



European Network of Public Employment Services

Benchmarking Initiative External Assessment

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2016

Summary report



Written by ICON-INSTITUT Public Sector GmbH

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Benchlearning Initiative External Assessment

Summary report – United Kingdom



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PES of United Kingdom

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1. INTRODUCTION

This report outlines the results of the Benchlearning (BL) external assessment of the PES of the United Kingdom (Jobcentre Plus – JCP), conducted between July 18th and 20th, 2016. The team of seven external assessors comprised four peer PES staff (German, Romanian, Slovenian and Spanish PES), one from the European Commission, and two experts from ICON-Institute (the supporting contractor). The programme of the three-day visit included meetings in the JCP's Head Office with senior management/directorates and a visit to the local office in Poplar, London. The time and resources invested in the preparation for the Benchlearning visit by the JCP and in particular the internal self-assessment, were crucial to its success. The team gratefully acknowledges these efforts.

The JCP is a part of the Department for Work and Pensions (DWP, i.e. the Ministry). The JCP is responsible for the disbursement of Jobseeker's Allowance (JSA) and other relevant social benefits. With regard to benefits, the UK is currently introducing a fundamental reform by rolling-out Universal Credit. Universal Credit (UC) will replace income-based Jobseeker's Allowance, income-based Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit. It aims to "make work pay" by ensuring that claimants are better off in work than on benefits, promoting personal responsibility to actively seek work and increase earnings, while continuing to provide support for those who need it.

The Jobcentre network is made up of over 700 Jobcentres, across 34 Districts and within 7 Groups. Each of the seven Groups has a Work Services Director, all of whom report to the Director of Work Services. JCP has three key aims: (i) to provide effective advice and support for persons looking for work; (ii) to ensure that jobseekers fulfil their responsibilities to look for work; and (iii) to support an efficient and flexible labour market by offering an effective recruitment service to employers and matching unemployed people to suitable job vacancies.

Social partners are not directly involved in the management, supervision or monitoring of the JCP, since the UK has no formal social partnership structures. Social dialogue operates on a subject by subject, theme by theme basis. Social partners are often engaged at local, regional and national tiers on delivery/policy issues.

2. STRENGTHS

During the site visit the JCP has evidenced that it is a mature and innovative organisation which is constantly looking for improvements. Furthermore, the JCP follows a clear strategy ("work first") under which jobseeker services are very well streamlined, organised and monitored/controlled. The main driver of the whole organisation is to reduce the amount of public money spent on (unemployment) benefits. The common vision of the organisation as a whole is the new benefit system (Universal Credit) which combines six different benefits into one with total payments capped. It is established in the form of an "employment contract" and designed to support jobseekers using an ABC-approach: **A** job, a **B**etter job, a **C**areer. Since UC is a means-tested, household-based benefit, employed persons also stay in the UC system until they earn enough to be no longer eligible for benefits. The UC is currently fully established (known as 'full service') in just 19 out of 713 Jobcentres. However, all Jobcentres participate in an element of so-called "live service" of UC, currently limited to single persons. The full implementation of UC is envisaged for 2021. This, however, also implies that the benefits to be replaced by UC will still be in place

for the next few years, especially within the JSA scheme, where eligibility for benefits depends on not exceeding a time limit for work (less than 16 hours a week) compared to an earnings level under UC. This means that a considerable number of persons might remain under this hours limit to maintain their benefits even though they have the potential to work more. This is certainly a challenge for the JCP during the on-going transition period.

The assessor team is convinced that the JCP will be able to cope with this challenge as well as those entailed by the full roll-out of UC full service, not least due to its deeply anchored performance orientation and elaborated culture of performance dialogues across and within all levels of the JCP. One of the major strengths of the JCP is certainly the highly sophisticated and well-established system of analysis, evaluations, reports and face-to-face dialogues to discuss performance of the different organisational units and branches.

