



# Integrated approaches to active welfare and employment policies

## United Kingdom

[Summary](#)

[The national context](#)

[Activation policies for minimum income recipients](#)

[Coordination - theoretical and institutional perspectives](#)

[Coordination in practice](#)

[Conclusions and recommendations](#)

[Bibliography](#)

[Glossary of terms](#)

[Informants](#)

**J. Ditch and E. Roberts, University of York**

This report is available in electronic format only and has not been subjected to the standard  
Foundation editorial procedures.

Wyattville Road, Loughlinstown, Dublin 18, Ireland. - Tel: (+353 1) 204 31 00 - Fax: 282 42 09 / 282 64 56  
e-mail: postmaster@eurofound.eu.int - website: www.eurofound.eu.int

# **Summary**

## **The national context**

The UK has been a pathfinder in respect of employability and activation measures, in terms both of policy measures to reduce dependency on benefits and increase employment, and of changes to organisation and delivery, aimed at “joined up government”. This work is going on within a “Welfare to Work” agenda aimed at actively promoting labour market re-integration for those in receipt of benefit; enhancing co-ordination of policy-making and delivery systems, and developing stream-lined IT systems.

An important element of this agenda is an initiative called “ONE”, which provides a single point of entry for benefit and labour market services for unemployed claimants of working age, and increases the amount of personal contact between claimants and a Personal Adviser. ONE is being piloted in a number of models which include the Department of Social Security, the Employment Service, Local Authorities the private sector and voluntary organisations. A new Government Agency is being created – the Working Age Agency – which will bring together large parts of the Benefits Agency and Employment Service and will take forward the ONE initiative.

The UK benefits system has increasingly come to be dominated by social assistance-type measures, of which the chief benefit is Income Support. Since 1996 Income Support has been replaced in part by Jobseeker's Allowance, which has become the principal benefit for unemployed people claiming benefit and seeking work. Claimants are required to enter into a Jobseeker's Agreement and demonstrate that they are actively seeking work. Responsibility for JSA is shared between the Benefits Agency and the Employment Service, which have set up joint structures to administer it. Evaluation indicates that JSA has contributed to a large reduction in the number of benefit claimants. Job search activity has increased, as has the quality of information made available to claimants. The UK macro-economic climate (falling unemployment and increased job opportunities) has, however, to be taken into account in assessing the impact of JSA.

Another key part of the UK context is the trend towards devolution, involving the establishment of the Scottish Parliament and Assemblies in Wales and Northern Ireland. While most responsibilities in the field of social protection continue to remain with the Westminster Parliament, there are nevertheless implications for the co-ordination of both policy-making and delivery.

### **Activation policies of minimum income recipients**

The current Government, elected in 1997, identified poverty and social exclusion as a priority for co-ordinated policy attention. At the heart of this agenda is a commitment to abolish child poverty in 20 years, by reducing unemployment and breaking the transmission of poverty across generations. The agenda emphasises “partnership” as a means to mobilise interventions. The government sees central and local government, the voluntary sector, business communities and individuals as all having key roles to play. An annual Poverty Report is to be produced, examining progress against indicators related to a wide range of measures: unemployment, childhood deprivation; barriers to older people leading fulfilling lives, inequalities in health and poor neighbourhoods.

A key part of the strategy, and an aspect of the “Welfare to Work” agenda, has been a series of “New Deals”, aimed at offering additional support and guidance to enable specific groups among the unemployed to enhance their employability and find jobs. The programme is the responsibility of the Department for Education and Employment, and is overseen by a Task Force which brings together major employers, trades unions and the voluntary sector. There is no single organisational template; different arrangements have been developed in different localities, although always with the Employment Service as the lead partner.

New Deals are currently in place for the Young Unemployed (18-24), the Long Term Unemployed (25+), Partners of the Unemployed, the Older Unemployed (50+), Lone Parents and the Disabled. Evaluation of the New Deal for Lone Parents – one of the more advanced evaluations - shows that there has been a modest net economic benefit for both the individual lone parent and the economy as a whole. It is estimated that 20% of jobs gained following participation were additional to those that would have been gained anyway. The great majority of participants were positive about the service they had experienced, and particularly about the role of the Personal Adviser. Child care issues were quoted as the major barrier to employment.

The New Deal exemplifies the Government’s approach to poverty and social exclusion: unemployment is seen as a root cause, and labour market integration is perceived to be central to the solution.

### **Coordination: theoretical and institutional perspectives**

Coordination as a concept and a practice has had a long history, which has now re-emerged in the context of, especially, a desire for “joined up” government. Features which help to explain this current emphasis in the UK are the need to cope with the increased fragmentation and complexity of delivery arrangements; a desire to focus on outcomes in ways which transcend organisational boundaries; and an interest in promoting bottom – up approaches involving various types of actors and partners.

Geldof and Vranken’s distinctions between “levels” of co-ordination - the policy level, service level and individual level – are relevant to the UK’s current agenda. The government’s approach emphasises the importance of designing policy around shared goals rather than existing structures; establishing partnership in delivery; and ensuring that the experience of individuals is coherent rather than fragmented.

Issues which can be seen as pre-conditions for effective coordination include ensuring consistency between different policy objectives, achieving continuity in how measures work, ensuring that organisational functions such as performance measures support rather than undermine coordination and choosing appropriate criteria.

### **Coordination: the case study experience**

Case studies were conducted in three locations: two in Northern Ireland and one in Great Britain.

Northern Ireland has historically had high unemployment, although over the past decade levels have been falling and the labour market has been expanding. Coordination activities in the case study sites have centred on reforming the delivery of Jobseeker’s Allowance underpinned by closer working by the Social Security Agency and Training and Employment Agency. The aims of the reforms have been to create a “one-stop” service for JSA claimants and to create more active support in job search and labour market integration. A “Shared Vision Document” set out the formal commitment of the two Agencies to coordination, and a change programme has overseen changes in process design, office accommodation, IT systems, personnel, legislation and funding. Two pilot / demonstration projects have been set up, which were the sites for the two case studies.

At both sites, the revised processes have involved substantial reorganisation, with SSA staff being relocated to Job Centres. Staff perceptions of the handling of the change process and of the revised procedures themselves have been mostly positive, but mixed. Difficulties have included: lack of knowledge among Job centre staff of benefits other than JSA; insufficient training to deal with this shortcoming; failings within the IT system; reservations among SSA staff about moving to the unscreened Job Centre environment; some concerns that staff were implicitly colluding with clients who were not complying with their Jobseeker's Agreement, because of the work involved in reporting them. Staff had also been concerned in the early stages at having to implement the systems against a background of staff shortages. Regular meetings between managers from the two Agencies, and job swaps and job shadowing were thought to have been important in establishing good working arrangements, although more senior managers were more likely to give a positive picture of the effects of these measures.

Client satisfaction appeared to be high, being generally very satisfied with the treatment they received from staff and with the physical environment. Clients had however found staff to be less well informed about benefits other than JSA. Employers generally had a poor impression of the Job centre service, although this pre-dated the changed procedures. The unemployment / labour market outcomes appear however to have been striking. The pilot areas experienced a dramatic fall in JSA live caseload, particularly among the long term unemployed and postal signers. There was no evidence of sudden increase in employment levels or claims for Incapacity Benefit, suggesting that those leaving JSA are most likely to have been working while claiming.

In Great Britain, the case study site was a town which has relatively low unemployment, although there is a core of unemployed who have considerable problems including low literacy levels, disability and substance abuse. The site studied is a pilot area for ONE, an integrated benefit and labour market service for unemployed people of working age which provides a single point of access and is geared to finding sustainable employment. Security (fraud deterrence and detection) and value for money also remain important objectives. The ONE service has been awarded to a private sector contractor, and is delivered from three Job Centres. The Benefits Agency, local authorities and the voluntary sector are also involved, and have been included in the service design process and in ongoing consultation and feedback. Well-developed reporting structures and a system of regular meetings are in place

which bring together the private sector contractors with the Employment Service managers and partners in other institutions.

In the delivery of the service, particular attention is being paid to “hard to place” clients, especially people with disabilities and parents with young children. Their needs have been taken into account in the layout and design of the building. Staff perceptions are that most of those helped into employment would have done so without assistance, but that there is an emerging “underclass” who lack the motivation and skills to find and retain work. A general weakness in the arrangements appears to be failure to involve and co-operate with local employers.

## Conclusions

There is no single, unambiguous definition of “coordination”. Nor is it easy to identify the impacts and consequences of coordination from other elements of policy and delivery design. Experience in Northern Ireland and Great Britain indicates that activation and coordination measures may be significantly influenced by other factors such as the macro-economic climate and the extent of working while claiming that exists prior to such measures being introduced. On the other hand, tighter conditionality rules for benefit eligibility, combined with the enforcement of more active job search, have clearly led to marked movement off the claimant register.

In terms of the experience of implementing co-ordination, the following issues appear important:

- *Financing*: the need for budget arrangements to reflect “joined up” organisational structures and yet still provide for clear accountability; for the budget to be sufficient to meet the full human resource and ongoing training costs of coordination measures; for capital costs to be planned for; and for service deliverers to have clear incentives which motivate them to achieve any savings which coordination makes possible,
- *Measuring performance*: the traditional performance measures of the organisations that come together may not be easily or fully compatible with each other, and may not fully reflect the intended outcomes of the new arrangements,

- *Information Technology*: all case studies revealed substantial limitations in the IT systems that supported staff in their day-to-day jobs, with two systems having to be operated alongside each other in a less than integrated manner,
- *Involving end users*: the Great Britain case study showed good practice in involving and consulting customers via voluntary groups; there may however still be a tendency for staff to regard clients as objects for attention rather than subjects for active engagement,
- *Staff skills and interests*: social security and employment agency staff have distinct skills which are complementary, and together support the Welfare to Work agenda. There are however barriers to be overcome in realising the potential for synergy. Terms and conditions tend to vary between Agencies, as does dress code, and staff tend to retain prime loyalty to their “home” organisation. Arrangements which foster face to face and informal contact, such as job shadowing, appear to be important in creating positive attitudes which in turn can support coordination.

The issues above point to the size of the transaction costs in achieving effective coordination: to put in place the required new physical arrangements, to facilitate the transition process and to support and reinforce the new arrangements.

## **Chapter One: The National Context**

The United Kingdom has been a pathfinder in respect of employability and activation measures in two respects: **first**, there has been a linearly consistent programme (linking both present and previous governments) which has sought to reduce dependency on benefits, increase incentives to work, remove barriers to employment, reduce unemployment and increase employment; **second**, and more unusual, there have been determined efforts to reform the organisation, co-ordination, management and evaluation of both policy making and delivery systems: this has included the establishment of Executive Agencies (involving the intended dislocation of policy making from service delivery), the implementation of value for money strategies and, most recently, the active modern service programme – now re-named ‘ONE’. Indeed, the present government has identified **joined-up-government** as a key objective which is intended to ensure that citizens are able to receive the best possible service from all departments and agencies in response to a request made to any single public body. In this respect, the most recent White Paper on the subject (1999, Cm 4310 also at [www.cabinet-office.gov.uk/moderngov/indx/htm](http://www.cabinet-office.gov.uk/moderngov/indx/htm)) has three aims:

- Ensuring that policy making is **joined up and strategic**
- Making sure that **public service users**, not providers, are the focus, by matching services more closely to peoples’ lives
- Delivering public services that are **high quality and efficient**

A Civil Service Management Committee of Permanent Secretaries has been established which seeks to achieve crosscutting policy goals by providing the leadership necessary to inculcate cultural change in their support. There is also a commitment to developing an integrated system of impact assessment and appraisal reviews. Early in 1999 a number of Integrated-Service Teams were established which are charged to identify the practical problems experienced by people when using public services; one strand is looking, in particular, at what happens when people become unemployed.

The notion of a “**One Stop Shop**” first surfaced within the Department of Social Security in the late 1970s and early 1980s, in the form of a major computerisation programme – the “Operational Strategy” – designed to provide unified benefit advice and payment. The strategy failed to be fully realised for a number of reasons: the fact that automation took place on a benefit by benefit basis rather than in an integrated manner, and that it tended to computerise existing manual tasks rather than re-designing the process, the scale of the investment required and the sheer complexity of the benefits system. The idea re-emerged in the late 1990s as part of the “joined up government” agenda. Although information technology remains an important enabler in achieving one-stop approaches, the prime

emphasis now is rather more on the organisational issues involved in achieving joined up services and in making life easier for those who use a variety of public services.

The aim is to reduce the number of separate visits people have to make to get access to or information from separate services. This is consistent with a drive to encourage local initiatives in favour of partnership delivery by all parts and levels of government in order to fit local circumstances. It is hoped that this will be achieved by establishing common targets, financial frameworks, IT links, information systems, appropriate property management (so that people do not have to visit offices some distance from one another to get related services) and the alignment of boundaries of public bodies. No less than 100 different sets of regional boundaries are used in England alone and complicates administration, reduces efficiency and frustrates joined-up government (Cm 4310, p.33).

This wider ‘modernising agenda’ cuts across the whole of the public service in the United Kingdom and involves all government departments. The key themes are to emphasise strategic policy making, identifying long-term problems rather than short term crises; working across existing political and administrative boundaries in pursuit of innovative solutions with an openness to learning from abroad and from past mistakes. Second, there is explicit reference to ‘joined up’ delivery, organised around an individual’s needs rather than administrative convenience and which mobilises the capacities of public, private and not-for-profit sectors. Third, information technology is to be harnessed to ‘improve convenience, efficiency and quality services’; finally, civil servants are to be ‘empowered’ giving them greater professional and personal responsibility.

At the most senior level within the British government (the Cabinet Office, responsible to the Prime Minister), a number of small, cross-cutting units have been established to devise the modernisation agenda, often with a particular focus on facilitating or removing barriers to joined-up working. The performance and Innovation Unit, for example, is "part of the drive for better and more joined-up government" and have reported on a number of issues including accountability and incentives for joined-up government. In the welfare sphere specifically, and working in parallel to the **Social Exclusion Unit**, a **Welfare Reform Unit** is shaping both policy and delivery mechanisms: indeed, it is a characteristic of present strategy that policy is being developed alongside the reform of management and delivery structures. For almost the first time the symbiotic nature of policy and its implementation is being recognised: policy chimneys are being linked by information, management and evaluation networks. The most recent initiative, driven by the Department of Social Security, and related to the Government's broad policy programme of **Welfare to Work**, has three integrated strands:

- active support to promote labour market re-integration for those in receipt of benefits: work for those who can and welfare for those who cannot
- enhanced and more efficient integration/co-ordination of policy making and delivery systems in support of policy objectives
- stream-lining IT systems

### **The Reform Agenda: Government Documents**

New Ambitions for Our Country: A New Contract for Welfare, Cm3805, March 1998  
 A new Contract for Welfare: Principles into Practice, Cm 4101, October 1998  
 A New Contract for Welfare: The Gateway to Work, Cm 4102, October 1998  
 A New Contract for Welfare: Support for Disabled People, Cm 4103, October 1998  
 A New Contract for Welfare: Support in Bereavement, Cm4104, November 1998  
 A New Contract for Welfare: Partnership in Pensions, Cm 4179, November 1998

The Welfare Reform and Pensions Act began its Parliamentary journey in February 1999 and gave effect to the government's reform agenda. The provisions were to establish a 'single work-focused gateway to the benefit system for those of working age; to modernise provision for those with disabilities and/or long-term illnesses; the creation of stakeholder pension schemes; the modernisation of benefits for widows and widowers and the sharing of pensions for divorced couples.

