

# **Activating benefit systems and public employment services**

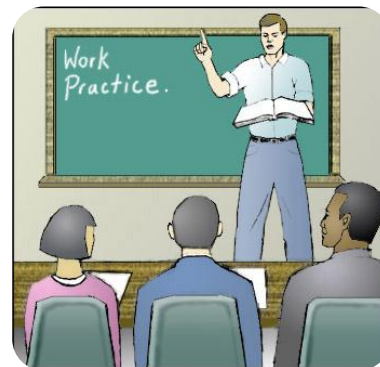
## **The UK, Australia, and the Netherlands**

Dan Finn

Professor of Social Inclusion, University of Portsmouth, and  
Associate Director, Centre for Economic and Social Inclusion  
([www.cesi.org.uk](http://www.cesi.org.uk))

# Activation reforms in the UK, Australia, and the Netherlands

- From mid-1990s each country has been **activating their systems**
- There has been periodic public and political debate about the need for welfare state and activation reforms
- **Key theme** has been redefining the social contract:
  - ‘rights and responsibilities’ (UK)
  - ‘mutual obligations’ (Aus)
  - ‘work above income’ (Netherlands)



# Activation reforms in Britain, Australia and the Netherlands

- Wider debates on **how to improve efficiency and modernize** the delivery of public services
- Activation reforms:
  - first focused on the young and long term unemployed
  - then those on social assistance /minimum income and disability benefits
- Activation reform has been a **continuous process**
- **Evidence informed policy making**



# Key components of reforms

- **Organizing principle:**
  - state commits to provide employment services
  - individual commits to job search and/or other employment activities
- **Reformed public sector institutions:**
  - access to benefits through transformed Public Employment Service (PES)
- Many **elements of reform** but my focus on the following:
  - Redesigned benefits and job search requirements
  - Stricter conditionality for the unemployed and other working age benefit claimants
  - Employment assistance and **temporary work programs**
  - Institutional and implementation reforms

# Minimum income benefits for people of working age

- **UK** – Jobseekers Allowance, Employment Support Allowance and Income Support (Universal Credit from 2013)



Residual insurance element but primarily means tested benefits

Assessed and administered by Jobcentre Plus

Only limited role for local government

- **Australia** –Newstart Allowance, Youth Allowance, Disability Support Pension, Parenting Payment



Wholly means-tested benefit system

Assessed and administered by Centrelink

Limited role for state and local government




- **Netherlands** – Unemployment Benefit, Disability Benefit and Social Assistance



UB and DB insurance based and assessed/administered by UWV (Institute for Employee Benefit Schemes)

Municipalities responsible for assessing and administering means tested social assistance

