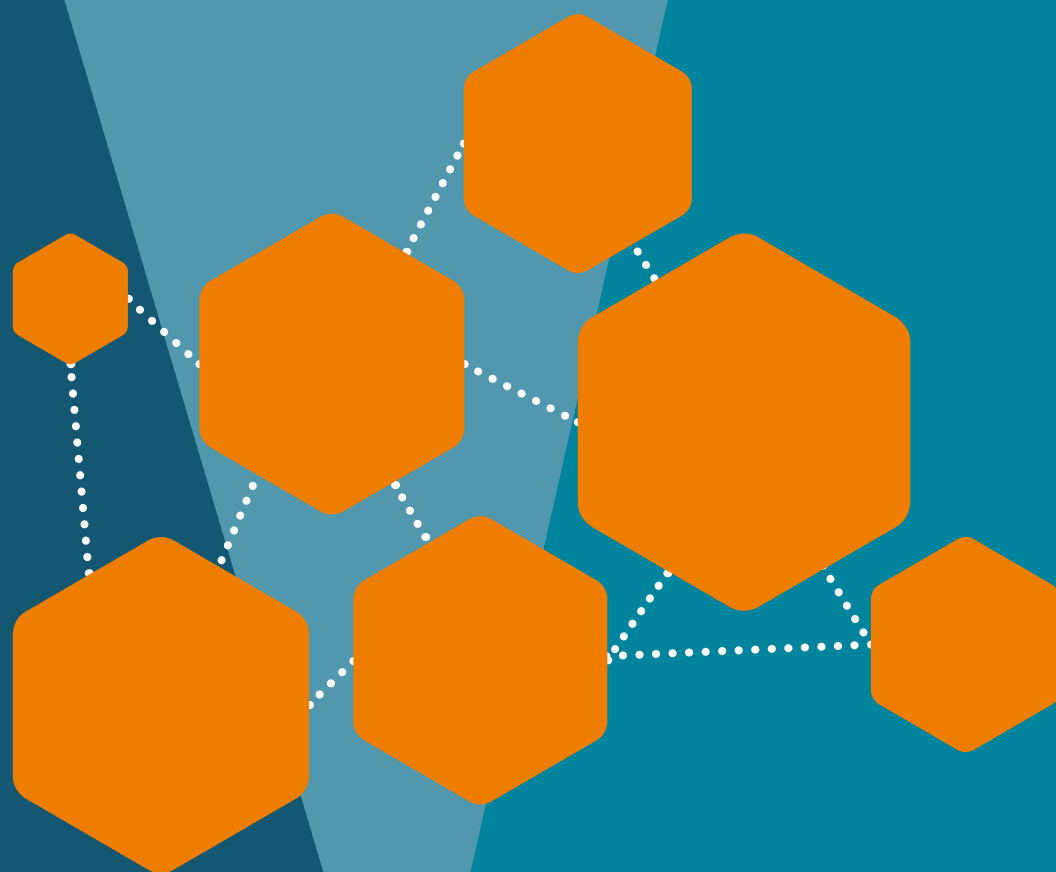


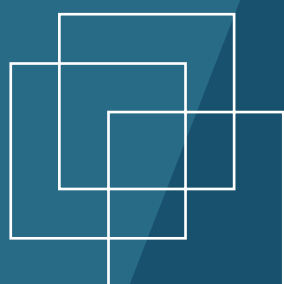


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Key developments, role and organization of Public Employment Services in Great Britain, Belgium-Flanders and Germany

Dan Finn & Miguel Peromingo
Overview by Michael Mwasikakata



EMPLOYMENT AND LABOUR MARKET POLICIES BRANCH
EMPLOYMENT DEPARTMENT

KEY DEVELOPMENTS, ROLE AND ORGANIZATION OF PUBLIC EMPLOYMENT SERVICES IN GREAT BRITAIN, BELGIUM-FLANDERS AND GERMANY

DAN FINN & MIGUEL PEROMINGO
OVERVIEW BY MICHAEL MWASIKAKATA

EMPLOYMENT AND LABOUR MARKET POLICIES BRANCH
EMPLOYMENT DEPARTMENT

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FOREWORD

The world of work is in a constant flux, not only from disruptive technological advances that lead to some jobs being destroyed, changed or new jobs created, and to changes in skills composition, but also from massive demographic shifts leading to ageing and shortage of labour supply in some regions and high population or labour force growth and the potential problem of the youth bulge in others, in addition to globalization and the rise in the importance of global value chains. The impact of these phenomena is increased mobility of workers, both forced and labour migrants. Workers will have to make many transitions in the labour market as permanent work is no longer feasible for all nor universally desirable as workers balance work and life. Public Employment Services (PES), in collaboration with private and other employment service providers, are at the centre of these changes in the labour market and bear the responsibility of accompanying both workers and employers through the transitions and in serving workers with increasing diverse needs and challenges.

In addition, PES has to adapt and cope with shrinking resources from the national budget due to fiscal consolidation policies amid increasing volume and complexity of demands from its clients and find ways of doing more with less but at the same time meeting the demands of its clients effectively. In order to do this, PES are in constant search of solutions through reforms and policy experimentation. Moreover, low developing and emerging countries, despite their weak institutional and financial capacity, are increasingly recognizing the vital role employment services can play in their labour markets, if not just to improve the high labour market information asymmetries, in formalising the informal work and promoting services to the micro, small and medium enterprises. The number of requests for technical assistance that ILO has received in the past decade has increased sharply.

Countries would like to learn from peers and more advanced countries that share characteristics with theirs. The ILO supports member states to modernise their PES and adapt to the needs of the labour market through knowledge development and dissemination, tools development and technical assistance. This project originated from the request ILO received from the People's Republic of China to support them with knowledge on international good practices and technical advisory services as they were undertaking the process for all round PES reforms.

This report presents the experience of three progressive PES in advanced countries – Great Britain, Belgium-Flanders and Germany tracing their historical developments as well as key reforms in organizational and functional structure, overall policy and strategy, the number, range and integration of services offered, delivery models and channels, institutional and human resource capacity as well as performance management, monitoring and evaluation. It is hoped that other PES, in developing and advanced countries alike, will find this useful as they work on modernising their own systems.

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The papers in this Report were prepared by Dan Finn, Professor Emeritus at Portsmouth University and Mr. Miguel Peromingo, consultant and expert in Employment, Labour Migration and Cultural Management. Michael Mwasikakata and Soary Ratsima Rasendra, ILO officials at headquarters prepared the Overview Chapter. Comments and peer review by Eamonn Davern, PES expert and Charlie Terrel, Director of the National Labor Exchange, National Association of Workforce State Agencies as well as by participants at the “International Workshop on Public Employment Services” on 26 July 2018 in Beijing, China are acknowledged with appreciation.

The report was put together by Michael Mwasikakata and Soary Ratsima Rasendra under the overall guidance of Sangheon Lee and Sukti Dasgupta.

ABBREVIATIONS

ALMPs	Active Labour Market Policies/Programmes
BA	Bundesagentur für Arbeit
CLA	Collective Bargaining Agreement
DWP	Department for Work and Pensions
ESF	European Social Fund
GLA	Gangmasters Labour Abuse Authority
IAB	Institute for Employment and Research
JCP	Jobcentre Plus
LEP	Local Enterprise Partnerships
NAO	National Audit Office
NEO	National Employment Service
PES	Public Employment Services
PR&TWA	Private Recruitment and Temporary Work Agencies
PrEA	Private Employment Agency
REC	Recruitment and Employment Confederation
TWA	Temporary Work Agencies
UC	Universal Credit
VDAB	Vlaamse Dienst voor Arbeidsbemiddeling
VOCA	Volatile, uncertain, complex and ambiguous
WEC	World Employment Confederation
WFI	Work-focused interview
WHP	Work and Health Programme

CHAPTER 1.

Overview- key features of the role and organization of Public Employment Services in Great Britain, Flanders-Belgium and Germany

Michael Mwasikakata¹

1. Global Coordinator and Senior Employment Services and ALMPs Specialist, Employment Policy Department, ILO Geneva. Soary Ratsima Rasendra, Technical Officer in Employment Services and ALMPs, contributed to the section on recent trends in the labour market.

1.0 INTRODUCTION

Public employment services (PES) and ALMPs have been recognised as indispensable to the achievement of full and productive employment through their catalytic role in improving the functioning of the labour market by enhancing labour market mobility and adjustments as well as (re)deploying workers in productive activities². They can stimulate labour demand and increase employment, particularly amongst those that face greater challenges in the labour market, such as the youth (including the NEET), women, rural, the long-term unemployed, and low-skilled workers and thus play an inclusion role. At the aggregate level ALMPs may stimulate growth and increase employment through enhanced efficiency of the matching process, increased productivity of the labour force and sustenance of an effective labour supply. Moreover, PES and ALMPs not only reduce unemployment during economic downturns but also have an impact on structural unemployment and hence complement macroeconomic and structural policies. Even in developing countries where labour demand and PES capacity are weak, employment services can assist in the implementation of employment policies, in provision of labour market information and matching services and, with respect to the informal economy, in promoting self-employment and formalisation of such employment. In the latter case, employment services can provide information about various labour market programmes being offered as well as ensure coordination of such services to maximise impact (Mwasikakata, 2017).

Against the backdrop of rapid technological changes and the attendant changes in the labour market, demographic shifts, lagging employment recovery after the 2008 global crisis, particularly in emerging countries and shrinking budgets due to austerity policies that followed, the role of PES is increasingly recognized in both developed and developing countries. The Global Commission on the Future of Work Report recognizes the significant role public employment services can play in facilitating smooth lifelong transitions in the labour market by infusing technology and traditional methods and establishing partnership working with other providers. The ILO has seen a quantum increase in requests for technical assistance in strengthening PES from developing countries in the past couple of years. Emerging countries are mostly looking to the West for lessons and experiences while advanced countries are perfecting methods for peer learning. Low developing countries look forward to learning from all: peer, emerging and advanced countries where good practices can be realistically adapted.

This report, covering PES in three countries – Great Britain, Belgium-Flanders and Germany-is an attempt to document significant recent reforms and developments in PES in developed countries with a view to facilitating knowledge and experience sharing within the developed world but also with developing countries that look to learning from the successes and failures of the advanced countries so that they can leapfrog by not making the same mistakes that advanced countries experienced. The ILO receives a lot of requests for examples of good practices and what works in employment services and ALMPs.

2. See for example Van Steedan et al, 2013.

The rest of the report is organised as follows. The remainder of this chapter provides an overview of key issues and trends in PES based on the ILO's experience of the themes mostly sought by PES policy makers and practitioners in both developing and advanced countries. The aim is to provide a quick reference to key topics in a comparative manner regarding their application in the three countries. It draws on the three case studies with minor additional sources which are separately acknowledged. The following three chapters present country case studies of the British (Chapter 2), Belgium-Flanders (Chapter 3) and German (Chapter 4) PES.

1.1 NATIONAL CONTEXT AND PES HISTORY

OVERVIEW OF RECENT LABOUR MARKET TRENDS

The economy in the EU and in the three countries has recovered from the crisis with the U.K, Germany and Belgium posting positive growth rates of 1.8 per cent, 2.2 per cent and 1.7 per cent respectively in 2017 (Eurostat, 2018). The labour markets in the EU 28 and in the three individual countries are as a consequence on a recovery trajectory with most indicators performing better than pre-crisis levels. The employment rate (20-64 years olds) has been steadily increasing in the EU 28 towards the set target of 75% from 69.2% in 2014 to 73.2% in 2018. Nevertheless, variations persist among the three countries over the same period with Germany maintaining the lead at 79.9% followed by the UK (78.7 %) and Belgium trailing at 69.7%. Both Germany and the UK were above the EU average while Belgium lagged behind. Similarly, total unemployment rate is on the decline since 2014 reaching 6% from 8.5% in Belgium; 4% from 6.1% in the UK and 3.4% from 5% in Germany. The youth unemployment rate has also shown significant improvements, particularly in Belgium and the UK where the rates were far much higher than in Germany in 2014. In the EU 28 youth unemployment stood at 15.2 in 2018 compared to Belgium at 15.8%, UK at 11.3% and Germany at 6.2%. Moreover, long term unemployment has fallen in all the three countries, particularly in Germany and the UK. Nonetheless youth unemployment rates remain high in Belgium and the UK. On the other hand, the UK has seen an increase in the number of people claiming benefits particularly in the 1980s and 1990s which had no attachment to work-related requirements.

The positive economic and labour market trends coupled with other trends in the economy have had consequences on the skills availability and impacted negatively on the less skilled particularly in Germany and Belgium-Flanders. Germany has seen a booming economy and high employment rates for over a decade while wages and productivity have not kept pace leading to skills mismatches and shortages despite the revered dual education and training system. The overheating labour market in Germany and emphasis on quantity of jobs have had some negative consequences including excessive job strain, gender labour income gap as well as an increase in the proportion of involuntary part-time employment by women (see Chapter 3 in the Report). Belgium and the Flanders region face problems of the youth and older workers 55+ who have low employment rates and high unemployment rates. The skills development sector has not been able to fully cope with rapid structural transformation from industry to services coupled with rapid technological advances which has increased the level of skills required in the labour market.

The G20 Strategy adopted by the EU member states targets an employment rate of 82 per cent of all graduates from the higher or secondary education within three years after graduation. In 2016, Germany and the U.K had already achieved this goal with an employability rate of 90.2 per cent and 84.4 per cent and Belgium was at 81.2 per cent. Moreover, the three countries are steadily adopting life-long learning. For example, in 2016, 8.5 per cent of Germans aged 15-64 followed a training or learning activity, formal or non-formal, on an ongoing basis with the aim of improving knowledge, skills and competence. For the U.K, this rate stood at 14.4 per cent and for Belgium, it was only at 7 per cent. (Eurostat, 2016). In addition, the problem of ageing and shrinking of the working age population has contributed to important migration flows which together compel PES to adapt to the specific needs of the target population (youth, older and migrant population). For example, both Germany and Belgium have developed targeted services and programmes for refugees and migrants to facilitate their integration in the labour market, including skills recognition.

Another trend that PES face is that more people across EU work part-time, this is even more important in the U.K and in Germany. For instance, in the U.K, the number of people employed on a temporary basis was 1.56 million, up by 82,000 (6 per cent) from January-March 2010. Estimates for October-December 2017 suggested that around 900,000 people were on zero-hours contracts – representing 2.8 per cent of all people in employment (See Chapter 1 in this Report).

PES DEVELOPMENTS AND REFORMS

The institutions of PES are subjected to reforms and change in response to national and regional challenges and policy priorities. As instruments for implementation of employment policies, the structure, objectives and functions of PES in the three countries have evolved overtime reflecting governments' continued experimentation and innovation to find effective, efficient and optimal policy instruments to address social and economic challenges. One of the key institutional reforms has been the drive to activate jobseekers and prevent long term unemployment and benefit dependence translating into enhanced integration of unemployment benefits and active labour market policies. Studies have shown that combining social protection policies and ALMPs can improve the effectiveness of the latter, including public works in developing countries (Malo, 2018). In Belgium, the National Employment Service (NEO) reintroduced activation measures in 1989 after a decade of separation of the administration of unemployment benefits and employment services in 1978 and the regional PES were given more powers to monitor and recommend sanctions for the implementation of NEO in the Sixth State Reform of 2014. Germany had more radical reforms in the early 2000s through the Hartz Commission which sought to make the German labour market more effective and labour administration more efficient. One of the resulting main reforms was the amalgamation of the unemployment assistance and social welfare benefits which were linked to employability measures under Book II of the Social Code (SGBII).

