



**BRIEFING PAPER**

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# Jobcentre Plus Flexible Support Fund

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## Summary

From April 2011 a number of schemes operated by Jobcentre Plus – including the Deprived Areas Fund, the Adviser Discretion Fund and the Travel to Interview Scheme – were abolished and replaced by the “Flexible Support Fund” (FSF).

The FSF gives Jobcentre Plus Districts greater freedom to tailor back-to-work support to individual and local need. Working within local guidelines and priorities, Jobcentre Plus advisers have discretion to decide how to help individuals move closer to or into work. The FSF also includes a grant funding mechanism, enabling Jobcentre Plus District Managers to award funding to local “partnerships” to address barriers to work. There is no exhaustive list of the needs that may be met by the FSF, but examples include travel expenses, training courses and clothing for interviews.

The budget allocated for the FSF in 2015/16 was £69.5 million, and in 2016/17 is £76.7 million.

Primary responsibility for publicising the fund lies with Jobcentre Plus advisers. However the Social Security Advisory Committee expressed concern at how little is known about the FSF and suggested its low profile allowed opportunities for partnerships with local authorities and agencies to be missed. An investigation by Channel 4's *Dispatches* programme into a Universal Credit contact centre in Bolton found advisers choosing not to inform claimants about the FSF. One adviser likened the FSF to the illegal boxing clubs in the film *Fight Club*, in that they don't talk about the FSF.

In 2013, two employees of Plaistow Jobcentre Plus were dismissed after they were found to have misused the FSF, awarding payments in order to inflate benefit off-flow, a measure of jobcentre performance. The employees claimed that misuse of the FSF was extensive, and that the DWP investigation was insufficient. They claimed that managers encouraged aggressive approaches to improve off-flow, including falsely signing off benefits claimants and using the FSF to cover gaps in benefit payments. The NAO published a [report](#) looking into the event and DWP's investigation of it in July 2016.

There is limited information on the FSF in the public domain. This note sets out such information as is currently available, including extracts from DWP guidance and responses to Freedom of Information requests.

# 1. Background and overview

From April 2011 various discretionary funds and programmes aimed at helping benefit claimants move into and remain in work were abolished and replaced by a single “Flexible Support Fund” (FSF). The FSF gave Jobcentre Plus Districts more control over how they use their budgets and allowed advisers to tailor support to better fit a claimant’s individual needs.

However support cannot be given where an alternative source of support is available.

The individual schemes replaced by the FSF were:

- New Deal for Lone Parents
- New Deal for Partners
- Deprived Areas Fund
- Adviser Discretion Fund
- Customer Services Director’s Flexible Fund
- Rapid Response
- Work Trials
- Allowances and expenses for undertaking basic skills training
- Travel to interview scheme

## 1.1 Eligibility

The FSF is available to assist all Jobcentre Plus ‘customers’ awarded a qualifying benefit<sup>1</sup>, provided they are **not** participating in the Work Programme or Work Choice. The qualifying benefits are:

- Jobseeker’s Allowance
- Income Support
- Incapacity Benefit
- Employment and Support Allowance
- Universal Credit
- Carers Allowance
- Severe Disablement Allowance
- Pension Credit

The FSF may also be used to support anyone eligible for Work Preparation Support for lone parents, partners and carers.

Advisers may also have recourse to the FSF to support other unemployed people who meet one of the following criteria:

Aside from those in the Work Programme or Work Choice, FSF is available to assist all Jobcentre Plus customers

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<sup>1</sup> The [Guidance to Jobcentre Plus advisers on the exercise of their discretion](#) highlights that the FSF is available to assist all claimants *awarded* a qualifying benefit. Claimants do not have to receive payment of benefit so those claiming for their ‘credits only’ or who have a sanction imposed on their claim remain eligible for FSF support.

