

THE FUTURE OF JOBCENTRE PLUS

Written evidence to the Work and Pensions
Committee from the Learning and Work
Institute

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*In January 2016, NIACE and the Centre for Economic and Social Inclusion
merged to form Learning and Work Institute*

Learning and Work Institute

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This is a submission from the Learning and Work Institute – formed in January 2016 following the merger of NIACE and the Centre for Economic and Social Inclusion.

We welcome the Committee's inquiry into the future of Jobcentre Plus (JCP). We consider that Jobcentre Plus has played a central part in the success of the UK labour market over the last fifteen years, but the time is now right to look again at its role and purpose. Our response below reflects the six areas where the Committee has asked for evidence. We make four key recommendations:

- 1. That the Department brings forward a Command Paper on the future of Jobcentre Plus, setting out its proposals for the resourcing and design of services, local integration, devolution and claimant support. This should form the basis for a wider consultation on its future.**
- 2. That a 'what works' centre for employment is established – to enable us to test, learn from and share what works in supporting those further from work.**
- 3. That local and national government commits to testing through the next round of Growth Deals a true Public Employment Service – providing job matching and brokerage support to all of those seeking support to start, change or create new jobs**
- 4. That local and national government agrees a framework for local alignment, integration and future devolution of employment support – based around Local Labour Market Agreements**

1. IMPACTS ON CLAIMANTS OF FUTURE CHANGES TO JOBCENTRE PLUS

Customer satisfaction with DWP has declined sharply over the last five years, falling from 89% in 2011 to 82% in 2014/15¹. This decline reflects in particular declining satisfaction with Jobcentre Plus – with 81% of JSA and ESA claimants reporting that they are satisfied with the service received.

Satisfaction with Jobcentre Plus is now at its lowest levels since the organisation was created in 2001. This is likely to reflect the impacts both of the significant reductions in resourcing, but also the increased focus in recent years on monitoring and enforcing benefit conditions. Most worryingly, just 65% of JSA claimants and

¹ <https://www.gov.uk/government/publications/dwp-business-plan-transparency-measures/dwp-business-plan-transparency-measures#customer-and-claimant-opinion-of-departmental-service-levels>

fewer than half (47%) of ESA claimants who had recently visited Jobcentre Plus were satisfied with the support received to find work².

Looking ahead, increased digitisation of services, frequency of appointments and tightening of resourcing is likely to have further negative impact on claimants' experiences of Jobcentre Plus and the support that they receive.

What is less clear from published data is the extent to which declining satisfaction with services also reflects problems accessing the benefits system, as performance data on benefit processing times is no longer published. Delays in benefit administration undermine confidence in services and get in the way of providing support to get into work. **The Government should reverse the previous Coalition Government's decision to stop publishing data on the times taken to process benefit claims.**

What we do know, however, is that benefit delays and problems are the most common reason for claimants seeking support from Citizen's Advice, and that fully 57% of unemployed people are not claiming JSA, and so not receiving employment support.

The other key impact on claimants will be the extension of JCP support in four key areas:

- **Those Universal Credit claimants in work and earning below the 'conditionality threshold'** – where eventually up to one million claimants will, for the first time, be brought into Jobcentre Plus conditionality. The potential impacts of this have been covered in the committee's previous inquiry and our previous evidence.
- **Those on JSA for between one and two years** – where impacts will likely be mixed – some claimants may receive less support than they would have under the Work Programme, while others may receive more.
- **Non-working partners in couple households, parents with young children and those claiming Housing Benefit only** – all of whom will face work-related conditionality for the first time.
- **Those claiming Universal Credit with digital and budgeting needs** – where 'Universal Support' has the potential to improve access to local support services (we are evaluating trials of these approaches, with the evaluation due to report in the coming months).

² Source: DWP Claimant Service and Experience Survey 2014/15

Taken together, these changes would significantly expand the scope of Jobcentre Plus – more than doubling its caseload and broadening its areas of focus. However over this Parliament we expect the government to move relatively cautiously on all three fronts (set out in more detail below).

2. IMPLICATIONS FOR JOBCENTRE PLUS OF FUTURE REFORMS

The key impacts for Jobcentre Plus will be in how it is resourced, the services that it delivers, and how it measures success.