An important element of this programme has concerned the organisation and delivery of social security benefits. The DSS Active Modern Service strategy has, in turn, in turn generated two parallel streams of activity. Formerly named the Single Work Focused Gateway (and now styled **ONE**), the first seeks to promote effective and efficient liaison and co-ordination between DSS, Employment Services (ES), Training and Enterprise Councils (TECs) local authorities and relevant voluntary organisations. The Gateway (ONE) promises for clients a better, speedier service...for staff a more fulfilling role in helping people to solve their problems...and for employers better access to new employees and talent (DSS April 1999). Everyone of working age making a claim to benefit will have a Personal Advisor, who will help them assess their job potential and provide access to a variety of help and information on work, benefits and services. The first pilots began in June 1999 and will deliver a Basic Model for SWFG/ONE. A further eight pilots went live in November 1999 and these are testing variations and refinements of the Basic Model, for example the use of a Call Centre, or delivery via either Private Sector or Voluntary Sector organisations. See the case study in Chapter 4. The second strand builds upon innovation and application in the field of Information Technology, and this (somewhat ironically) has led to the 'outsourcing' of IT delivery and support functions that were previously delivered by the DSS Information Technology Services Agency (ITSA).

The government's rhetoric is clear that the ONE initiative is attempting to achieve nothing short of a transformation of social security provision and popular attitudes to the welfare state. The focus is intended to be upon the individual client. As the 'vision document' put it, "...the success of this approach requires effective co-operation at a national and local level. ONE will bring local and central Government together: working to pool expertise and best practice to provide the best possible service for clients in each of the communities."

From the outset it has been recognised that no single set of arrangements will be appropriate across the country. Different places need different delivery arrangements and these are determined by local staff and other actors. The key players are the Benefits Agency, Employment Services and (for reasons of Housing Benefit and Council Tax Benefit) relevant local authorities. A consequence is that ONE will provide more face-to-face contact with clients. Staff have a greater role in helping clients to understand the benefits system and making the most of the opportunities available to them. Better quality information is obtained from clients and this, it is hoped, will result in fewer errors and greater benefit integrity (ie. Less fraud). ONE is therefore believed to contribute substantially to the BA's aims of 'the right money, to the right process, at the right time, all the time.'

For ES, the earliest change comes from their ability to work with a new range of client groups routed via ONE. Local authorities benefit from data sharing across benefits to reduce duplication in gathering personal details, which will enable all partners to provide a better customer service. A £4 million national evaluation of the programme is being conducted using an 'action paradigm' with observations about structure and process being fed back to policy makers and stakeholders. Not with standing summative conclusions the commitment has already been given, in principle, to the full roll-out of the programme on a basis which will result in the establishment of a new agency - the Working Age Agency - as from mid 2001.

The government's programme of devolution, involving the establishment of the Scottish Parliament and Assemblies in Wales and Northern Ireland has significant implications for the coordination of both policy making and delivery in the field of social protection. Within Great Britain, most responsibilities in the field of social security are maintained by the Westminster Parliament but there are other areas, including employment, training and education, health and personal social services which will be devolved to sub-national structures and these will interface with the Department of Social Security. New modes of working are required to ensure both legislative and operational cohesion. A Devolution Steering group was established in 1997 to coordinate the work of DSS Headquarters and its own agencies (Benefits Agencies, Child Support Agency, Contributions Agency,

Information Technology Services Agency) with particular emphasis on IT systems (Ditch, 1992). Gradually the remit of this working party was extended to encompass the implications of the wider devolution agenda.

Following the revival of the ‘Good Friday Agreement’, signed in 1998, the Northern Ireland Government will have a greater degree of legislative independence and this will include responsibility for social security, though the principle of ‘parity’ – that social security arrangements within the two countries should function coherently as a single system and treat recipients alike - will continue to be a guide for all forms of legislation. The Northern Ireland Act 1998 requires that the Secretary of State for Social Security and the relevant Northern Ireland Minister (the Minister for Social Development) consult to ensure that social security, child support and pension arrangements between Northern Ireland and Great Britain continue to function in a coherent and seamless manner. This will be facilitated by the National Insurance Joint Authority which consists of the Secretary of State for Social Security, the Chancellor of the Exchequer and the Minister for Social Development in Northern Ireland. The Authority will have the power to transfer resources from the British National Insurance Fund in order to maintain both benefits and contributions at the same level across the United Kingdom. (For a review of the origins of the equilibrating mechanism see Ditch, 1988).

In Scotland, there will be a number of challenges to ensure the effective coordination of policy and its delivery. Whereas there is no direct responsibility for social security legislation, the Scottish Parliament’s ability to vary the rate of income tax will impact on the Department of Social Security – as both a major employer and provider of benefits. In Wales, the close links between Housing Benefit (a form of social assistance) expenditure and rents have been anticipated by the introduction of a requirement for the Welsh Assembly to seek the consent of the UK’s Secretary of State for Social Security where its housing finance decisions affect Housing Benefit.

The DSS appears to be in a constant state of organizational change. The declared aim of the department is to deliver the Government’s ‘modernization’ agenda which requires a renewed emphasis of management capacities on defined client groups and front-line services. There is presently a belief that there is insufficient clarity about who is responsible for what: as the DSS Permanent Secretary has written..."As a result we spend an inordinate amount of time and energy travelling round the country negotiating with one another, at the expense of what we are all here to do – delivering better services to the public." The latest proposals involve the reduction in Headquarters staff and policy making capacity in favour of the transfer of staff to support middle managers who are responsible for the front line delivery of social security benefits.

The most significant prospective change, and taking coordination to its logical limits, was made on 16 March 2000 when the Prime Minister announced the impending merger of large sections of BA with the ES. The new agency, it is believed, will be responsible for benefit and labour market services for people of 'working age' and will have joint ministerial leadership but with funding being routed through the DfEE. The British Prime Minister said: "The ONE pilots are showing how, working together, the Benefits Agency and the Employment Service can provide a radically improved service to clients and employers alike. The new agency will have a new culture and will be firmly focused on helping people to become independent. The agency will continue to develop the partnership approach to working with local authorities and the private and voluntary sectors which the Government has adopted in implementing its welfare to work policies." (ONE News, April 2000).

## **Social Assistance Schemes in the United Kingdom**

As so often found in other countries, the origins of social assistance in the United Kingdom are to be found in the Poor Law and, in particular, in the following principles as elaborated in the Poor Law Reform Act of 1834:

*Less-eligibility*: the principle that those who received assistance from the Poor Law had to be worse off than the most poorly paid labourer

*A work-house test*, which was applied as a test of whether someone was prepared to move into a work-house

*Centralisation*: services were devised and evaluated centrally, with the help of inspectors

*Deterrence*: the maintenance of harsh conditions in work-houses in order to act as a deterrent to those who might otherwise apply for help

Despite the emergence of Friendly Societies in the mid nineteenth century and the growth of social insurance at the beginning of the twentieth, the Poor Law was not formally abolished in the United Kingdom until 1948 when one of the key recommendations of the Beveridge Report was implemented (Beveridge, 1942; Abel-Smith, 1994; Baldwin, 1994, Ditch, 1999b). National Assistance (the UK variant of social assistance) worked alongside a scheme of flat-rate National Insurance contributions and benefits and a programme of family allowances payable in respect of second and all subsequent children. The principle of flat rate contributions and benefits was amended in the 1960s as the Beveridge paradigm moved more closely to that of the Bismarckian tradition. Despite the translation and expansion of family allowances into a universal child benefit (payable for all dependent children), however, the post-war history of social security in the United Kingdom has been dominated by the contraction of National Insurance and the expansion of National Assistance (latterly called Supplementary Benefit and then, and most recently, Income Support) (see Alcock, 1999). A concern

to contain public expenditure in the 1980s, allied to a more explicit commitment to the ‘targeting’ of social security entitlements, resulted in a series of reforms which have resurrected and reinforced the historic character of the British social security system. In particular, controls on the unemployed have been tightened, with work-seeking requirements and penalties for non-compliance increased.

The main social assistance benefit in the UK is Income Support. Introduced in April 1988, it replaced Supplementary Benefit, and is designed to provide financial assistance for people who work less than 16 hours per week and whose net income falls below a specified minimum level. There are, however, a number of other assistance type benefits which are means and/or asset tested. These include:

### **Social Assistance Benefits**

Jobseekers Allowance	Income Support	Incapacity Benefit	Severe Disablement Allowance	
Invalid Care Allowance	Housing Benefit	Council Tax Benefit	Widows Benefit	Social Fund

In addition there is, replacing Family Credit and the Disability Working Allowance, a Working Families Tax Credit, Disabled Person's Tax Credit and a Childcare Tax Credit

Income Support retains an important role as the key safety net benefit. The legislative framework for Income Support remains configured at the national level (that is, although assessed and paid locally, it is a national scheme) and entitlements are standard across the country. There are, however, discretionary elements – specifically to meet exceptional and urgent needs which are now paid, via a mixture of grants and loans, from the Social Fund (Huby and Dix, 1992; Huby, Dix and Walker, 1992). The Benefits Agency, a constituent agency of the DSS, is responsible for assessing and paying benefits. Family Credit and Disability Working Allowance (in-work social assistance benefits) were also paid by the Benefits Agency but via postal claim units. From October 1999 these benefits have been replaced by a more generous systems of tax credits assessed and paid through the wage packet by the Inland Revenue. The 70 per cent taper in the Family Credit/Disability Working Allowance was replaced by a 55 per cent taper with income thresholds also modestly increased.

Income Support is the general social assistance benefit and is payable to people on a low income. Entitlement to Income Support is established when neither a claimant nor his/her partner is in full-time employment; when the claimant is not studying full-time; when the claimant is not in receipt of Jobseekers Allowance; when savings and other capital are worth no more than £8,000 stg (or £16,000 stg if living in a residential or nursing home). All applicants have to satisfy the ‘habitual residence test’. Social assistance benefits are not payable unless the claimant is habitually resident in the

‘common travel area’ (ie no passport is required) which comprises the UK, Republic of Ireland, Isle of Man or the Channel Islands. Applicants from any other location are treated as being ‘a person from abroad’ and like those ‘subject to immigration control’ are ineligible for benefit. The test applies to all claimants including British citizens. There are exemptions such as European Economic Area (EEA) nationals who are classed as ‘workers’ in European Community law and their dependants (Regulation 1612/68 applies); refugees or people who have been granted ‘exceptional leave to enter or remain’ in the UK. (see CPAG, 2000, p.817) There is no clear definition of ‘habitual residence’. (Ditch and Spicker, 1998). Two social security commissioner decisions have identified the following guiding principles: first, that there is no single definition or list of factors which determine ‘habitual residence’; to be ‘habitually resident’ there must be an intention to reside in the country but applicants must be resident for ‘an appreciable period of time’ before this can be established! Three months seems to be the minimum period. The European Court of Justice has held that an EEA national who is habitually resident in the UK and who travels to another EEA state in search of work and who subsequently returns to the UK with the intention to settle, does not have to satisfy a period of residence in order to claim either Income Support or JSA.

Income Support brings income up to a prescribed level and this varies according to a claimant’s needs (called the ‘applicable amount’) and on how much other income or capital a claimant has. The ‘applicable amount’ consists of personal allowances for the claimant and dependants, plus premiums to many specified (and special) needs, plus an amount to meet housing costs (principally mortgage interest payments). The claimant’s income is calculated by reference to other social security benefits (such as Child Allowance), part-time earnings and maintenance (from an ex-partner).

### The Benefit Calculation

Mr and Ms Average are aged 25 years and have an 8 year old son. They have no housing costs to be covered by Income Support. Their weekly applicable amount is:

£81.95	Personal Allowance
£26.60	Personal Allowance for child aged 8
£14.25	Family Premium
£122.80	Total

Their weekly income is £15.00 child benefit

Their weekly Income Support is £122.80 (applicable amount) minus £15.00 (income) = £107.80

The table below compares Income Support levels with two other measures: half of average UK income, and a figure for a “low cost” standard of living, which shows the weekly income needed to maintain a minimal but acceptable existence:

<b>Definitions of low income and poverty (£s stg per week at 1997 prices)</b>					
	<i>Year (price)</i>	<i>Single adult</i>	<i>Couple</i>	<i>Lone parent + 2 children</i>	<i>Couple + 2 children</i>
<i>Income after allowing for housing costs</i>					
Income support	1997	49	77	99	122
Half average income	1996/97	70	128	127	184
<i>Income before allowing for housing costs</i>					
Half average income	1996/97	91	148	156	214
“Low cost” standard of living	1992			128	162

(Taken from Howarth et al 1998)

All claims for Income Support must be made in writing on the appropriate application form which is available from the Benefits Agency. Other than in areas where ONE pilots are being tested, a separate claim is made to the local authority in respect of Housing Benefit and Council Tax Benefit. All claims must be validated by a National Insurance Number and details of any current earnings must be provided; proof of savings over £2,500 are required as are details of any payments received following redundancy; proof of housing costs and ground rent must also be given.

The benefit unit for Income Support and all other means-tested benefits is usually that of an adult living alone (or independently within a larger household), a couple living together (as if ‘man and wife’) and any dependent children there may be. Factors taken into account when deciding if a couple are ‘living together’ include the perceived stability of the relationship, presumed and reciprocal financial support, whether there are children and whether the relationship is publicly acknowledged (See Eardley *et al*, 1996b). Two people of the same sex living together do not constitute ‘couple’ and therefore are not treated as a single benefit unit. Children are normally regarded as being dependent up to the age of 16 years, or 19 years if they are in full time education.

The benefit itself can be paid by giro cheque, benefit order book or directly into a bank or building society account. Any change in a claimant's circumstances must be reported to the Benefits Agency (Sainsbury *et al*, 1996). Examples include changes in household membership or increases (or decreases) in part-time hours worked which may impact on the level of benefit due.

Other elements in the UK's social assistance portfolio include Housing and Council Tax Benefits which are administered by local authorities, but again within a national framework. Financial support for people living in residential and nursing accommodation was transferred from the DSS to local authorities in 1993 and other, minor, benefits are administered by local education authorities.

Responsibility for the administration of Income Support rests squarely with statutory agencies leaving only a marginal role for non-governmental organisations. There are a number of exceptional and independent trusts (such as the Family Fund) established to make financial payments to claimants in particular circumstances (such as families with very severely disabled children) but they are not part of the social security system. There is some evidence that charities and trusts are making payments to low income families and individuals but these exist firmly outside of the scope of official social security. Where there is a role for voluntary organisations is in the field of welfare rights and advice giving. National charities such as the National Association for Citizens Advice Bureau are supported by both national and local government to provide independent advice to citizens across all areas of public policy including social security. A number of lobbying organisations such as the Child Poverty Action Group, Low Pay Unit, the housing pressure group Shelter are active in seeking to influence the direction of social security policy (see Whiteley and Winyard, 1987).