## 5 Jobcentre Plus Flexible Support Fund

- Aged 16 or 17 and not in employment, education or training ie NEET
- Awarded one of the following:
  - Housing Benefit
  - Bereavement Allowance
  - Child Tax Credit
  - Maternity Allowance
  - Widowed Parent's Allowance
  - Child Benefit (including Guardian's Allowance)

Advisers can also use FSF to boost the job prospects of a wide variety of people

The FSF may also be used to support those who are:

- Receiving Jobcentre Plus support under formal partnership arrangements
- Receiving Jobcentre Plus support under Rapid Response funding
- Receiving support from a DEA (but only in the circumstances described in [GP and Hospital Consultant Fees](#) and [Travel to Interview for Disabled People](#) guidance)
- Lone parents in employment (but only in the circumstances described in the [In-Work Emergency Payments for Lone Parents guidance](#))

### 1.2 The fund budget

The budget allocated for the FSF in 2014/15 was £136 million [excluding the support contract which was a further £20 million]. Spend was £72 million, leaving an underspend of £64 million.<sup>2</sup>

There was an underspend of £64 million in 2014/15

The budget for 2015/16 was £69.5 million, and in 2016/17 is £76.7 million.<sup>3</sup>

During the passage of the *Welfare Reform and Work Bill* through the House of Lords, in March 2016 the Government committed to an extra £15 million for the FSF in 2017/18<sup>4</sup>. This will be on top of the 15/16 budget rather than the 16/17 budget.

The FSF budget is managed by Jobcentre Plus District Managers, responsible for drawing up local guidelines on FSF spend to supplement national DWP policy. The local guidelines set out local priorities for the use of the FSF, restrictions on its use and the limits on how much can be spent.

A breakdown of FSF spending in 2012-13 was provided in response to a Parliamentary Question:

**Stephen Timms:** To ask the Secretary of State for Work and Pensions how much of the Jobcentre Plus Flexible Support Fund budget for 2012-13 was spent

<sup>2</sup> PQ 13804, 2 November 2015. According to a [FOI response](#), the total budget allocated to the FSF in previous years was as follows:

2011/12 - £33,475,000

2012/13 - £82,157,000

2013/14 - £95,706,000

<sup>3</sup> PQ 39120, 08 June 2016

<sup>4</sup> HC Deb 2 March 2016, c1047; PQ 28281, 3 March 2016

on (a) transport, (b) childcare, (c) training and (d) other costs.  
[186330]

**Esther McVey:** The information requested is set out in the following table. Transport and child care costs relating to training have been listed under 'Training':

*Flexible Support Fund expenditure 2012-13*

(a) Transport (excluding training related transport)	£6,384,284
(b) Childcare (excluding training related childcare)	£26,686
(c) Training:	
—training related transport	£4,131,054
—training related childcare	£1,483,924
—training provision and other related costs	£63,256,111
(d) Other costs	£47,068,679

More recent Parliamentary Questions seeking total FSF spending on child support, jobseekers and local partnerships have been met with the response that the information sought is not available. Priti Patel, then Minister for Employment, explained in an answer to a PQ that "Given this is a localised, discretionary fund we do not, and do not have plans to, create additional bureaucratic reporting on how the fund is spent."<sup>5</sup>

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<sup>5</sup> PQ 27973, 26 February 2016

## 2. How the fund can be used

The FSF is designed to provide Jobcentre Plus advisers with greater flexibility to use a budget to help individual claimants according to their particular needs.

### 2.1 How advisers may use the fund

The DWP research report [The Jobcentre Plus Offer: Findings from the first year of the evaluation](#) provides the following non-exhaustive list of examples of how the fund can help people back into employment:<sup>6</sup>

The fund can be used to:

- overcome barriers to claimants obtaining or moving closer to work;
- pay for certification and some types of training (classroom-based training costing no more than £150);
- improve jobsearch, job application and interview techniques and travel to interview costs;
- buy additional capacity or content from existing Jobcentre Plus Support Contract providers;
- provide support costs for those on training courses or other provision;
- meet the cost of medical evidence to support a job goal for a disabled person;
- for lone parents to overcome financial emergencies in the first 26 weeks of employment, to help them remain in work.

The flexibility of the fund allows it to be put to a wide variety of ends

Advisers are not restricted to focussing solely on immediate employment prospects:

While programmes will ideally support customers into employment, the DWP recognises that some groups with complex needs may experience multiple barriers to employment and need assistance in breaking down these barriers first. Therefore not all funding will necessarily be linked to 'job outcomes'. Some ideas for initiatives could include apprenticeship schemes, social enterprises, mentoring schemes, motivational courses and sector specific training.<sup>7</sup>

A number of examples of such schemes were outlined in a 2014 [article](#) from Public Sector Executive, a magazine aimed at local and national government bodies:

Money has gone to nearly 250 not-for-profit organisations that have set up innovative schemes to help give people the employment skills they need.

