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# TECHNICAL REPORT

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## Benchmarking of the use of personal advisers in Jobcentre Plus

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Prepared for the National Audit Office

The research described in this report was prepared for the National Audit Office

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# Summary

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1. The importance of the role of personal advisers in Europe's public employment services has been a focus of growing attention in recent years. In the United Kingdom, personal advisers have become increasingly important to the functioning of Jobcentre Plus. The personal advisers play a central role in providing high quality employment advice to Jobcentre Plus customers. They are therefore crucial to the organisation meeting its aims, objectives and targets. To evaluate the role of personal advisers the National Audit Office (NAO) is conducting a Value for Money (VFM) study of the management and deployment of personal advisers in Jobcentre Plus for the Department for Work and Pensions (DWP). In this study the NAO's central question is: are personal advisers effectively and efficiently managed in order to get people back into work?
2. To support this study, RAND Europe was asked to undertake a benchmarking study on the role of personal advisers in Jobcentre Plus by conducting three case studies. The three case studies were chosen based on an agreed list of criteria (see the methodology section in Appendix C for more detailed information). The three organisations selected are employment advice providers: Tomorrow's People, a non-governmental organisation in the United Kingdom; WorkDirections, a private sector provider in the United Kingdom; and the *Centrum voor Werk en Inkomen* ('Centre for Work and Income'), an independent government agency (*Zelfstandig Bestuursorgaan*) in the Netherlands (see Box 1). The structure of the case study reports follows benchmarking criteria agreed by RAND Europe and the NAO (see Appendix B). These were:
  - The context in which the organisation operates;
  - Performance measurement in terms of costs and outcomes;
  - The nature of the advice process;
  - The profile of the advisers;
  - The management and support available to advisers;
  - The time use of the advisers.

The analysis and comparison of the case studies produced the following findings:

**Other employment advice providers focus more exclusively on employment advice than Jobcentre Plus.**

3. The advice providers in this study are more singularly focused on giving employment advice than Jobcentre Plus. WorkDirections and Tomorrow's People focus exclusively on

the giving of employment advice. These organisations bid for government contracts. WorkDirections is a private provider with ‘Employment Zone’ and ‘Private Sector Led New Deal’ contracts.<sup>1</sup> Tomorrow’s People is a charity that bids for Jobcentre Plus and local government contracts amongst others. The Centre for Work and Income (CWI) in the Netherlands is a government agency similar to Jobcentre Plus. However, it primarily has a gate-keeping function in the Dutch system. The Implementation Institute for Employment Insurance (UWV) takes benefit decisions and administers benefits in the Netherlands. This separation of tasks allows personal advisers in the CWI to focus mostly on employment advice. A further difference between the systems in the United Kingdom and the Netherlands is that clients who are difficult to place are after six months referred by the CWI to the UWV. The UWV then places these clients with private providers. Thus, the CWI has a specific short-term advice role in the Dutch employment chain.

4. In contrast, Jobcentre Plus is a benefit office and an employment advice provider at the same time. Personal advisers, aside from performing an employment advice role, also have a role in administering benefits. These roles often overlap and this overlapping can make it harder for customers to distinguish between the different roles of the adviser, the administration of benefits and the giving of employment advice.

**The advice process and the client base served vary among providers.**

5. There are significant qualitative differences in the way advice is provided between the private and charitable employment providers and the public employment services. WorkDirections and Tomorrow’s People stand out for their client-focused advice processes and their emphasis on the sustainability of outcomes.<sup>2</sup> In WorkDirections and Tomorrow’s People, advisers prioritise building respectful relationships with the clients and gaining their trust. The underlying philosophy seems to be that closer interaction with the client (relationship management) and a deeper understanding of the customer’s needs are more likely to produce successful outcomes (i.e. unemployed clients placed into sustainable work). Advisers in WorkDirections and Tomorrow’s People on average seem to spend more time with customers than in Jobcentre Plus and the CWI. Tomorrow’s People, for instance, does not place a limit on the amount of time an adviser can spend with a client. WorkDirections gives its advisers some discretion in how they divide their time between clients. For instance, an adviser will have the freedom to work closely with a client who has particular barriers to employment. The CWI, on the other hand, limits the total amount of time the personal advisers can spend with a client to a restrictive three hours over six months, which does not allow much time for client-centred employment advice.