The British PES has undertaken successive reforms of its welfare state in the past couple of decades leading to not only the redefinition of rights and responsibilities of the recipients of the out-of-work cash but also to the extension of the work-related conditionality to a more diverse group of claimants such as lone parents, spouses, people

with disabilities or health related problems and low paid workers. In parallel and overtime, the unemployment benefits and employment services functions have been integrated in the Jobcentre Plus (JCP) involving colocation of services. The major current reform is the introduction of the Universal Credit (UC) in April 2013 which replaces six separate benefits³ with a single payment for people who are looking for work or on low income. While there is full integration of unemployment benefit and employment services in Britain and Germany, Belgium is an exception: the NEO retains the responsibility for benefit payment and sanctions administration while the regional PES monitor mutual obligations of the jobseekers and only recommend sanctions.

Related to the activation trend and its extension to more categories of claimants is the conscious efforts by governments to make work pay by encouraging workers to take up low paid work and in turn the state providing and maintaining in-work benefits⁴. In Germany this was consolidated during the Hartz reforms while in Great Britain it is more of a recent phenomenon from the past two decades. The evolution of PES and its services has also resulted in a decentralization trend to bring services closer to the people and to customize them to the context and needs of the localities. Belgium has implemented a gradual decentralization of PES services since 1978 when the centralized NEO was subdivided into National Unemployment Offices and Sub-Regional Employment Services. Over the years culminating into the 2014 and the Sixth State Reform, more powers have been devolved to regional governments and PES. In Germany, PES has been decentralized for a long period of time and over the years more powers have been given to regional and local offices, including allocation of labour market policy funds. Moreover, there is more collaboration with municipalities at the local level through colocation of job centres and the joint implementation of services for the beneficiaries of SGBII. In Great Britain, the organization of PES remains highly centralized. However there are efforts to give some operational powers to local PES through for example the jobcentre plus offer which combines mandatory standard services with optional services to fast-track reintegration in jobs, the Flexible Support Fund and the District Provision Tool. At the local level, some PES co-locate with other social services and hence adapt services to the extent possible. Furthermore, a recent innovation of combined cities has seen more power being devolved to regional governments through co-designing and co-commissioning of services.

3. Jobseeker's Allowance, Employment and Support Allowance, Income Support, Child Tax Credits, Working Tax Credits, and Housing Benefit (<https://www.gov.uk/government/publications/2010-to-2015-government-policy-welfare-reform/2010-to-2015-government-policy-welfare-reform#appendix-1-government-policy-on-universal-credit-an-introduction>)

4. The in-work benefit schemes such the UK Tax Credits complement the work first approaches delivered by PES in form of subsidies for low wage jobs.

1.2 PES POLICY AND STRATEGY

As we have already noted, PES policy reflects in the main the overall national socio-economic and employment policies. PES policy and strategy in the three countries have evolved in the recent past against the backdrop of improving overall labour market indicators – falling unemployment rates, including for the youth and increasing employment rates, including for the youth and older workers. The latter is important given the demographic changes and the consequent phenomenon of ageing. Nevertheless problems remain when considered in terms of desired target levels of the indicators and for different categories of the labour market participants such as the youth- particularly low skilled, older workers and other vulnerable groups. The booming economy and strong labour market performance have led to tight labour markets and shortage of skills in Germany and Belgium, particularly Flanders, engendering strengthened policy emphasis on universal provision of services with a special focus on the vulnerable groups to increase participation but also respond to the skills shortage in the labour market.

In the UK, the policy ambition is to secure the highest employment rate of the major G7 economies, reduce the number of children growing up in workless households and to halve the disability employment gap by 2020. Over the years, while unemployment has been falling, there has been growth in the social assistance benefit claimants prompting the government to shift its attention to activating lone parents, health and disability benefit claimants. The policy shift has culminated in the consolidation of the six categories of benefits directed at different claimants into one – the Universal Credit (UC). The central PES objective to 2020 is thus the rolling out of the UC, currently expected to be completed by 2022 at which time some 7 million people will be covered. The impact of the UC on PES is that it has increased the responsibility of PES staff – particularly Work Coaches- and changed the composition of services delivered through contracts with private service providers. Consequently, the Work and Health Programme which succeeded the Work Programme is considerably smaller both in terms of beneficiary coverage and budget. Thus, unlike in Belgium and Germany, the PES in Great Britain has in practice focused its attention on benefit claimants without however making any official policy pronouncement to that effect.

Moreover the key drivers of change in the labour market such ageing (it was projected that labour supply would fall by up to 3.7 million by 2040 in Germany), structural change, digitization and the consequent rapid skills changes as well as the emergence and importance of more flexible working patterns make PES assume a central role for adapting to the new world of work. While all the three countries under review have adopted the work-first policy with the aim of getting jobseekers into employment as quickly as possible and claimants off benefits at the earliest possible time, there are variations with regard to its implementation. In Great Britain, where the focus is on benefit claimants, only jobseekers furthest from the labour market are referred to more expensive employability programmes. In Germany, off benefit flow in the shortest period of time remains one of the main indicators for PES, however training is considered part of the shortest route to employment as is the case in Belgium-Flanders for deserving jobseekers. In Germany and the Great Britain use of sanctions to ensure compliance of mutual obligations is more strictly enforced compared to Belgium-Flanders where sanctions are seen as a measure of last resort.

In light of the above, the PES policy priorities in the three countries revolve around bringing everybody who is able to work into work, including the youth, through integration in sustainable employment and entrepreneurship promotion. In addition, the Belgium-Flanders PES has expanded its policy priorities to include ensuring a transparent future labour market with good working conditions by preparing workers to cope with labour market changes and also contributing to national debate as well as promoting wider and coordinated participation of employment services actors in the labour market through creation of an ecosystem network. In Germany, PES policy also include avoidance of long term benefits.

The mandates of PES in Belgium and Germany emanate from an established legal framework which has evolved over time. In Belgium, until 2014 the Executive Decree of 7 May 2004 provided for the status of the VDAB as an autonomous agency- the “Flemish Employment and Vocational Training Service”. The external autonomous agency status however ended in 2014 when it was brought under direct management of a Board of Directors. A management agreement with the Flemish government sets out the policy objectives and targets for the PES. Furthermore Belgium ratified the ILO Private Employment Agencies Convention, 1997 (No.181) in 2004 and domesticated into national law which paved the way for participation of other service providers in the labour market and enabled PES to become a coordinator and conductor of the market. In Germany, Social Code Book III on Employment Promotion gives mandate to the BA as the sole public institution to deliver the tasks pertaining to coordination of the labour market and employment data exchange among institutions as well as the provision of advice and information about labour markets and employment.

Unlike in Belgium and Germany, the Great Britain does not have a legal framework in place for PES or private employment agencies (except for specific sectors like the Gang Masters and nursing and domiciliary care), qualifying it as one of unique cases in the advanced countries. There is no legal obligation in all the three countries for employers to register vacancies with PES, opting rather to engage with them and demonstrate a business case for using PES services. This is a general trend in well-developed PES across the world and it is also the trend in emerging PES in developing countries. However in Germany employers have an obligation to inform the BA about every redundancy, either for larger layoffs or as individual terminations. In Great Britain companies planning to lay off 20 or more employees are obliged to notify the Redundancy Payment Services under the Secretary of State for Business, Energy and Industrial Strategy which triggers support agencies, PES included, to provide assistance including outplacement services. In Belgium, companies employing at least 20 employees are required to contribute to a reemployment unit at federal or regional level for outplacement services delivered by PES or private employment agencies. In all the three countries the federal ministries responsible for labour retain the overall policy and legal mandate and provide oversight over PES – hands off in Germany and Belgium and predominantly hands-on in Great Britain.

1.3 PES STRUCTURE, MANAGEMENT AND FUNCTIONS

ORGANIZATIONAL STRUCTURE

There are variations in the organizational and functional structure across the three countries although with some notable similarities. On one extreme the German PES is a fully autonomous self-governing institution with structures to the local level and reports to the Federal Ministry of Labour and Social Affairs supported by a number of specialized agencies reporting to it⁵. The British PES on the other extreme is a centralized entity integrated in the Department of Work and Pensions. In Belgium, the VDAB lost its autonomous agency status in 2014 and was placed under direct management of a tripartite Board of Directors under the overall tutelage of the Flemish Ministry of Work and Social Economy. Social partners play a central role in the management of PES in Germany and Belgium participating on equal footing with government in the tripartite governing boards which have extensive powers in shaping PES policy priorities and programme of work. On the other hand, the British PES does not directly involve social partners in its governance since the Tripartite Manpower Services Commission was abolished in 1988 reportedly triggered by Trade Union resistance to government's work-first policies. Between 2002 and 2011 the Jobcentre Plus had the status of an Executive Agency governed by an Executive Board. This too was abolished in a move to rationalize the organization, improve accountability, prepare for austerity driven budget cuts and the introduction of the Universal Credit. The reforms were accompanied by downsizing of the PES structure and staff contingent.

There is a general trend for decentralization of PES to local level in the study countries with the exception of Great Britain which remains highly centralized. In Belgium PES is fully decentralized to regional governments since 1978 after almost two decades of running a centralized PES – the National Employment Service (NEO). The regional employment services were given the mandate for employment mediation and occupational training while unemployment benefits, activation and sanctioning as well as other ALMPs were retained by the federal NEO. This caused an activation gap which was closed by the 1989 and 2014 reforms that saw the activation and ALMP administration powers transferred to the Regional PES, the NEO maintaining the implementation of sanctions and benefit payments, compensation of laid-off workers and issuance of work permits to foreign workers. The PES is further decentralized into the six local provinces of Flanders and Brussels each governed by a management board having a shared responsibility for the implementation of provincial corporate management strategy and comprising 142 offices in total. In Germany, the structure of the BA includes the head office, regional directorates and local employment units for service delivery comprising 10 regional directorates and 156 employment agencies and approximately 600 branch offices. The BA also runs 408 job centres at the local level for the long term unemployed of which 303 are run jointly with municipalities.

In Britain, the Jobcentre Plus network is embedded in the Department for Work and Pensions headed by the Director General for Operations (responsible for Jobcentres)

5. International agency (ZAV) for international placement issues; Management academy (FBA) for training of PES executives; the Civil Servants University (HdB) for training of graduates for recruitment in PES; and the family agency (FamKa) for management of family benefits. The Institute for Labour Market Research (IAB) is a research based special office of the Bundesagentur für Arbeit/BA.

and for Universal Credit guided by the single Departmental Board of which they are members. The Jobcentres are distributed into districts in the regions comprising 34 districts and 713 Jobcentres in 2017. Each district is subdivided into areas headed by the integrated delivery operations manager responsible for jobcentres in the area.

PES MANAGEMENT STRUCTURE/MODEL

In all the three countries there is a clear division of responsibilities for different PES levels. The PES head offices are responsible for strategy development and setting of operational targets and objectives for the implementation of the overall goals and objectives agreed with either the federal (Germany and Great Britain) or the regional (Belgium-Flanders) government. While in Belgium the provinces develop their own strategies informed by the regional level strategy, regional directorates in Germany are responsible for implementation and monitoring of delivery of the national strategy in their respective regions. It is however the local offices that translate the strategy objectives and targets agreed with the regional directorates into local targets and strategy- deciding on the target groups, delivery approach and budget allocation. In practice however, due to elaborate follow up mechanisms and monitoring, regional directorates exert more control on the local offices than is expected.

In Great Britain the Jobcentre Plus in the regions do not have operational or financial management autonomy to decide on the local strategy, target groups or resource allocation. However current reforms are changing this by infusing some flexibility in the delivery of services through the Jobcentre plus offer which comprises mandatory standard interventions and optional interventions that are at the discretion of the Work Coaches as well as the use of the Flexible Support Fund to purchase services locally. There are also emerging practices at the macro level where the DWP is working with combined cities to give them more powers to co-design and co-commission their own employment programmes.

Communication, both internal for staff and external to clients and partners is important for an organization to maintain a brand name and effectively communicate its objectives and services. In the three PES considered in this review there are well established communication systems. Internal communication is facilitated through various channels including intranet, email, newsletters and magazines, team meetings and manuals, etc. Other innovative ways of internal communication include preventative engagement support surveys in Germany where staff members express their level of satisfaction with work and offer suggestions for improvement and the district provision tool in the UK placed on the DWP intranet which comprises a single location for details of locally available services, programmes and specialist support. There are some variations with regard to external communication. VDAB applies a corporate external communication policy, so that clients see only one coherent VDAB brand, with no perceivable variation at local levels. One spokesperson manages all the external communication that appears in the press. In Germany, the BA's main communication tool is the labour market monitor (Arbeitsmarktmonitor) containing structural labour market indicators, sectoral developments and labour market information for professions available. Other

channels include newsletters and meeting with partners⁶. In Great Britain external communications are handled locally by partnership managers and, at national level, by the DWP corporate communications team.

PERFORMANCE MANAGEMENT, M&E

In all the three PES strong accountability systems exist at all levels. In Belgium, VDAB reports to the Board of Directors on an annual basis and to Internal Auditing both for approval of the sectorial annual business plans for implementation in the coming planning period and for reporting back on results against set targets. In Germany, the BA reports to Tripartite Management Board which has oversight powers while in Great Britain the JCP reports to DWP Department Board through the Director Generals for Operations and Universal Credit. Broad objectives are set and agreed with the parent Ministry in all the three countries although in Belgium the parent Ministry is also part of the Board of Directors and indirectly supervises the PES through this mechanism and through informal dialogue and contact with management of the PES. In all the countries qualitative measures, particularly client satisfaction of services, are an integral part of the performance measurement system. This is part of a trend towards quality management approaches.

In Germany, the Ministry of Labour and Social Affairs sets broad targets while the BA decides on the means to achieve them. At the macro level three broad policy objectives are set, namely reducing the need for assistance which is measured by off benefit flows; avoiding long term benefits measured by trends in the stock of employable benefit recipients; and improving integration into sustainable employment measured by the re-integration rate into either training or employment of employable persons entitled to work. In addition to the policy objectives measures, the BA develops operational objectives which are translated and operationalized by regions and local level structures. The targets are then set through a bottom up system by amalgamating local and regional targets at the BA HQ and these inform the operational and policy targets. In recent years, examples of operational objectives include improvement of counselling and labour market integration; efficient and effective operations; motivation of staff; and customer satisfaction. Client satisfaction surveys are run regularly and include services like advice, labour market programs, policy transparency, service at reception desk, and payment of benefits.

In Great Britain, the DWP is responsible for developing objectives, input and impact indicators and for monitoring their achievement. These include measures of customer satisfaction and staff engagement, normally measured through annual surveys. At macro level, the department sets up national headline employment related performance indicators⁷ alongside PES-related objectives which are assumed to contribute to the headline indicators. The customer experience surveys generally show high levels of satisfaction by DWP clients of around 80-90% but also point out areas for improvement such as the challenges disadvantaged claimants with low levels of literacy or digital

6. BA Country fiche at www.eu.europa.eu/social/BlobServlet?docId=12574&langId=en. Accessed on 9 May 2019.

7. These include employment rate; percentage of young people aged 18-24 years who are not in full time education who are in employment; percentage of children living in workless households; and employment rate of working-age disabled people.

skills experience with online and telephone based service channels. Moreover, the JCP is accountable to the DWP Ministers through a variety of performance and resource agreement targets that include job outcomes, delivering interventions with jobseekers, paying benefits promptly and accurately, reducing fraud and error, helping employers fill vacancies, improving business efficiency, customer satisfaction, etc. Unlike in Belgium and Germany where counsellors do not have individual performance targets, in Great Britain all DWP staff, including JCP staff in the jobcentres, are subjected to an annual performance review and appraisal, agree on personal development plans and can be sanctioned if they do not improve. In Germany however exceptional performance is rewarded with bonuses, nonetheless.