Cornwall-based Active Plus is one such scheme where military veterans have designed bespoke activities, such as confidence building, re-skilling and interview techniques, to support those

<sup>6</sup> Department of Work and Pensions, [The Jobcentre Plus Offer: Findings from the first year of the evaluation](#), 2012, pages 8-9

<sup>7</sup> Homeless Link Innovations and Good Practice Team, [Flexible Support Fund: Accessing Jobcentre Plus Partnerships Money](#), July 2013, page 3

who have left the services move into civilian jobs. Around 700 people who have been on the scheme have gone into employment or work-related activity.

Tim Cox, CEO and founder of Active Plus, said: “Active Plus has four divisions that help people of all ages. Whether it’s supporting a vulnerable young person into work or helping older people into their communities. We look to bridge the gap between those looking for people to work for them and those looking for work, our schemes deliver leadership, communication skills and help in every way to benefit the changing labour market.”

In Bexley, Environment Plus run a beekeeping support programme aimed at young people with a history of drug and alcohol abuse and at risk of being involved in gang activity. The course provides training in environmental health, customer service and computer literacy.

The School of Hard Knocks, based in London, is a charity that uses sport to help women from disadvantaged groups, including those from ethnic minority backgrounds and women affected by gang culture, to build confidence, motivation and discipline.

Jack Lewars, Director of Operations at the London School of Hard Knocks said: “The School of Hard Knocks works hard to re-engage youth and tackle a number of issues including youth unemployment alongside crime and health. We use sport and competition as a way of developing skills that people over the age of 19 can use to take steps into employment. The Flexible Support Fund has helped us expand and run a number of courses so that we can help more disadvantaged young people. Sport is a great way of teaching responsibility, motivation and team work whilst engaging young people beyond traditional methods.

“The DWP Flexible Support Fund has been fantastic in helping us to grow our services. We have a great relationship with colleagues in Jobcentre Plus. We work with over 30 Jobcentres, everyone is a little bit different, but all are passionate about helping their customers get the support that they need to get back to work.”<sup>8</sup>

The most detailed guidance on the use of the fund was that [disclosed in September 2013](#) in response to a Freedom of Information request.<sup>9</sup>

## 2.2 How advisers may NOT use the fund

That FOI disclosure included [Guidance to Jobcentre Plus advisers on the exercise of their discretion](#). That guidance states the FSF must **not** be used for the following ends:

<sup>8</sup> Public Sector Executive, [Flexible Support Fund helps people find work through local schemes](#), 4 September 2014

<sup>9</sup> See: [https://www.whatdotheyknow.com/request/jsa\\_expenses\\_flexible\\_support\\_fund\\_incoming-430961](https://www.whatdotheyknow.com/request/jsa_expenses_flexible_support_fund_incoming-430961) (accessed on 16 March 2016)

- to support activity which conflicts with DWP policy objectives
- to duplicate any provision which would normally be funded by Government or Partners (including local government or voluntary sector) or commercial providers
- to pay claimant's travel expenses to attend the Jobcentre on their normal signing day
- to pay benefit related travel costs
- to directly replace any benefit lost as part of the normal operation of the benefit system
- to top up wages once in work
- to pay fines or similar penalties
- to pay loans or debts
- to pay a subsidy to an employer to provide an incentive to employ a particular person or group of people
- to cover the cost of living such as paying bills, household costs or buying food (though the In Work Emergency Payments for Lone Parents provides an exception)
- to help claimants who have a job/ employment contract but are returning to work after a career break/ maternity leave.

There are also national and local limitations on use of the FSF

Answering Parliamentary Questions on the impact of cuts to the work allowance on current claimants of Universal Credit, Iain Duncan Smith, then Secretary of State for Work and Pensions, said those in receipt of Universal Credit would be "supported by their advisers through the flexible support fund",<sup>10</sup> which would "provide all the resources necessary to ensure that their situation remains exactly the same as it is today".<sup>11</sup>

During the debates on changes to ESA in the *Welfare Reform and Work Bill* the Minister for Welfare Reform, Lord Freud, said:

I can announce today that we plan to provide additional funding of £15 million in the first year, 2017-18, directed at the local jobcentre flexible support fund. This money will increase the fund by 22% and it will be set aside specifically for those with limited capability for work. The flexible support fund is used by district managers and work coaches to provide the local support that our claimants may need to return to work, and it has proved to be very effective.