Jobseeker's Allowance was introduced in October 1996 and replaced Unemployment Benefit (insurance based) and Income Support (social assistance): it is the principal benefit for unemployed people claiming benefit and seeking work. The benefit is paid in one of two forms: Contributions-based JSA is a flat rate payment made to those unemployed who have an adequate National Insurance Contributions (NIC) record and are available for and actively seeking work. It is payable for up to 182 days. No additional benefit is payable for dependants. In parallel, the Income-based JSA is payable to the unemployed who are available and actively seeking work but who have an inadequate NIC record or where JSA (Contribution based) does not fully meet their needs. As with Income Support, Income-based JSA tops up income to a set level, and the amount of payment will depend on the claimant's needs and how much income they have. It is calculated in the same way as Income Support and the rates of benefit are usually the same. It also confers the same associated "passported" rights as Income Support: the right to free school meals, exemptions from certain medical costs including prescriptions, dental treatment and sight tests, and access to emergency loans and grants via the Social Fund.

To receive JSA a claimant must:

- Enter into a Jobseeker's Agreement;
- Actively seek work
- Be available for, and capable of, work
- Have a reasonable chance of finding work (unless the limitation is for health reasons)
- Not be a full-time student

Among these general rules is the requirement that the claimant is ‘willing and able’ to work ‘immediately’; that if special conditions on the type of work expected are applied then these must not inhibit the ‘reasonable prospect’ of work being obtained; the claimants must be willing to work at least 40 hours per week, but equally willing to work less than 40 hours if required to do so. Being ‘willing to work’ is regarded as being a test of attitude and this is demonstrated by taking steps to seek employment. The relevant activities might include: applying for jobs in writing, personally or by phone; seeking information from advertisements, agencies or directly from employers; by registering with an employment agency. A claimant is also expected to prepare a *curriculum vitae*, compile a list of possible employers, search for likely employers and look for information about possible (new) occupations. A claimant who contests a Jobseeker’s Agreement can have it referred to a decision maker for review, and may in some circumstances be able to claim hardship payments (but not Income Support) while the case is considered.

### **The management and organisation of Jobseeker’s Allowance**

The introduction of JSA was highly innovative in that it brought into close alignment, for the first time in Great Britain, staff from the Benefits Agency and Employment Services. Organisational structures were established in the run-up to the introduction of JSA in 1996 which shared ownership and responsibility between the Benefits Agency and the Employment Service. Joint Implementation Boards (JIBs) were set up in each Employment Service region which consisted of the ES Regional Director plus Deputy and Assistant Regional Directors, the Benefits Agency Area Director and a representative of the project set up to manage JSA at senior level. Each JIB appointed a JSA Implementation Manager, whose function was to co-ordinate the implementation of JSA across the ES Region and BA Area.

At local level, the delivery of JSA was structured around a JSA “unit” – a unit consisting of a number of ES Job Centres and one BA District, and being accountable to the Joint Implementation Boards. The details of local delivery – exactly which functions would be delivered in which BA and ES

locations – were however left for local field managers to decide, taking account of broad guidance issued by the Boards. So, for example, there are variations between localities in the proportions of staff processing benefits within ES sites, and within BA sites. Arrangements are however based on the principle that the Employment Service is responsible for the labour market aspects of JSA delivery, while BA is responsible for the processing of payments. What varies is the exact pattern of sites from which these functions are delivered.

The longer an individual is in receipt of JSA the more exacting becomes the definition of what is ‘reasonable’ behaviour. Clearly it will be fruitless to make the same enquiry, week after week, about employment with the same employer. Changed expectations of job seeking behaviour will be recorded in a revised Jobseekers Agreement, following an interview with a Personal Adviser. All relevant conditions and circumstances are taken into account by the Personal Adviser when specifying or reviewing a Jobseekers Agreement. These may include, for example, a claimant’s skills, qualifications and abilities; perceived intellectual ability; the length of time an individual has been unemployed and previous work experience; the steps taken to obtain employment in the light of the number and location of known vacancies; the claimant’s participation in approved voluntary sector or other unpaid activity; any training undertaken by the claimant. The better are the prospects of gaining employment, the more vigorously will the client be expected to seek work. Conversely the weaker the prospects of obtaining work are perceived to be, the less stringent will be the job search requirements: these are monitored carefully.

The Jobseekers Agreement can be revised and this is usually the result of a ‘follow-up’ interview which takes place after a client has been unemployed for 13 weeks. At this stage a client is required to remove any restrictions on the search for work; for example, s/he will be required to consider a new occupation or employment at a lower rate of pay. Conversely conditions in the local labour market may have deteriorated contributing to a reduction in employment prospects and job search requirements may be relaxed. It is possible to appeal against a recommendation that the Jobseekers Agreement is changed. However, if a client fails to sign a Jobseekers Agreement within 21 days, the decision maker responsible for benefit decision can terminate the agreement and consequently end the receipt of JSA. A decision of this kind can be referred to another decision maker and then to an appeal tribunal. However, JSA will not be paid during the review and appeal procedure if the decision has been taken to terminate the agreement.

A major programme of evaluation of the JSA has been undertaken jointly by DSS and DfEE . In summary, the JSA was found to have contributed to a large increase in the number of claimants

ceasing to claim benefits in the first year of its operation. Although the rate of activity has reduced in recent years there continues to be a positive movement off the register. It is worth noting, however, that the macro-economic picture has improved with unemployment declining and job opportunities increasing over the same period. JSA had little impact on the reported levels of job satisfaction of those leaving unemployment – and this despite the fact that return-to-work earnings actually fell. Job search behaviour increased, with unemployed people making more job applications and higher numbers of contact being made direct to employers. The Jobseekers interview improved the range and quality of information made available to claimants: it was generally reported to be more rigorous and more helpful than under the old UB-IS regime. Jobseekers' attitudes towards a greater ES intervention were mixed, and 'jobfinders' tended to underestimate the role ES played in helping them find work. The transition to delivery of JSA from a single office appears to have been seamless. The quality and consistency of JSA delivery has improved even since the introduction of JSA.

### **Profile of national claimant population**

The most recent data on social security in the UK indicate the total expenditure in 1998/99 was £95,847m. and of this £45,026m was spent on contributory benefits and £50,821m on non-contributory benefits. There has been a downward trend in the numbers claiming a key benefit, which is the result of a reduction in the number of unemployed claimants:

	<i>Claiming a key benefit (millions)</i>	<i>No. of unemployed claimants Millions)</i>
1995	6.92	2.26
1998	6.11	1.32

The table below shows the trend in claims for Jobseeker's Allowance:

	<i>All JSA claimants (thousands)</i>	<i>All with benefit</i>	<i>Contribution based only</i>	<i>Contribution and income based</i>	<i>Income based only</i>	<i>No benefit in payment</i>
1996 (Nov)	<b>1,802</b>	1,643	294	42	1,308	159
1997 (Nov)	<b>1,331</b>	1,204	155	25	1,024	127
1998 (Nov)	<b>1,231</b>	1,113	157	24	932	118
1999 (Nov)	<b>1,103</b>	996	139	21	835	108

Only a very small proportion of claimants are aged under 18 years, 25 per cent are aged 18 – 24 years, 57 per cent are aged 25 – 49 and the remain 17 per cent are aged 50 and over. (Social Security Statistics, 1999). (See Annex for Statistical Data). Around 75% of JSA claimants are men.

The number of families in receipt of Family Credit (now replaced by Working Families Tax Credit) increased to 788,000 at February 1999, with the average payment being £61.83 per week. The overall number of Income Support claimants decreased by 86,000 to 3.62 million in the year up to February 1999. Housing Benefit recipients totalled 4.48 million of whom 2.66 million were local authority tenants; 5.33 million received Council Tax Benefit.

In 1996/97 it was estimated that Income Support claimants received between 90 and 93 per cent of the monies that could have been claimed. On the same basis, Housing Benefit take-up was estimated to be between 93 and 98 per cent. Council Tax Benefit was between 85 and 91 per cent and Family Credit around 84 per cent.

The unemployment trap has long been a matter of concern to successive British governments. This situation arises when net income in work is little more, or even less, than income out of work and is expressed in terms of a replacement ratio of income out of work as a percentage of income when in work. The higher the ratio the less is the financial incentive to work.

**Numbers/percentage of workforce with replacement ratios  
at or above each level 1998/99**

	Thousands	%
100%	25	0.2
90%	70	0.6
80%	235	2.0
70%	585	4.9

Various policy changes including adjustments to tax and National Insurance contributions have significantly reduced the numbers with high replacement ratios since 1985. High marginal tax rates occur when income and National Insurance contributions interact with in-work assistance benefits such that lower-paid workers can experience an increase in gross earnings but find that their net income is effectively unchanged. This acts as a disincentive for workers to increase the number of hours they work.

### **Numbers with marginal net income deduction rates 1998/99**

<b>100%+</b>	<b>5</b>
<b>90%+</b>	<b>115</b>
<b>80%+</b>	<b>260</b>
<b>70%+</b>	<b>700</b>
<b>60%+</b>	<b>720</b>
<b>50%+</b>	<b>720</b>

It is expected that the introduction of the Working families Tax Credit will reduce the number on the highest rates.

The UK's social security system has undergone a programme of "mission drift" in recent years: from paradigm, derived from Beveridge, which privileged National Insurance contributors to one which has embraced the language of selectivity and the practice of conditionality. Although the essentially national character of policy making and provision remains, this is now delivered via an increasingly diverse and customer-focused delivery framework. The extent to which this engages with, and encourages, activation measures is considered in the next chapter.

## **Chapter Two: Activation policies of minimum income recipients**

This Chapter considers the concepts of activation, poverty and social exclusion in the UK context. It then outlines and discusses the “New Deals” which are a key element in the government’s programme for building a more proactive welfare service.

The term activation, itself of recent origin (in English), is without a clear and unambiguous definition. It can apply to both labour market and social spheres. Heikkila concludes that: activation policies and measures could be classified in terms of three dichotomies. Firstly, they can be either positive, drawing on behavioural incentives and voluntariness, or negative, adopting various sanctions. Secondly, they can emphasise either financial measures aimed at net increases of income or offers of opportunities and activities. Thirdly, they can be measures directed mainly at workers or at employers. (Heikkila, 1999, p.8). In the British context there is relatively little open discussion of the term. Greater emphasis is placed upon 'personal responsibility', 'independence' and 'conditionality'. There has been a longstanding concern with the exchequer costs of supporting people when out of the labour market. It was against this background that the Labour Government, elected in 1997, identified poverty and social exclusion as a priority for coordinated policy attention. At the heart of this agenda is a commitment to abolish child poverty within 20 years to be achieved by reducing unemployment and breaking the inter-generational link which facilitates the transmission of poverty from parent to child. Emphasis is placed on ‘partnership’ as a means to mobilise appropriate interventions and support. As a recent Government report notes: “...Our strategy is not just about government action. It is based on partnership – because real progress can only be achieved by working together. Central and local government, the voluntary sector, business communities and individuals all have vital roles to play. For too long, solutions to problems have been developed at arm’s length from the individuals and communities which experience them. We are breaking down organisational and institutional barriers to create imaginative approaches...” (Cm 4445, p.3)

The definition of poverty and social exclusion is problematic but for the purposes of this report will be illustrated by reference to the dimensions identified in the government’s own Annual Report on actions taken to tackle poverty and social exclusion.

**Lack of opportunities to work** Almost 20 per cent of working age families has no one in employment, and this is clearly linked with low income with consequences for health; the lack of informal networks that are characteristic of employment inhibit the ability to obtain work or training; long term unemployment can contribute to degradation of skills and lack of motivation, reinforcing a vicious circle making it more difficult to obtain future work;

**Lack of opportunities to acquire education and skills** The relationship between numeracy and literacy skills and unemployment is well established.

**Childhood deprivation** There has been a significant increase in the number of children living in households living on low income since 1979; low income is correlated with poor health, poor education, unsafe environments and poor prospects and low expectations.

**Disrupted families** children raised in lone parent families are especially likely to suffer the effects of low income

**Barriers to older people living active, fulfilling and healthy lives** low incomes (and its correlates) in later life are the result of poor work histories – unstable employment patterns or recurrent/longterm unemployment.

**Inequalities in health** poor health status is also linked to income, environment and employment status and history

**Poor housing** linked to income, health and education. In England 7 per cent of the housing stock fails to achieve current fitness standards

**Poor neighbourhoods** Often linked to crime, drug abuse and separation from employment opportunities. Compared with the rest of the country, the poorest 44 local authority districts in England have unemployment rates that are twice as high; mortality rates 30 per cent higher; one-and-a-half times the proportion of lone parent households; two to three times the levels of poor housing; problems of vandalism and dereliction.

**Fear of Crime** Older people can be afraid of going out; young people can be susceptible to drug dealers and violence.

**Disadvantaged groups** despite being a multi-racial society members of ethnic minorities are more likely to be poor and unemployed. Disabled people are six times as likely to be unemployed and claiming a benefit.

Two aspects of poverty and social exclusion are particularly important: first, that their effects can last over the life course and secondly, that they reinforce each other.

Within the United Kingdom (and noting the differences between Great Britain & Northern Ireland) the government has launched a number of key policy initiatives which build upon the philosophy implicit in the JSA, namely to build a proactive welfare system which helps people back into work by making work pay. The enhancement of personal and practical skills through continuing education and life long learning and being matched by support for vulnerable groups experiencing discrimination and disadvantage.

### **The “New Deal”: an overview**

A key element in this programme has been a linked series of so-called New Deals designed to coordinate policy and delivery in support of enhanced employability. Youth and long term unemployment were clearly seen by government as being highly damaging and wasteful for both individuals and the wider society. The New Deal, detailed below, is explicitly designed to prevent people from becoming or remaining part of an underclass, detached from the world of work and the communities around them; it also seeks to enhance the capacity of the country's economy by stimulating employment. The rationale is that investing to enable individuals become more active and productive members of society is better (and in the longer term cheaper) than paying them benefits.

The government identified four elements in the New Deal **philosophy**:

- That New Deal will give participants the chance to take control of their lives, recognising that work is the foundation for independence and a sense of self-worth
- That it will utilise their talents and energy and equip them with the skills to compensate for future jobs
- That it will contribute to the regeneration of local communities, not just through the move from welfare to work and the provision of training, but directly through environmental and voluntary work done by clients
- That New Deal will focus resources to help people move from welfare to work and so assure those working and paying taxes that their contributions are being used creatively to tackle one of society's biggest problems.

The New Deal is complemented by other targeted measures to support unemployed people in finding employment, for example the introduction in 1997 of Employment Zones in deprived areas (Glasgow,

Liverpool, North West Wales, Plymouth and South Teeside). The Zone arrangements include the introduction of personal Job Accounts, which combine funds attributable to the job seeker with other benefits and programmes available within the Zone, and can be used in a variety of ways such as to support the setting up of a new business by an unemployed person.