In Belgium-VDAB, performance indicators are derived from the annual business plans (which derive from the management agreement goals and targets signed with the regional government) and revolve around four performance areas: digital access of services; vacancy fill rate, training coverage and client/partner satisfaction. The digital access indicator is only measured in Belgium among the three countries and covers vacancy notification, website visits by gadget type, online vs phone service delivery, length of phone conversations, etc. Similarly, the other indicators are broken down by client type and, as in other countries, a client complaints management system is in place with clear turnaround timelines and targets. VDAB is developing and will be adopting a Triple A scorecard rating system, modelled on the EU PES 2020 Strategy, comprising Ability (effectiveness/relevance); Agility (responsiveness and adaptability); and Accountability (ownership, identification with clients). VDAB has earned a 5 star rating from the EFQM Global Excellence for performance management.

In all countries performance measures evolve over time in an attempt to make them more relevant and in some cases to balance between quantitative and qualitative measures. In Belgium-VDAB the adoption of the Triple A score card is the case in point with regard to having a more qualitative measure of performance. The BA has, in response to criticism by the NAO about the over-emphasis on quantitative measures, developed a new performance index comprising weighted quantitative (results-based- accounting for 70%) and qualitative (structure of results-30%) indicators. Quantitative and qualitative indicators are further subdivided into more precise weighted indicators (see Chapter 4 for details). The Great Britain has as a policy shifted in 2011 its emphasis from the job target entries weighted to priority groups as a primary measure and balanced score cards for comparative performance of districts and centres depending on functional directorates to a radically simplified regime which comprises two indicators- off benefit flows and reduction of fraud and error in monetary value. The change was motivated by the view that it was expensive to verify the targets which some people felt were inaccurate and also the likelihood of cherry picking and parking the hard to place. However, the off-benefit flow targets may have similar negative effects, including claimants being pressured to drop benefits; for example, in 2011 only 68% of the off benefit flow moved into employment. More recently, a new UC performance framework has been developed incorporating four pillars of service- customer service, labour market outcomes, efficiency, and fraud and error reduction. Furthermore, a specific employment sustainability and earnings for the low paid in-work UC claimants will be developed as a counter measure for creaming and parking.

1.4 PES FUNCTIONS, SERVICE ORGANIZATION AND DELIVERY MECHANISMS

PES FUNCTIONS

As would be expected for countries with shortest route to employment (work-first) policy, *intermediation and placement of jobseekers*, including career guidance and coaching, is the most comprehensive service provided by all the three PES. In all countries career guidance is integrated in the comprehensive offer of service, however, in Belgium and Germany the service is provided internally (VDAB owns career guidance competence centres while in Germany specialized counselling for the hard to place individuals with non-employment barriers is provided by the specialized professional services of the BA including medical, psychological and technical advisory services). VDAB offers specialized guidance services for the 55+ unemployed according to their profiled readiness and willingness to participate in the labour market, jobseekers with a medical or psychological condition as well as people in poverty (constituting 46% of the unemployed in Flanders). In the JCP, normal career guidance is provided by work coaches and case managers while specialized services are coordinated with the National Careers Service. Jobseekers can be referred to career guidance services by the counsellors or they can self-refer. The work of the JCP is complemented in some areas at the local level by work clubs run voluntarily by a range of organizations in local communities. Empirical evidence shows that job search assistance is not only cost effective but also has the most impact in terms of employment outcomes especially in the short run (Card et al 2015; Kluve, 2016).

In all countries PES perform an important role in the collection, analysis and dissemination of *labour market information*. One of the most frequently asked questions in emerging and developing countries is the extent to which PES plays a central or coordinating role among the key institutions that produce or use labour market information (the labour market information system). The experience across different countries show that the role PES plays depends on the country's institutional set up. In some countries, PES is the custodian and assumes the leadership and coordination role while in others it is one of the members of the LMIS or labour market observatories. Many developing countries have established labour market observatories with little connection to PES in part due to the weak capacity of PES and the fragmented nature of service provision in the public sector. There is however an increasing realization for integrating employment services – particularly digital based services- with LMIS systems.

The BA has the primary responsibility for collection of labour market information for the government and statistical institutions and does so at the national, regional, and local levels. The Institute for Employment and Research (IAB) (a special office of the BA since 2004)⁸ undertakes research and analysis of labour market information at all levels including employment perspectives and their macroeconomic context. It also evaluates the efficiency and effectiveness of labour market programmes implemented by the BA. The VDAB also assumes the leading and coordinating role of LMI in Flanders in its role of ensuring labour market transparency of which it has since 2014 adopted

8. See: <https://www.iab.de/en/ueberblick.aspx>

an open source approach for user access to its data through digital means. It is part of the National Employment Observatory. The DWP's JCP is not the main custodian of labour market information in Great Britain. It is however one of the key institutions that collect and analyse labour market information from its own and other sources, used for intermediation and guidance services as well as services to employers. At the local level employer relationship and partnership managers play an important role in providing LMI and intelligence for other organisations, including information on developments in the local labour market, the changing needs of employers and the profile of workless claimants, as well as information on benefit changes, etc.

All the PES administer comprehensive labour market programmes either in-house or through other providers. On the supply side, *Vocational skills training* in various forms are provided depending on the needs of the clients. These include short term and long term training, apprenticeships, work experience and work trials. Specifically, in Belgium such ALMPs include integrated workplace learning for foreign workers combining languages and practical skills training on the job; individual vocational training which involves the obligation by the employer to provide at least a fixed term employment; as well as education qualifying training and higher level second chance educational qualifications. Following the tight labour market in 2017, the Flemish government introduced the temporary work experience programme which offers internships to young people who have not yet accrued a significant amount of experience, trains those who do not speak fluent Dutch for integrating into the labour market, and reconnects older candidates who have been looking for work for a long time to the labour market.

In Germany a job seeker that opts for skills development can choose between short term training courses lasting less than 6 months or long term training that can last up to 3 years. Short-term training courses focus on teaching a particular skill, e.g. how to write job applications or receive short language or computer courses while long term training measures completely retrain unemployed clients into new professions. All combinations of training methods are provided – classroom or workplace based, a combination of the two and may be followed by longer term vocational training.

The JCP offers skills training and work-based learning at the local level through the flexible support fund. These include unpaid work experience placements targeted at 18-24 year old benefit claimants who have little or no experience, while work trials are open to all claimants and involve a jobseeker working with a prospective employer, having a genuine job vacancy, for up to 30 days, at the end of which period the employer will decide whether to employ them. Other measures include the sector-based work academies for the 18-24 year-old claimants considered work ready who receive a combination of an eight-week work experience placement with relevant pre-employment training and a guaranteed job interview in sectors of the local economy with high numbers of vacancies. The youth obligation is a recently introduced measure (2017) beginning with the UC delivery areas. It targets 18-21 year old claimants not successful in being placed in training or employment in the first 6 months to apply for apprenticeship, traineeship, or take up a voluntary unpaid work placement for up to three months.

On the demand side *Wage/employment subsidies and Self-employment support* are some of the common ALMPs. Employment subsidies are normally targeted to vulnerable groups facing difficulties integrating in the labour market. In Germany the employer

wage subsidy is paid to employers who hire people with placement difficulties, formerly unemployed clients over 50 years, or persons with disabilities. The subsidy is normally paid for a maximum of twelve months but is sometimes granted for up to eight years (e.g. for severely disabled people over 50). Except for the over 50-year old clients, the subsidy is conditional on the employer continuing employing the beneficiary for at least the same duration as the subsidy period. In Belgium, partly in order to address labour shortages, the Flemish government launched the target group employment policy since 2016 offering tax breaks in the form of social security contributions to employers who hired unskilled youth, people aged 55 years and above as well as people living with disabilities⁹. The low skilled youth programme is implemented through the voucher employment scheme, constituting in majority maintenance and cleaning services. Households have been included in the scheme where they can buy in domestic help to free time for participation in the labour market.

The British PES provides the “New Enterprise Allowance” for claimants who wish to start their own businesses which is paid weekly for up to 26 weeks and is combined with access to a loan to help with business start-up costs. An interesting feature of this programme is that it is designed as an integrated package comprising business advisory support, workshops and mentoring post establishment of the business. The service is delivered by specialist providers. The BA offers a variety of financial services such as start-up support for entrepreneurs and transition payments to incidents of bankruptcy or shortened work terms.

PES also implement comprehensive programmes for special groups especially migrants and refugees as well as the youth in Belgium and Germany. In response to the large inflow of refugees in 2015 and the consequent increase in jobseekers, the BA has put in place services for forced migrants providing skills assessment interviews and tools, work testing schemes and integration courses for new arrivals. In Belgium, the integrated workplace learning for foreign workers bundles together placement in a concrete vacancy, on the job training and coaching and language support. The Youth Workplan provides integrated and comprehensive services on the demand and supply side to the youth aged less than 25.

SERVICES TO EMPLOYERS

In order to perform their core matching function PES serve jobseekers on the supply side and employers on the demand side. Employers however can be both clients who seek services of PES to find workers to fill their vacancies and partners with whom PES can collaborate to implement labour market programmes. PES services to employers can be grouped into three categories: assistance with recruitment including post recruitment support, provision of labour market information including advice on minimum employment standards and human resource planning support especially for small and medium enterprises. It is generally accepted that the quality of services and the extent to which services are tailored to employers are crucial determining factors for employers' engagement with PES. In many developing countries, PES struggle to get employers use their services and some have resorted or contemplate to enact legislation to compel

9. <http://www.flanderstoday.eu/employers-get-tax-breaks-hiring-unskilled-and-older-workers>. Accessed on 10 May 2019

employers to report vacancies to PES job centres. The experience in advanced countries however show that legislating supply of vacancies to PES has not worked and may be counterproductive. The emphasis rather should be on PES demonstrating the value they bring to employers and should engage them as partners and collaborators.

In the three countries under review PES have well developed systems for providing services to employers. In terms of organizational set up the PES have dedicated staff for employer relations at national, regional or even jobcentre level. In Great Britain, the structure cascades from the national level comprising a National Employer Service Team at the DWP that works with large multi-sited businesses to understand employer needs, promote Jobcentre programs and services, and help shape recruitment practices that will provide opportunities for unemployed claimants and Jobcentre priority groups. At the Jobcentre district level an employer engagement manager is responsible for promoting and monitoring employer engagement in the district and supporting Jobcentres while employer advisers at the local Jobcentres are charged with promoting Jobcentre services to employers; liaise with employers and assist with their vacancies and recruitment needs; and collect and disseminate information on local labour market trends and developments. They are also the link between employers and work coaches by providing the latter with all the necessary information. In addition, the Jobcentre Plus operates a national employer service support line where all the services provided by employment advisers can be accessed. In Belgium specialized employer key account managers are located at the job centres while in Germany employer services are only offered at the 156 employment agencies and not at the local job centres.

The key account managers in Belgium assist employers upon request with the elaboration and better description of vacancies and assessment of the likelihood of filling them as well as with drawing up vacancies and uploading them. There are also job coaches for companies who advise on task development and performance, occupational health, teamwork as well as advise managers on various issues for specified vulnerable groups. In Germany employer account managers provide several services including recruitment, post-placement assistance, support with paper work for employing vulnerable groups, inclusion measures at the workplace, apprentice management, rehabilitation services, etc. Additional key account management services are provided for large employers in Germany such as advice to employers on how to manage short time work during lay-offs or labour shortages as well as advice and support to companies facing impending redundancies in Britain (the Rapid Response System) which involves collaboration among different actors including Jobcentres and the National Careers Centre. In all the countries under review, employers are segmented according to the size of the enterprises especially the size of job offers for the unemployed claimants and priority target groups.

Registration of vacancies service is provided in all the three PES as one of the basic functions. While all PES have moved towards multi-channel approach for registration of vacancies, in Belgium there is more emphasis on the use of the digital channel through the VDAB matching site where employers can manage their own accounts and provide feedback on the positions that have been filled. Another service to employers in the three PES is provision of training. VDAB provides targeted training to in-employment workers upon request by employers while the JCP provides targeted training in collaboration with other stakeholders to companies through its recruitment advisory service. The recruitment advisory service works with employers who are willing

to employ benefit claimants and Jobcentre priority groups. Furthermore, the German PES offers a systematic apprenticeship service for employers by registering, analysing and disseminating apprentices training needs, receiving vacancies from employers and ensuring matching of vacancies and apprentices.

SERVICE OFFER AND INTEGRATION

One of the main distinguishing features of maturing public employment services is the range of services offered and the level of integration of these services across and between functions. Accompanying a job seeker to the ultimate goal of sustainable employment is a journey that requires a holistic approach integrating behavioural, economic, legal and social dimensions and tackling demand side and supply side barriers including non-employment social barriers. Service offer typically consists of intake -increasingly through digital channels-, profiling and segmentation, setting up of integration goals and individualized workplan including mutual obligations, implementation of the workplan, as well as monitoring and sanctions where necessary. The personalized work plan comprises interventions on the supply and demand side that correspond to the barriers identified during profiling and work-planning discussions and hence includes referral to active labour market programmes.

The BA has a comprehensive standardized 4-phase model of service delivery for jobseekers covering profiling and action planning, target setting, strategy development and timetable and commitment and follow up. Registration is done online or at the jobcentre after which the jobseeker physically visits the jobcentre where the counsellor undertakes a detailed skills based profiling assisted by a semi-automated tool to identify strengths and weaknesses (barriers). The jobseeker is then segmented into one of the six groups mainly reflecting readiness to work. These categories have recently been simplified to two – marketable and nonmarketable depending on the likelihood of the job seeker to get a job within six months (EC, 2018). An action plan is then developed which is used for follow up meetings, monitoring and support. Setting of targets, development of strategy and timeline are in line with the work-first policy – ensuring a quick transition to employment of any form: self, mini-jobs (that pay less than €450 a month), short term occupations, etc. The aim is to end unemployment or reduce the need for benefits¹⁰. Various options are available for consideration in terms of interventions (See Chapter 4 for details). The final stage involves signing of the integration agreement containing the timeline and a list of sustainable employability tasks for the 25+ short term jobseekers (less than 6 months) and long term unemployed likely to be employed in the next 12 months.

A similar but less stringent process is followed by VDAB in Flanders where a digital first approach to service delivery has been rolled out extensively with the aim of standardizing online registration for all new job seekers. Profiling has essentially been automated beginning with an assessment tool upon registration which collects job preferences, digital competences and other jobseeker factors and, based on the online history of the jobseeker, the predictive model is used to profile and segment the jobseeker according to their level of job readiness. An individual dashboard is the means by which job seekers

10. To ensure that this approach does not lead to decent work deficits for job seekers who are rushed into employment, complementary benefits are provided with appropriate activation measures under SGBII.

interact with counsellors including follow up meetings. Within one month of registration (at most 6 weeks)¹¹ a job seeker is obliged to contact the job centre through a toll-free number and thereafter every three months. Physical contacts are reserved for those wanting personal supervision, having trouble identifying their own job seeking pathway or having digital skills challenges but also those who remain unemployed after 10 months. Those experiencing digital skills challenges are given training. Through external digital kiosks run by the PES, job seekers can contact mediators by video conference on prior appointment. Unlike in Germany and Great Britain, sanctions are used sparingly in Flanders, the focus being on employability enhancement and contact with jobseekers, within the framework of the shortest route to employment policy. Nevertheless, sanctions are available and are communicated to jobseekers. One other remarkable feature of the VDAB service delivery system is the adoption of competency based matching for people without formal certified skills as well as those wishing to change jobs and may have transversal skills.