Performance orientation of the organisation is facilitated by a well-developed and elaborate IT- and non-IT-support structure, together with an active quality management system. The design and architecture of the ICT infrastructure follow the service strategy and process definition, a high level of warehoused data supports all processes and the JCP has developed and implemented a range of supporting guidelines. Quality objectives are defined and broken-down to every level, quality measures are planned and deployed throughout the organisation, areas for improvement are identified and regularly disseminated as well as discussed, and responsibilities for quality management are clearly defined on all levels of the JCP. Consequently, the organisation has a fully embedded culture of continuous improvement.

Another strength of the JCP which makes the assessor team feel confident regarding the full implementation of the UC scheme, is the comprehensive and sophisticated research and evaluation plan for UC which is implemented systematically. The plan foresees qualitative and quantitative studies together with cost-benefit analyses. It was developed internally but taking into account external expertise. Implementation is managed by the "UC test and learn" as well as the "UC evaluation team" which cooperate closely. In addition, testing and trialling are an essential element of process and service (re-)design in the JCP. A clear and consistent approach exists which follows three steps: (i) initial investigation, (ii) proof-of-concept (small scale test) and (iii) full pilot project. Pilots are implemented as randomized controlled trials (RCT) whenever possible. A "what works unit" in the Labour Market Strategy Division is responsible for the proper implementation of pilots and the documentation of results. "Lessons learnt" from pilot projects are regularly collected as well as saved, and an elaborated governance process to coordinate trials and pilots exists. Hence, another strong element of the JCP is its consistent piloting culture.

Moreover, the JCP stands out for its capacity to manage external service providers in big programmes. The Contracted Employment Provision Directorate has a number of monitoring and enforcement mechanisms in place to ensure that the required service standards and job outcomes are delivered. This system ensures sound performance management, compliance and assurance checks, processes to validate payments and analysis of feedback on participants' experience of provision.

Finally, a major strength of the JCP is the modern and systematic human resource management (HRM) which is built on sound analyses of the existing workforce capacity, as well as on forecasts of future requirements. Essential parts of the HRM system are training plans including initial training for new employees, mentoring and coaching programmes, as well as informal training procedures

such as the DWP story, visits and blogs to share experience and knowledge. The promotion of progression and career development are also key elements.

3. CONTEXTUAL INFLUENCES

Institutional context

The DWP is responsible for the longer-term vision of JCP operations. The objectives for JCP operations are decided annually by the DWP and the Treasury, and set out in the DWP operational business plan. While these decisions are made in consultation with the DWP Operations DG and Executive Team, the DWP is the ultimate decision-making authority. The governance of DWP Operations is primarily a top-down process, characterized by a management-by-objectives system. Targets are set in an annual process. On the basis of the Public Service Agreements, the JCP negotiates the annual budget and targets with DWP Operations. They then translate these strategic targets into operational targets at both the regional and the local level. For the translation of targets into strategies and processes, the DWP Operations Executive Team is responsible.

Economic context

The economic background in which the JCP operates has been characterised by constant positive GDP growth rates since 2010, after a decline in economic activity in 2009 by -4.2%. On average, GDP growth amounted to around 2% per annum in the period 2010-2015. According to Eurostat data, this was accompanied by an increase in employment rates since 2010 of on average about 1% per annum, but fairly stable unemployment rates of around 7.6%-8.1% between 2010 and 2013. In 2014, the unemployment rate decreased substantially by about one and a half percentage point to 6.1%, and in 2015 further on to 5.3%. The pattern of the overall unemployment rate in the 2010-2015 period is mirrored by the LTU rate and youth unemployment, though on different levels. According to the forecasts of the European Commission, the UK is expected to experience positive GDP growth rates of slightly less than 2% in 2016 and 2017, respectively. For the same period, the unemployment rate is forecasted to mildly decrease to 5.0% and 4.9%, respectively.