The overall **objective** of the New Deal is to help people into jobs (various categories of claimant) and enhance their prospect of staying and progressing in employment; secondly to increase the employability of claimants who wish to work. Both objectives contribute to the lowering of unemployment and the reduction of social exclusion. They are being addressed by offering additional help and guidance, over and above that normally available, to specific groups of unemployed people (detailed below). The design of the New Deal overall is geared to:

- placing specified categories of claimant more quickly into employment
- encouraging employers to recruit unemployed people
- improving work skills, experience, qualifications, motivation, self-esteem and jobsearch skills
- enabling the individual to choose the most appropriate method of obtaining and keeping jobs
- maintaining effective job search, particularly in the Gateway and follow-through phases
- delivering policy through mechanisms tailored to individual circumstances and needs: in a professional, efficient and cost-effective manner; through effective local partnerships; ensuring equality of opportunity; providing community and environmental benefits
- ensuring that JSA claimants in all relevant categories covered by New Deal are aware of, and carry out, their responsibilities.

The **delivery** of the New Deal programme is the responsibility of the Department for Education and Employment, via its Executive Agency the Employment Service. A novel element in the delivery of the New Deal is its commitment to partnership, the bringing together of organisations from diverse sectors, each with different skills and experience. At a national level a Task Force, chaired by Sir Peter Davis, Group Chief Executive of the Prudential Insurance Company, and with members drawn from major employers, trades unions and the voluntary and environmental sectors, helped to steer the strategic direction of New Deal and advise the Welfare to Work Cabinet Committee, especially on marketing and communication. The Task Force has an Advisory Group of experienced practitioners to assist it in considering detailed implementation issues. There are separate Task Forces for Scotland and Wales, but there does not appear to be one for Northern Ireland.

At the local level a variety of delivery options have been developed, each configured to meet local circumstances.

- In the first model, the lead delivery partner has been the Employment Service but in some instances it has been a private company or other public body. The partnership has usually chosen the ES to undertake the contracting for both Gateway Services and New Deal Options.
- In the second model, partners form a consortium which is responsible for delivering all (or most) of the New Deal under contract to the ES. Consortia of this kind usually include the Local Authority, the Training Enterprise Council, Careers Service and local private and voluntary sector organisations.
- The third model consists of consortia which have contracted to provide specific elements of the New Deal such as the Environmental Task Force.

At regional and district levels, organisations across all sectors are working together to deliver New Deal. ES has been to the forefront in building effective working relationships with individuals and partner organisations. There has been no single or, indeed, preferred organisational template: different elements of New Deal and different localities have required different organisational configurations. As the lead authority, ES has worked closely with the Regional Government Offices in England, the Scottish and Welsh Offices and the Benefits Agency to deliver the service. It has also had to develop a new relationship with employers, trades unions and other social actors.

The **financing** of the New Deal has been in the region of £5 billion stg, as shown in the table below:

<b>The New Deal: running and programme costs (£million)</b>			
	<i>1997-98 (outturn)</i>	<i>1998-99 (estimated outturn)</i>	<i>1999-00 (plans)</i>
<i>Running costs</i>			£
New Deal 18-24	29.4	87.2	111.3
New Deal 25 plus	-	15.4	18
New Deal for lone parents	0.31	17.9	29.6
New Deal for the disabled	-	1.8	6.0
New Deal for partners	-	0.4	5.3
<i>Programme costs</i>			
New Deal 18-24	0.31	146.0	652.5
New Deal 25+	-	3.5	204.5
New Deal for lone parents	-	1.2	20.9
New Deal for the disabled	-	0.1	0.0
New Deal for partners	-	-	10.0
<i>Capital costs</i>	5.6	25.3	

(Source: DfEE (1999) Departmental Report; excludes spending on New Deal for 50+)

The **evaluation** of the New Deal has been a multi-million pound commitment. Conducted jointly by the DSS, ES and DfEE there are three strands: the micro-level impact of the New Deal (impact on participants, employers, providers, ES and its partners); the quality of the different delivery mechanisms; and the macro impact of the New Deal. Initial findings from the evaluations (some more advanced than others) are included in the more detailed descriptions of the various New Deal strands below.

### **The New Deal programmes in detail**

In all, there are currently six separate New Deal programmes, all of which share the general approach set out above in terms of philosophy, objectives and delivery. The programmes are as follows:

#### **New Deal for Young People**

The New Deal for Young People was introduced in 12 pathfinder areas in January 1998 and went national in April 1998. It provides mandatory specialist help and support for 18-24 year olds who have

been continuously on Jobseekers Allowance for six months or more. Unemployed young people can also enter the programme earlier if they have certain identified special needs. The programme has three stages: an initial gateway, options and a follow-through stage, and each young person has a Personal Adviser. The initial gateway stage is intended to last up to four months, and comprises intensive help and support to improve employability and to find unsubsidised jobs for as many people as possible. Following the gateway, those still unemployed must enter one of four options: subsidised employment; full-time education and training; voluntary work; or working with the Environment Task Force. The option lasts six months, after which, if the young person has not found a job, they re-enter JSA and enter a “follow-through” stage, which comprises additional support and guidance to help find a job. Over 300,000 people have joined since the programme began, of whom 123,000 have found jobs (and 91,000 have been employed for 13 weeks or more).

### **New Deal for long-term unemployed people**

The New Deal for long term unemployed people began in June 1998 and is targeted at unemployed people who have been claiming JSA for two years or more. Earlier entry is also available to people with particular disadvantages in the labour market, if they have been receiving JSA for at least one year. The programme consists of advisory interviews, employer subsidies and access to other programmes such as work-based training. A series of interviews lead to the drawing up of an action plan, and provide intensive support with jobsearch. Employment subsidies of up to £75 a week are available for up to six months. Provision, except attendance at advisory interviews, is voluntary. To date, 19,000 people have found jobs of whom 16,000 have been employed for 13 weeks or more. New Deal for 25+ pilots have also been launched, aimed at exploring the effectiveness of different kinds of approaches in relation to this group.

### **New Deal for partners of the unemployed**

A New Deal for partners of the unemployed was begun in February 1999 (initially in three pathfinder areas and nationally from April). The scheme is voluntary and is open to all partners of the unemployed. Partners are invited to receive help and advice to enable them to return to work.

### **New Deal for 50+**

This programme was launched in March 1999 in nine pathfinder areas, and went national in 2000. It is a voluntary programme and is available to claimants of Jobseekers Allowance, Income Support, Incapacity Benefit and Severe Disablement Allowance, and their partners, provided that they are over 50 and have been in receipt of benefit for six months or more. The programme offers personal advice, jobsearch help and an employment credit and training grant to the individual.

### **New Deal for disabled People**

This is an initiative to help disabled people move into or remain in work, which is delivered jointly by the DfEE and DSS. There are currently two key features: first, the ES and other providers are piloting a new Personal Adviser service in twelve areas. Secondly, around 20 small -scale “Innovative Schemes” are being funded to test out new ways of helping disabled people into work.

### **New Deal for lone parents**

The New Deal for Lone Parents was launched in mid-1997 as a prototype, and extended to all lone parents claiming Income Support from October 1998. It is a voluntary scheme, which targets lone parents whose youngest child has reached school age, and aims to help lone parents on IS move into work, or towards preparing for work. Personal advisers provide an integrated service of advice and support, covering jobsearch, advice on training, advice on benefits and help with claiming benefits. 21,000 lone parents have to date found jobs via the programme.

The evaluation of the New Deal for lone parents (Hasluck et al, DSS 110) is one of the more advanced, and provides a reasonably detailed picture. The rate of participation in the NDLP has been lower than hoped for: 77 per cent of the target group (consisting of those with children aged 5 years and 3 months or over) did not respond to the introductory letter. 23 per cent of all the lone parents who were interviewed in the prototype areas took part in the programme: 21 per cent as full participants, while 3 per cent soon withdrew. Younger lone parents were slightly more inclined to participate. Personal Advisers provided an integrated service of advice and support covering job search, advice on training, help in finding childcare services, advice on benefits and help with claiming benefits. Over 60 per cent of full participants had only a single interview with a personal adviser lasting between 30 minutes and one hour.

Most personal adviser interviews took place at the local Employment Service Office, but some took place using a telephone and others at the client's home. The main issues talked about by Personal Advisers and clients were techniques for getting a job, advice of social security entitlements and childcare. Over 80 per cent of clients received a 'better-off' calculation which in 70 per cent of those cases indicated that they would be better-off in work; 30 per cent would remain better-off not working. For some clients, however, extra money for working was not a sufficient incentive to seek paid employment. Child care was the most quoted barrier to taking up employment. A quarter of participants received help with job applications and with preparing a curriculum vitae. A proportion of those who did obtain paid work continued to receive some form of support from the personal adviser; this included advice about benefits and childcare issues.

The evaluation has also sought to assess the expenditure implications of the initiative and concluded that there had been an immediate but modest net economic benefit - for both the individual lone parent and the economy as a whole. Longer term impacts on 'employability' and lifetime earnings of those lone parents who enter employment cannot be assessed. It is reasonable to suppose that these will add to the net benefit of the programme. Economic modelling of the NDLP, using administrative statistics, indicates that there was an increase in the probability of lone parents leaving Income Support. In December 1997, six months after the programme started, the first cohort of participants had a 12 per cent higher chance of leaving Income Support, falling to 7 per cent by June 1998 and 5 per cent by December 1998. When variability in the character of local labour markets is taken into account the impact of the programme appears to almost evaporate. Overall, and taking into account all the available evidence, it was found that after 18 months the number of lone parents on Income Support was 3.3 per cent lower than it would have been in the absence of the programme. The evaluation estimates that 20 per cent of jobs gained following participation in NDLP were additional to those which would have occurred without the programme. About 80 per cent of those who participated in NDLP and moved into work would have found work anyway. Generally the programme was geared towards lone parents who were work ready, rather than the 'harder to help'. The overall cost of the programme per participant moving into work was estimated to be £1,388stg.

In an evaluation of the NDLP 80 per cent of full participants gave a positive response to a question about their attitudes to their advisers. They were usually seen as being helpful, friendly, very good, efficient and hard working. (Hales, *et.al*, 2000) Only 11 per cent made a negative comments to the effect that the Personal Adviser was not listening, was disorganised or inexperienced. General findings indicate that Personal Advisers were regarded as being good at providing general advice about whether work was appropriate for them but less satisfactory at providing advice about the specific task of looking for, of applying for, jobs. They helped promote self-confidence among the

lone parents. Only 4 per cent of participants said that they felt under pressure to obtain work. Prior to this scheme lone parents in the UK had little contact with the Benefits Agency (other than to report changes in circumstances) and no contact whatsoever with the Employment Service. Many lone parents felt that they had been helped to do something which they might otherwise not have done. The role of personal adviser brought advantages which were very different from services traditionally provided by either the Benefits Agency or Employment Services on a stand-alone basis.

### **Activation: general issues**

An aspect of the various initiatives aimed at proactive welfare leading to integration in the labour market has been the public identification of a number of performance indicators which in the field of employment include the following:

- An increase in the proportion of working age people employment over the economic cycle
- A reduction in the proportion of working-age people living in workless households, for households of a given size over the economic cycle
- A reduction in the number of working-age people living in families claiming Income Support or income-based Jobseeker's Allowance who have been claiming these benefits for long periods of time
- An increase in the employment rates of disadvantaged groups – people with disabilities, lone parents, ethnic minorities and over 50s – and a reduction in the difference between their employment rates and the overall rate
- A reduction in the proportion of working-age people with relatively low incomes
- A reduction in the proportion of working-age people with low incomes in an absolute sense
- A reduction in the proportion of working-age people with persistently low incomes

A resonant theme of public policy under the Labour Government has been the concentration of resources on services which provide a subtle combination of incentives and support to promote employability and reduce unemployment. This combination can be seen in the design of both Jobseekers Allowance and of the New Deals. A full picture of the impact of these various measures has however to take account of some important issues, as identified above:

- The macro-economic climate. In circumstances where unemployment is falling due to changes in the economic climate it is hard to be categoric about the difference that the New Deals *per se* have had,

- The complexity of the decisions that individuals make about employment, illustrated for example by the case of lone parents whose concerns about childcare appear to be the single greatest barrier to work.

The weight which the government places on integration into the labour market as the main means to tackle poverty and social exclusion is striking, and well summed up by the current labels of “Welfare to Work” and (in respect of social security policy): “work for those who can, security for those who cannot”. Other issues, such as the contribution of benefit levels to tackling poverty, and the value of unpaid and informal work, are currently less prominent. Action to deal with poverty and social exclusion is thus being framed almost wholly in terms of what can be done to encourage integration into the labour market. Achieving coordination between different actors in pursuit of this goal is seen as being of key importance.

## **Chapter Three: Coordination – Theoretical and Institutional Perspectives**

### **The importance and relevance of co-ordination**

Interest in coordination within and between areas of government policy spans many decades and has spawned a number of distinct, governmentally-driven initiatives. Beginning in the 1960s, in the US and then elsewhere, Planned Programme Budgeting (PPB) sought to organise central and local government in ways that reduced, or at least coped better with the effects of, functional and departmental budgeting. Similarly, the “joint approach to social policy” (JASP) initiated in the UK in the 1970s sought to coordinate policy-making at both central and local levels. Specific welfare “problems” in the 1970s and 1980s also gave rise to initiatives aimed at coordinating plans and budgets in some specific areas – perhaps most notably in attempts to bring together budgets, plans and structures in health and social services as part of the shift from institutional to community-based care.

Coordination is thus a concept and a practice which has had a surprisingly long history and which, on a cyclical basis, achieves a certain status as a desirable means of better achieving the ends of government policy. Its re-emergence now on the government's agenda can be linked to a number of factors. Three inter-related trends in particular seem important.

First, as emphasised by Geldof and Vrangen (1999), is the impact of increasing **complexity** and differentiation within society, leading to an emphasis on coordination as a response to that complexity. One aspect of this complexity can be traced in the trend towards fragmentation of structures and responsibilities which has been characteristic of recent public management reforms in the UK and elsewhere. Lovell and Hand (1999), in discussing organisational performance measurement in relation to 'joined-up' government comment that “there are certain contemporary developments...that raise important questions for those professing the virtues of holistic approaches to problem solving. These questions reflect the fragmentation of managerial responsibility inherent within much of new public management.” . Examples of dispersed responsibility within the UK include the creation of Executive Agencies (Ditch, 1993) and the increasing role of private sector providers as “partners” in public service delivery. It is interesting that such developments are perhaps both part of the “problem” that coordination is designed to address, and also sometimes part of the solution.

Secondly, one can trace an increased concern on the part of Governments with working towards policy **outcomes**, as distinct from concerns with efficiency and economy of resource use; such concerns are for example central to the rhetoric of the UK Government's recent policy statement on “Modernising

Government” (Cabinet Office, 1999). Such concerns prompt questions about how best to organise policy and delivery in ways that transcend traditional boundaries.

Thirdly, there is increased interest in approaches to coordination that emphasise **bottom-up** approaches, involving local actors and groups of various kinds including users (Lovell and Hand, 1999). In this respect current initiatives are distinct from earlier initiatives such as Planned Programme Budgeting. Links can be seen here to the understanding of governance arising from the workings of “policy networks”, as discussed by Rhodes (1988) and others.