We will also provide guidance to ensure that jobcentres target this additional money at claimants with limited capability for work. The fund will be used to help those affected by the changes to the ESA WRAG and the UC limited capability for work element to attend training courses on gaining practical skills, access mental health support, attend community projects or take part in motivational courses.<sup>12</sup>

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<sup>10</sup> HC Deb 7 December 2015, c707

<sup>11</sup> HC Deb 7 December 2015, c688

<sup>12</sup> HL Deb 29 February 2016, cc593-4

The changes that prompted these questions are explained in the Library briefing paper [\*Abolition of the ESA Work Related Activity Component\*](#) from July 2016.

### 3. Publicising the fund

In a Parliamentary Question in June 2011, Madeleine Moon asked what steps were being taken to increase public awareness of the FSF. In response, Chris Grayling, then the Employment Minister, set out the Government's plans to publicise the Fund:

[...] Internal guidance has been developed to help Jobcentre Plus staff decide whether Flexible Support Fund assistance is likely to be beneficial for claimants.

The primary communication strategy is to ensure advisers have the right guidance and support, supplemented by public information, to raise awareness of the offer among customers. Evidence tells us that Jobcentre Plus advisers are one of our most trusted and effective channels of communication. A key part of their role is to help people find work by explaining the integrated package of employment support and encouraging active participation. We are also developing a range of stakeholder communications to increase awareness among our partners and customer representative groups, and building on existing content on the Directgov website to ensure customers understand how flexibility works for them.<sup>13</sup>

Primary responsibility for raising awareness of the FSF lies with Jobcentre Plus advisers

At the time of writing, however, no information on the FSF is available on the [GOV.UK website](#). Apart from a short entry on a page which outlines the [various types of support that are available to help with the costs of transport](#).

The Government's [Universal Credit website](#) does provide information on the FSF.

The [first report on the implantation of the Jobcentre Plus Offer](#), published in 2012, found that a minority of claimants were informed of the FSF:

One in eight JSA claimants (13 per cent) said they had been offered financial help by their adviser for one-off expenses (this would have been part of the Flexible Support Fund (FSF), although the FSF was not mentioned to respondents specifically, just the type of expenses it covered). The proportion was lower among ESA claimants (five per cent).

However, some of these respondents said that they did not actually receive any financial support: either support was mentioned but they didn't actually receive anything, or the claimant declined it. The proportion who actually received help was nine per cent among JSA claimants and four per cent among ESA claimants.<sup>14</sup>

In write evidence submitted to the Work and Pensions Select Committee London Councils expressed "concerns that in some areas the Flexible Support Fund (FSF) is not adequately promoted or advertised to potential bidders".<sup>15</sup>

<sup>13</sup> HC Deb 15 June 2011 c823w

<sup>14</sup> Department of Work and Pensions, *The Jobcentre Plus Offer: Findings from the first year of the evaluation*, 2012, page 88

<sup>15</sup> Work and Pensions Committee, *The role of Jobcentre Plus in the reformed welfare system*, 28 January 2014, HC 479 2013-14, Ev 163, para 10

In March 2015 the Channel 4 *Dispatches* programme reported that an undercover journalist who spent seven weeks working at the DWP's Universal Credit contact centre in Bolton was told by trainers not to tell claimants about the FSF unless they specifically asked about it.<sup>16</sup> When the reporter questioned this, he was told:

If we did, everybody would want one, yeah, and it's a very small budget, so we don't talk about it. It's a bit like Fight Club - we don't discuss what happens in Fight Club. So you don't talk about flexible support fund either... so the work coaches usually bring this up...