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<sup>1</sup> WorkDirections makes benefit payments to claimants under the ‘Employment Zone’ contracts and in the ‘New Deal’ and ‘Employment Zones’ also has the responsibility to inform the benefit authorities when clients are not following mandatory components of the programmes. Nonetheless, WorkDirections and its advisers do not make decisions on benefits nor administer benefits.

<sup>2</sup> WorkDirections indicated in the course of the study that it prefers the flexibility that it has to organise the advice process in the ‘Employment Zone’ programmes over ‘New Deal’ programmes, which have mandatory advice components.

6. WorkDirections and Tomorrow's People aim to maximise the amount of face-to-face time in the advice process and as a result try to limit the number of administrative tasks that advisers perform. WorkDirections for this reason employs a team of administrators in its offices and has a target that advisers should spend 80-90 percent of working time with clients. Management of advisers and support for the adviser function are structured around freeing up adviser time. Both organisations also use various modes of maintaining client contact, ranging from face-to-face meetings to e-mails and text messages. Given the CWI's restrictive time allocation, its advisers also actively employ various ways to maintain and further client contact.
7. Sustainability of employment is a key aspect of the advice process in Tomorrow's People and WorkDirections.<sup>3</sup> Though producing sustainable outcomes is in some cases a contractual stipulation, these organisations strongly embrace sustainability as a goal of the advice process and part of the business philosophy. For instance, it is not uncommon for personal advisers in Tomorrow's People to keep in contact with clients and offer them support long after the contract target has been met.
8. The benchmarked employment providers work with slightly different client groups. The CWI provides employment advice for up to six months to the general unemployed population in the Netherlands. In the case of WorkDirections, clients on the books of Jobcentre Plus are randomly assigned to its local offices under private provider contracts. WorkDirections describes its customers as 'hard-to-reach', but not necessarily or always the most difficult customer group. Tomorrow's People has an impressive track record of success in giving employment advice to the 'hardest to reach' and has creative approaches of providing outreach to these groups, such as for instance the placement of advisers in General Practitioner's offices. WorkDirections and Tomorrow's People indicated in the course of this research that they would like to see contractual incentives for the successful placement of the 'harder to reach' or the 'harder to help'. Given that Tomorrow's People and WorkDirections already have client-focused advice processes, they indicated that they do not particularly change their advice processes or the general advice approach for particular groups of customers.<sup>4</sup>

**The autonomy of advisers is central to the advice processes of the benchmarked employment advice providers.**

9. In the three benchmarked organisations, the autonomy of advisers is central to the advice process. Despite the limited time available for employment advice in the CWI, the adviser has autonomy to explore options to remove the barriers to employment. The CWI stresses that the limited time available often produces creative solutions to employment barriers. Still, because of the restrictive time allotment, the CWI has to place a lot of responsibility with the client to find gainful employment and leave the benefits system.

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<sup>3</sup> The focus in the CWI is foremost in helping people off benefits. Up to this point, the sustainability of outcomes has not been measured by the CWI.

<sup>4</sup> WorkDirections indicated that the advice process across all the contracts it works in is the same. Most advisers are generalists. However, advisers can fall back on specific help from advisers with particular experience or from Cognitive Behavioural Therapists. However, an advice approach that is similar across customer groups does not mean that advice costs the same for each customer group.

10. The personal advisers of WorkDirections have autonomy in the advice process to explore new options for the clients and to plan their days. However, it is also emphasised by managers that this is a constrained autonomy as the outcome targets of the organisation are non-negotiable. Similarly, Tomorrow's People's management and advisers first ensure that outcome targets are met. However, the case study report shows that Tomorrow's People's advisers have a great deal of autonomy in shaping the advice process to find solutions for customers and achieve this target. In order to do so, advisers often go the extra mile for their clients beyond the performance targets. It seems logical to conclude that though performance targets constrain advisers' autonomy in these benchmarked organisations, this autonomy is also seen by the organisations as a key factor in achieving successful outcomes.<sup>5</sup>

**The employment advice providers in this study place an emphasis on outcome-based performance measures rather than process targets.**