### Categorising coordination

“Coordination” as a term is used in a wide variety of ways and with different meanings. It is therefore worth attempting to set out the key dimensions that are of importance in analysing coordination. Important dimensions discussed by Geldof and Vrangen are those of vertical and horizontal coordination:

- **Vertical** coordination is about relationships between different levels of government; policies tend to be top-down in nature, and the challenge in terms of coordination is about the way in which broad policy objectives are interpreted and implemented at local level, and about the balance between central direction and local autonomy,
- **Horizontal** coordination concerns the relationship between public authorities and other actors, including NGOs, social partners and private business.

Geldof and Vrangen recognise too the potential interconnections between the vertical and horizontal dimensions: decentralisation is essentially a vertical process, but it will have horizontal consequences in terms of greater needs for co-ordination.

Geldof and Vrangen also recognise three key levels in analysing co-ordination:

- The **policy** level, which is concerned with the development of clear and concrete policy objectives, and activity linked by Geldof and Vrangen to the notion of “governance”,
- The **service** level, which is concerned with the practical delivery of services, and with how organisations and institutions can best support this process,

- The **individual** level, which is concerned with the development of trajectories or pathways which “work” for individuals in the sense of achieving intended outcomes and providing a genuinely integrated service.

Each of these three levels can be identified within, for example, the UK Government’s policy statement on Modernising Government (1999). At the policy level, the statement sets out (p.16) the importance of “designing policy around shared goals and carefully defined results, not around organisational structures or existing functions...a focus on outcomes will encourage Departments to work together where that is necessary to secure a desired result”. At the level of service delivery, the statement talks of “actively encouraging initiatives to establish partnership delivery by all parts of government in ways that fit local circumstances” (p.32), and at the level of the individual, there is an expressed commitment to create individual trajectories which create a joined up rather than fragmented service (p.24).

The distinction above between the “policy” and “service” level can be related to the distinction made by the JASP authors between co-ordination as a form of “cerebral or analytical activity” which manifests itself through the planning process or more prosaically as the interaction between organisations and the consequential competition or conflict that they contain or represent.

### **Managing coordination**

Work within the UK and elsewhere identifies a range of organisational or institutional issues which appear important in the practical **achievement** of coordination. First, at a general level, it is likely that the basic assumptions held by practitioners about the nature of coordination and its ease of achievement will influence approaches to its implementation.

It is clear that coordination is broadly approved of by all commentators, policy-makers and practitioners, and is seen as a force for good. Coordination is mostly seen as being derived from a conception of the policy process as rational and ordered: coherent, consistent and inclusive with the aim of achieving efficiency and effectiveness. In turn, such an approach pre-supposes a disposition to co-operation rather than competition or conflict. (There may also be said to be links to ideas around corporatism, which brings together different actors on the basis of complementarity).

Lindblom (1979), in contrast, has argued that organisations would only coordinate activities with another organisation if it was felt to be in its own direct interest to do so. Glennerster (1983), as a product of what he refers to as the process of 'organisational anthropology' distinguishes between 'optimistic' and 'pessimistic' perspectives on coordination. Optimists “see coordination as an essential

part of a collective, rational approach to policy-making, with an emphasis on comprehensive analysis and the design of appropriate machinery. The latter see coordination as not only redundant but doomed, in so far as it cannot be planned or mandated by governments since the policy process consists of individuals and organisations bargaining in the political market place. The JASP authors conclude that the fully rational model of social policy has either been tried and failed, or not tried at all: the pre-conditions (consensus about objectives, analytical capacity, system-wide perspective and organisational altruism) are lacking. They see more reason to be pessimistic than optimistic.

A number of other commentators also identify issues which they see as **preconditions or prerequisites** for effective coordination, or at least as problems which can be fundamental if not addressed. For example:

- Pressman and Wildavsky (1979) say that in the absence of consensus and common purpose “coordination becomes another term for coercion”. They go on to specify as pre-requisites first, that there should be **consistency and coherence** between objectives and elements of a single policy or project, secondly that there should be consistency and coherence within a set of intersecting policies or projects “owned” by one or more agency of organisation; thirdly, that the policy is translated into consistent and coherent actions within or between departments; fourthly, that operational practices are consistent, coherent and appropriate; and finally, that the services provided to and consumed by the public are consistent, coherent and comprehensive.
- Geldof and Vranken similarly indicate important questions about the **continuity** of policies: whether for example the various different activation measures that individuals experience can be “integrated into a coherent pathway or trajectory”; whether the time-frame for activation policies is sufficient for participants to bridge the gap between unemployment and sustainable employment; and whether coordination in terms of policy - making is sufficient to prevent perverse effects such as the poverty trap and unemployment trap.
- Lovell and Hand, in their study of organisational performance measurement and joined up government identify important issues to do with how organisations measure and account for their performance: “those working within the public sector are exhorted to tackle the difficult issues by reflecting upon causes and effects and developing strategies, alliances and partnerships which address the former. However at the same time managers...are required to achieve performance targets that emphasise and strengthen the definitions of their localised and immediate organisational boundaries.”

- The choice of **criteria** for evaluating the success of coordination activities is also central. The need for dear criteria appears to have been under-recognised, perhaps because coordination is so readily assumed to be a “good thing”. Geldof and Vrangenberg address this and specify a “bottom – up” approach, which identifies the effects of co-ordination from the perspective of an individual receiving a means-tested benefit. They specify a number of aspects involved in evaluating coordination from this perspective, including the financial effects of participation, prospects for the future after participation and the impact on social integration. They conclude that evaluation should look for coordination at the service level which guarantees to the participants a “coherent supply of services; which improve their situation and provide a real prospect for integration, in collaboration with all relevant actors and institutions.”

A prime example of the institutional issues involved in coordination is the joint working of the Benefits Agency and Employment Service in the implementation of Jobseekers's Allowance. The BA and ES are similar organisations in that they are both Executive Agencies of their ‘parent’ Department – the Department of Social Security (DSS) and Department for Education and Employment (DfEE) respectively. Both are headed by a Chief Executive who reports to the Ministers of their parent Department, and who is accountable for the achievement of performance targets set by their Department’s Ministers. In both Agencies, service delivery is organised via geographical units. In the BA, these units are Area Directorates, of which there are 13 including Scotland and Wales. In ES, the geographical unit is the region, of which there are nine, again including Scotland and Wales. The local delivery unit in the BA is the District, each of which contains a number of Benefit Offices. The ES also has a District structure, within which the local unit is the Job Centre.

While the overall structure of the two organisations is therefore similar, the details of structure, working environment and culture are very different, and raised a number of issues that had to be resolved in the introduction of JSA:

- The boundaries of the local delivery units in the two organisations are different. A complex mapping exercise had to be undertaken to decide which benefit offices should relate to which Job Centres.
- Pay and conditions are also different. The ES operate ‘pay bands’ which are set differently to BA salary scales and can mean that staff doing similar jobs in the two Agencies, and working alongside each other, could receive different remuneration.

- The physical environment: ES job centres tend to be furnished and organised as informal-style reception areas with no screens between staff and customers, while BA staff operate behind screens. As indicated above, this became a major issue, taken up keenly by the BA staff unions, in the implementation of JSA.
- Dress codes; ES has a strict dress code, while BA staff tend to dress much more casually.

The resolution of these institutional issues was an important part of the JSA planning process and continue, to some extent, to be factors in the delivery of the benefit. All of the issues identified above are likely to be important to a full understanding of the nature of coordination in activation policies for minimum income recipients and are considered further in the case-studies.

## **Chapter Four: Co-ordination in Practice: The Case-study Experience**

Fieldwork was undertaken in three locations: two in Northern Ireland and one in Great Britain. Each location, chosen after consultation with senior staff in relevant agencies, was the site of innovative attempts at the coordinated delivery of programmes to promote labour market activation. Although the United Kingdom has, in terms of objectives, an essentially national and integrated framework for the development of social security the structure and processes which exist for implementation are increasingly diverse and complex. Indeed, the government's 'modernisation agenda' has further stimulated innovation such that there is no single, or indeed, dominant mode of service delivery. Arrangements, organisational and managerial, are increasingly configured at the district and local levels to meet prevailing circumstances and preferences.

Northern Ireland, an integral part of the United Kingdom, has a population of approximately 1.5 million, about 3 per cent of the UK. Population growth is more than double that of the rest of the UK being 5 compared to 2 per cent. Indeed NI has the highest birth rate of any of the 77 regions in Europe (except London). Figures for 1996 show a birth rate of 14.8 (EU average was 10.7) and a death rate of 9.1 giving a natural increase of 5.7: the highest in Europe. NI has relatively stable family structures and the lowest percentage of births outside of marriage of any region in the UK. It is one of 12 UK regions and has a substantial degree of devolved administrative devolution. Each year a block grant is allocated by the UK Treasury and how this is spent is determined locally.

In 1993 out of the 71 NUTS 1 Regions, NI had the 15<sup>th</sup> highest unemployment rate. However, by 1999 the situation had improved significantly with the province having an unemployment rate 2 per cent below the EU average. Indeed NI no longer qualifies for Objective 1 status because its GDP per capita is 81 per cent of the EU average. Over the past decade the salience of unemployment as an issue of public concern to the local population has declined from about 70 per cent to 20 per cent. (NI Social Omnibus Surveys).

The Northern Ireland labour market has been expanding over the past decade as evidenced by the growth in the number of employee jobs – from 534,000 in 1990 to 614,000 in 1999, mostly part-time. Women account for over half of employees in employment but when account is taken of hours worked (men work longer hours than women) and that the majority of women are part-time workers and most self-employed are male, then input hours in the economy is in the ratio of 2:1. Indeed, in order to overcome some of the measurement difficulties associated with the flexible labour market an indication of labour inputs in terms of total hours worked is a better measure. In Northern Ireland, during the previous decade, total hours worked by men increased by 15 % (in GB 1%) and by females

by 44% (GB 22%), an aggregate increase of 8 per cent.

### **Employment status of workers: Northern Ireland Autumn 1998**

Self-employed	80,000	11%
Unpaid family workers	5,000	1%
Employed	580,000	79%
Unemployed	56,000	8%
Govt training Schemes	16,000	2%
<b>TOTAL</b>	<b>737,000</b>	

In August 1999 Northern Ireland had the second highest unemployment rate of any UK region (6.2%) (after the North East) as measured by the claimant count. However as measured by the Labour Force Survey, Wales and London both have higher rates of unemployment. Long term unemployment in NI is at the EU average (49%). [Long term unemployment is defined as being unemployed for one year or more but the figure can be affected by the numerous training and development schemes introduced to tackle this problem.] In Northern Ireland the government has set a major policy objective to tackle this problem: 'Targeting Social Need' (See Osborne, 1996).

### **Unemployment Outflow Rates January 1998 - 1999**

<b>Duration Band</b>	<b>Average Stock</b>	<b>Avge No of Outflows Per month</b>	<b>Outflow Rate</b>
<1 year	32,000	6,700	21%
1-2 years	7,500	560	7%
2-3 years	3,500	210	6%
3-4 years	2,400	110	4%
4-5 years	1,800	70	4%
5+ years	10,200	270	3%

The chances of leaving the register, having joined it, lessen considerably as the length of unemployment increases. Of the short term unemployed 21 per cent leave in an average month

whereas only 3 per cent of the long term do. The most recent unemployment data for NI (Nov 99 – Dec 00) puts the ILO rate at 6.3%, a decrease of 0.4% on the previous period, 48% of whom had been unemployed for more than one year. The ILO unemployment rate for young people (18-24) was 9.2% - which is 2.9% higher than the rate for all ages. The claimant count, however, had declined by 12,400 over the previous 12 months and is now at its lowest level since April 1976.

## **Delivering Social Security and Vocational Training**

The **NI Social Security Agency** was established on 1 July 1991 as an Executive Agency of the Department of Health and Social Services (NI). It employs over 5,800 staff, has departmental running costs of £133m. and is presently required (year-on-year) to achieve efficiency savings of 5 per cent. Its overall aim is to give benefits advice and pay social security benefits. They aim to provide a high quality service which is prompt and accurate, operating within Ministerial targets and available resources (See SSA Business Plan). As is the case in GB, the SSA administers over 30 social security benefits, making annual payments in excess of £2 billion to approximately 1.2 million people. The SSA is responsible for managing and paying JSA in Northern Ireland. The focus for contact with the public is through 35 local offices.

With the return of a new (Labour) Government in May 1997 the aims of the Agency were revised to take account of new priorities. Its strategy is now summarised as being:

- To introduce the Government's reforms to modernise the social security system
- To provide a good quality service which responds to people's circumstances and needs and which balances their rights with their responsibilities
- To streamline procedures through the best use of IT and make the service more transparent and accessible involving widespread consultation
- To reduce fraud and inaccuracy in the benefits system, and ensure compliance with the statutory functions relating to National Insurance Contributions, within a climate of strict financial control
- To train and develop the Agency's staff, to create a competent and well motivated workforce, who, along with their representatives, would shape the future of the Agency
- To improve the efficiency of the service and reduce the resources used.

Working in partnership with the SSA is the Training and Employment Agency (T&EA) which was established in April 1990 as an Executive Agency of the Department of Economic Development (DED). Its aim is to develop a world class workforce in Northern Ireland by assisting economic

development and helping people find work through training and employment services delivered on the basis of equality of opportunity. The T&EA provides job brokering services, both to jobseekers and job changers, through a network of 32 JobCentres across the province.

The **Training and Employment Agency** was, until December 1999 an integral Next Steps Agency of the Department for Economic Development (Northern Ireland). It now has a range of functions and responsibilities relating to labour market interventions including the public employment service and careers service; the disablement advisory service; liaison with training agencies and colleges. It is responsible for the implementation and delivery of all but 2 of the New Deals in NI. It leads on New Deals for 18-24s and over 25 years. Historically the T&EA has had no benefit function (unlike ES in GB which was always responsible for Unemployment Benefit) and for whom, therefore, the new arrangements for joint working are impacting more strongly.

Both the SSA and T&EA have responsibilities for the successful operation of JSA and share a common customer base such that in August 1999 there were 48,5000 JSA claimants in Northern Ireland. But arrangements for effective delivery of JSA, following its introduction in October 1996, were not always seamless. In 1998 a joint SSA-T&EA review of JSA delivery in the province was undertaken. A number of problems and deficiencies were identified and a number of reforms proposed, focusing on job-brokering to be delivered via T&EA JobCentres. Two key reforms are of note:

- JSA claimants would be seen and processed from a single ‘one-stop’ office . Previously claimants had to visit a Social Security Office to make the JSA benefit claim and to negotiate/agree the Jobseeker’s agreement and for the bi-weekly reviews; they had to visit the JobCentre, usually in a different location to conduct weekly vacancy searches.
- The claimants would receive active support in job search from JobCentre staff, first at the new JSA claim interview and then at the bi-weekly reviews. The new emphasis would be upon job-brokering first and benefit processing second.