4. CURRENT AND POTENTIAL GOOD PRACTICES IDENTIFIED DURING THE ASSESSMENT

The strengths of the JCP outlined above are supported by a number of potentially transferable good practices. These include the following:

- The intensity and quality of discussing performance across and within all levels of the organization with the aim to improve could serve as a role model for most of the European PES and should be considered in one of the next mutual learning events.
- The ADAPT quality checking methodology which includes coaching on a one-to-one basis, ensuring everyone in the organisation is involved. This is an essential part of the comprehensive quality management approach of the JCP.
- The clear "work first" strategy following the ABC-approach with short contact intervals and intensive follow-up activities which constitute a comprehensible

and labour market-focused approach for the activation and integration of jobseekers.

- The sector-based Work Academies which support the preparation of jobseekers for placement in available jobs and the use of PES premises for meetings of employers and jobseekers. These are approaches worth studying by peer PES to respond to labour demand at the local level and to raise the awareness of jobseekers for employment perspectives in certain sectors.
- The comprehensive and sophisticated research and evaluation plan for Universal Credit, the consistent piloting approach as such, but especially the RCT on "in work support", and the "Bright Idea" staff suggestion portal. These are cornerstones of a fully-fledged approach to generate evidence on what works for the (re-)design of processes and services.
- The elaborated approach to manage external service providers using a performance-based payment model which, again, can be seen as a role model for European PES.
- The focus on enhancing leadership through the flagship "Changing Futures" leadership development, the DWP Digital Academy and the annual People Survey, which measures levels of engagement taking into account the opinion of people on their work, managers and team, leadership and managing change, learning and development, inclusion and fair treatment, and organizational objectives and purpose. These activities constitute essential elements of a modern and highly sophisticated human resource management system.

5. AREAS WHERE IMPROVEMENTS MAY FURTHER ENHANCE PES OPERATIONS AND OUTCOMES

The new UC scheme has the big advantage and potential not only to bring people back into work, but to support them to find better work and to start a career. The risk is that it might be perceived by the public and benefit recipients as a model which is only designed to reduce the amount of benefit spending. Therefore, a solid communication strategy will be required to minimize that risk. Internally, the amount of workload will multiply once staff becomes responsible for not only the first placement but also to help people find better jobs. In the current set up of profiling and matching this will inevitably present a challenge to full implementation. In particular, the employer relations and services will need a fundamental reorientation. Furthermore, since UC is household-based and can be received while working, there is the risk that recipients arrange themselves in a regime of part-time working and benefit recipience in parallel, which makes them feel better off than working full-time without benefits.

The strategy of the JCP appears to be built on two assumptions: There is enough work for everybody and everybody can help themselves. Both assumptions are, at least, questionable. The UK national statistics reports that there is a jobseeker to vacancy ratio of 2.2 to 1 which means that there is only a job for every second jobseeker and that the structure of the jobs and jobseekers will not always match. Following the ABC approach implies that a large number of basic jobs is required and simultaneously a certain number of bottleneck vacancies exist for which a skill mismatch problem prevents their filling. Thus, the assessor team recommends adopting a more active approach to invest in certain groups of jobseekers by qualification and training. This implies that the budget of the JCP for flexible support of jobseekers is too low. Currently, around GBP 85 million are available and used in a very reasonable manner. However, the volume of this budget is relatively insignificant compared to the big national programmes such

as the Work Programme which generally kicks in after 53 weeks of unemployment for those who did not manage to find a job after intensive job search. Hence, an adjustment of these budgets appears worth considering. Such a shift could also further support the already existing and valuable approaches at the local level to help enterprises grow.

In general, the JCP is very good in doing what is within their remit and also in terms of the different sections of the Benchlearning model. However, the assumptions of the approach towards jobseekers would benefit from some critical rethinking; the support the JCP provides to jobseekers and employers seems to need a rebalancing and a serious increase in volume to help the economy to grow and the jobseekers to find sustainable work according to their skills and competencies. The assessor team is convinced that the JCP is able to do considerably better with some more resources in the flexible budget (withdrawn from the big programmes), a transfer of staff from the jobseeker to the employer side, and an amendment of philosophy. This amendment entails adding an investment element to the ABC approach and seems to be the most promising element.