The generic process described for the German delivery protocol and the conditionality regime are even more stringent in the UK, especially due to the fact that the PES targets services for unemployed benefit claimants and also following the reforms to extend activation to more groups of benefit claimants. Like in Belgium, Great Britain has adopted a digital first strategy, particularly with the rolling out of the UC. Benefit claimants have to register online -the DWP Find a Job portal or other provider portals- and every claimant should attend the in person first work-focused interview (WFI) with a Work Coach within 3-4 days (in comparison to one month in Flanders) and are provided with an individual page. Registration online is mandatory and sanctionable. Unlike in Belgium and Germany, the British PES does not use a formal profiling system to allocate the jobseekers to different labour market programmes, preferring rather relatively simple eligibility rules related mostly to age, type of benefit claimed, benefit duration, and whether a person is in a designated vulnerable group. Claimants are profiled by work coaches according to their job readiness and those considered job-ready are encouraged to use self-directed services such as the Find a Job portal. Unemployed claimants are subject to full conditionality – be available for and actively seek work for up to 35 hours a week and if not immediately available for work due to health or family issues, must prepare for work by undertaking work related activities¹² to improve employability. A claimant commitment (individual action plan) is signed for each claimant which outlines his or her responsibilities including a personal statement from the individual setting out what they have agreed to do to prepare for and find work.

A strict follow up mechanism of the claimant commitment is then implemented involving short (10 minutes) weekly reviews for the first 13 weeks and fortnightly thereafter. The unemployed may in addition be required to attend long WFI at the discretion of the work coach. Moreover, the DWP introduced in 2010 the Jobcentre Plus Offer and the conditionality regime which gives greater flexibility to District Managers in delivering the conditionality regime and allows work coaches some discretion over the frequency of interviews and the employment support made available to claimants. The intensity of support interventions and regime conditionality increases while the freedom of the claimant to choose the sort of jobs they can decline falls with the length of unemployment.

11. Sven de Haeck, Presentation at the Employment Academy, 14th May 2019, ITCILO, Turin.

12. These may include skills training, job search support, drawing up a CV, work placements, or work experience.

DELIVERY MODELS AND CHANNELS

PES in the three countries offer universal services to jobseekers with special emphasis however on vulnerable groups who are in most cases further away from the labour market and have more challenges integrating than others. Nevertheless, the British PES in practice targets benefit claimants and current reforms aim to expand the coverage of activation to other social welfare recipients such as lone parents and people with health problems. What is notable across all the three countries is the adoption and implementation of a holistic approach to integration where the jobseeker is accompanied in a seamless package of services from intake (registration) to sustainable integration and in the process accessing a customized mix of services and ALMPs depending on the jobseeker's distance from the labour market and aspirations. In general the intensity of interventions increase with barriers to employment and the longer the unemployment spell, involving referral or signposting to more specialized services and active labour market programmes delivered either internally or by other service providers. In all countries services are delivered mainly through the job centres which operate as part of the ecosystem of the employment service providers from the public, private and third sectors. The ecosystem may include other public organizations, local government, private employment agencies, employers and others. In Belgium, the government encourages collaboration among providers to expand the pool of services and increase customer choice such that the PES in Flanders has become more of a coordinator of labour market actors.

At the local level PES in the three countries partner with social welfare offices and other social service providers to address social barriers to employment. In Germany, PES co-locate and run jointly job centres in 303 of the 408 municipalities. In Great Britain Jobcentre Plus local centres face challenges collaborating with other providers due to the centralized nature of service delivery however current reforms that have built in some local flexibility for noncore services have led to job centres collaborating with other social service providers, including delivering services in their premises.

Delivering publicly funded employment services through contracting out to third party organizations in a quasi-market arrangement is extensively used in Great Britain, particularly for long term unemployed, as well as in Belgium targeting mainly services for the vulnerable groups such as older workers (50+), immigrants, and the low skilled/educated. Contracting out of services to private providers in Germany is sparingly used, mainly in the form of placement and training vouchers which purchase a specific service. This system has not worked well as jobseekers find it cumbersome and leading to unstable employment while providers consider the rewards too low to ensure meaningful provision of services to integrate the vulnerable jobseekers (See Chapter 3). In Belgium and Great Britain services are normally contracted out as a package allowing providers to choose the best combination of services to achieve integration outcomes for jobseekers.

The Great Britain has been contracting out services to private and third sector providers for almost two decades, focusing mainly on long term unemployed and other hard to place job seekers. Until 2017, contracted out services were provided by 18 prime contractors who deliver services by themselves or through subcontracts and served referred jobseekers not placed by job centres for one year under the DWP's Work Programme. However since 2017, when the Work and Health Programme (WHP) was

introduced, jobcentres have to refer clients to contracted prime providers after 2 years of unsuccessful placement result, implying increased responsibilities and expectations from jobcentre staff, especially Work Coaches. The WHP delivers voluntary support for health and disability claimants and mandatory support for the long term unemployed. In view of the full UC implementation the DWP has moved in to strengthen capacity of Job centres by hiring 500 Disability Employment Advisors and Psychologists who advise and support Work Coaches as well as 200 Community Advisors to improve services to people with disabilities and health challenges.

In all countries under review therefore many channels are being used including digital services (online or app based), call centre, face to face, etc. in accordance with the needs of clients. In Germany and Britain, the channels are generally applied in parallel while the Flanders PES has moved to an integrated approach.

USE OF INFORMATION TECHNOLOGY

Advances in technology in the 4th industrial revolution characterized by the speed of change as never seen before pose both opportunities and challenges for institutions in the labour market such as public employment services. On the one hand PES and other employment service providers must adapt and cope with changes in technology to improve service provision, align services to the needs of a digitized clientele and new forms of work and compete with new forms of fluid institutions such as digital platforms. This entails institutional reforms incorporating technological innovations to improve performance and remain relevant as a central actor in the labour market. On the other hand, the PES institutional reform must cater for fast changing needs of the labour market and demands of job seekers to become a lifelong partner of job seekers (and employers) in their multiple transitions and ensure acquisition of 21st century skills. The Global Commission on the Future of Work Report calls upon governments to invest in public employment services to support labour market transitions including by adopting a customised and optimal combination of digital and personal counselling and mediation services as well as ensuring up to date labour market information system, among others.

The three countries under review have adopted and mainstreamed technology in their service provision and delivery mechanisms, albeit to different degrees. Belgium is the most advanced not only among the three countries but is also one of the most digital oriented and progressive among the advanced countries. The digital first strategy in Belgium provides an integrated seamless system of service provision- a departure from and step ahead of the common multi-channeling strategy- which allows jobseekers to use digital only, digital plus remote contact (e.g. call centre) or indeed call centre plus face to face. Although traditional lines of communication and service delivery are still available, they are reserved for those needing them while the rest of the clientele are encouraged to interact with PES through digital channels. VDAB has invested in an AI powered registration and profiling technology that enables case management online, including monitoring of compliance with action plans. Furthermore it has upgraded its matching system -Jobnet- using machine and deep learning algorithms which combine the jobseeker's personal profile and history, click behavior as well as behavior of similar profiles adjusted by location preference to perform the matching. Moreover, as we have noted earlier, VDAB has also adopted a sophisticated competence based matching for

both regular and migrant labour, especially forced migrants. VDAB has also adopted technology in the management of staff and training (see section V) as well as in the co-creation of services with its users.

In the UK, the digital first strategy that is being strengthened with the rolling out of the UC has likely increased the level of integration though still believed to be lower than in Belgium reflecting a more advanced multi-channelling system. The JCP has augmented its internal online management systems covering non-UC claimants (Labour Market System) and the Customer Management System which supported the integration of telephone based management of benefit claims and the work of Jobcentres and Benefit Processing Centres. A more robust system has been launched for the UC full service -known as “The Service” which will provide an integrated case management and communication between claimants and work coaches. Under the full UC digital service, claimants are expected to manage most of their reporting and claim related interactions as well as liaise with work coaches through their UC online journals. The system is also being used for monitoring claimant behavior and staff performance management through the list of “to dos”. Moreover, claimants are being encouraged by frontline staff to use online services. The drive to adopt full digital services is motivated by the need to reduce administrative costs and to align PES to a new world of work that is becoming more digital intensive (90 % of advertised jobs in 2011 required basic IT skills according to E-Skills UK, 2011).

On the contrary, the German PES has adopted a rather cautious approach to digitalization preferring a more phased approach while they learn from peers what works, reflecting in part the relatively low (mid-range) level of digital literacy in Germany compared to other countries in the EU, especially vulnerable groups (EURACTIV Germany, 2018). Nevertheless, an online portal offering centralised access to all BA services was adopted in 2017 and an individual webpage function has recently been introduced. All BA offices are able to see the record of skills including a client record of the 4-phase model online. Unlike in Belgium and UK, the German system uses more or less the traditional multi-channelling strategy with no prospects for integration in the immediate future. Being part of the EU, all the three PES online labour exchanges are connected to the European job database EURES.

REGULATION AND COOPERATION WITH PRIVATE AND NON-PROFIT SERVICE PROVIDERS

The ILO Private Employment Agencies Convention, 1997 (No.181) obliges ratifying member states to “determine the conditions governing the operation of private employment agencies in accordance with a system of licensing or certification, except where they are otherwise regulated or determined by appropriate national law and practice” (Art.3(2)). The aim of the Convention is to allow flexibility that is required in the labour market and the role private employment agencies can play to that effect while protecting workers against abuse, discrimination and exploitation. While in Belgium and Germany private employment agencies are regulated through a system of licensing or certification, in the UK there is no such regulation except for agencies operating in specific sectors. Nevertheless, in all the three countries there are regulations to ensure the observation of the principle of equal treatment as enunciated in the EU Directive 2008/104 on

Temporary Work Agencies (TWA) and TWA are considered employers and temporary agency workers as their employees. In general there is a tendency for deregulation of the private employment agency market in line with the recommendation of the EU Directive to remove “unnecessary restrictions”. Among the three countries, the UK is the least regulated while Belgium remains the most regulated.

In Belgium, private employment agencies providing matching services without being party to the resulting employment relationship are not required to be licensed except for a certification from the regional governments and the commitment to transparency and sharing of employment data with the regional government, including the use of the VDAB database. However temporary employment agencies have to be licensed; at the national level, they obtain a license from the federal Ministry of Employment and Labour who base their decision on the recommendations of the Economic and Social Council. As per the federal law of 1987 TWA can be licensed/authorized to operate by regional governments in the regions they operate. Unlike in Germany and Great Britain, Belgium has maintained restrictions in the law and limits allowed temporary agency work to three main instances: (a) to replace a regular worker; (b) to meet temporary increase in demand; or (c) to perform unusual work that require skills not readily available. More recently, a fourth and highly regulated motive was added consisting of the stepping stone to permanent employment where the employer screens the worker before deciding on recruiting them on a regular contract. The employer can only employ the worker for three terms up to a maximum of 9 months (Eichhorst et al, 2013). Following the ratification of ILO Convention No.181 in 2004 and its domestication into national law, collaboration with all types of private employment agencies has been institutionalized and has led to the creation of an employment services system in which VDAB plays more of a coordinator or conductor role¹³.

In Germany, the compulsory licensing of private employment agencies that provide matching services was deregulated in 2002, nevertheless voluntary standards were negotiated with the PrEA associations and came into effect in 2003 with the latter being responsible for monitoring compliance (Finn, 2016). Furthermore, PrEAs that seek to access funding and implement projects for the BA require certification from the Chamber of Commerce confirming their capability and performance capacity. The BA contracts out its services to private providers although the majority of services are provided in-house. TWAs however are required to be licensed to operate, through regional BA offices. The BA is responsible for licensing and monitoring compliance with the law. Most of the restrictions were lifted during the Hartz reforms except for a few such as prohibition of fee charging to workers. The amended Temporary Agency Workers Act introduced the equal pay and treatment principle from day one unless otherwise varied by a collective agreement which in effect resulted in CLAs being concluded such that about 95% of the TWA sector is covered by CLAs (Finn, 2016). TWAs are considered as employers in their dealings with the BA.

On the other hand, the BA has fully developed its partnership working with other service providers through collaboration in various areas including integration of refugees, vocational rehabilitation, safeguarding of skilled workers and the reduction of long-

13. For example, VDAB and the association of private employment agencies Federgon have established collaboration involving joint funding of activities, exchange of vacancies, cooperation in career guidance and training, outplacement services as well as common quality assurance systems.

term unemployment. Chapter 4 highlights an interesting case of youth career agencies which are one-stop-shops to help adolescents to transition from school to work involving cooperation between the BA, schools, employers and other relevant stakeholders.

In the UK, the licensing of private employment agencies, TWA included, was abolished in 1994, however their responsibilities were clearly defined in the “Conduct of Employment Agencies and Employment Businesses Regulations” (2003) and more recently after the EU Directive of 2008, the Agency Workers Regulation adopted in 2011 incorporating the principle of equal treatment (applicable after 12 weeks of cumulative employment) and clarifying who is considered TWA or temporary agency worker (Finn, op cit; BIS, 2011). The PES in the UK is not responsible for regulation of private employment agencies. Two sectors are however regulated more strictly- the Gangmasters (comprising agriculture, horticulture, shellfish gathering, forestry, food processing and packaging) and the nursing and domiciliary care agencies. Agencies supplying labour to the former sector are regulated by the Gangmasters Licensing Act (2004) implemented by the Gangmasters Labour Abuse Authority (GLA) which licenses, monitors compliance and enforces the law. Agencies supplying labour in the latter sector are required to obtain a license only if they provide a regulated service.

Like Belgium, the UK has developed long standing partnership working and relations with private employment agencies as far back as the 1980s when formal partnerships have existed. More recently, in 2010, the DWP signed an agreement with the Recruitment and Employment Confederation (REC), a peak body of private employment agencies representing 80% of the industry. The objective of the agreement was to promote engagement between recruitment agencies and Jobcentres both nationally and locally in a number of areas. Furthermore, the UK has had extensive involvement of private providers in delivery of employment services particularly for vulnerable groups and long term unemployed through contracted out services. In addition, the DWP and JCP organizes and engages with a complex network of strategic and operational actors -for example, district and partnership managers work in strategic forums with local authorities, employers and other stakeholders, Jobcentres work with contracted providers to organize recruitment and referral arrangements for programme participants and Jobcentres work with other social welfare providers in localities to provide one stop services.

1.5 INSTITUTIONAL CAPACITY OF PES

INSTITUTIONAL CAPACITY, STAFF STRENGTH AND PROFESSIONAL DEVELOPMENT

The institutional capacity of PES, even where services are delivered through third parties, is an important determinant for the range and quality of services delivered and the general responsiveness to the clients' needs. We consider capacity in terms of the network of offices, staff contingent and measures to build the capacity of staff and retain them. Technological innovations that allow maintenance of a lean structure are also considered. Finally, we look at how PES is financed considering that studies show that adequate and sustained financing of ALMPs increases their effectiveness on macroeconomic employment outcomes, especially for vulnerable groups (Escudero, 2018).