The expectation was that this revised process would improve the quality of customer service, deliver JSA both more efficiently and cost effectively, improve SSA/T&EA data collection and processing efficiency; introduce and facilitate closer working relationships between the two agencies. This commitment was reinforced by a jointly prepared ‘Shared Vision Document’ in which the agencies

declared their intention to work together to implement the key Government principle of ‘work for those who can and security for those who cannot’. In practice the following actions were identified as being necessary:

- a coordinated approach to process design, cutting across existing organisational boundaries
- a joint accommodation strategy
- a joint IS/IT strategy
- a joint personnel strategy
- a review of current legislative arrangements
- a joint funding strategy

To put these objectives into practice it was felt that a combined change programme was required, aided by a communication strategy (relating to both internal and external stakeholders) and a formal recognition of joint responsibility for delivery of services to customers. The pilot projects pre-figure what has increasingly been seen as the preferred route for service provision. They may be seen less as pilot projects and more as demonstration projects. Regular and formal meetings (every 6 to 8 weeks) are held between the Chief Executive of the SSA and T&EA; bilateral, and more frequent, meetings take place between the Director of Operations for both agencies. Under Direct Rule<sup>1</sup> arrangements, that is before the returned to devolved government, both agencies were responsible to the same Northern Ireland Office Minister, and this eased the coordination of activities. At the local level there are regular contacts between staff in Social Security offices and Job Centres.

A by-product of the reforms was a hope that claimants/clients would become more active and determined in their search for employment. It was expected that the number of live caseload JSA claimants would fall as more claimants were helped into the labour market. As a test of the new arrangements it was proposed that they were piloted in two locations: Dungannon and Lisburn.

---

<sup>1</sup> Direct Rule was introduced to Northern Ireland by the British Government in 1972 when the Northern Ireland Parliament was prorogued. Executive functions were vested in a Secretary of State who was a member of the British Parliament and Cabinet. The Secretary of State for Northern Ireland was assisted by a small number of Ministerial colleagues, each of whom was allocated responsibility for one or more of the Northern Ireland departments. Following the implementation of the Belfast (Good Friday) Agreement, which allows for effective cross-community power sharing, the Direct Rule structures have been suspended. An Executive, led by a First Minister, and drawn from a Regional Assembly, is now responsible for government in Northern Ireland. A Minister of Social Development is responsible for the Social Security Agency and the Minister for Higher & Further Education, Training & Employment is responsible for the Training & Employment Agency. See <http://www.nics.gov.uk/mainhfe.htm>

## **Dungannon Travel to Work Area**

Dungannon is a rural area in the centre of the province, to the west of Lough Neagh . It has a long established farming base employing approximately 3,700 full and part-time workers. It has a population of 46,600 and a low population density; 44 per cent of the population is aged under 25 years. There are good road communications to Belfast and border regions with the Republic of Ireland. 26 per cent of all employees work in the manufacturing sector and 8.4 per cent in agriculture. However the unemployment rate is 1 per cent higher than the average for NI as a whole and substantially higher than for the UK. 58 per cent of the unemployed had been on the register for over one year. Labour force activity rates are over 94 per cent for males aged 25-49 years but female activity rates are generally much lower across almost all age cohorts.

Lisburn, in contrast, is part of the Belfast travel work area and is located about 12 miles south-west of the city centre. Unemployment is consistently below the Northern Ireland average and the borough is the fourth most affluent District Council (out of 26). There are over 40 large scale, growing industrial and commercial companies (over 100 employees each) including Coca Cola, Shorts Bombardier and Marks and Spencer. However, 60 per cent of the employed population work outside the Borough – mostly commuting to Belfast.

## **The claiming process**

The revised JSA process was introduced at both Job Centres on 8 March 1999 when frontline JSA services were withdrawn from Lisburn and Dungannon Social Security Offices. The pilots were steered by a Joint Project Board made up of senior officials from both agencies. An evaluation of the pilots was undertaken by Deloitte & Touche (concluded October 1999). The key themes of the revised processes were to: a) improve customer service by tailoring provisions more closely to their needs, especially by ‘one-stop-shopping’; b) more effective delivery, thereby encouraging clients to be more self reliant and thereby reducing the claimant count; c) improved efficiency, by making better use of accommodation and general stream-lining of services; d) closer working between the two agencies but with the intention of bringing other agencies including health and social services, Housing Executive into the frame. The revised process involved the transfer of JSA data collection from the SSA to T&EA, while retaining benefit processing, payment and adjudication with the SSA.

A new claimant is required to contact (either by phone or in person) the T&EA to obtain a JSA application form. The JSA Jobsearch receptionist will issue a claim pack and make an appointment for the claimant to see a Jobsearch Personal Adviser (PA). At their first meeting the PA obtains all

the information required from the client for processing the JSA claim and drawing up a Jobseeker's Agreement. At the same time the PA conducts an initial job brokering interview with a view to assisting the client back into employment. Issues to be covered include advice on back-to-work incentives including the client's eligibility for the Working Families Tax Credit, back-to-work bonus and employer's National Insurance holiday. This is an improvement on original (separate) arrangements because both SSA and T&EA collect the same data.

A Jobsearch Intervention Officer meets with the client once every fortnight to review activities based on the Agreement. The client is also required to 'sign-on' at this stage. Under the previous regime an SSO Personal Adviser would review individual cases on a (typically) thirteen week cycle whereas now, with active fortnightly intervention interviews, a PA interview is only required when a JSAGreement is to be revised. This effectively reduces the number of periodic reviews undertaken by PAs, and saves time. On a routine basis changes in circumstances (Ditch *et al*, 1996) are recorded and clients referred for job interviews.

To successfully roll out the pilot a certain amount of re-organisation was required in the two locations. In both instances it was felt best to relocate JSA functions from SSA to T&EA (rather than vice versa). The tradition has always been that JobCentres have had better, more convenient and more central locations than SSAs. As in GB, SSAs have traditionally (but not universally) operated within a screened environment: this protected officials from attack by potential violent claimants. On the other hand JobCentres have been more open, accessible and informal. There were many reservations among SSA staff who were reluctant to meet with members of the public in an unprotected environment. The relocation required considerable and not inexpensive office refurbishment.

The relocation of functions inevitably meant that there was a need for the relocation/transfer of staff. In the first instance volunteers were identified rather than conscripts. There was a commitment to training, recognised as being necessary, but almost universally regarded as inadequate and short-term. During the transition phases in the lead up to the project 'going live', claimants were excused the bi-weekly intervention (signing) interviews for a two month period.

One of the most striking impacts of the new forms of joint working was the noted drop-off in live JSA caseload. An evaluation conducted by Deloitte-Touche, involving matched equivalent local offices, noted that the pilot area caseloads fell more sharply – especially in the early months of implementation. The claimants roll fell by approximately 50 per cent over the course of a year in both locations. In particular it was the 'postal signers' and long term unemployed who dropped off. The clear implication is that a number of these were already in employment but had continued to claim

benefit. There is no hard evidence that claimants had transferred onto long term sickness or Incapacity Benefit. Equally there is no evidence of sudden increase in levels of employment in either location.

Other aspects of the evaluation examined client satisfaction and found that 95 per cent of clients rated the physical environment with the pilot offices to be good or very good. Only 2 per cent considered it to be poor or very poor. Some clients thought there was a lack of privacy in the relatively open plan environment and some would have actually preferred the use of screens and booths. Clients were very satisfied with the treatment they received from staff – who were considered to be helpful, courteous and well informed. However, when clients asked about social security benefits other than JSA they sometimes found that staff were not so well informed. Discussions with clients at both locations broadly confirmed these findings.

The evaluation found that proportionately more long-term unemployed claimants were leaving the register from the Pilot Offices than from the matched equivalents. Employers had a generally poor impression of the service offered by the local JobCentre – a perception which long preceded the introduction of new benefit procedures. A major problem was that many of the clients referred for an interview with local employers did not, in fact, show up; of those that did the quality was often poor or skills inappropriate. There was some perception that referred clients were not so well matched to vacancies as before the new system was introduced. The Job Centre tended not to seek feedback from employers on the quality of the clients referred to them.

Staff opinion on the revised operation, though mostly positive, was mixed. A major concern in the early days had been the pressure on staff to implement new systems against a background of staff shortages. T&EA staff felt they had insufficient knowledge of social security benefits, conditions of entitlement and levels of payment. Although there had been induction training this had not been sufficient to bring all staff up to the required level of confidence. Staff from one agency were often rather embarrassed about asking staff from the other for assistance and advice; it implied that they were not so good at their job.

There was some indication that Intervention Officers were implicitly colluding with clients who were not complying with their JS Agreements because to report them would require the preparation of a lengthy and time consuming report. Frontline staff need to be effectively managed with Intervention Officers ‘decisions being reviewed on a regular basis. Staff were more concerned about the limited provision for privacy rather than the absence of screens to provide security. There were many (staff) criticisms of the IT system being used: it was regarded as being unreliable, slow and prone to break-

down. In particular there continues to be poor client-to-jobs matching criteria and an inability to display several ‘screens’ or ‘data-fields’ at the same time.

Compared with T&EA managers, SSA managers were able to draw upon a larger pool of non-frontline staff such that when demand unexpectedly increased, or in the event of staff shortages, were able to re-deploy staff flexibly.

In summary, the Deloitte-Touche evaluation concluded that “...the revised process offers a significantly improved basis around which JSA can be delivered more effectively – those undertaking the intervention process are able to check Jobseeker's Agreement and challenge JSA claimants, where previously there were not.” At the time of the evaluation report it was calculated that the average fall in the JSA register was in the order of 15 per cent at the two pilot areas. Had the scheme been rolled out to all local offices in Northern Ireland, the direct programme expenditure saving would have been £21 million per year. This raises an important point: under current arrangements the revenue savings will revert to the UK Treasury whereas the costs associated with staff, accommodation and maintenance are met from the Northern Ireland block vote. There is no clear financial incentive for the latter to expand the programme. There are certain economies associated with co-location of agencies but difficulties remain in linking two quite separate datasets: CMS (Client Contact and Job Searching) and JSAPS. Indeed the same data are required to be input twice – once through CMS and once through JSAPS, using different terminals: a cumbersome operation.

The Social Security Agency, like all social security operations, is predominantly a transaction based organisation in contrast to T&EA which is about client specific job brokering. Social security agencies have developed complex resource allocation and costing systems which can be applied to devise models and measures of operational efficiency. The T&EA does not have management information systems which allow for this kind of performance review. Regular meetings between the respective managers can improve the flow of information, as do regular meetings between Intervention and Adjudication Officers. In the early days of training and it is helpful to have job-swap and job-shadow arrangements to enhance familiarity. The Stricter Benefit Regime appears to result in less well matched clients being inappropriately sent to employers.

Regular meetings are taking place between T&EA and SSA staff at all levels though generally speaking the more senior the informant the more likely it is that a ‘positive’ picture is given of the arrangements and support structures. Links have also been established with the New Deal Consortium which includes representatives from each of the local authorities, the Institute for Further Education, private sector training organisations, charities and community groups. The lead partner in the consortium gets a *per capita* administration fee from T&EA for each New Deal participant.

### **Position in GB**

Just as closer working between SSA and T&EA was a feature of JSA delivery in Northern Ireland so was closer working between BA and ES in GB. There is no standard pattern of delivery but certain general features can be observed. The new client approaches the local ES office, via a receptionist who issues a claim form and evidence requirements list, and makes an appointment for a New Jobseekers Interview (NJI) using the Labour Market System. The NJI takes place within 3 days of initial contact and lasts about 40 minutes during which time the claim is validated. When the interview is completed the claim is passed to BA staff (who will be on a different floor or in a different office, but usually within the same building) who register the claim. Regular intervention interviews, every fortnight, are scheduled to last 7 minutes but often overrun. New Deal Personal Advisers work closely with Option and Gateway providers and share information (subject to the provisions of the Data protection Act which requires that clients must consent to information being shared). Much of the mechanics of sharing information remains complex, bureaucratic and paper based. In reality, employers and other partners fail to recognise the importance (for releasing payments and providing clear audit trails) of the need to complete paperwork; in consequence much time is spent chasing up uncompleted paperwork.

Lead policy responsibility rests with the Employment Services but arrangements for delivery vary for each Unit of Delivery. In many there is a Joint Venture Partnership (JVP) which is responsible for managing delivery. The JVP consists of senior members of ES, TEC, City and County Councils, Careers Service and Community Volunteer Service. A Strategy Group (consisting of representatives from each of the above but also including people from other organisations such as Age Concern, Race and Equal Opportunities Commissions and local employers) advises ES on how delivery mechanisms can be adapted to best suit the requirements of clients.

New Deals are at the heart of welfare reform for Employment Services and it is expected that with greater help, advice and guidance young people will move off the unemployment register into sustainable employment. If, at the end of the New Deal regime, clients are not in employment the

expectation is that they will be in a better position to do so quickly as a result of acquired and enhanced employability skills.

### **Case Study:**

Warrington, in the North West of England, is a relatively prosperous town and linked areas located mid way between two large metropolitan centres. The District includes two Benefit Agency offices and five Employment Services Jobcentres. A number of local authorities are also covered. It is a former ‘new town’ and the local economy has undergone a successful transformation: previously based on manufacturing and chemicals there has been a recent expansion of IT and call-centre employment opportunities. Another part of the District is addressing many of the socio-economic issues typical of inner cities which have been dependent on a small number of traditional industries. Notwithstanding this, the local labour market is relatively buoyant with effectively full employment, just below 2.5 per cent unemployed in the catchment area for one office, about one third for over 6 months but about 6.0 per cent unemployment in the office with the highest rate of unemployment. Seasonal fluctuations and temporary contracting arrangements in the retail trade, distribution and service sector also impact on the volume of new claim activity. The residue of unemployed do, however, represent a considerable challenge to the activation measures and placement skills of ES policies and staff. The local population is predominantly white with a low percentage of ethnic minorities. It is estimated, however, that approximately 30 per cent of the total client group have some degree of difficulty in either numeracy or literacy; it is estimated that approximately 10 per cent of the 18-24 client groups have either a drug or alcohol habit likely to impact on their employability. The rate of disability is approximately twice the national average. A survey of local employers revealed that 20 per cent felt that there was a general skills shortage within the workforce in general, particularly practical and general communication skills.

The location is a pilot area for ONE, an integrated service for clients aged between 16 and 60 years claiming one or more of a range of social security benefits, aiming to deliver work for those who can and security for those who cannot. The intention is to build upon previous experience (of New Deal) to make the system more accessible and coherent for clients, help them access the information and support which is available to lift them out of benefit dependency. It is designed to provide a single point of access to welfare for people of working age and in which everyone with the potential to work is provided with help to find sustainable employment. Greater emphasis is placed on intensive, individually focussed advice and therefore upon treating clients as individuals through a Personal Adviser Service; this service seeks to identify and alleviate the barriers to work while recognising that employment may not be a realistic or achievable goal for all. As part of the wider context there is a

commitment to maintaining the security and integrity of the benefit system and providing value for money for the tax payer.

The contract for delivery of ONE service was awarded to a private sector provider following open competitive tender. In the British context this is an unusual but not exceptional departure. Historically social security benefits and job brokering services have been provided by the public sector. The ONE service is being delivered from three Employment Service Jobcentres. They were selected because they reflect travel patterns of the client group and have dynamic management/leadership. ES Jobcentres were preferred over other locations because they are already known to (most) clients, are in accessible locations, being close to town centres and transportation networks. Consideration is being given to developing a mobile delivery unit which would take ONE out into the community. This would seek to engage clients who are currently suspicious of existing services or who find getting to the office to be difficult.