Channel 4 *Dispatches* found advisers in Bolton choosing not to mention the FSF

In May 2015, the Social Security Advisory Committee noted that the FSF was barely mentioned in the responses to its consultation on the DWP's 'localisation agenda'. The Committee suggested this reflected the FSF's low profile. It warned:

We are concerned that so little is known or understood about a fund that distributes a significant amount of public money. We are concerned that opportunities for partnership with local authorities and other local agencies could be lost for want of information about the fund's operations.

**We recommend that DWP commission an independent evaluation of the FSF to identify its current priorities, practice and impact, and that it commit to greater transparency about its operations in the future. This evaluation could be undertaken by the National Audit Office as part of the audit of localisation suggested above.**<sup>17</sup>

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<sup>16</sup> ['Universal Credit 'adviser' told not to tell claimants about cash fund for clothes and bus fares'](#), *Daily Mirror*, 9 March 2015

<sup>17</sup> Social Security Advisory Committee, [Localisation and Social Security: A Review](#), May 2015, pages 51-52

## 4. Jobcentre Plus advisers' exercise of discretion

Jobcentre Plus advisers looking to enhance a claimant's employment prospects through use of the FSF operate within limits set by national policy and local guidelines. Within these limits advisers have discretion to make awards to claimants.

The DWP response in September 2013 to a [Freedom of Information request](#) for a copy of Jobcentre Plus policies on the FSF disclosed [guidance to advisers on the exercise of their discretion](#). It contains the following information on the limits set by national policy:

- Advisers must be mindful of the fact that they are awarding taxpayer's money and so decisions must meet DWP standards of behaviour:
  - correct procedures must be followed in all matters to ensure responsible use of public money
  - employees must ensure money, property and other funds are properly safeguarded and not used inappropriately
- Where FSF underpins a national policy and the individual concerned meets the eligibility criteria laid down, an award must be made<sup>18</sup>
- Failure to follow departmental standards/ policy could lead to disciplinary action being taken
- Advisers must know the different methods by which FSF awards can be made and, where they have a choice, select the most appropriate option

Advisers must bear in mind both national policy objectives and local guidelines

On advisers' exercise of their discretion, the guidance states:

- Each FSF case must be considered on its individual merits
- All awards must be reasonable and represent good value for money - an award must either enhance a claimant's job prospects or reduce his time in receipt of benefits
- Advisers must first consider all other possible sources of funding; and must make a judgement on whether or not the claimant could, in their particular circumstances, reasonably be expected to fund the purchase themselves
- Advisers should be encouraged to apply the 'tabloid test' before making an award - should the decision be attacked in the press, could they give an explanation that would stand up to public scrutiny?

Advisers are encouraged to consider adverse tabloid headlines

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<sup>18</sup> This would include meeting travel costs to attend labour market appointments or a Jobcentre Plus authorised Work Trial

## 5. Potential issues as to the fund's flexibility

An early criticism of the decision to give local Jobcentre Plus advisers such discretion focussed on the possibility of different levels of support being offered in different parts of the country. The DWP's [Jobcentre Plus offer Equality Impact Assessment](#) published in April 2011 noted the potential danger of this following the introduction of the FSF:

42. The increased discretion for District Managers in deciding the composition of the flexible menu of support and the framework for local use of the Flexible Support Fund has been designed to enhance alignment of Jobcentre Plus support with local needs. However, it carries with it a risk of allegations of inequitable treatment through the provision offered within a district. To mitigate this risk, local impact assessments will be carried out where local changes will significantly alter the support available to customers. The Department will monitor uptake of the flexible menu of support provision.

The report on the DWP Welsh Annual Forum 2011 – which took place on 17 March 2011 – responded to concerns of a “postcode lottery”:

### **Does local discretionary fund mean we'll get a postcode lottery?**

District Managers and Jobcentre Plus advisers will be able to offer support according to local need from a comprehensive menu of support options including skills provision and jobsearch help via the Support Contract. The menu will be complemented by the Get Britain Working measures and provision funded through the European Social Fund.