All the three PES have a strong physical presence commensurate with the size of the country and have been evolving over time. VDAB, being a Regional PES, has 142 offices across the five Flemish provinces and Brussels while Germany has the highest number of offices comprising the Head Office, 10 regional directorates, 156 regional employment offices and over 600 local entities. In addition there are 408 local job centres, 303 of which are run jointly with the BA. Some services may only be offered at certain levels of the structure – for example employer services are only offered in the 156 regional employment agencies. In Great Britain, Jobcentre Plus is organized into 34 districts comprising a total of 713 job centres, most (96%) of them are in urban areas in which 89% of the claimants are within 30 minutes by public transport compared to 35% in rural areas. The number of offices (and staff) has been shrinking through the reforms over the years and it is expected that the number of job centres will decline further to 600 by 2020. As described in the section on use of information technology above, ICT integrated services are helping PES to maintain or even increase services and outreach to a diverse array of labour market participants and to geographically less accessible areas. Going forward, it is likely that PES physical offices will continue to fall as more people go digital in their search for jobs and interaction with PES and as the latter automate their back office processes and deliver services online. Nonetheless, physical offices are likely to remain vital for some sections of the society which are also likely to evolve over time, including inequalities created by changing technology.

The general move towards personalized services and increased automation of back processes in advanced countries' PES has meant that more emphasis is placed on frontline staff. In Germany, out of the 98,800 staff contingent 80% work in the front office while 70% of the 5,105 employees in VDAB are frontline. In Great Britain, the staff contingent has been consistently falling since 2011 from 37,000 (the number had been increased in response to the global recession in 2008) to 20,000 in 2017 including employer engagement staff. There were 11,000 Work Coaches in 2016 and are expected to rise to 13,000 when the UC is fully implemented. The capacity of PES is often also measured by the counsellor caseload, a lower caseload is preferred in order to ensure quality of services that can be customized to each jobseeker. The country studies for VDAB (Belgium) and BA (Germany) did not provide caseloads per case worker however self-reported data collected by the European Commission show that the UK had the least caseload in 2016 at 24 claimants per caseworker followed by Germany (48) and Belgium-

VDAB at 52. The UK case study however reported a case load for Work Coaches of 100 claimants in 2016 while the NAO estimates in March 2018 put it at 85 and is expected to rise dramatically to 373 by 2024-5 after full UC roll-out.

Diversity and inclusion in the composition of staff is evident, particularly in Germany and Belgium-VDAB where data was available in the case studies, comprising gender, health or disability condition, migration background, age distribution and nature of contracts. For example, women constitute 70% of staff in VDAB and Germany (50% in management positions in the former) while 16% of the staff are of foreign background in the latter. Particularly interesting for developing countries, the BA recruited 1600 apprentices both to demonstrate the importance and commitment to such a service and also to ease workloads. Moreover, frontline staff in Belgium-VDAB are specialized and organized according to sectors.

Finally, professionalization of staff and continuous updating of their competences is emphasized in all the PES under review. In Belgium-VDAB regular training is offered to staff to stay abreast and adapt to change through various channels including its competence centres but within the framework of digital first policy. Managed by Track21, an integrated digital competency training framework delivered on a digital platform -Totara- is open to all employees as well as partner organizations. Moreover VDAB extensively uses Google for Education (G4E) products for interconnectedness such as gmail, drive, agenda, documents, hang-out, classroom, etc. G4E is also widely integrated in vocational training at the training centres of VDAB and their partners. In Germany, the BA also provides regular training to staff to stay abreast and adapt to change within an HR policy that is geared towards “labour market 4.0”¹⁴ focusing on lifelong learning and digital skills. The two affiliated training institutions (Management academy (FBA) for training of PES executives and the Civil Servants University (HdB) for training of graduates for recruitment in PES) ensure that the PES has professional staff while the recruitment policy also favours workers with digital skills.

In Great Britain, the JCP places a lot of emphasis on on-the-job training with the managers at the job centres being mandated to support staff in achieving professional qualifications. The Work Services Manager is expected to spend 80% of their time ‘inspiring and motivating’ their team of advisers; giving direction; observing interviews, giving feedback, coaching; mentoring, holding case conferences, running team learning sessions and ensuring the environment encourages Work Coaches to perform to their potential (Finn, Chapter 2 in this volume). Most former employment advisers were retrained into the role of work coaches upon the adoption of the Work Coach model in 2011 and all new coaches undergo an 18 dual professional training.

PES FINANCING

Studies have shown that adequately financing PES and active labour market policies in a sustainable manner leads to positive labour market outcomes at the macro level, including for vulnerable groups like the low skilled (Escudero, 2018). The main sources of PES and ALMP financing include appropriations from the public budget as well as

14. Comprises emphasis on utilization of standards for good working relations, flexible working hours, work-life balance concepts and the focus on mental health in the workplace.

unemployment insurance and other social funds and this could be at different levels of government. In developing countries Public Employment Services generally suffer from weak financial capacity and are therefore unable to develop and expand services to the level and quality that is required. In many advanced countries PES is facing a shrinking resource envelope arising from government's contractionary fiscal policy and austerity measures.

In Germany, the total budget for the BA in 2018 was €102 billion financed equally from three sources- unemployment insurance contributions, federal and state taxes as well as taxes at municipal level. The three sources of finance are used to support different types of labour market policies: unemployment contributions finance unemployment benefits, ALMPs and administrative and staff costs of the BA, while taxes at the federal and state level are used for paying child benefits and municipality funds are used for servicing long-term unemployed clients in the job centres jointly run with the BA. Other sources include income from services rendered to other public organizations, the European Social Fund (ESF) and interest rates from the BA assets. Belgium-Flanders has a less diversified source of revenue comprising the regional government budget, ESF as well as service income for services rendered to other public bodies as well as some services such as vocational training provided to non-subsidized employees. The total budget in 2018 was €800 million, of which 43% was used for PES running costs; 8% for direct recruitment costs; 36% for contracts with partners and 14% for social allowances, for example, training vouchers.

The case study did not find up-to-date statistics on budget and expenditure for the JCP since the DWP no longer publishes separate accounts for the PES. Available data show that in 2010-11 the total budget for Job centres and contracted out employment programmes was £3.5 billion, dropping to £2 billion and £1 billion in 2011-12 and 2017-18 respectively. It is expected to increase slightly in 2018-19 to £1.5 billion before returning to £1 billion again in 2019-20, excluding the £130 million for the Work and Health Programme. In addition, district managers have access to a flexible Support Fund to procure services for claimant job seekers including partnership working at the local level through the Dynamic Purchasing System. OECD data show that the UK spent over 0.30% of GDP on PES and administration in 2009 and 2010 which fell sharply to 0.20% in 2011 when the last statistics were publicly published. Germany spends even a higher proportion of its GDP on PES and administration, hovering around 0.35% since 2009 while Belgium spends around 0.20%. Interestingly, Belgium spends the majority share of PES resources on administration compared to the other countries despite the fact that PES does not pay benefits nor implement sanctions.

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CHAPTER 2.

The role, organization and services of the British Public Employment Service - Jobcentre Plus

Dan Finn¹⁵

2.1 NATIONAL CONTEXT AND HISTORY OF PUBLIC EMPLOYMENT SERVICE – JOBCENTRE PLUS

The British Public Employment Service (PES) is known as Jobcentre Plus (JCP) and since 2010 has been an integrated part of the national Department for Work and Pensions (DWP). JCP currently delivers employment services and working age income benefits through multiple channels, including digital, telephone and in-person, through a national network of about 700 front-line Jobcentre offices. The Department's online 'Find a Job' service is open and free for all jobseekers and employers but **the JCP service delivery model is primarily targeted at assisting working age benefit claimants**. In April 2018 JCP was serving around 890,000 unemployed claimants in 36 geographical districts across England, Scotland and Wales.¹⁶

Jobcentres implement a work first activation regime which requires unemployed claimants to find employment as soon as possible. The aim is to prevent long-term unemployment and welfare dependency. About 11,000 civil service 'work coaches' in local Jobcentres act as a single point of contact mostly for unemployed claimant jobseekers, assisting them with job search and guiding them through a menu of national and local services. JCP seeks to work in partnership with employers, local government, private providers of employment services, community groups, and contracted providers to ensure its services respond more effectively to local needs and labor market demand.

Over the past two decades there has been radical change in the British welfare state and in the role of the PES. Recent governments have shared a common aim to create a flexible labor market underpinned by a work first benefit regime. The rights and responsibilities of the unemployed and most other working age adults receiving out of work cash benefits have been redefined and work-related conditionality has been extended to cover a more diverse group of claimants. This includes lone parents, spouses, people with disabilities and/or health-related problems and, for the first time, low paid workers earning less than a minimum wage related threshold. A key complementary aim of the reforms has been to 'make work pay' and to encourage claimants to take low paid employment. This involved the introduction of an extensive system of means-tested in-work tax credits, a national minimum wage and a variety of other services to assist with childcare and the transition into work.¹⁷

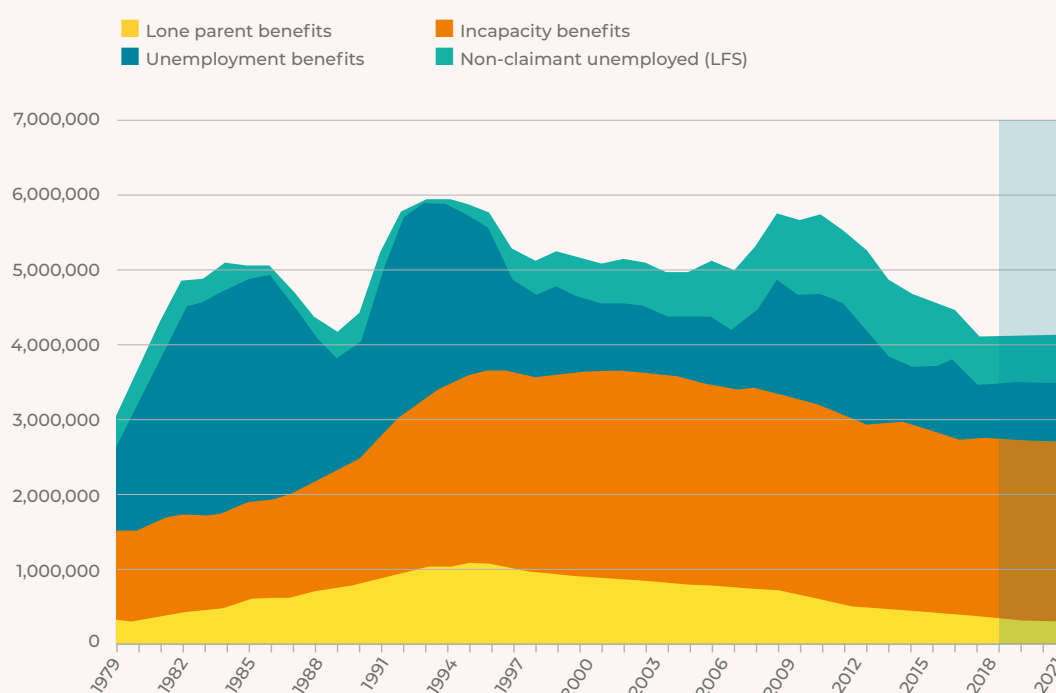
This extension of the work of the PES to provide employment services to other working age benefit claimants rather than just the unemployed followed a marked change in the composition of the working age claimant population (see Figure 1). The PES was relatively successful in providing matching services and programs for people claiming unemployment benefits - which now responds more quickly to changes in the economic cycle - but in the 1980s and 1990s there was a sustained increase in the number of lone

16. The PES in Northern Ireland is organized separately and employment services are delivered through a network of 'Jobs and Benefit Offices'. There are some differences, but this PES is responsible also for implementing UK-wide government policies, including the work first activation regime and the transition to Universal Credit.

17. The coverage and generosity of in-work tax credits was increased after 2003 to improve work incentives and reduce child poverty. In comparative terms the OECD (2014) found that personal tax credits in the UK involve higher maximum payments and cost more as a percentage of GDP than the similar tax credit systems operated by the other OECD countries which have such policies. One objective of reforms since 2010 has been to reduce the cost and coverage of these tax credits.

parents and people with disability and health problems who were claiming benefits, often for lengthy periods (see Figure 1). A key issue was that until recently the benefits these groups claimed had no work-related requirements attached to them, and few in these groups had any contact with Jobcentres. Another factor has been the ambition of successive governments to respond to the challenges posed by an ageing population by increasing the working age employment rate.

Figure 1: Trends in unemployment and main working age benefits 1979 – 2021 (including forecasts)



Source: Office for National Statistics – author tabulation. Calculated from administrative time series of working age adults receiving defined benefits. Non-claimant unemployed taken from national Labor Force Survey (LFS), a household survey undertaken every quarter, which measures unemployment according to international ILO standardized definitions, not by benefit status.

The UK governments benefit activation reforms have been coupled with organizational changes. These have greatly altered the national agencies and contracted service providers responsible for delivering and administering cash benefits and employment services. This included the creation of Jobcentre Plus which, between 2002 and 2005, merged the previously separate national Employment and Benefit Agency Services into a national network of some 800 Jobcentres. The British government has also developed a 'quasi-market' in the delivery of contracted out employment services introducing a system of larger 'prime contractors' much of whose income is dependent on placing their participants in sustained employment.

PES services are now also being influenced by new institutional arrangements for local government. Since 2010 local authorities and other local actors, including the PES and in England 39 employer-led 'Local Enterprise Partnerships' (LEPs), are expected to drive and coordinate local economic growth and employment strategies. Combined local

authorities, led by the biggest cities in Britain, have been able to negotiate 'Devolution Deals' with central government. This has given combined authorities¹⁸ in some city-regions growing influence over their local skills and employment systems.

INTEGRATING JOBCENTRES AND BENEFIT OFFICES

A central aspect of PES development in the UK concerns the gradual integration of Jobcentres with benefit administration and delivery. Jobcentre offices were first established on British high streets in the 1970s, replacing 'Employment Exchanges', which were poorly regarded and perceived by employers as a welfare service of last resort. These first Jobcentres were solely designed to improve the way the labor market functioned, by helping employers fill vacancies, jobseekers find jobs, and through providing employment and training services to employers and jobseekers.

In the late 1980s, under the Thatcher government, Jobcentres were gradually merged with separate unemployment benefit offices. Then, between 2002 and 2006, under the New Labour government, some 1,500 previously separate Jobcentres and benefit agency offices were integrated into a network of 800 Jobcentre Plus offices. JCP was designed as an 'employment first' gateway to the benefit system and made it compulsory for lone parents and some people on disability benefits to attend work-focused interviews, as well as giving them support to find work.

The driver for merging Jobcentres with benefit offices arose following a rapid increase in long-term unemployment in the 1980s. This increase was attributed by influential labor market economists to a relaxation of rules in the 1980s requiring the unemployed to register with Jobcentres and cuts in front-line staffing (Layard, 1999). From their introduction, Jobcentres had treated work with long-term unemployed claimants as a low priority (Wells 2000).

Subsequent UK reforms have required Jobcentres to focus their interventions on benefit claimants, as opposed to all jobseekers irrespective of their benefit status and led to the further integration of employment assistance with the administration of benefits. The core of the Jobcentre approach now includes regular mandatory contact with work coaches, a focus on rapid job placement and referral to more specialist and intensive employment services or programs for the hardest-to-place.

