ADF provides awards up to £300.

The research comprised two stages of qualitative in-depth interviews with Jobcentre Plus staff and customers who had received ADF awards. The research with Jobcentre Plus staff was conducted in eight case study areas while the interviews with customers were conducted in four case study areas. The fieldwork areas represented a mix of high, medium and low ADF usage.

Key research findings

- ADF is introduced when customers become eligible for the award. PAs provide general information about the award and few mention the £300 ceiling. Customers rarely ask for an ADF award.
- ADF is being used primarily as intended: to enable customers to enter the labour market by removing final, tangible barriers to work. The majority of awards are made to assist customers directly into work – most customers make their application for ADF once they have secured a job.
- There are three broad categories of award: work and/or interview clothing; equipment and tools; and travel to work. In some cases awards can include a combination of these and other items.
- Customers generally felt that they were involved in the discussion about the type of award but felt that they were less involved in the process of deciding the award value, payment method and retailer(s).
- Customers' eligibility for ADF – in terms of continuous receipt of benefits or savings – tends to be assumed and is rarely checked formally. Similarly for customers who have entered employment, whether they remain in work is not frequently monitored.
- Jobcentre Plus staff reported that customers' failing to provide receipts is a significant concern whereas reported fraud was limited.
- JSA customers represent four fifths of all customers accessing ADF over the period to December 2003. Usage with non-JSA groups over the same period has increased substantially since new customer groups became eligible for the award in April 2003. That said the substantial increase in usage for CA, SDA and BB customers is from an extremely low base.
- Changes to the ADF guidance have had little effect on how PAs use ADF. Other factors, however, such as the need to keep a tight rein on expenditure, problems with proof of purchase, and fraud, have influenced how PAs use ADF.
- Most customers were satisfied with the level of award received though a small group of customers felt PAs placed limits on the amount available or the type of award.
- ADF helps to remove final barriers to work although PAs and customers have different views concerning its relative importance. PAs believe that many customers would not be in work without ADF; whereas customers acknowledge that ADF was a factor in taking work, all of those interviewed during stage two said that they would have taken work irrespective of ADF.

- A total of 73 of the 122 customers interviewed have worked following receipt of ADF. JSA customers more frequently secured job outcomes (three quarters) compared with customers on inactive benefits (half).

Executive Summary

Introduction

As part of Government's employment strategy, the Adviser Discretion Fund (ADF) was introduced in July 2001 to enable payments of up to £300 to be made to New Deal customers to overcome specific barriers to securing or searching for work. Following the Chancellor's pre-budget report of November 2002, ADF can now be used for both JSA and non-JSA customers who have been in continuous receipt of benefit for 26 weeks or more. It was extended as those on incapacity benefits who wanted to find work but didn't wish to join NDDP and Carers for whom there is no New Deal provision were previously unable to access ADF support. The non- JSA customers now eligible include individuals on:

- Incapacity Benefit
- Income Support
- Carer's Allowance
- Severe Disablement Allowance
- Bereavement Benefit.

In September 2002, the Department for Work and Pensions (DWP) commissioned ECOTEC Research and Consulting to carry out an evaluation of ADF. Stage one of the research focused on the initial use of ADF with New Deal customers since its introduction in July 2001, producing a report based on findings in respect of lone parents. The second stage of research followed the issuing of revised guidance in April 2003, which widened ADF eligibility to include the above customer groups. This later stage therefore focused on the current use and effectiveness of ADF in responding to customer needs and removing barriers across all customer groups, as well as examining any limits placed on the flexibility and discretion in use of ADF as a result of the widened eligibility.

Methodology

The evaluation methodology across both stages comprised two key elements:

- Interviews with Jobcentre Plus staff providing access to ADF
- Interviews across a range of customers who received ADF awards.

Responding to customer needs.

The ADF allows Personal Advisers (PAs) flexibility and discretion to use financial assistance to respond to customers' individual need in circumstances where a small amount of money can be instrumental in breaking down barriers to work or job search. The process of administering ADF is perceived as relatively unbureaucratic and can be completed within one working day, allowing an immediate response if a job opportunity or interview is available.

Usage of ADF varies between different customer groups, with awards typically made more frequently to those customers on active benefits. The perceived level of job readiness and customers' proximity to the labour market are factors in PAs' decisions about whether ADF is appropriate.