# Delivery system of benefits/services to the unemployed

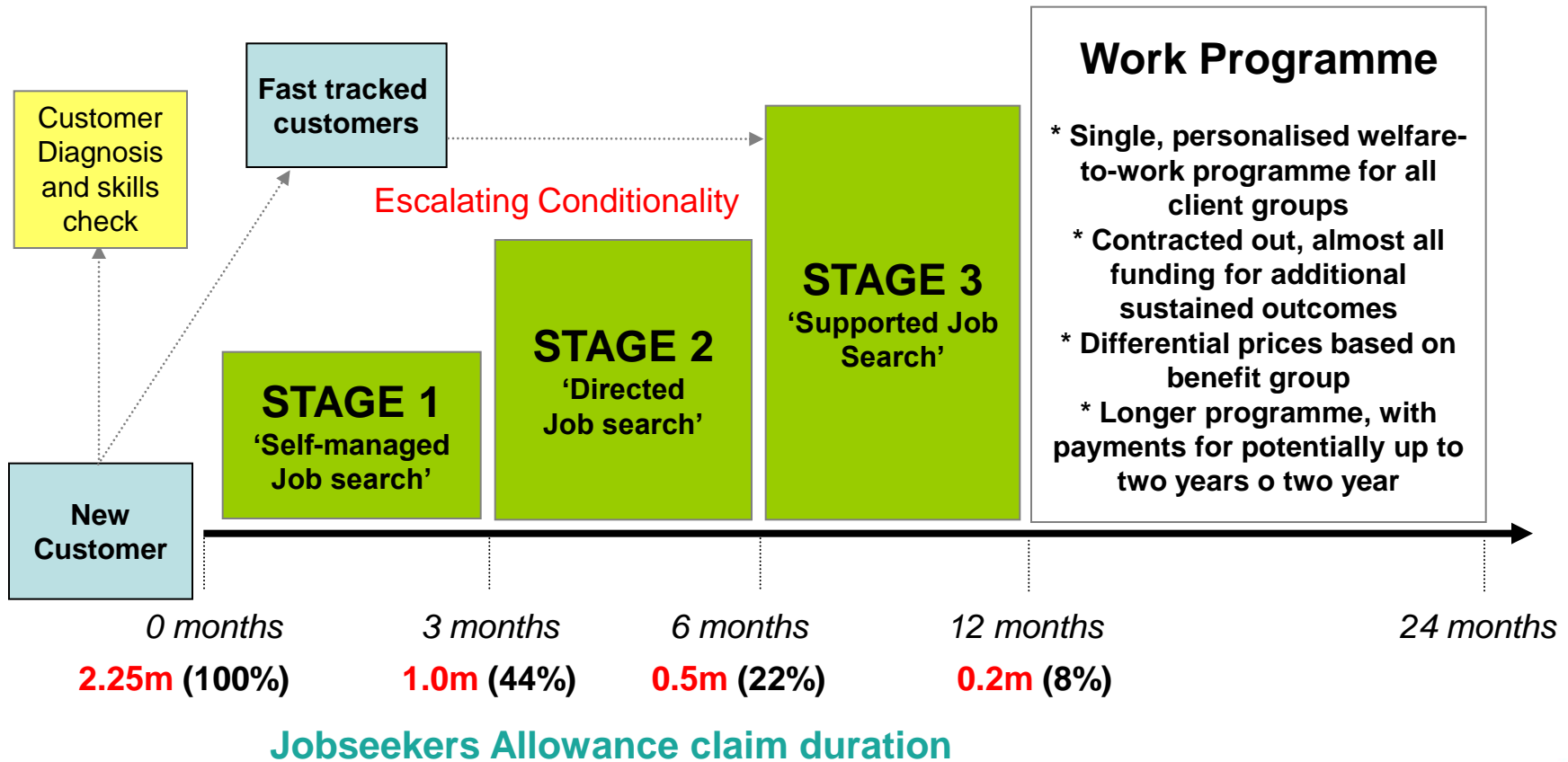
			
<i>Intake and referral of clients</i>	Jobcentre Plus (JCP)	Centrelink (administers Job Seeker Classification Instrument – JSCI)	UWV WERKbedrijf (Public Employment Service), located with Municipal Social Service and other actors in ‘Werkpleins’ (Job Plazas)
<i>Income maintenance</i>	Jobcentre Plus (Jobseekers Allowance)	Centrelink (Newstart Allowance)	Employee Insurance Benefits Agency – UWV (Unemployment Benefit) or Municipalities (social assistance)
<i>Job Matching and Placement</i>	JCP (12 months) then subcontracted providers in the Work Programme	Job Services Australia - immediate referral to subcontracted providers	UWV Job Coaches and Municipal Case Managers Reintegration Companies Private Employment Agencies
<i>Case Management</i>	JCP (12 months) then subcontracted providers	Job Services Australia subcontracted providers	UWV Job Coaches and Municipal Case Managers Reintegration Companies
<i>Contracting with ‘other actors’</i>	Department of Work and Pensions	Department for Employment, Education and Workplace Relations	UWV and Municipalities



# Jobseekers Regime and Work Programme

## Jobcentre Plus

## Prime Providers





# Job Services Australia 2009-2012



EMPLOYMENT PATHWAY PLAN			
WORK READY	DISADVANTAGED JOB SEEKERS		
STREAM 1	STREAM 2	STREAM 3	STREAM 4
44% of new job seekers*	27% of new job seekers*	18% of new job seekers*	11% of new job seekers*
\$11 in Employment Pathway Fund	\$550 in the Employment Pathway Fund	\$1100 in the Employment Pathway Fund	Up to \$1650 in the Employment Pathway Fund
\$385–\$440 in Job Placement fees	\$385–\$2800 in Outcome and Job Placement fees	\$385–\$6600 in Outcome and Job Placement fees	\$385–\$6600 in Outcome and Job Placement fees
Up to \$781 in service fees	Up to \$885 in service fees	Up to \$1120 in service fees	Up to \$2736 in service fees
<b>WORK EXPERIENCE including Work for the Dole and Green Corps</b> <b>\$500 in the Employment Pathway Fund</b> <b>Up to \$722 in service fees (includes \$330 one-off work experience service fee plus up to \$392 in service fees for the year)**</b>			