A Coordinating Group known as A4E (the local reference name) is responsible for leading the delivery and implementation of ONE in the District. Partnership links have been established between ES, BA and the four local authorities (responsible for Housing Benefit and Council Tax Benefit) and reporting arrangements exist linking the District to regional levels and ultimately to the ONE Project Head Office. Strenuous efforts have been made to involve voluntary organisations in both planning and monitoring activity. Active links have been established with over 60 local organisations in the broad field of social policy. They were consulted at the tender phase, agreed to offer continuing support and are consulted on an on-going basis through a series of liaison groups. A process mapping event was held in January 2000 at which a cross-section of organisations, including social partners and voluntary bodies were provided with a chance to make an input on service design. An (all-) embracing Liaison Group meets on a monthly basis to provide an opportunity for regular feedback . The ONE project is presently building up a detailed profile of services and facilities available in the District Area; this is being developed under the Support Services Manager and will be made available to all front line staff and clients whose action plan objectives would be furthered by accessing particular elements.

The A4E District Manager is responsible for the service delivery of the ONE contract, meeting with the A4E Group CEO on contract delivery performance on a monthly basis prior to A4E Board Meetings. Reporting to the District Manager are three Business Managers who have day to day operational responsibility. In addition, three other senior managers have specific responsibility for Quality Assurance and Process Design issues, communication with external delivery partners and A4E Information Technology requirements. Groups of 4 – 6 Personal Advisers have Team Leaders, who

report into the Business managers. Business Managers also have administrative staff functionally reporting to them. Local meetings to support the management structure and reporting structure take place as follows:

Daily team meetings between Personal Advisers and their Team Leaders

Daily meetings between Team Leaders and Business Managers

Weekly staff meetings at each operational site

Weekly meetings between the A4E District Manager, Business managers and the functional managers.

Externally, the District Manager works with the Contract Manager from the client side and client side agency District managers to deliver and report on ONE performance. Management Reporting structures for the contract are as follows:

ONE management group management meetings occur fortnightly between A4E and ES/BA/Local Authority District Managers, Disability Services and ONE contract manager;

A4E Business Managers meet with LA representatives on a fortnightly basis;

A4E District Manager and Support Services Manager attend a range of meetings with voluntary sector partners, with regular meetings with the Anti-Poverty Forum and the Unemployment Forum;

Meetings with the Child Support Agency take place every two months

Closer Working to Improve Customer Service (CWICS) meetings involve practitioners from ES, BA, A4E, CSA to review processes and local communication issues on a monthly basis;

Communications Meetings occur weekly and any stakeholder can attend this meeting – these occur at each delivery site.

Issues relating to process design and delivery are raised through CWICS meetings. If they cannot be resolved at this forum, issues are tabled at the Office Managers Group (OMG). Any issues from either party are brought to OMG and resolved. In the minority of cases where this does not work, the issue will be flagged through to the monthly contract management meeting. Where necessary these issues will be highlighted at the Policy Steering Group and if the issue is not resolved, it will be referred to the ONE Project Board as necessary. At each stage of resolution an action plan with responsibilities for resolution is agreed with time-scales. These are reviewed at the next meeting and activities discharged through A4E and client side management structures.

Particular attention has been paid to ‘hard to place’ clients. Two groups were identified as presenting special challenges: people with disabilities and parents with young children. In consequence, when the office accommodation was being re-fitted prior to the launch of ONE, the opportunity was taken to

ensure that there was proper access for clients with physical disabilities and that there were comfortable, safe and secure areas of children who accompanied a parent to the Jobcentre. Staff described 'hard to place' clients as having a number of common characteristics: poor time management and self-discipline skills; poor inter-personal skills; low self-esteem manifesting itself in terms of lack of readiness to travel; unwillingness to apply for jobs or training; unrealistic expectations. Some clients, from ethnic minorities, may lack competence in the English language and many (indigenous and otherwise), have poor reading and writing ability.

All Personal Advisers emphasised that there was no single template or approach which would work for all clients: there is no "one size fits all" solution. There was a general feeling, also found in Northern Ireland, that most of those helped into employment would have done so without assistance. The problem group, a residue or emerging under-class, for whom the prospect of employment is not always realistic or appropriate. Trying to place them may be doubly problematic: many lack the motivation and the skill to obtain and retain employment; sending them to local employers was frequently little more than an irritant to the latter. A general weakness appears to be failure to effectively cooperate with, and involve, local employers: only a minority of employment vacancies are notified to local job centres (not a statutory requirement) - an indication that many employers did not welcome contact with the job centre, preferring direct recruitment via newspaper advertisements, word of mouth or private sector recruitment agencies.

### **The claiming process:**

Client perceives needs to make claim → Client visits ONE Centre → Client greeted by receptionist who explains ONE → Receptionist takes initial personal details about client → Receptionist arranges meeting with Personal Adviser who is the single point of contact for the client throughout the life of the claim (also acts as point of contact for changes in circumstances and other enquiries) → PA takes further claimant details and assesses employability → If appropriate, PA conducts Jobsearch and submits client to a vacancy (if suitable opportunity available) → PA & client establish benefit requirements. PA identifies any specialist support or training needed → PA and client complete IT claim form → Claim is sent for processing → Client is notified of decision from relevant Agency → PA offers further voluntary meetings to support client → If client is put forward for vacancy and is successful, PA offers 'in-work' support.

The JSA has been subject to a major evaluation programme managed by DSS/ES. Against a background of nationally declining unemployment, one study conducted a major survey of 10,000 unemployed people, comparing their circumstances and attitudes under old and new benefit regimes.

Respondents in each cohort were interviewed twice, approximately 6 months apart. The research examined the characteristics of the unemployed claimants, those of their partners and job search behaviour, the quality of 'return to work jobs' and other factors associated with movement off benefit. In general the study concluded that JSA has resulted in significant increases in movements off the claimant count, especially in areas of low unemployment and among longer-term claimants. Former jobseekers were less likely to return to benefit after the introduction of JSA and those who had left benefit for work were less likely to return to unemployment-related benefit when they lost their jobs. There was a significant increase in the numbers of jobseekers contacting employers directly, indicating that jobsearch behaviour was becoming more active since the introduction of JSA. Equally, clients were more likely to be given jobsearch advice and told of job vacancies by jobcentre staff after the introduction of JSA. Jobseekers claimed to better understand the rules of claiming under JSA and awareness of benefit sanction for failing to actively seek work increased significantly after the introduction of JSA.

## **Chapter Five: Conclusions and recommendations**

There is nothing new about coordination, we just forget more than we know. It is a concept and a form of practice, which from time to time swings into ascendancy and fashion. In the history of public policy (and corresponding policy analysis) there has long been an interest in and commitment to effective coordination of policy making, management, administration, delivery and evaluation. As the understanding of social processes and problems becomes more elaborate so it is recognised that causes and consequences cannot be limited to exclusively defined (or delimited) by reference to single disciplines, single ministries or even single teams. The more complex the aetiology of social problems, so it is believed, the more complex becomes the policy response. Complicated responses require careful planning, the mobilisation and deployment of scarce resources and the optimal configuration of organisational structures. It is inconceivable that policy makers or policy analysts would call for an uncoordinated approach to planning and practice. In the absence of this resounding negative it is, all too often, presumed that coordinated approaches to policy must therefore be necessarily positive and virtuous attributes of good practice. But the simple incantation of ‘coordination equals good and lack of coordination equals bad’ is neither fully satisfactory nor accurate.

A conventional model of the policy process is constructed on the assumption that its practice and its analysis is driven by, and amenable to, rationality. The idea that policy goals clearly and unambiguously emerge from the *vox populi*, get translated into SMART objectives (specific, measureable, achievable, realistic and time-bound) which are unrolled into work programmes to be systematically delivered to grateful citizens and clients before evaluation and feedback is somewhat naive. Policy is complex and confused; policy objectives are frequently poorly defined; resources are limited and organisational inertia, institutional imperative and individual caprice all weigh upon the issue to confound the best of intentions. The relationship between (ill-defined) policy goals and (poorly measured) policy outcomes is far from clear but it is critical. As public policy begins to recognise that the link between inputs and outcomes is not always linear, so more and more attention is placed on what used to be called ‘the black box’ of policy making. The growth of comparative public policy, as evidenced in a number of studies, does underline the variability in outcome relative to the unit of ‘standard’ input, whether measured in terms of GDP *per capita* or number of public officials per 100,00 citizens. Examining the contents of the ‘black box’, using the skills of the ‘organisational anthropologist’, is one way of finding out how the policy process actually works. Coordination is such a concept, it is one of those words, and that form of practice, which reverberates within the box: why is it done? How is it done/? How much does it cost? What does it achieve? These are all proper questions and each has been addressed in this study.

The starting point must be to recognise the absence of a single, unambiguous or wholly convincing definition of what coordination is: it is almost easier to explore what it is not. It is not about looking to former achievements and celebrating present practice; it is not about protecting and reinforcing traditional management structures and systems; it is not about tunnel vision; it is not about accepting traditional organisational values as if they are immutable. Coordination is likely to be multi-disciplinary, cross-sectoral, cross departmental, to be risk taking, resource intensive, innovative and unnerving for those who seek certainty and security in their professional lives. The difficulty, in research terms, is being able to identify the evidence and apply it in such a way as to distinguish the impacts and consequences of coordination from all the other elements to be found in the ‘black box’.

What goes on within the ‘black box’ is not, of course, independent of what is going on in the wider world. This is especially true when labour market activation strategies are being examined. In the United Kingdom, and across the rest of Europe, levels of economic activity are increasing and levels of unemployment are falling. The causes of this trend are multifold, being partly to do with macro-economic growth, the stimulation of world demand and the refinement of appropriate behavioural incentives within tax-benefit packages. The elaboration of new rules for the receipt of benefit and the specification of job search activity also play their part. The coordination of policy objectives, policy actors and delivery mechanisms may also be thought to play a part: the uncertainty is how big a part and at what cost? Experience in both Northern Ireland and Great Britain appear to indicate that the results of activation measures may be significantly influenced by factors outwith the measures themselves: economic activity and employment rates; and the propensity to work while claiming, which will affect the size of the movement off the unemployment register as registration requirements become a deterrent.

That coordination is perceived to be important to effective policy making and the efficient delivery of services is indicated the place it is accorded in the pantheon to celebrate New Labour’s agenda for social policy. The Prime Minister in the forward to a recent White Paper on ‘joined-up government’ has written that “...we need better coordination and more teamwork right across government if, for example, we are to meet the skills and educational challenges of the new century or achieve our aim of eliminating child poverty within twenty years.”

Coordination of policy making and delivery takes practice beyond the normal and the traditional. Historically, senior politicians (that is, Cabinet Ministers) have had responsibility for a (more or less) coherent policy programme and associated expenditure. It was their primary task to assert and defend what were conventionally regarded as the interests of the department against other departments, in

particular the Treasury as well as against non-governmental bodies such as trades unions, employers' organisations and professional associations. Ministers defended their agendas, protected their staff and above all protected their budgets. Taking a lead from Ministers, staff were loyal to their Minister, protective of their department and ever cautious about unnecessarily sharing information or committing resources beyond the pale of the department. This culture of inward looking behaviour, conceiving policy making in terms of relatively isolated chimneys, was reinforced by a system of appraisal, promotion and advancement which would, *ceteris paribus*, reward those who did most to protect the Minister and support the department (or *vice versa*) even if that resulted in the achievement of sub-optimal outcomes. Within the case-studies conducted for this project it was evident that staff seconded into new ways of working, as part of coordinated or integrated team, invariably continued to see themselves as 'detached' workers whose loyalty and career remain locked to the home rather than host department. For truly effective coordination to work, a new style of leadership is required and this must be matched by more imaginative and flexible approaches to human resource management.

At the most strategic level in the British Government there continues to be a very fundamental disjuncture between the Department for Education & Employment, on the one hand, and the Department of Social Security, on the other. Leaving to one side the rationale for linking education and employment within the same department (at least to the exclusion of other possible combinations), it is arguable that whereas the primary objective of the DSS is to pay social security benefits to those who qualify in a manner which is efficient and cost effective it is the primary objective of DfEE to increase employability and reduce unemployment. The tension between giving financial support to those out of the labour market (for whatever reason) and reducing the number dependent on benefit is a real one. Two responses have addressed this concern. First, it may be argued that increasing number of policy initiatives at the interface between labour markets and social security have come not from either of the sponsoring departments but from the Treasury. In part this is a function of the proper role of the central Finance Department being discharged and in part due to the interest of the Chancellor of the Exchequer who wishes to curtail/reduce social security spend and promote economic activity. At a somewhat more prosaic level has been the reconfiguration of benefit delivery mechanisms, such as joint working on Jobseekers Allowance, ONE and New Deal in the interests of improved efficiency and enhanced attainment of preferred outcomes.

Ministers should be encouraged and enabled, beyond the call of rhetoric, to see policy challenges 'in the round' and to create structures which are appropriate to their resolution or alleviation. Leadership which cuts across departmental boundaries would give encouragement to more junior staff. At present this is difficult because the accounting and audit procedures are locked into departmental chimneys and conventions. Programme managers and project leaders, similarly, need to be people of flair and

vision, capable of transcending existing boundaries and barriers. On many occasions, interviewees reported that the success of joint working arrangements would be enhanced by the presence of charismatic leadership and diminished by routine managers. Such ‘movers and shakers’ can be fun to work with but tough to work for: they can be rather less observant of routines, traditions, conventions and rather more interested in innovation and long hours. There is a difficult trade-off to be negotiated.

To assist in the development of a more responsive and innovative work or organisational culture it was clear that more emphasis could be placed upon, for examples, the encouragement of secondments from the civil service in the not-for-profit and private sectors (and *vice versa*). The insight to be gained by working in a different environment can pay dividends if the lessons can be welcomed on return to the home department. All too often, however, secondees are perceived to be ‘expendable’ rather than dependable. Transfer, within departments could be encouraged. The Benefits Agency being a larger organisation, the largest of the Next Steps agencies, has more flexibility in the deployment of staff than does Employment Services. Getting varied job experience can enhance understanding, promote team working and create a disposition towards coordinated working.

In the early days of joint working in the delivery of ONE the more imaginative managers encouraged their staff to ‘shadow’ one another on systematic basis. Colleagues from T&EA would spend a day or two sitting alongside colleagues from SSA watching them work and helping in the accomplishment of their tasks. It was clear in what was said that this was regarded as ‘ice-breaking’ and conducive to mutual understanding and respect. In addition to these arrangements, dedicated training (extending beyond the early days of start-up) was frequently mentioned as being needed (but only infrequently provided). Part of the difficulty, and this related to an important and common problem, there are budgetary constraints on joint working: specifically, although it was common for there to be a joint project budget this rarely provided sufficient resource to meet the full human resource and on-going training costs. The separate agencies, however, were reluctant to commit their own resources to what was seen as being only ‘partly’ their responsibility.