UNIVERSAL CREDIT AND JOBCENTRES

The day-to-day activities of the PES are currently undergoing a major transformation designed to deliver a new integrated minimum income benefit called 'Universal Credit' (UC). This benefit merges six previously separate working-age benefits and in-work tax credits into a single, monthly household payment providing means-tested income support to the unemployed, disabled people, people with childcare responsibilities and those in low paid jobs. The policy aims are to simplify the benefit system, improve work incentives and increase 'self-reliance'.

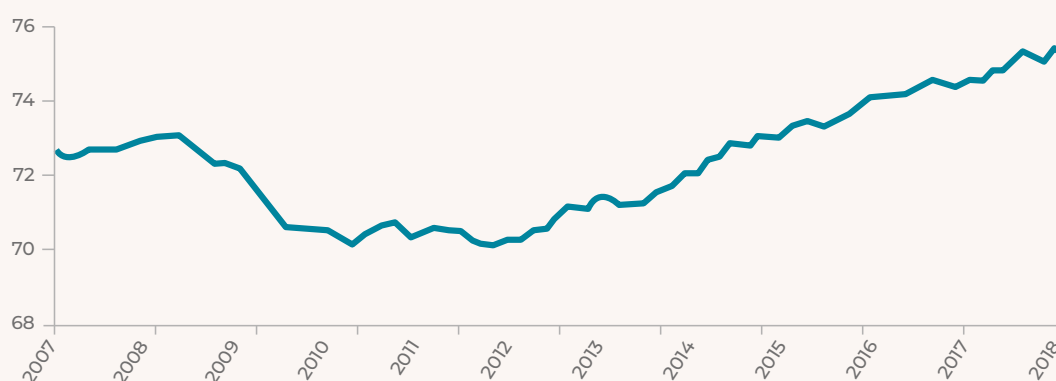
18. Combined authorities collaborate and take collective decisions across council boundaries and usually have in place directly elected mayors. These authorities are established under national legislation and the 'devolution deals' they have negotiated give them a diverse range of previously centralized powers and resources with which to develop their local economies.

The full UC service will be 'digital-by-default' with most claimants expected to manage their benefit claim and job search on line. It was planned that almost all new benefit claims from unemployed people would be to UC by September 2018. By April 2019 it was expected that some two million households would be receiving UC, at which point the transfer of existing claimants of 'legacy' benefits and tax credits would accelerate. The UC transition should be complete in 2022 when it will be supporting an anticipated caseload of seven million families. *Most working age adult UC claimants will be obliged to interact with Jobcentres and prepare for work, look for jobs, or, if earning below minimum wage threshold levels, increase their earnings.*

UK EMPLOYMENT TRENDS

The UK employment rate is currently over 75 per cent, with 32.26 million people aged over 16 years in employment in the quarter to February 2018 (Powell and Brown, 2018). This is up from 29.01 million, or an employment rate of 70.1 per cent in January-March 2010, the low point after the 2008 recession (see Figure 2). Both the number of people in employment and the employment rate are at their highest levels since comparable records began in 1971.

Figure 2: UK Employment Rate, age 16-64, seasonally adjusted, 2007-2018



Source: Powell and Brown, 2018, p. 2

The number of people working full-time in the UK was 23.68 million in the quarter to February 2018, 2.44 million higher than in January-March 2010 (up 12 per cent); and part-time employment was 804,000 (10 per cent) higher, at 8.58 million. The number of self-employed was up 801,000 (20 per cent) to 4.76 million over the same period. There was a particularly large percentage change in the number of self-employed people who were working only part-time which increased by 42 per cent (429,000 people) over the period, compared to an increase of 6 per cent for part-time employees (423,000 people). The number of people employed on a temporary basis was 1.56 million people, up 82,000 (6 per cent) from January-March 2010. Estimates for October-December 2017 suggested that around 900,000 people were on zero-hours contracts – representing 2.8 per cent of all people in employment (see Figure 3).

Figure 3: Zero-hours Contracts

Zero-hour contracts are a legal type of employment contract whereby workers have no guaranteed hours and agree to be potentially available for work. They are used increasingly by companies seeking labor flexibility and by workers seeking flexibility around their other commitments. Zero-hours working shares characteristics with much casual employment but under these arrangements the worker typically signs an employment contract agreeing to be available for work as and when required but under which the employer has no obligation to provide any work for the employee. The worker is expected to be on call and receives payment only for hours worked (Pyper and Dar, 2015).

There is evidence that zero-hours working has increased, from an estimated 699,000 people identifying it as their main type of employment in 2014 to over 900,000 people at the end of 2017. These types of contracts are commonly used in retail, fast food restaurants and cinemas, and other sectors that experience fluctuations in demand, such as care work, agriculture, hotels and catering, education and healthcare sectors. Low-skilled workers in low-paid jobs are the most likely to be offered zero-hours contracts.

There is no regulation of zero-hours contracts at European level, and their implementation varies between Member States. In the UK, for example, a zero-hours contract is not a legal term and has no specific legal status. Thus its conditions vary from employer to employer. Zero-hours contracts are controversial and there have been calls from UK trade unions and employee representative bodies for more regulation. The discussions focus on issues such as:

- the acceptability of exclusivity clauses;
- workers' access to unemployment benefits;
- whether unemployed people should be obliged to accept the offer of a zero-hours contract;
- whether to financially compensate workers for their additional flexibility; and
- payment for travel time and expenses for short assignments (or for turning up to work as requested, and the shift then being cancelled).

In 2015 the UK government introduced new regulations that prevent employers from enforcing 'exclusivity clauses' – whereby an employer can stop workers from working for other employers – in a zero-hours contract.

Source: Pyper and Dar, 2015.

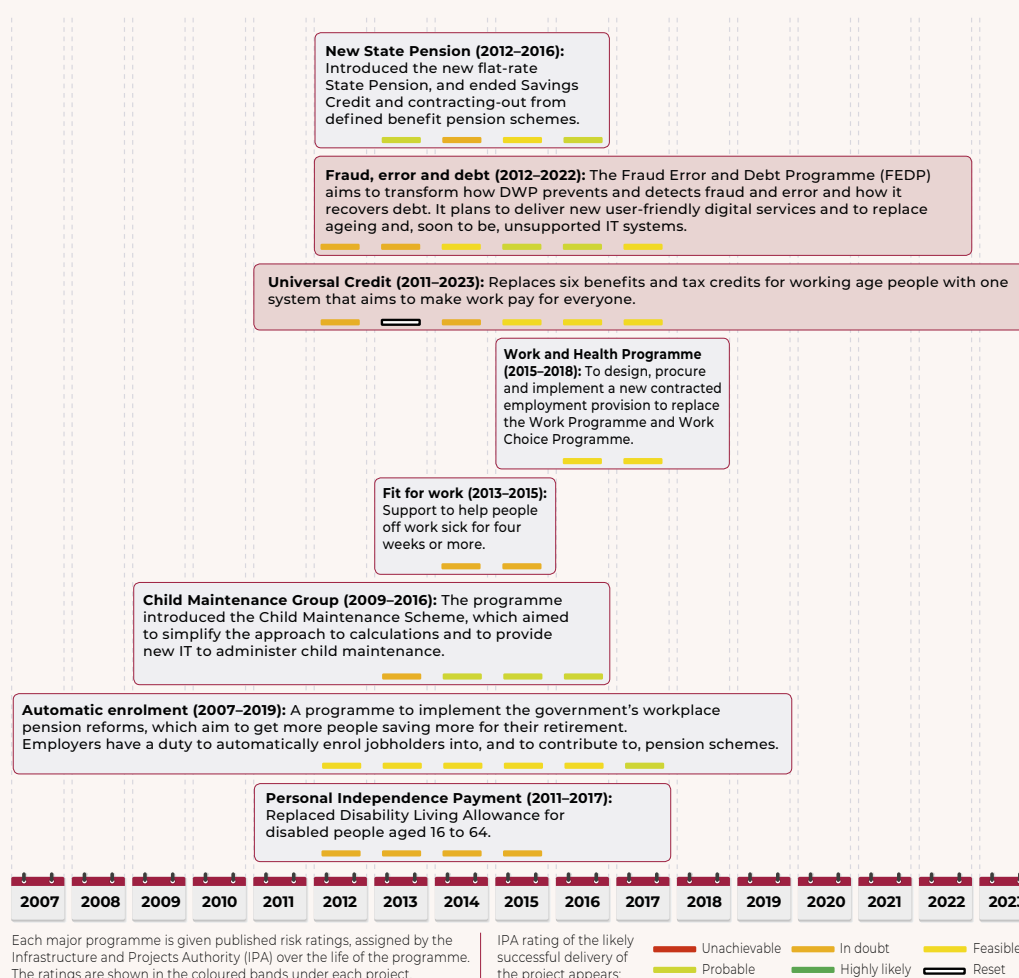
2.2 PES POLICY AND STRATEGY IN GREAT BRITAIN

PES policy and strategy are shaped by the UK Government's political objectives and by their 'manifesto' commitments. These objectives include implementing policies that sustain high levels of employment, promote self-sufficiency, reduce welfare dependency amongst working age adults, and make major reductions in expenditure to reduce the public sector deficit. More specifically, the Government has an ambition to secure the highest employment rate of the major G7 economies and to reduce the number of

children growing up in workless households. It has also pledged to halve the 'disability employment gap' by 2020, with Jobcentres implementing new work-focused services targeted at those on disability benefits.¹⁹

DWP Ministers agree priorities and negotiate agreements to secure the Governments high-level objectives with HM Treasury (the finance ministry). The results are published in departmental 'Spending Reviews' which give a five-year view of spending plans, including the financing of new programs. The last three Spending Reviews, published in 2010, 2013 and 2015, initiated an unparalleled and sustained period of reductions in public expenditure, which are planned to continue through to 2020 (see Figure 4). This includes a wide-ranging program of 'welfare reforms' that include reductions in the value and coverage of working age benefit and tax credit entitlements. There have also been major reductions in funding for employment programs and in Jobcentre and DWP staffing levels. The 'austerity' program is associated also with a recalibration and expansion of some employment programs and a transformation in PES service delivery to 'improve quality and reduce cost'. This includes the rapid transition to online service delivery and a reduction in the size of the traditional 'high street' Jobcentre network.

Figure 4: Major UK Welfare Reforms implemented by the Department for Work and Pensions, 2011-2020



Source: <https://www.nao.org.uk/wp-content/uploads/2018/10/Departmental-Overview-Department-for-Work-and-Pensions.pdf>

The DWP now formally publishes its high-level objectives, spending and program commitments in a 'Single Departmental Plan for 2015-2020', which is regularly updated online, most recently in May 2019. This contains a plan of key actions and operational objectives for the Department, including the delivery of a combination of employment services and programs (reviewed in a later section). The most significant mid-term objectives for the PES to 2020 concern accelerating the roll out of Universal Credit and further developing personalized support for claimants, by building Jobcentre work coach capability, forging 'strong positive partnerships' with other local partners, and by fully exploiting the opportunities offered by technology. An additional high-level objective now includes planning to effectively support the UK's exit from the European Union.

A summary of the employment service-related commitments made by Ministers and contained in successive Spending Reviews indicates the scale of the implementation challenge facing the British PES over the coming few years. In a context of achieving spending cuts, JCP is expected to:

- Roll out UC nationally which also involves incorporating much of the administration of tax credits and housing benefits previously undertaken by the Treasury and local government;
- Intensify requirements and support for unemployed claimants - requiring jobseekers to attend a Jobcentre weekly for the first three months and bringing forward the more intensive support element of the 'Help to Work' program currently in place only for the very long-term unemployed (see later);
- Extend the conditionality regime to workless parents with younger children and to the spouses/partners of benefit claimants;
- Extend in-work conditionality to, and develop an in-work support service for low paid UC claimants (expected to cover a million people when fully implemented);
- Provide specialist Jobcentre support for those with disabilities and health conditions;
- Provide support for long term claimants unemployed for up to two years;
- Manage referrals to a new Work and Health Program, delivered by contracted providers to provide specialist support for claimants with health conditions or disabilities and those unemployed for over two years;
- Deliver a new 'Youth Obligation' to young claimants aged between 18 and 21 years; and
- Provide careers advice to schools that request it.

The DWP identifies and monitors inputs and impact indicators to assess and report on progress in meeting its objectives. This includes measures of customer satisfaction and staff engagement, measured through annual surveys.

The Department reports publicly on its performance in its 'Annual Report and Accounts' (DWP, 2019). The latest 230-page report, for 2018-19, contains separate sections on performance, accountability and finances. It outlines progress in implementing PES-related objectives which are associated with meeting general 'headline' economic indicators (see Figure 5). Amongst many other achievements, the report states that

by December 2018, UC was rolled out successfully to a network of 637 Jobcentres, supported by 30 service centres, to provide tailored support to UC claimants across the country (DWP, 2019, p.22). The Department had also launched a new 'Personal Support Package' to help more people with a disability or health condition to prepare for and find work, including a Jobcentre delivered mandatory 'health and work conversation' targeted at new claimants.

Overall the DWP accounts show that it remains the largest government department in terms of spending and staff numbers, despite austerity reductions. In financial year 2016-17 it paid £173.1 billion in benefits and age pensions to around 18 million people in Great Britain. It had around 900 offices, including just over 700 Jobcentres, and in December 2017 employed 73,780 full-time equivalent staff. The cost of running the DWP was £6.2 billion in 2016-17, of which total staff costs were £2.6 billion. Total staff numbers fell by over 14,000 and costs fell 14 per cent between 2012-13 and 2016-17. Total running costs are set to fall a further 14 per cent between 2017-18 and 2019-20 (NAO, 2017, p.11).

The Department no longer publishes separate accounts for the PES which means that the direct impact of expenditure and staffing reductions on JCP is less transparent. Other estimates, however, make the cumulative impact clearer. The last accounts published separately for JCP showed that the 2010-11 budget for Jobcentres and contracted out employment programs was £3.5 billion. By 2011-12 the combined budget had fallen to £2 billion (HMG, 2014), with the budget to finance Jobcentre services and programs falling to about £1 billion in 2017-18, with another £130 million to be spent on the Work and Health Program (WPC, 2016). Jobcentre expenditure is planned to increase to £1.5 billion in 2019-20 but is projected to fall back again to £1 billion in 2019-2020.

Figure 5: DWP Headline Performance Indicators – 2017-18

2017-18 headline indicators	Latest data
UK employment rate	75.6 %
Percentage of young people aged 18 to 24 years not in full-time education in employment	76.4 %
Percentage of children living in workless households	10.5 %
UK employment rate of disabled people	49.2 %
Percentage of disabled people with a low income	19 %

Source: DWP, 2018, pp. 15-16.

DWP ACCOUNTABILITY

DWP is accountable to Parliament and is scrutinized rigorously and regularly by both the House of Commons Committee of Public Accounts and the Work and Pensions Committee.²⁰ These Committees are comprised of Members of Parliament and they can call for independent submissions of evidence, take testimony from witnesses and cross examine departmental officials and Ministers. The results of these inquiries are published, and the government is often required to respond formally to their recommendations.

Individual citizens can also challenge DWP directly if they are dissatisfied with the service they receive. In 2016-17 the DWP received 50,817 complaints. If individuals remain dissatisfied, people can escalate their complaints to an 'Independent Case Examiner', and then to the Parliamentary and Health Service Ombudsman. Citizens can also challenge decisions, for example, concerning benefit entitlement or sanctions. In 2016, there were 153,000 tribunal hearings and 92,000 tribunal rulings against the DWP.