In the new regime, there will continue to be national standards covering issues such as the payment of benefit, entitlement conditions and conditionality. However, it is right that Jobcentre Plus advisers and managers are allowed to deliver the back to work support that meets the needs of the customers in their local communities and it is reasonable to expect that this may lead to some geographical variation depending on local labour market characteristics. The Performance Management Framework will also have mechanisms in place to quickly identify and address poor performance in Jobcentre Plus districts and regions.<sup>19</sup>

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<sup>19</sup> *Report of the Department of Work and Pensions Welsh Annual Forum 2011*, pages 25-27

## 6. Evaluation of the fund

The operation of the FSF and its contribution was assessed as part of the overall Jobcentre Plus Offer evaluation. The DWP published the [final evaluation report](#) in November 2013. It said:

Although FSF gave greater flexibility to advisers to use a budget to spend on claimants, in the first year of the evaluation managers discussed its widespread underuse. This underuse was explained in a number of ways: a perceived lack of flexibility about what the funds could be spent on; advisers lacking confidence in making decisions about spending money; and perceptions of a slow and complex central procurement process. Over the course of the evaluation, there were notable changes to advisers' confidence in using FSF and in their greater awareness of the range of ways it could be used to respond to claimants' needs. There was also a shift in how managers discussed its use – with offices taking a more strategic approach, particularly in the use of low value procurement (LVP) to source additional provision to meet specific needs of the local area and claimant base.<sup>20</sup>

...

The depth interviews highlighted sporadic and fairly limited use of Flexible Support Fund (FSF) by advisers, with it most typically being used to enable claimants to attend job interviews. Examples of this included the provision of high street shopping vouchers to enable claimants to purchase suitable clothes for an interview and petty cash to cover travel costs to an interview. In these instances, claimants acknowledged that often small sums of money were significant in assisting them to overcome barriers to employment, such as a lack of professional clothing and minimal funds to cover travel.<sup>21</sup>

The Work and Pensions Select Committee addressed the FSF in its January 2014 report on [The role of Jobcentre Plus in the reformed welfare system](#).

In oral evidence Tony Wilson, Policy Director at the Centre for Economic and Social Inclusion, told the Committee his view that Jobcentre Plus was not doing at all well in managing an effective use of the FSF and evaluating its impact.<sup>22</sup> The call for a national evaluation of the effectiveness of the FSF was also made by the Employment Related Services Association, and by the Association of Employment and Learning Providers (AELP), which said it "could not understand why no-one seemed to be monitoring FSF activities and assessing the programme's impact".<sup>23</sup> The AELP told the Committee:

The Flexible Support Fund (FSF) can be effective, but it is not always easy to access and there are problems with bureaucracy

Advisers' confidence in using the FSF has grown since its introduction

The effectiveness of evaluations of the FSF's impact has been repeatedly questioned

<sup>20</sup> Department of Work and Pensions, [The Jobcentre Plus Offer: Final evaluation report](#), November 2013, page 51

<sup>21</sup> Ibid, page 103

<sup>22</sup> Work and Pensions Committee, [The role of Jobcentre Plus in the reformed welfare system](#), 28 January 2014, HC 479 2013-14, Q32

<sup>23</sup> Work and Pensions Committee, [The role of Jobcentre Plus in the reformed welfare system](#), 28 January 2014, HC 479 2013-14, Ev 108, para 8

and a lack of a coherent policy in utilising the fund in some offices. Partnership working is a key factor in successful delivery.<sup>24</sup>

The Committee recommended that the Government:<sup>25</sup>

- separately evaluate the impacts of the FSF on employment outcomes
- identify and disseminate good practice across Jobcentre Plus districts
- publish details of FSF budgets and spending at national and district levels as part of DWP's Annual Report and Accounts

The Work and Pensions committee recommended a separate evaluation

The Government rejected these recommendations:

Due to the nature of the FSF, collating performance information and understanding the additionality of such performance is resource intensive. The FSF is an integral part of the JCP Offer so it is difficult to disentangle its impact from other aspects of the Offer.

[...]