11. Direct comparison of how performance is measured across the case study organisations shows a prevalence of outcome-based performance measures. The CWI has an extensive array of outcome-based performance measures, as opposed to central process targets. These measures cover diverse areas such as the number of people taken off benefits, the number of vacancies posted online and the satisfaction of the client. They are agreed by the Ministry of Social Affairs and the CWI and form the basis for the annual performance evaluation of the CWI. The focus on outcomes within the CWI also has a direct effect on the management of personal advisers in the CWI. Importantly, local managers have autonomy within the constraints of the business framework (based on 'Balanced Scorecard' reporting, centrally set local budgets and the mandatory aspects of the administration of benefits<sup>6</sup>) to manage staff and organise advice processes. Thus, specific business processes can show variation at the district and local levels.
12. WorkDirections and Tomorrow's People often have contractual targets based on outcomes (i.e. contractual payments are linked to the number of clients placed in sustainable employment). Therefore, it seems obvious that their business models would strongly emphasise outcomes.<sup>7</sup> These organisations use some process targets.<sup>8</sup> However, these

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<sup>5</sup> Maximising the amount of time that an adviser spends giving employment advice to clients is part of this process.

<sup>6</sup> These components consist of the transfer of the benefit application from the CWI to the UWV, the intake meeting with the client and the possible reintegration referral after six months from the CWI to the UWV.

<sup>7</sup> The performance targets of WorkDirections are four successful placement per adviser per month and an 85 percent sustainability of outcomes. These targets are the same in Employment Zones and New deal contracts. Performance targets for Tomorrow's People vary by contract.

<sup>8</sup> The process targets of WorkDirections are:

- Aim to see 10-12 clients a day;
- Aim to carry an active caseload of 40-50 clients;
- See each client at least once in two weeks;
- Spend 80-90 percent of working time with clients;
- Only one 'overstayer' per caseload.

targets are seen as primarily aimed at ensuring that outcomes are achieved. Also, as stated earlier, these organisations give advisers autonomy in achieving outcomes. In this sense, performance management in WorkDirections and Tomorrow's People is focused on whether an adviser achieves a specific outcome target over a period of time, rather than whether, for instance, a specific client interaction takes a specific number of minutes or shows a specific outcome.

**The cost per successful outcome (i.e. unemployed clients placed in employment) of Jobcentre Plus programmes is higher than that of other employment advice providers.**

13. Where figures are available, the benchmarked organisations show lower costs per outcome than Jobcentre Plus programmes (New Deal). In some cases, the costs per outcome are substantially lower. However, a straight comparison of the numbers might not tell the whole story. The determination of costs is also dependent on the way outcomes are measured (e.g. what constitutes an outcome or a sustainable outcome) and the quality of the advice process (e.g. type of customer). In these areas, there are variations between the benchmarked organisations. In the CWI, the amount of money spent per client is fixed by the Dutch Government at €500 (about £350) per client. This amount has to cover the employment advice process over six months and is independent of outcome. CWI does not necessarily see an outcome as a job outcome, but rather it measures clients leaving the benefits system. Given that the CWI manages to get 60 percent of clients to leave the benefits system, its overall cost per outcome would be below €900 (about £625).<sup>9</sup>
14. Tomorrow's People has undertaken an extensive comparison of its costs per outcome compared to Jobcentre Plus. The gross cost of a job placement by Tomorrow's People is around £2,050 compared to £3,500 on the New Deal or £3,700 for Employment Zones. The sustainability rates of Tomorrow's People are consistently above 85 percent.<sup>10</sup> Tomorrow's People indicated that its costs per outcome were higher than most private sector competitors, because its advice process focuses on high quality advice, the 'hardest to reach' client group, and long-term sustainability of outcomes. Though figures on costs per outcome are not available for WorkDirections, it would appear that the cost per outcome of WorkDirections lies below that of Tomorrow's People and Jobcentre Plus.

**The initiatives of other providers to improve efficiency in the time use of advisers could offer valuable lessons for Jobcentre Plus.**

15. Despite the differences between the benchmarked organisations and Jobcentre Plus in the approach to employment advice, operational structures, and the roles of the organisations, the case studies may hold some valuable lessons for Jobcentre Plus. The three case studies to some extent show a different way of giving employment advice compared to Jobcentre Plus. These may hold general lessons for Jobcentre Plus on the structure and culture of the

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<sup>9</sup> The CWI does not measure the sustainability of outcomes.