The DWP also undertakes an annual customer satisfaction survey across the entire range of benefits and services it offers. It reports nationally on the overall results, but the metrics are not used to directly monitor or steer Jobcentre behavior. The general DWP surveys are focused more on benefit delivery and do not give insights into Jobcentre service delivery, as the previous Jobcentre specific surveys did. The DWP 'customer experience' survey typically shows high levels of general satisfaction, in the 80 per cent to 90 per cent range, but with minorities reporting that the service was worse than expected or that the service needed improvement (DWP, 2018). Recent surveys reveal also that as new digital services are implemented a significant minority of disadvantaged claimants are experiencing problems with online and telephone based service channels, especially by those with poor levels of literacy or digital skills.

Findings from parliamentary inquiries and from independent agencies continue to highlight wider problems with JCP service delivery (WPC, 2016; WPC, 2014). Persistent themes that impact on some service users include the complexity and delays of the process to claim benefits, poor communications and reduced options available for face-to-face contact. Claimants with physical or mental health conditions can struggle to navigate job search requirements. Others fear the impact of sanctions and of being pressurized to drop benefit claims or to take insecure, low-paid jobs. Mandatory interactions with Jobcentres are a source of stress and anxiety for many claimants.

20. See <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/>, and <https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/>

2.3 PES STRUCTURE, MANAGEMENT AND FUNCTIONS

In comparative terms the governance and structure of the British PES is highly centralized with the DWP delivering nationally designed and financed employment services and benefits through a network of online channels, telephone centers and directly managed Jobcentres. UK Ministers and senior civil servants in London control the main budgets and levers of PES policy.

The DWP, through Jobcentre Plus, provides a free online job matching service for job seekers and employers, personal job search assistance for most working age benefit claimants; and enhanced services and specialist programs for people who have greater difficulty in making the transition into employment. Jobcentre 'work coaches' directly provide job search support and advice, case management services and can make referrals to vacancies. JCP is responsible for benefit administration and for sanctions which may be proposed by work coaches but are decided by local 'Decision Makers'. Jobcentres either provide directly or act as the 'gateway' making referrals to a variety of other services and programs including job search assistance and counseling; skills training; work experience; and assistance with self-employment (see later). Some of these services are funded by the DWP but others are supported by other organizations, especially local government, much of which is co-financed by the European Social Fund. This includes employment programs targeted at very disadvantaged groups, such as 'troubled families', ex-offenders, refugees and new migrants, and so on.

The DWP and Jobcentres provide jobseekers and employers with digital job search and matching services, and may refer claimants directly to vacancies, but they are not directly responsible for providing wider careers information and occupational guidance. This is the responsibility of the **National Careers Service**. In England this is a nationally branded careers and skills advice service that is available free to adults and young people (with equivalent services provided by the devolved governments in the other countries of the UK). These services can be accessed by Jobcentre claimants but are funded separately, are mostly voluntary, and in England are delivered by prime providers under contracts with the Department for Education's *Education and Skills Funding Agency*.

The National Careers Service provides information and guidance on careers, skills and the labor market through an online portal and telephone helpline (see Figure 6). More disadvantaged people, such as unemployed claimants are able to access time-limited one-to-one support from a qualified, expert adviser, face-to-face in the community. Arrangements vary but careers advisers may co-locate the delivery of some services in Jobcentres or in separate offices. A survey found that whilst most service users were unemployed only 15 per cent to 22 per cent of service users who accessed the National Careers Service were referred by Jobcentres, with the remainder self-referring. Virtually all Jobcentre referrals receive face-to-face support (compared to 76 per cent of self-referrals) (Lane et al, 2017).

Figure 6: National Careers Service digital services

The National Careers Service website has career tools to help service users make decisions about careers, learning and work. It is free for individuals to register and set up an online account on which they can save their search results. The online tools include:

Job Profiles: Over 800 [job profiles](#) describing what each job entails, including:

- what the entry requirements are;
- what the job involves;
- what the working hours and pay usually are; and
- what the career prospects are.

The user can use the A-Z job profile list or the search bar if they have a job profile in mind. They can also browse the jobs in different industry areas or 'job families' to get some career ideas.

Skills health check: the [skills health check](#) can be used to assess a service users strengths and personality type and get ideas about what kind of jobs could suit them. The individual can work through a set of assessments to help them work out what they are good at, what they like doing and how they like working. The tool provides a report summarizing the results which includes suggestions on job families that might suit the person.

Find a course: the [find a course](#) tool provides information on a range of courses offered by learning providers including adult further education; apprenticeships; adult community learning; undergraduate and postgraduate degrees; and vocational and education courses aimed at 16 to 19 year olds.

Source : <https://nationalcareersservice.direct.gov.uk/about-us/home>

LEGAL STATUS AND ORGANIZATION OF JOBCENTRE PLUS

There is no specific legal framework for the British PES at central or local level. When Jobcentre Plus was first established in 2002 it was created as a separate 'Executive Agency', accountable to DWP Ministers but with its own Chief Executive and Executive Board. The Board was made up of seven full time Directors from within Jobcentre Plus and three independent non-executive Directors. The Executive Board was responsible for meeting service and budgetary targets agreed with Ministers but in this phase JCP could exercise important although limited operational and budgetary flexibilities. The social partners had no role on the Board and have had no direct role in the governance of the PES since 1988.²¹

21. In the 1970s and 1980s employer organizations and trade unions were directly involved in the management and governance of the PES through a tripartite Manpower Services Commission (MSC). The MSC was responsible for employment and training services, the national network of Jobcentres and for special employment programs targeted at the young and long term unemployed. There was much trade union opposition in the MSC to the work-first policies that the 1980s Conservative Government required Jobcentres to deliver. This culminated in the decision of the government to abolish the MSC in 1987 with Jobcentres brought firmly under the control of Ministers and senior civil servants. One significant consequence has been the loss of insight and access to trade union organised workplaces that were previously facilitated by the MSC's local 'Area Manpower Boards' where trade unions and employers met directly with Jobcentre managers (Jones, 1999).

Employer organizations and trade unions continue to be broadly supportive of the work of Jobcentres but have been critical of aspects of service delivery and the work-first activation regime, especially the extension of sanctions to cover lone parents and people claiming disability benefits (WPC, 2016).

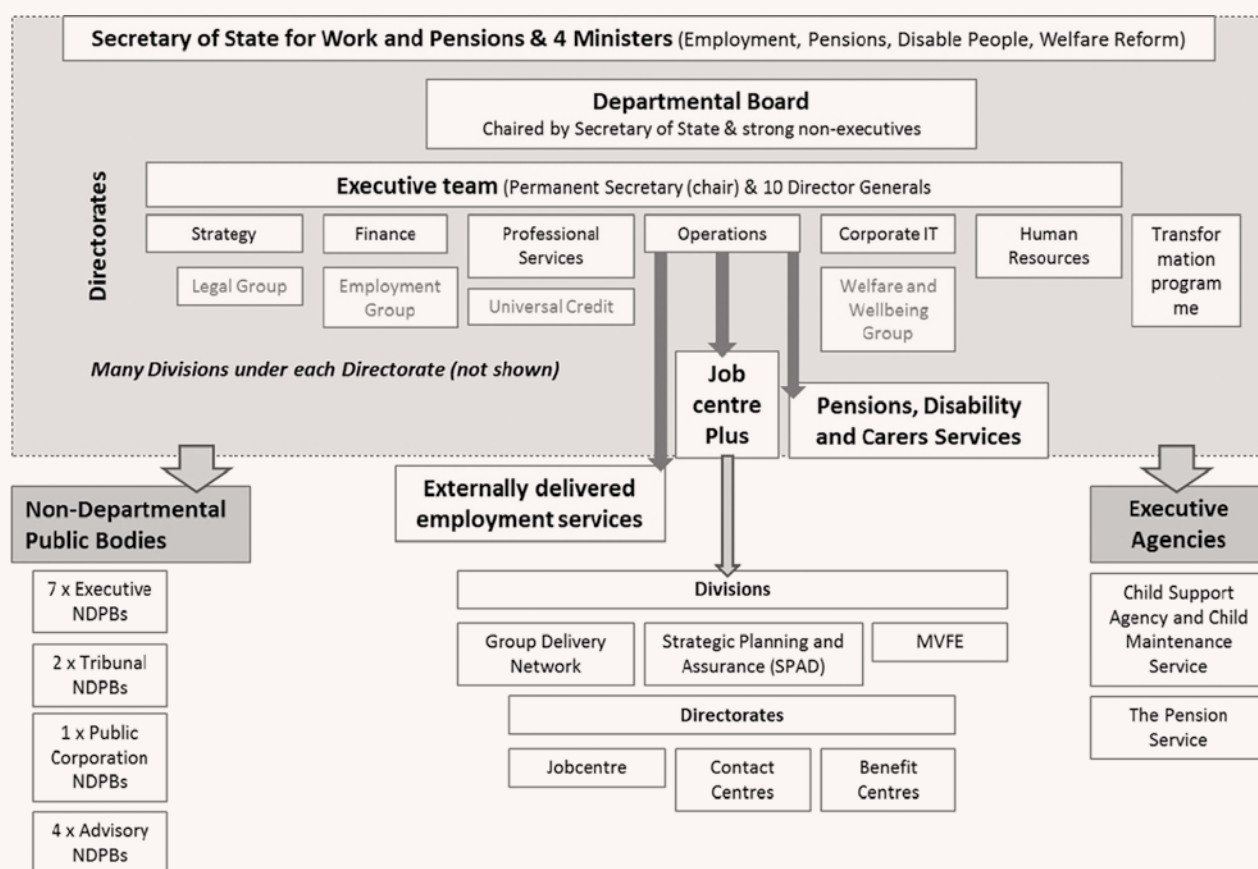
In 2010 JCP was comprised of three operational directorates – Jobcentre offices; Telephone Contact Centres and Benefits Centres (responsible for the administration and payment of benefits). It was organized into nine English Regions plus offices for Wales and Scotland, with the network subdivided into 50 Districts, managing a national network of some 750 local Jobcentres.

Separate Executive Agency status for JCP ended when the DWP was reorganized in 2011 and the role of the CEO and Board ended. The change was aimed at rationalizing the organization and ‘streamlining’ accountability for key departmental functions whilst helping the Department meet large-scale ‘austerity-driven’ public expenditure cuts. This was achieved by reducing the number of senior officials and stripping out PES management layers at regional level and reducing the number of districts to 34, with the number of Jobcentres now planned to fall to 600 by 2020 (see later).

The management of the Jobcentre network and benefit delivery system is now fully integrated in the DWP, with the Director General for Operations and for Universal Credit, who are members of the single Departmental Board, responsible for Jobcentres and the delivery of Universal Credit (see Figure 7). They in turn are supported by five Area Directors (three for England and Wales, and one for Scotland) and a separate Director responsible for Labor Market Programs. There is a strong emphasis on working together with operational forums for senior leaders in the Department designed to facilitate collaborative working across the different operational divisions.

The DWP works closely with the Treasury which is responsible for taxation, maintaining control over public spending and setting the direction of the UK’s economic policy. DWP Ministers and senior leaders are also expected to coordinate their work with other national Departments, especially those concerned with skills policy, local government services and, more recently, the National Health Service. There are, however, many barriers to coordination, including inflexible Departmental responsibilities, segmented funding streams and centralized decision-making. Weak coordination between national Departments has frequently affected and fragmented local policy implementation, “where national, devolved and local employment policies and agencies meet” (Zimmermann and Fuertes, 2014, p.25; Finn, 2015). This has affected how Jobcentres have worked with other local agencies, but current reforms seek to improve local coordination.

Figure 7: Department for Work and Pensions and Jobcentre Plus structure (at national level)²²



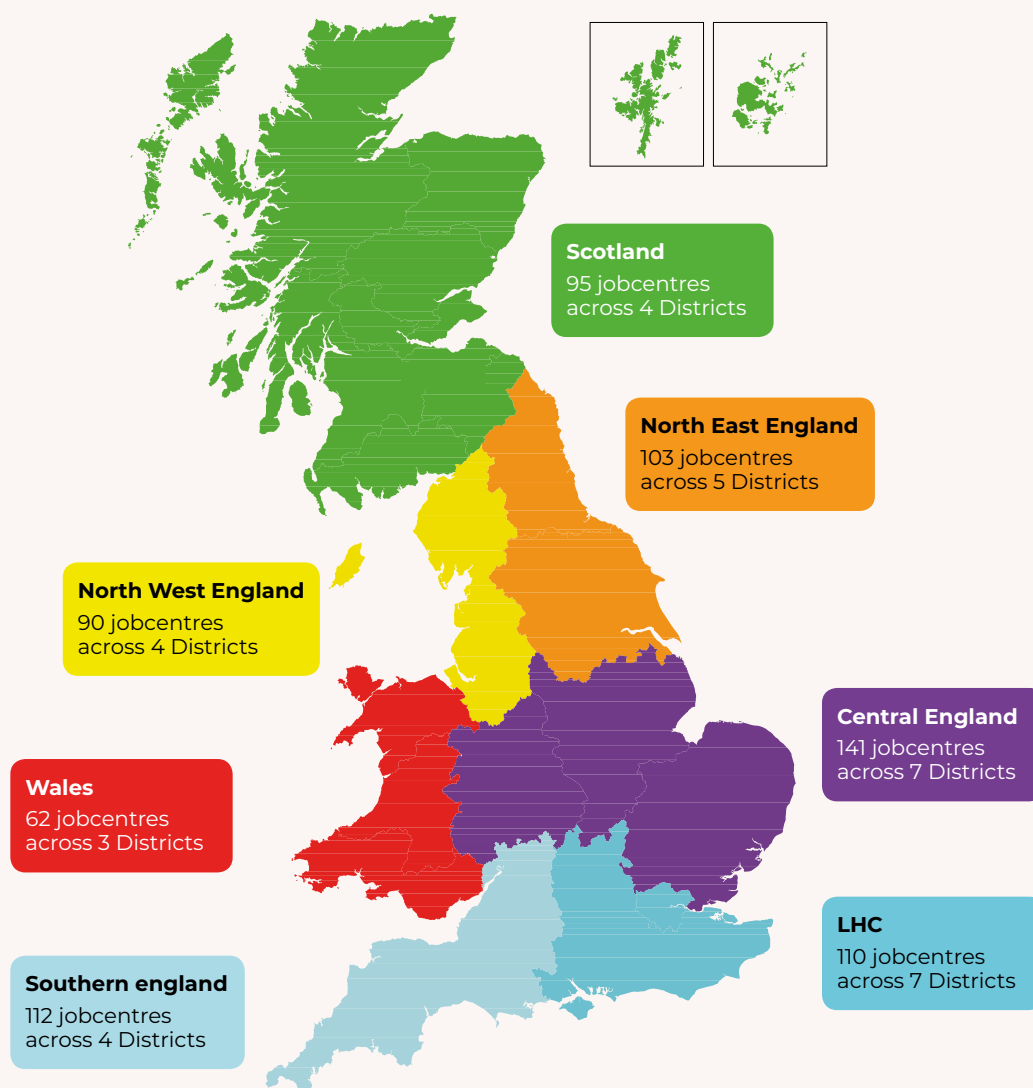
Source: Zimmermann K. and Fuertes V. (2014) *Employment policy implementation mechanisms in the European Union, the United Kingdom and Germany*, Employment Policy Department, Working Paper No. 160, International Labor Organization, at http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_251001.pdf

The 34 Jobcentre District Managers are managed by and report to the national DWP Area Directors and Director-Generals responsible for Operations and Universal Credit. Each District Manager is responsible for a group of Jobcentres, each of which has its own local management team, with team leaders responsible for front-line staff and performance management (see Figure 8). Local structures vary but each District Manager is also supported by specialist employer, partnership and business development managers. About 90 per cent of JCP staff are in front-line office roles.