The average award value is around £100 although there are circumstances where the £300 ceiling is exceeded, particularly where an award is required to address a number of barriers. For lone parents the award is often considered to be stretched given the multiple barriers they face and particularly where childcare costs are incurred. Most customers however are satisfied with the level of award received to meet their needs and are grateful for the help received.

Customers receive ADF awards in advance, retrospectively or through an invoice payment method. However, reconciling and evidencing advance payments and the limited recourse available if overpayments are made or fraud is suspected are concerns for many staff. The invoice payment is therefore preferred as it provides the most secure payment. However, it can limit customer choice and there are currently gaps in coverage.

Removing barriers

The common practical barriers serving as immediate difficulties to customers entering employment are effectively being addressed through the use of ADF awards. These barriers include:

- the need to purchase work clothing
- transport/travel expenses
- the need to purchase tools/equipment
- up-front childcare costs for lone parents.

High levels of immediate job outcomes following receipt of ADF are being achieved as a result. There is a concern among Jobcentre Plus staff about ADF leading to only short-term gains where temporary employment is secured, and the consequent restrictions on further use if a permanent position becomes available.

Positive impact for other customers is on their outlook and confidence to take employment. For some, particularly customers on inactive benefits, making work an option is a key step towards future labour market participation. ADF has a vital role to play in helping to make work an option for these customer groups, through increasing their confidence and self esteem in the first instance. In the longer term, ADF might therefore lead to positive performance gains in terms of job outcomes, as these customers are enabled to move closer to labour-market engagement through receipt of awards.

There is recognition however that a number of barriers are not effectively addressed by using ADF. These barriers include literacy and numeracy skills, English for speakers of other languages (ESOL) needs, lack of relevant qualifications and skills and attitudinal barriers. Likewise circumstances where the impact of awards is limited include where customers drop out of courses or when customers have learning disabilities or health problems.

Revisions to the guidance

Communicating the changes

Awareness of the key messages of the revised guidance of April 2003 is high among all Jobcentre Plus staff, with the Intranet serving as the main source of guidance on ADF. Less formal training and awareness raising were undertaken when eligibility to ADF was widened to the new customer groups and as a result there are some knowledge gaps reported in terms of the operational detail of the guidance among new PAs.

Tightened controls

Changes to the guidance have had little direct impact in terms of operational and procedural ADF processes. Customers' eligibility for ADF – in terms of continuous receipt of benefits or savings – tends to be assumed and is rarely checked formally. The extent, nature, and responsibility for management checks on ADF awards also vary across offices but such checks are not perceived to discourage use of ADF.

PAs autonomy in administering ADF remains high. The research revealed however that there appeared to be less creativity in PAs' use of ADF awards since April 2003. Customers also felt restricted by limits placed by PAs in terms of amounts for items or that items were deemed unsuitable. This 'conservative' discretion was not explicitly linked to specific guidelines but reflected a wider perception of the need to keep a tighter rein on ADF. Increases in overpayments and fraud concerns now that its usage has been opened to a wider customer base, combined with the level of training and relative inexperience of PAs who can now use ADF were also factors influencing PAs use of ADF.

Confidence and experience in using ADF to respond to the needs of a wider customer group have increased however and is evident in a substantial increase in the numbers of customers receiving the award in the five months to November 2003.

Conclusions

Overall ADF is viewed very positively, although the research has highlighted a number of key issues that need to be addressed:

- **Invoice payment method and National Agreements:** this payment option provides the most secure payment method; however, it can limit customer choice. The Department for Work and Pensions and Jobcentre Plus should consider whether National Agreements can be further extended and how greater use of local arrangements can be encouraged.
- **Knowledge gaps:** there would be merit in providing refresher training or guidance, possibly in the form of circulars, for PAs administering ADF. Where staff have the opportunity to share or discuss use of ADF on a regular basis this also encourages creativity in the application of the fund.
- **Multiple awards – customers returning to benefits:** there would be merit in considering whether customers who have completed a successful period of temporary employment should be eligible for a subsequent ADF award if an appropriate job opportunity arises. It is clear also that certain customer groups such as lone parents would benefit from higher levels of ADF where they have multiple barriers.