Resourcing

DWP staffing has fallen by 40,000 – or one third – over the last five years³. Looking ahead, the Department will see its funding fall by 14% in real terms (i.e. accounting for inflation) by the end of this Parliament⁴. However, these cuts are significantly backloaded, with funding actually **increasing** over the next two years before falling sharply from 2018. This creates some room for manoeuvre – particularly on Jobcentre Plus expansion and transformation. However the back-loading of cuts is contingent on two things:

- Rolling out Universal Credit to its revised timescales and budget – failure to do so will lead to much higher administrative costs
- The Department divesting itself of one third of its estate – driven in particular by the ending of its central estates contract in 2018. This could have far-reaching implications for JCP, driving an even smaller presence on the high street and increased co-location of services.

It is important to note also that these changes are happening alongside the most significant cuts in the funding of contracted provision on record – with funding for external support likely to fall by more than 80% over this Parliament.

Service delivery

The two factors above will also be the most significant drivers of changes to service delivery over the next five years. The rollout of Universal Credit will be the most significant change programme since Jobcentre Plus's creation. The 'full service' model will begin to roll out from next month, replacing the current 'live service' model which only applies to new single jobseekers. Under 'full service', all new claimants will transition to Universal Credit in designated areas. National rollout is due to complete by mid-2018, at which point the transition of existing claimants will begin.

³ Source: DWP Annual Reports and Accounts, 2010/11 to 2014/15

⁴ Source: Spending Review 2015

UC rollout will be accompanied by a new 'Work Coach Delivery Model' which will formally end the practice of specialist disability, lone parent and young people advisers and lead to mixed caseloads – with advisers expected to provide support to claimants with a range of needs and conditionality requirements. There is a lack of clarity however on how this model will work – the training that advisers will receive, the sizes of caseloads, the support that will be provided to claimants, the frequency of interventions and so on. All of these are critical to the success of UC.

Alongside this, the reduction in estate spending will drive far greater co-location of services with other public services and partners. This process is already happening in a number of areas – particularly in London authorities like Islington, Lambeth and Lewisham; but also in places as diverse as Melton, West Lindsey and Ipswich. However this process is happening through local deals rather than any national framework, and is generally limited to sharing office space rather than joining-up and integrating the delivery of services. There are clear opportunities to go further.

In our view, the changes to JCP's role set out in section 1 – around in-work progression, support for a wider range of claimants and 'Universal Support' – are likely to have smaller impacts in the short term on the delivery of Jobcentre Plus services. The in-work progression service will only begin to roll out fully from 2018 at the earliest; the support for 1-2 year JSA claimants is likely to be no larger in scale than the 'Help to Work' scheme that it is replacing (due to falling claimant volumes and cutting back support); while the wider Universal Support role will likely proceed alongside the gradual phasing-in of UC. Nonetheless these are all reforms with significant implications for the future, where again more detail and engagement with stakeholders would be welcome.

We believe that the Department should set out in its command paper its proposals for the resourcing and design of Jobcentre Plus services – including its plans for implementation of Universal Credit and the new Work Coach Delivery Model, how savings in estates and administrative costs will be met, and the framework for future co-location and service integration.

Measuring success

As we and others have previously set out, JCP's primary performance measure continues to be off-flows from benefit rather than entry to work. This could in turn incentivise some local Jobcentre Plus offices to take actions that discourage people from claiming benefits without them necessarily moving into work – such as inappropriate referral to programmes like Mandatory Work Activity, increased use of sanctions, or making it hard for claimants to sign-on (for example by changing their normal office for signing). Whilst there is little hard evidence that this is happening,

and it is unlikely that such behaviour would be widespread, this did happen in the late 1980s when similar targets were in place.⁵

Worryingly, last year the Government chose last year to stop publishing regular data on progress against these off-flow performance measures. This means that there is now no government reporting of Jobcentre Plus performance, even against the imperfect off-flow measure. Our own analysis, based on administrative data, suggests that performance appears to be declining for JSA claimants – with 44% of new JSA claimants staying on benefit for more than three months, compared with fewer than 40% in early 2015.