Information on FSF budgets and expenditure at national and district levels is not currently a Business Plan Indicator nor reported to the Executive Team in performance reporting data. Therefore, it is not planned to be included in the 2013-14 Annual Report and Accounts (ARA). To include detailed, additional information conflicts with the Government policy to streamline and simplify the ARA where possible.<sup>26</sup>

In an answer to a Parliamentary Question in February 2016, the then Minister of State, Priti Patel, explained that as the FSF is a localised, discretionary fund used at the discretion of Jobcentre Plus District Managers and advisers, the DWP does not, and does not have plans to, collect centrally data on how the fund is spent<sup>27</sup>

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<sup>24</sup> Ibid, para (a)

<sup>25</sup> Work and Pensions Committee, *The role of Jobcentre Plus in the reformed welfare system*, 28 January 2014, HC 479 2013-14, para 34

<sup>26</sup> Work and Pensions Committee, [\*The role of Jobcentre Plus in the reformed welfare system: Government Response to the Committee's Second Report of Session 2013-14\*](#), 2 April 2014, HC 1210 2013-14, page 4

<sup>27</sup> PQ 27973, 26 February 2016

## 7. Misuse of the fund at Plaistow Jobcentre Plus

In November 2015, Stephen Timms, MP for East Ham, contacted the National Audit Office (NAO) to raise concerns regarding the misuse of the FSF at Plaistow Jobcentre Plus and the subsequent dismissal of two employees.

The employees claimed that they had been unfairly dismissed, after an internal investigation found they had used the fund to falsely improve the centre's performance against certain targets. According to the DWP investigation, the employees had been using the FSF to replace claimants' JSA, making it appear that the claimants were no longer receiving the benefit, in order to influence a performance measure known as off-flow. The employees claimed that there was high pressure to achieve targets, and managers at the jobcentre had encouraged aggressive approaches to improve off-flow, including falsely signing off benefits claimants and using the FSF to cover gaps in benefit payments.

The NAO found that the two employees had awarded FSF payments in order to inflate off-flow

The NAO carried out an investigation into how DWP's response to the situation at the Plaistow jobcentre was handled, how the risk of more widespread misuse of the FSF is managed, and how DWP monitors incentives and pressures within jobcentres. The final report, [Investigation into misuse of the Flexible Support Fund in Plaistow](#), was published in July 2016.

The NAO's key findings are summarised below:

### **Misuse of the FSF in Plaistow**

- In response to a customer complaint in August, DWP dismissed two members of staff for misusing the FSF in Plaistow jobcentre. After investigating the Department concluded two members of staff were involved in falsely awarding Fund payments to inflate off-flow, a measure of jobcentre performance. DWP's decision was upheld by an employment tribunal when challenged by one of the dismissed employees.
- The two members of staff claimed that misuse of the FSF had been extensive at the jobcentre, and that the investigation carried out by DWP was insufficient. They claimed that managers encouraged aggressive approaches to improve off-flow.
- DWP investigated Plaistow staff and found that four had contributed to misuse of the FSF, including by not undertaking checks when countersigning FSF applications; making awards that did not follow the rules; and awarding amounts higher than their approval limits. None were dismissed.

### **Risks of wider misuse of the Fund**

- DWP's investigation looked into FSF payments in two other jobcentres, and no other misuse was identified.

- DWP's internal audit team has reported four times on the Fund since 2011. A report in March 2013 found that processes and controls were in place to ensure that staff could not gain any advantage from misusing the FSF. Subsequently the Department found that financial controls were not consistently applied.
- Since 2014, DWP has appointed a single responsible owner for the Fund, and changed the guidance on roles and responsibilities. Districts now carry out monthly checks on FSF payments, and DWP collects management information on spending by districts.
- In 2016, an internal audit report identified significant work that had been done to improve assurance. However, testing of 125 cases did identify some compliance issues.

### **Incentives and pressures in jobcentres**

- Plaistow jobcentre staff raised several concerns during and since 2013, about staff capacity and pressures to improve off-flow, including allegations that managers implicitly or explicitly encouraged advisers to use the FSF to increase off-flow.
- In June and July 2014 DWP opened internal investigations into a number of allegations, including bullying and harassment, and these were concluded in 2015. None resulted in disciplinary action.
- DWP's investigations did not review wider cultural issues or pressures on staff in Plaistow, but the department has considered pressure on staff as part of internal audit. DWP states that it has not seen cultural problems such as bullying and harassment in centres it has visited. It has, however, identified that pressure to meet targets can lead to some inappropriate customer service behaviours.
- DWP investigated whether staff in Plaistow jobcentre were directed to take inappropriate steps to increase off-flow, but found the evidence did not support the allegations. DWP does not believe that its use of targets for off-flow create significant perverse incentives, and does not intend to carry out further investigation.

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