<sup>10</sup> Tomorrow's People has measured sustainability rates of outcomes up to one year for some of its programmes (e.g. the 'Getting London Working' programme). These are higher than the equivalent rates of Jobcentre Plus.

organisation, the incentives of the organisation, the role and autonomy of the personal adviser, and the overall system of providing advice.<sup>11</sup>

16. Furthermore, all employment advice providers share basic concerns in the efficient deployment of their personal advisers and the outcomes employment advice produces. Here the case studies may directly inform processes in Jobcentre Plus. The main concern of the three benchmarked case studies is to free up adviser time to give client-centred employment advice. Examples of possible lessons are:

- Tomorrow's People maintains a great deal of flexibility in its administrative and operational processes in order to respond quickly to specific demands of contracts. Its administrative procedures are easily streamlined to fit the contract. This process reduces the potential administrative burden on personal advisers and also lessens the impact of change.
- Several WorkDirections offices now employ a team of dedicated administrators. These administrators set up initial client files and deal with all of the paper files. They also perform several tasks related to invoicing and compliance with contracts.
- WorkDirections has recently streamlined its IT system (RESMAN), which has led to an overall reduction in the amount of time advisers spend on paperwork. Advisers commented that the improvements of the RESMAN electronic filing and reporting system cut adviser administrative time by about 50 percent.
- The CWI has introduced an electronic primary processing system. Forty-four percent of intake registrations now occur online. Electronic registration can save one hour during the advice process or 33 percent of advice time available per client. The CWI indicates that through this electronic registration it was able to reduce costs by letting 300-400 full time equivalent (FTE) employees go. This is equivalent to 15 percent of the total workforce of the agency.
- Most CWI offices have administrative support at the front desk. These administrators check appointments and redirect clients. Administrators might also answer and direct incoming phone calls. There is also secretarial support available in most offices. Some offices have pooled administrators in order to provide more direct support to the adviser.
- The CWI is planning to open a call centre in the north of Holland to answer queries and possibly set up appointments in local offices. This will free up time for local offices.

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<sup>11</sup> This report did not look at differences in performance and practice between Jobcentre Plus offices. Comparison of these offices might also prove a fruitful ground for the exchange of best practice and lessons.

**Box 1: Description of case study organisations**

Tomorrow's People is a specialist employment charity whose mission is to help the long-term unemployed back into sustainable, long term jobs. Tomorrow's People has been an independent trust since 2005, but it was founded in 1984 when Grand Metropolitan Plc (now Diageo) became concerned about the UK's employment linked social issues. It operates throughout the UK - in the South West, Kent and Sussex, Merseyside, the North East, London and Glasgow. Tomorrow's People has a strong belief that its programmes deliver cost-effective and sustainable outcomes for those in our community who are furthest from employment. The Trust has a strong track record of success - 90% of clients are still in employment after three months, 76% are still there twelve months on; in addition, 86% of the individual actions plans submitted over the first 20 years delivered positive outcomes, with people either moving into training, education or into work.



WorkDirections UK is a private provider of employment services for the long-term unemployed, lone parents, and those out of work for health reasons. WorkDirections is part of the larger Ingeus Company. It was launched in the UK in 2002, having been successfully established first in Australia and since inception in the UK also subsequently in France. In the three years since its establishment WorkDirections has become one of the largest private employment service providers working with Jobcentre Plus. As such, WorkDirections runs from seven offices in the UK, operating in a mixture of business environments and organisational contexts. It is a commercial organisation with responsibility to its shareholders and has managed to increase its turnover from £4 million to £30 million. According to their annual report WorkDirections now has 200-250 advisers and the Nottingham operation is the highest-performing single-provider Employment Zone in the UK. Their initial three-year contracts have been extended until March 2007. Since arrival in the UK the group have worked with 12,000 clients and succeeded in returning 5,000 to work.



The *Centrum voor Werk en Inkomen* (CWI), translated to the 'Centre for Work and Income' is an independent government agency in the Netherlands (*Zelfstandig Bestuursorgaan* [ZBO]) under the supervision of the Minister of Social Affairs and Employment (*Minister van Sociale Zaken en Werkgelegenheid* [SZW]). The CWI is part of the 'employment chain' called *Structuur Uitvoering Werk en Inkomen* (SUWI). SUWI aims to place the unemployed back into work. The chain was introduced in the beginning of 2002 and its purpose was to provide a framework for active labour market policies and benefit payments. The CWI has about 2,000 employment advisers in 130 offices nationwide.