We believe that the Department should reinstate its reporting of benefit off-flows, but should also supplement this with a public performance measure based on the proportion of service users who are placed in employment and the extent to which they sustain such employment.

As a matter of urgency, the Department also needs to introduce more open reporting of Universal Credit performance. It is deeply concerning that the Department is still not reporting on Universal Credit clearance times, off-flows or transitions to work.

Looking ahead, there are gaps in how we measure success in a range of areas that will become increasingly important under Universal Credit – in particular around:

- **Earnings** – where claimant earnings could be reported using the same ‘Real Time Information’ system that will underpin Universal Credit, and where as we have set out previously measures should be developed that can also reflect on impacts on household incomes and poverty;
- **Access to the benefits system** – in particular, estimates of benefits take-up as well as average clearance times; and
- **Digital and financial inclusion** – measuring for example the proportion of claimants needing alternative arrangements under Universal Credit, and the reasons for this.

We recommend that Jobcentre Plus develops a suite of performance measures that also reflect earnings, access and digital and financial inclusion.

Finally, it is important to remember that Jobcentre Plus remains a centralised and target-driven organisation. While there have been undoubted benefits to this in the

⁵ Price, D (2000), *Office of Hope, A History of the Employment Service*

past, in managing a large register of claimants in a complex benefits system, its future role will surely require it to act more flexibly, responsively and collaboratively to work in different forms of partnership to support claimants with a wider range of needs. The Department needs to ensure that its focus on targets and performance does not prevent JCP from engaging in this wider role.

3. JOBCENTRE PLUS CAPABILITIES

In our view, there is no reason in principle why JCP and its staff should not be able to be effective in supporting wider groups of claimants with more diverse needs. The evaluations of the New Deal programmes and of Employment Zones found no evidence that JCP staff were less effective than private or voluntary sector providers in delivering employment support, and there has been a wealth of good practices developed over the last fifteen years in the delivery of the New Deal for Lone Parents, New Deal for Disabled People and Pathways to Work. JCP staff have also successfully delivered in-work support, through the large-scale Employment Retention and Advancement Demonstration (ERAD) project.

However, there are three reasons to be cautious about JCP's ability to provide highly tailored and personalised support for diverse groups:

- First, as noted in section 2, there is a lack of clarity around what support will be delivered under the new Work Coach Delivery Model, and the move to mixed caseloads will likely reduce the specialism of Jobcentre Plus advisers
- Secondly, the move over recent years towards a compliance-based regime with greater use of sanctions will undermine efforts by JCP to engage with those with more complex needs
- Thirdly, where JCP has taken on new roles, research has found that staff faced steep learning curves and struggled to work in new ways within an environment that prioritised off-flows and job placement⁶

We believe therefore that the government needs to recognise the wealth of expertise in other sectors – other public services, the voluntary and community sector, and private providers, and look to develop and test different approaches alongside JCP support to the commissioning, management and delivery support for the most disadvantaged.

⁶ Hendra, R., Riccio, J., Dorsett, R., Greenberg, D., Knight, G., Phillips, J., Robins, P., Vegeris, S. and Walter, J. (2011) *Breaking the low-pay, no-pay cycle: Final evidence from the UK Employment Retention and Advancement (ERA) demonstration*, Department for Work and Pensions Research Report No.765

We also repeat our calls made in previous submissions for a ‘what works’ centre for employment, supplemented with an innovation fund, so that JCP and the wider sector can test, learn and share what works for whom.

4. OPPORTUNITIES FOR CO-ORDINATION WITH OTHER SERVICES

Effective local integration and alignment of services will be key both to delivering the government’s reforms to the welfare system and JCP, and to successfully supporting those further from work. We want to see more than a de-centralisation of services in which local partners are co-opted into supporting nationally-determined services at a local level. The greatest progress will be made where localities are at the very least involved in co-designing services with DWP, which properly align with other locally determined services such as skills and health.

As noted in section 2, there are a range of good examples of co-location of services and increasing joint working at local strategic and operational levels. A particularly good example of this has been in employment and skills, where ‘Sector Based Work Academies’ have driven the alignment of support and recent analysis has found strong positive impacts⁷.