Finances are a general problem in coordinated working situations. Establishing ‘budget’ lines is always challenging, and budgets which cross departmental boundaries are especially problematic: it is the old problem of responsibility but lack of control. The ONE projects in GB have a dedicated budget and this is managed on a devolved basis by the project Board. Ultimately, however, the ONE budget is routed through the DfEE (rather than the DSS) and will be subject to scrutiny by the DfEE’s Permanent Secretary in his role as Accounting Officer. Despite the existence of joint Ministerial leadership on the ONE project (arguably a curious concept and practice in its own right) there can be no mistaking the general perception among ONE staff and other BA/ES employees that the ONE

initiative is, in reality, an ES/DfEE baby. This perception has been reinforced by the legacy of working arrangements around the roll-out of JSA and the prospects for the new merged BA/ES Working Age Agency, which is seen as DfEE's and not DSS. Indeed, there is a view, widely held but entirely non-attributable, that the life expectancy of the DSS (and not just the BA) is limited. As one wag expressed it: "When the current Secretary of State leaves he should just switch out the light!"

At a more practical level there is existing scope for more *virement* between budget heads to allow for responses to unexpected developments in coordinated working. By definition, work of this kind is often difficult to predict and new needs emerge. As and when these contingencies occur accounting mechanisms should be in place to respond. The currently conventions, all too often routed in chimneys, inhibit rather than encourage innovation. Similarly, it was reported that another advantage would be to relax the present rules on end-of-year closure. It is a common sight in government departments at the end of the financial year for officials to desperately seek ways of spending money: not to commit the full allocation results in a return to Treasury and a difficult job in maintaining the budget level at the previous level. For the want of a little flexibility the opportunity to support coordinated working programmes can be lost.

Finally, under devolved government, responsibility for meeting the start-up costs associated with for example ONE projects in Northern Ireland rests with the Department of Social Development drawing upon the Northern Ireland vote. Benefit savings, and these have been substantial – up to about 50 per cent fall in the unemployed live register – are returned to the UK Treasury. Costs fall one way and benefits another, hardly an incentive to new coordinated working.

Measuring coordinated activity and more challenging, measuring the outcomes associated with it, is intrinsically difficult. The development of Performance Indicators is highly controversial at the best of time and can contribute to dysfunctional 'gaming strategies' on behalf of actors. The tradition has been to evaluate the practice of departments, and within departments of sections and individuals: more unusual is the development of PIs which evaluate cross-departmental activities. ES regards reduction in the reported level of unemployment as the key indicator where BA regards volume of payments and their accuracy as critical. The two do not sit easily together.

Much of work which has been examined in the field of coordinated activation has been driven by provider interests and perspectives. The ideas have been generated in Whitehall and passed down the line. Certainly there are examples of good practice involving local agencies and actors. In the North West England district a series of consultative forums were established to ensure that the customer voice was heard. A regular feature of these programmes has been the administration of customer

surveys. At the end of the day there is still a tendency for staff to regard clients as objects for their attention rather than subjects for active engagement.

Coordinated working can bring 'economies of scale' from the joint use of the same premises and even joint use of the same photocopier. Senior managers at each of the locations visited confirmed that there were significant savings to be achieved on joint sharing of premises in particular. They were equally aware, however, that co-location required the up-front investment in refurbishment, including re-design of office layout, re-painting, new desks, signage, carpets and so on. This was, in each case, a substantial sum for which a special appropriation had to be made. The problem was the mis-match between capital costs and revenue savings: the latter did not **directly** reimburse the former. In the absence of centrally provided funds to meet the set-up costs of joint working in shared premises there was neither the will nor the ability to initiate the programme.

It was surprising that greater effort had not been made (successfully or otherwise) to integrate IT systems to facilitate better joint working. In Northern Ireland, in both locations, there were two quite separate systems (one for benefit processing and the other for job search activity): not only did they operate with stand alone software but staff were actually required to have **two** separate (and individually) networked computers on their desk. In the GB location, although staff had only one computer per desk, these continued to operate with two separate software programmes.

Coordinated or joined-up working does bring staff together with complementary skills and interests. Social security staff have expertise in the assessment, processing and validation of benefits; Employment Services staff have knowledge of labour markets, training and job search activity. The reaffirmed emphasis on 'work for those who can and welfare for those who cannot' is greatly reinforced by the bringing together of these two perspectives. The challenge, for managers and staff, is to dissolve these distinct perspectives (and associated cultures) in favour of a single and harmonious approach to the task in hand. This is easier said than done: you can bring horses to water but they cannot be made to drink. A number of simple barriers, but critically important, have to be overcome. Terms and conditions of employment are a case in point: in the SSA there is a tradition of family friendly employment with female staff often working part-time or term-time in order to reconcile work and family life. Salary scales, holiday entitlements, opportunities for flexi-hours also vary from agency to agency, and from site to site. Dress-code at work can be a significant 'symbol' of independence and culture. Staff in both SSA and BA have tended to be more informal /casual in dress code when compared to colleagues in T&EA and ES where suits and 'office clothes; are the rule.

A very substantial consequence of coordinated activity, albeit implicitly rather than explicitly intended, has been the significant impact of tighter conditionality rules for the receipt of benefit on the number of claimants receiving social security payments. In both Northern Ireland locations there was a very substantial reduction in the 'live register'. No conclusive justification can be given for this but it is confidently believed by staff that the new reporting requirements have 'shaken-out' or 'frightened-off' many individuals who were already working while claiming - the phenomenon of 'going-the-double' (Howe, 1990).

In contrast to many other countries with either an historic commitment to, or growing reliance upon, social assistance, the United Kingdom provides little scope for the involvement of social services in either assessment or delivery. In part this is because although social assistance is assessed and delivered locally, the rules and criteria for eligibility are set nationally, with an historic emphasis on the provision of money over programmes of behaviour modification. The move towards the specification of activation criteria in relation to labour market participation has done nothing to change this as far as social services are concerned. Being a 'mass scheme' Income Support and Jobseekers Allowance must rely on standard packages and patterns of behaviour: the involvement of social services, especially at the local level, works best (if at all) in those countries, as in Scandinavia or Switzerland, where aggregate numbers of claimants are relatively small and individual caseloads for social workers manageable. Such would not be the case in the United Kingdom. Moreover, the social work professional in the United Kingdom has always had an ambiguous relationship to money: while recognising that cash provides a route to independence and dignity for clients, they are fearful that linking receipt of cash to behaviour sullies or debases the professional role of social work.

The increasing complexity of the United Kingdom's governance structures, with devolution, deconcentration and decentralisation all resulting in multi-tier and cross-cutting responsibilities in the field of social policy make outcomes difficult to measure and coordination difficult to achieve. The past two decades have, however, seen a consistent emphasis on form rather than content. Specifically, policy makers in the United Kingdom have avoided a rigorous engagement with questions to do with the adequacy of social security benefits. Evidence about poverty and growing inequality was, throughout the 1980s and into the late 1990s, was either ignored or dismissed. Social security benefits were regarded as being more a part of the problem than a part of the solution. The reform agenda, and it has been a significant one in the broad area of social security, has concentrated on the form, organisation, management and delivery of benefits rather than upon the adequacy of the payments. The UK government has not formally or systematically undertaken a review of benefits adequacy for almost 60 years (see Bradshaw and Lynes, 1997). Curiously, however, levels of customer satisfaction with the social security system are remarkably high. Evidence of this is to be found in the 'customer

satisfaction surveys' routinely conducted by the DSS and its constituent agencies as well as by the evaluation of JSA, New Deals and ONE. Customers are asked their views about the attitudes and helpfulness of staff, the quality of office accommodation, the transparency of rules and regulation. They tend not to be asked about the adequacy of the benefit received in relation to their needs: one might speculate as to their likely response. This approach to quality assurance, with emphasis on process over substance, is self-reinforcing. Against the background of a relatively buoyant economy, declining levels of unemployment and a popular culture which values enterprise and independence this is understandable: the situation would be different if socio-economic indicators were moving in the opposite direction.

Overall coordinated working is a way of linking organisations and processes in support of the 'big picture'. At their best and most effective this can help realise organisational synergy and thereby enhance programme effectiveness; there are economies of scale from the use of common space and equipment and clearly the matching of personnel with complementary skills to advantageous. Historic tensions and rivalries between organisations (as there have been between social security and employment services) can be addressed (if not always resolved) within the context of joined-up working. Ultimately it is the aim of coordinated working to improve customer focus and thereby improve the quality of service delivery.

The best laid plans, however, are not always fulfilled. Cultural differences and suspicions between organisations and personnel cannot be dissolved or overcome by fiat or mere co-location. Imaginative and sensitive management, supported by tailored training programmes and the availability of resources to facilitate the transition are not always in place. The very systems of coordinated working require investment of time and effort to make them work: the transaction costs can therefore be relatively high.

## Bibliography

Abel-Smith, B. (1994) The Beveridge Report: Its Origins and Outcomes, in Hills *et al*, 1994, pp. 10 – 22

Alcock, P. (1999) Development of Social Security in Ditch, 1999a, pp. 48 - 77

Baldwin, P. (1994) Beveridge in the *Longue Durée* in Hills *et al*, 1994, pp. 37 – 55

Bradshaw, J. and Lynes, T. (1995) Benefit Uprating Policy and Living Standards, Social Policy Report, York: Social Policy Research Unit

Cabinet Office (1999) Modernising Government, London; HMSO

Challis, L. *et.al.* (1988) Joint approaches to social policy: Rationality and policy, Cambridge; Cambridge University Press

Clasen, J. (1999) Comparative Social Policy: Concepts, Theories and Methods, Oxford:Blackwell

Child Poverty Action Group (2000) Welfare Benefits Handbook, London: CPAG 2<sup>nd</sup> Edition

Department for Education and Employment (1999) Departmental Report, London: HMSO

Department of Social Security (1999) Social Security Expenditure Report, Cm 4214, London: HMSO

Department of Social Security (1999) Opportunity for All Tackling poverty and social exclusion, First Annual Report, London: HMSO Cm 4445

Ditch, J (1993) Next Steps: Restructuring the DSS in Deakin, N. and Page, R. (eds.) The Costs of Welfare, Aldershot; Avebury, pp. 61-79

Ditch, J (1988) Social Policy in Northern Ireland Between 1939 and 1950, Aldershot, Avebury

Ditch, J. (1999a) Introduction to Social Security: Policies, benefits and poverty, London: Routledge.

Ditch, J. (1999b) Full Circle: A Second Coming for Social Assistance in Clasen, J. (1999), pp. 114 – 135

Ditch, J. and Spicker, P. (1999) The impact of European law on the development of social security policies in the United Kingdom, International Social Security Review, Vol. 2, pp. 75 – 90

Eardley, T., Bradshaw, J., Ditch, J., Gough, I. and Whiteford, P. (1996a) Social Assistance in OECD Countries: Synthesis Report, Department of Social Security Research Report No 46, London: HMSO

Eardley, T., Bradshaw, J., Ditch, J., Gough, I. and Whiteford, P. (1996b) Social Assistance in OECD Countries: Country Reports, Department of Social Security Research Report No 47, London: HMSO

Geldorf, G. and Vrangenberg, J. (1999) Integrated approaches to active welfare and employment policies, Dublin: European foundation for the Improvement of Living and Working Conditions

Glennerster, H., *et.al.* (1983) Planning for Priority Groups, Oxford: Martin Robertson

Hales, J., Lessof, C., Roth, W., Gloyer, M and Shaw, A. (2000) Evaluation of the New Deal for Lone Parents: Early lessons from the Phase One prototype, Department of Social Security Research Report No. 109, London: HMSO

Hills, J., Ditch, J and Glennerster, H. (1994) Beveridge and Social Security: An International Retrospective, Oxford: Clarendon Press

Howarth C et al (1998) Monitoring poverty and social exclusion, York; Joseph Rowntree Foundation

Howe, L.E.A. (1990) Being Unemployed in Northern Ireland: An ethnographic study Cambridge; Cambridge University Press

Huby, M. and Dix, G. (1992) Evaluating the Social Fund Department of Social Security Research Report No 9, London: HMSO

Huby, M., Dix, G. and Walker, R. (1992) Working the Social Fund Department of Social Security Research Report No 8, London: HMSO

Lindblom, C.E. (1979) Still muddling, not yet through, *Public Administration Review*, 39, pp. 517-525

Lovell, A. and Hand, L. (1999) Expanding the notion of organisational performance to support joined-up government, *Public Policy and Administration*, Vol. 14, No 2

OECD (1998) The Battle against Exclusion: social assistance in Australia, Finland, Sweden and the United Kingdom, Paris: OECD

Osborne, R.D. (1996) Policy Dilemmas in Belfast, *Journal of Social Policy*, 25,2, pp. 181 - 199

Performance and Innovation Unit (2000) Wiring it Up: Whitehall's management of Cross-Cutting Policies and Services, London: HMSO

Pressman, J.L. and Wildavsky, A. (1979) Implementation, Berkeley: University of California Press

Rhodes, R.A.W. (1988) Beyond Westminster and Whitehall, London: Unwin Hyman

Rose, T. (1999) Modernising Service Delivery: The Integrated Services Prototype, Department of Social Security Research Report no. 104, London: HMSO

Sainsbury, R., Hutton, S. and Ditch, J. (1996) Changing Lives and the Role of Income Support, Department of Social Security Research Report No 45, London: HMSO

Smith, A., Young, R., Ashworth, K., McKay, S. and Walker, R. (2000) Understanding the Impact of Jobseeker's allowance, Department of Social Security Research Report No. 111, London: HMSO

Social Security Statistics 1999: London, HMSO

Whiteley, P.F. and Winyard, S.J. (1987) Pressure for the Poor: The Poverty lobby and policy making, London: Methuen.

## **Glossary of terms**

BA	Benefits Agency
CSA	Child Support Agency
CWICS	Closer Working to Improve Customer Service
DfEE	Department for Education and Employment
DSS	Department of Social Security
ES	Employment Service
GDP	Gross Domestic Product
IS	Income Support
ITSA	Information Technology Services Agency
JSA	Jobseeker's Allowance
JVP	Joint Venture Partnership
LA	Local Authority
NDLP	New Deal for Lone Parents
NI	Northern Ireland
NIC	National Insurance Contribution
NJI	New Jobseeker's Interview
ONE	Government initiative to promote integrated, one-stop benefit and labour market advice for unemployed benefit claimants
PA	New Deal Personal Adviser
SSA	Northern Ireland Social Security Agency
T&EA	Northern Ireland Training and Employment Agency
TEC	Training and Enterprise Council

## **Informants**

Service Delivery Manager, Benefits Agency  
Business Development Team Manager, Benefits Agency  
Operations Manager, Benefits Agency  
Principal Researcher Benefits Agency  
Principal Researcher (x2) Employment Services  
Head of Communications Employment Services  
Business Manager, Inner City Employment Services  
European Social Fund Coordinator, Employment Services  
Director of Regional Operations, T&EA  
Principal Economist, T&EA  
District Manager (x2) T&EA  
District manager x2 SSA

8 middle managers from ES and BA participating in MA Public Services Management programme at the University of York.

Clients and claimants at each location

**EF/02/73/EN**