# Netherlands – ‘Work Above Income’

- Chain of Work and Income and Reintegration Market (2001)
- UWV - self assisted job search then UWV ‘reintegration coaches’ organize trajectories or refer clients to subcontractors
  - Option of the IRO (Individual reintegration Agreement) for those on disability benefits
- Municipalities and role of the ‘Work and Income Fund’ (2003)
  - Gives incentives to local government to reduce caseloads

# Work First' and Workfare Programs Dutch Municipalities

- By 2006, 85% implementing 'work first' and 'workfare' approaches
- Employable social assistance recipients must be engaged in work or work related activities immediately after they claim social assistance
  - **Work first interventions** stress rapid job placement including:
    - daily attendance
    - short term mandatory work
    - integrated services
    - case manager support
    - a time limit to activities, and
    - follow up after job placement
  - Supplemented by **mandatory work experience** or 'workfare' for those harder to place in regular jobs
  - **Social activation/voluntary work** for the hardest to place
- Objective is both to deter those who could get regular work and to inculcate basic employability skills, such as time keeping, adapting to work routines, and so on

# Some lessons from work experience programs

- All three countries have made use of temporary employment programs
  - recession responses
  - targeted at long term or young unemployed
- From the 1990s there was a shift from paying ‘rate for the job’/minimum wage to ‘benefit plus’ and ‘workfare’
  - Australia ‘Work for the Dole’ and continuing job search
- Some innovation, especially in the UK, around ‘**Intermediate Labor Market**’ programs and learning from ‘**transitional jobs**’ in the USA. Key features:
  - Mandatory
  - Targeting the most disadvantaged
  - Including job search (assistance and requirement)
  - Jobs as close as possible to regular employment
  - Combining work experience with skills training and/or numeracy and literacy training
  - Relatively small scale

# Developments in activation requirements

- Intensified job search obligations for regular unemployed
- Earlier mandatory ‘guarantees’ for young people
- Mandatory work experience for the long term unemployed
- Extension of requirements to lone parents and to **wives/partners** – subject to age of child/child care/part time work availability
- Tighter tests of work capacity for disabled and those with health problems
- New activation requirements:
  - Employment activity requirements for those not required to undertake immediate job search (UK)
  - Mandatory ‘work focused interviews’/action plans (UK)
  - Adult responsibility requirements
- New sanctions targeted at changing behavior:
  - Jobseekers Direction, failure to attend WFI (UK)
  - ‘Connection Failure’, ‘No show, no pay’, case management Review/8 week non-payment (Australia)

# Implementation Reforms

- ‘One stop’ service delivery and single ‘gateways’ into the system - co-locating/combining benefit entitlement and employment assistance (UK and Netherlands)
- Requiring integration or better coordination between PES, benefit agencies, insurance funds and municipalities/local government
- Performance management and targets for PES/public agencies - from inputs to outputs, with employment targets now as important as benefit delivery.
- From social workers to more specialized employment-focused staff (case managers, personal advisers, recruitment consultants)
- Increased competition for PES and traditional providers of labor market programs:
  - Liberalization of/cooperation with private employment and temporary work agencies
  - From grants to performance-based subcontracting and, more recently, payments dependent on employment outcomes and sustainment
  - Design variations in level of govt that purchases employment services and in the number, size and scale of contracts



## An example of performance targets - JCP

- **Job Outcome Target** (points based system)
  - **Employer Engagement Target.** Three measures:
    - Outcome - whether employer filled vacancy in required timescale
    - Timeliness
    - Accuracy of vacancy handling by Employer Direct online and telephone service
  - **Customer Service Target** (annual satisfaction surveys, mystery shopping)
    - Timeliness – how quickly deal with customers, and availability and accessibility of our services
    - Professionalism – how customers are treated
    - Accuracy of information and response to customers
  - **Interventions Delivery Target** (delivering interviews and employment assistance)
- **Average Actual Clearance Time**
  - Income Support - 9 days
  - Jobseeker's Allowance - 11 days
  - Employment and Support Allowance -14 days
- **Monetary Value of Fraud and Error**

# Final observations

- **Some evaluation findings:**
  - Evidence complex and findings contested, but design and delivery of benefit system is important
    - influences the level and persistence of unemployment and benefit durations
  - Mixed evidence on impacts of particular instruments, however:
    - Positive results for job search assistance
    - Mandatory activities speed up the pace at which people leave benefits and enter employment
    - Training may have longer term outcomes
- **Some lessons learned:**
  - Where possible focus on job search/labor market flows, not stock of unemployment – most unemployed people find work for themselves
  - Other actors can play an important role in innovation, expansion of service delivery capacity and contestability through competitive pressure on public sector institutions
  - Importance of coordinating activation and reintegration requirements across different benefits