However, joint working is often patchy, is within quite narrowly defined boundaries (around the existing JCP regime, services and initiatives) and even then depends on local leadership both within JCP and other public services to make it happen. We have found increasing frustration within city regions at the ability of JCP to work flexibly within local strategic partnerships, even where there is the will from District Managers to do so.

There is a need for DWP and JCP to provide clarity on the freedoms which will be allowed for localities in order to support proper co-ordination and integration of services which can meet the often complex needs of claimants and job seekers.

There are particular challenges, too, around the alignment and integration with health services. Here the issues appear to be more deep-rooted, and even where partnerships are strong there have been challenges in aligning with NHS-funded provision. The new DWP/ Department of Health work and health unit is welcome, but there is need to go further. In particular **we would like to see the new Work and Health Innovation Fund targeted at initiatives that align and integrate health, skills, employment and other local support.**

⁷ <https://www.gov.uk/government/publications/sector-based-work-academies-a-quantitative-impact-assessment>

5. DELIVERING ORGANISATIONAL CHANGE

Overall, JCP has a good track record in delivering major change projects. The 2008/9 downturn was a notable example, where JCP significantly increased frontline resource, trained up new staff, dealt with a doubling of claimant volumes and implemented new programmes – whilst maintaining its performance. However, these successes have been tarnished by the Department's problems with designing and implementing UC. It will be important in restoring its credibility that the Department sets out a more detailed plan – through the new command paper that we propose above – for the implementation of the next set of reforms to JCP.

6. THE OPPORTUNITIES AND CHALLENGES OF DEVOLUTION

We have called for greater devolution and local involvement in the oversight and delivery of employment services. In *Local People: Local Growth*⁸ we argue that the Work and Health Programme should be co-designed with all local areas, with areas able to influence its design and commissioning so as to better integrate and align other provision alongside it – including health, social care, skills and the European Social Fund support. Where areas have the capacity and capability to deliver a more integrated offer, there should be fuller joint commissioning of support, with local areas in the lead. This would be in line with the approaches likely to be taken in Manchester and London.

There are similar arguments for greater local involvement in the oversight and design of JCP support, which remains arguably the most highly centralised employment and benefits service in the developed world. There are two aspects to this:

- The delivery of labour market support
- The delivery of welfare/ housing/ benefits support to low income residents

On **labour market support**, there are a range of local initiatives where JCP services could be better aligned, and local areas have shown that they have the capability to design and manage employment services. These range from **MyGo** in Suffolk, where JCP support for 18-24 year olds is fully integrated within a local authority led public employment service for young people, including the delivery of the core JSA regime within LA premises; through to local employment brokerages which operate at arms length from JCP, such as the Newham Workplace. MyGo in particular shows that it is well possible to devolve labour market and benefit functions within a control framework set by DWP.

⁸ *Local People: Local Growth*, Learning and Work Institute, January 2016

On **welfare support**, as noted previously the Universal Support trials (and previous initiatives around local support) have shown that there is scope for far greater alignment and pooling of effort between local partners and JCP in the delivery of budgeting, financial, housing and wider support.

Clearly different areas are proceeding at different paces, but we consider that there is scope to build on good practices from previous city deals and local initiatives to develop more ambitious approaches to local integration and support. As we have argued previously, **we would like to see this framed around Local Labour Market Agreements, setting a clear national framework within which local areas can agree on accountabilities, responsibilities, outcomes and resourcing.**

Critically, this should also be underpinned by **clear national standards around the quality and nature of support that claimants can expect to receive, with oversight to ensure that this is being delivered.**

A Public Employment Service?

Finally, in our view a key area to test in local approaches is around delivering a modern public employment service. In our view, over the last ten years JCP has effectively been pared back to a 'Claimant Employment Service' – providing employment support only to those who meet specific, benefit-based criteria. This both reinforces negative stereotypes and stigma about JCP, and it undermines its effectiveness – as it cannot offer a full recruitment service to employers nor act as an employment hub for local partners. This has become an increasing problem given that so few unemployed people now claim JSA, and that the labour market challenges that we face are increasingly around productivity and in-work support.

We would argue that local and national government should work together to develop a proposition for a modern Public Employment Service – integrating JCP support, in-work progression support, outreach and employer engagement for all of those who want to start, change or create new jobs.

**Learning and Work Institute
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