In the final analysis, it will certainly come down to a political decision on the role and contribution of the JCP to act as a multiplier for the invested resources. Here again the JCP has the potential to make a valuable suggestion for a change from the current rather reactive “public money saving mode”, to a more pro-active “public money investment mode”, to foster the economy as a whole and in particular the JCP’s job-seeking clients within the current budget lines. Currently, the JCP defines itself as the delivery arm of the Ministry (DWP) and does not use its impressive analytical competency and profound knowledge of the labour market to develop a vision of the objectives to be followed and the services to be provided. Despite their strong civil service history, it will, in all likelihood, be supportive for the development of the JCP performance and the creation of more continuity if the JCP would demonstrate the consequences of political decisions from a neutral labour market perspective and to indicate investment costs and their impact by making business cases.

6. RECOMMENDATIONS

For clarity, we present our main recommendations as a series of bullet points as follows:

- Consider utilizing more intensively the impressive analytic capacity of the DWP to define trends and developments on the labour market for the definition of organizational targets. Consider stimulating the local level to provide their input into target setting as well to increase individual commitment and to take specific local labour market knowledge into account.
- Consider separating the huge number of indicators according to their nature (activity, input, output, outcome, efficiency, impact) and focusing on the set of those which closely reflect the added value of the PES. Performance management could gain by clear orientation given to the regional and local level on what really counts and by identifying the units performing truly better than others, which could serve as good examples for operational development. This, however, would require the reintroduction of expectation

levels. A solid bottom-up process to define the appropriate level could help to reduce the risk of gambling the indicators.

- Consider extending the sample size of the customer surveys, so that the results could be broken down to the level of individual Jobcentres.
- Consider taking the household/family situation into account when assessing the employment potential of UC-recipients and segmenting them into groups. This can be done by “systemic counselling” approaches and the allocation of the complete household/family to one work coach. Furthermore, consider introducing a “Household Commitment” to signal that within UC the complete household is responsible for overcoming benefit recipience.
- Consider complementing the ABC strategy by an investment element (e.g. significant up-skilling) for specific customer groups which aims at lifting these customers over A and B directly to C.
- Consider strengthening the preventive elements of service provision, e.g. by encouraging jobseekers with fixed-term contracts to contact the Jobcentres before the end of their contract. Furthermore, if there is a household/family-based approach in UC (see above), this is a unique opportunity to implement preventive measures for the children in UC-households in cooperation with external partners (e.g. support in case of school problems).
- Consider a better distribution of responsibilities between employer units at national, district and local levels and enhance the cooperation of the National Team for Employers & Partnerships with the Department for Business Innovation and Skills (and its successor department) that works closely with employers on forecasting labour demand (for example through the UK Commission for Employment and Skills). This would equip the national team with knowledge about labour demand projections which they could forward to district and local PES, providing them with the relevant information necessary for arranging re-skilling/training of jobseekers in time. Furthermore, support the initiative and encourage the readiness of local PES employer units to capture vacancies at an early stage of their appearance (while gaining information from local authorities about starting businesses).
- Consider establishing a format for the presentation of intermediate results of projects using external advisors who can provide feedback in the course of a project. This can help both the JCP in terms of quality assurance and the researchers in terms of receiving a feedback for further consideration. Furthermore, consider launching a research project to identify those customer groups for which an investment (e.g. by significant up-skilling) is promising.
- Consider developing a more strategic approach to identify all the relevant stakeholders, starting from the needs and expectations of the organisation and its clients. In particular, municipalities should play a more important role as a key partner for the JCP. Furthermore, try to identify new ways/actions for strengthening partnership building with all relevant stakeholders at strategic and operational levels.