Internal communications are managed through the JCP intranet, with external communications handled by partnership managers and, at national level, the DWP corporate communications team. JCP organizes or engages with a complex network of strategic and operational 'partnerships', both nationally and locally. District and partnership managers work in strategic forums with local authorities, employers and other stakeholders. Operational partnerships involve liaison with contracted providers, contract management and the organization of recruitment and referral arrangements.

22. The role and responsibilities of each Board member and their senior management teams are regularly updated and published in an interactive organogram at <https://data.gov.uk/organogram/department-for-work-and-pensions>

Figure 8: Jobcentre Plus Districts and Jobcentres at January 2017



Source: Author

JOBCENTRE PLUS TARGETS AND PERFORMANCE MANAGEMENT

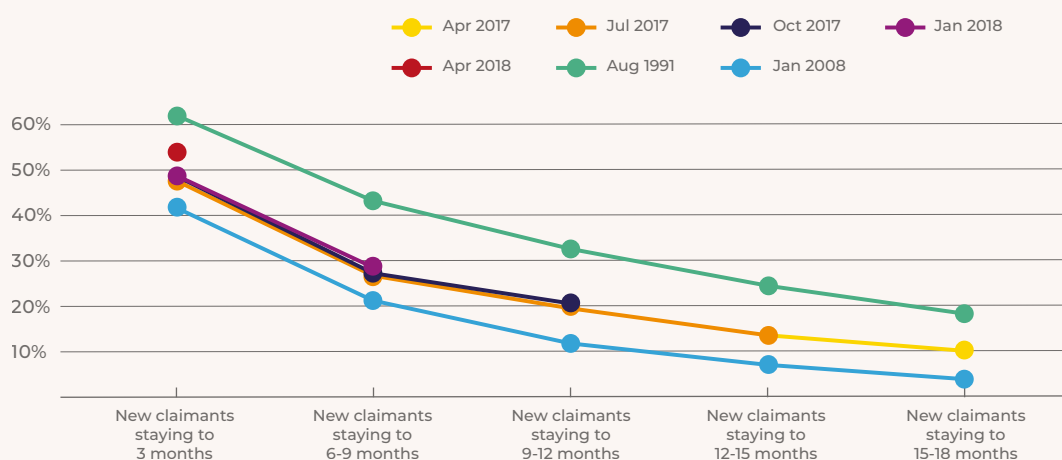
As an agency JCP was accountable to Ministers in the DWP and 'steered' through a variety of 'Performance and Resource Agreement' targets. These included targets that would drive performance in securing job outcomes, delivering 'interventions' with jobseekers, paying benefits promptly and accurately, reducing fraud and error, helping employers fill vacancies and improving business efficiency and customer satisfaction. Job outcomes were a primary measure of success. These job outcome targets were weighted to clearly signal the priority attached to different groups with, for example, greater value given to Jobcentres for getting a lone parent or person on a disability benefit into a job and least value for helping someone already employed to move into a new job. Performance was reported annually by JCP. Although there was debate about publishing comparative Jobcentre performance such results have only ever been used for internal management.

After 2010 the Coalition Government implemented a different approach and the DWP radically simplified the JCP regime, reducing the number of formal targets to two. It dropped the formal job outcome target because it was expensive to verify the job entries claimed by Jobcentres and there was skepticism about their accuracy. It was easier to use benefit administrative data so the target was to 'move people off benefit, into employment, as quickly as possible', with a second target to reduce the monetary value of fraud and error. The first target is measured only through off-benefit flows (measured at 13, 26, 39 and 52 weeks) with JCP tasked to ensure some 88.5 per cent of unemployed jobseekers cease claiming benefit within a year. Internally, however, these public targets are supplemented by varied internal operational 'scorecards' that include other indicators through which managers steer the system, monitor performance and drive staff behavior (Nunn and Devins, 2012).

JCP has been effective at meeting its formal targets and even during the recession, around 75 per cent of unemployed claimants were moving off benefits within six months of a claim and 90 per cent by twelve months (NAO, 2016). The data in Figure 9 shows how trends in benefit off-flows for the unemployed have changed between 1991, 2008 and more recently. The 'peak' off flow rates in 2008 reflected the impact of a strong labor market and the intervention regime implemented by Jobcentres. The more recent deterioration reflects both labor market demand but also the changing characteristics of claimants expected to look for work, especially those who because of tighter eligibility rules are no longer eligible for disability benefits.

The proportion of unemployed benefit starters becoming 12-month claimants is now 13.5 per cent. This is likely to rise over the next few months as the proportion of starters becoming 9-month claimants has risen by 1.1 percentage points over the last three months.

Figure 9: Jobseeker's Allowance (unemployment benefit): proportion of starters in month becoming longer term unemployed



Source: Author

The off-benefit performance indicator has been criticized because of the way it might drive staff behavior, such as giving preferential treatment to claimants thought most likely to contribute to meet short term targets, the application of inappropriate sanctions and putting unfair pressure on people to drop their benefit claims (WPC, 2014). The implementation of a harsher core activation regime and concerns about the 'off-benefit' target has also been a source of tension between DWP, Jobcentres and local partners and in many high unemployment areas weakens the willingness of other organizations (such as health services and third sector organizations) to engage closely with DWP provision (WPC, 2014).

The DWP has acknowledged the weaknesses of the benefit off-flow methodology, especially in relation to the employment sustainability and wage progression objectives of Universal Credit. It is currently testing a new UC-related 'performance framework' incorporating the four 'pillars of the service' – customer service, labor market outcomes, efficiency, and fraud and error reduction. Each pillar is to be broken down into a variety of indicators, including input, output, outcome and impact. The strategic ambition for performance data for when the UC full service is rolled out is to identify which indicators make the biggest impact on performance and enable DWP management to identify and learn from higher performing Jobcentres. The aim is also to have a specific employment sustainability measure that relates to low paid in-work UC claimants which will support a focus on maintaining continuity of employment or assist in repaid re-entry into employment where individual jobs are temporary or not sustained.

2.4 PES SERVICE ORGANIZATION AND DELIVERY IN GREAT BRITAIN

British PES services are delivered primarily through Jobcentres supplemented by a combination of digital platforms which support job search, vacancy matching and Universal Credit. Jobcentres work directly with a network of contracted providers who deliver intensive employment services, from case management to support with self-employment. Jobcentres also work in partnership with a range of other stakeholders including local government, private recruitment and employment agencies and employers. Each of these elements of service delivery are considered below.

It should be noted that the British PES does not use a formal profiling system for assessing jobseekers. Access to JCP services and programs is determined by relatively simple eligibility rules related mostly to age, type of benefit claimed, benefit duration, and whether a person is in a designated vulnerable group (if so they may be able to access appropriate support and services immediately). This includes groups such as those who have recently left the armed forces; young people who leave local government social care; ex-offenders leaving prison; and individuals with a substance abuse problem. These administrative eligibility rules have obvious advantages in that they are easy to

implement. There has, however, been increased interest in the use of a more sophisticated profiling instrument that might better target interventions to prevent long term welfare dependency. The DWP has assessed such a profiling instrument and, despite relatively weak evidence on the efficacy of such systems, is likely in future to develop such a tool to be implemented alongside Universal Credit.

THE DESIGN OF JOBCENTRES AND THE TRANSITION TO DIGITAL UNIVERSAL CREDIT SERVICES

The layout and service delivery procedures of Jobcentres changed markedly when they were modernized to create 'integrated' Jobcentres between 2002 and 2005. The old environment of social security offices especially, with their queues, screens and benches bolted to linoleum floors was replaced by remodeled open-plan Jobcentres. The Jobcentres introduced appointment-based interactions (reducing queues), a reception area where visitors were greeted on arrival and directed to where they needed to go, and Jobcentre staff have since worn name badges. Jobcentre service users have since been viewed as 'customers' and they were able to access free-phones, which they could use to make claims and resolve issues with payments. Old-style vacancy display boards were also replaced by searchable touch-screen Jobpoint terminals.

Between 2014 and 2015 Jobcentres experienced another redesign to change the way services are delivered and prepare for UC implementation. A new online job vacancy matching platform was introduced, now called 'Find a Job' (see Figure 10), and older Jobpoints and free phone facilities in Jobcentres were removed. In the new 'digital' Jobcentres claimants can now access free wifi, printing facilities, and computers. New benefit claims are generally made online and unemployed claimants also 'sign on' and report on their job search using electronic pads that verify the authenticity of signatures. Jobcentre opening times are also to be extended beyond conventional office hours to cater for UC claimants who are in work.

The British activation system continues to require in-person reporting of job search activities, but it is, however, automating aspects of this process so that only targeted individuals will receive in-person interviews. The majority of claimants will be required instead to verify their job search and their fortnightly attendance through 'electronic signing pads'. These pads use biometric software developed by commercial banks in Europe to authenticate the signature and handwriting of jobseekers.

Figure 10: The PES online 'Find a Job'

In 2012 the DWP introduced 'Universal Jobmatch', an interactive online job matching service. This replaced a traditional computerized vacancy database previously accessed by jobseekers through static computer terminals, known as 'Jobpoints', mostly found in Jobcentres. Registration with Universal Jobmatch was made mandatory and claimants would be asked to allow work coaches to have access to their account. This allowed work coaches to monitor individual job search activity, analyze CVs, identify skills or training gaps, as well as to search, save and send targeted vacancies directly to claimants. The system was poorly designed with many duplicate, out-of-date, and sometimes fake job adverts, and poor security controls meant some fraudulent organizations were, for a short period, able to use the system to illegally 'harvest' jobseekers' personal data. Despite gradual improvements in operability the matching system became costly and unpopular with jobseekers and employers, partly because it seemed to be designed mostly as a tool for monitoring claimant job search behavior.

In May 2018 Universal Jobmatch was replaced by a new 'Find a Job' online matching service, delivered for the Department by another company, 'Adzuna'. The service offers jobseekers and employers a simpler and more streamlined way to log in and access their information; helps jobseekers quickly find highly relevant jobs and specify complex search queries; and offers the DWP real-time insight into comprehensive data on the UK employment market. Adzuna says that its service offers enables jobseekers to:

- create and amend an online CV or résumé (with an interactive help and hints facility to assist in improving its content);
- tailor their job search preferences to match the jobs they are looking for;
- conduct and save their own job searches;
- receive ongoing job matches;
- receive alerts via email;
- see how they match against the jobs placed;
- refine their job search and identify any skills gaps against their preferred job roles;
- view employer details of jobs matched to their account;
- apply for jobs online; and
- access a help and support function.

'Find a Job' can be accessed directly by claimants using their own computers or smart phones, but if that is not possible individuals can register with and access the service using free computer facilities at their local Jobcentre. The service also offers multi-language capability (including Welsh) and is integrated with Eures – the international job search and vacancy portal operated by the European Commission and shared by all PES's in Europe.

Source: Author

Starting in 2011, UC was first targeted at new claimants without children in what was called the 'live service'. This approach has ended and a 'full digital service', targeted at nearly all people of working age who are claiming benefits, is being implemented in phases throughout the country. Under the full digital service, claimants manage many of their interactions with the DWP through an online UC account where they report their income, any changes in circumstances and use an online journal to record what they have done to look for work.

There are various other service delivery implications arising from the design of UC. Digital delivery and the payment of the benefit monthly in arrears, are intended to prepare UC households for mainstream employment and encourage self-reliance. But DWP accept that some claimants may experience transitional or longer-term difficulties in navigating their way in the new system. These groups are catered for by a new local service - 'Universal Support' - which relies on collaboration between Jobcentres, local authorities, social housing providers and other agencies (see later).

Various models of local 'Universal Support' services have been tested but essentially Jobcentre staff identify people with barriers to making UC claims, or who have more complex needs, and refer them to specialist online, telephone or in-person support (Learning and Work Institute *et al*, 2016). Services available include digital training to enable people to make and manage online claims; personal budgeting support, to help claimants better manage monthly rent and utility payments; employment assistance and other complementary advice and support services provided by local agencies. Different local partnership, delivery and organizational models have been tested, each with varying degrees of integration or co-location of functions, but local Universal Support services will develop alongside the full rollout of Universal Credit.

These local services are expected also to align with proposed locally designed integrated health and employment services that are to be developed to support more disabled people enter employment. These services are separate from the outsourced Work and Health Program and are testing if new partnerships between Jobcentre Districts, local authorities and health Clinical Commissioning Groups can improve employment and health outcomes by creating new support pathways for people with common physical and mental health conditions to help them stay in or return to work (DWP and DH, 2016, p.21).

THE CURRENT ROLE OF JOBCENTRES AND WORK COACHES AND THE 'JOBCENTRE OFFER'

In 2018 new benefit claims are made on-line or via telephone. Most claimants are required to attend a 'Work Focused Interview' with a work coach, usually within three to four working days (see Figure 11). The interviews typically last around 40 minutes. The task of the coach is to outline what is expected of the claimant in return for being paid a benefit, to assess employability, identify barriers and provide employment assistance. The interview may include matching and submitting a claimant to vacancies or requiring the claimant to submit applications after the interview. After this first interview claimants are subject to activity requirements related to their benefit, with unemployed claimants subject to what is called full conditionality where they have to be available for and actively seeking work for up to 35 hours a week.

Under what is called 'Day One Conditionality' when unemployed people have completed their first online claim for benefits, they are now presented with a webpage which recommends a list of activities they should do before attending their first Work Focused Interview. This includes an expectation that the individual will create an email account (if they do not have one already and that they will also create an account and upload their Curriculum Vitae (CV) in 'Find a job' or another vacancy matching jobsite. If the individual is not able to or has not undertaken such activities by the time of their first interview, their work coach will consider a referral to appropriate digital training and support if necessary. Alternatively, the work coach can issue a 'Jobseekers Direction' – a formal instruction – requiring the claimant to create an account and upload their CV or face a financial sanction. The work coach can no longer directly monitor or intervene in a claimant's online job search activity, but they can require the claimant to provide evidence of their registration and job search activity, including print outs, that may be uploaded in the claimants separate UC journal, which the work coach can scrutinize.

At the new claim stage, the interview with unemployed people is aimed at agreeing job goals, the claimant's availability for work, and their agreed job search activities. For claimants not subject to job search requirements, such as people with ill-health or with very young children, the discussion concerns how the claimant might prepare for work and steps they might take to improve their employability. This 'work related activity' should mean it is more likely that the person will get a job or remain in work. The activities can include a wide range of recommendations such as skills training, job search support, drawing up a CV, work placements, or work experience.

The terms of the agreement between the work coach and claimant must be written down and signed by the claimant. Since 2014 the agreement has been called a '**Claimant Commitment**'. This outlines the claimant's responsibilities and includes a personal statement from the individual setting out what they have agreed to do to prepare for and find work. The commitment is reviewed regularly and is enforced through a strict compliance and benefit sanctions regime to ensure the claimant meets their obligations.

Figure 11: Work Focused Interviews

Most working age claimants are required to attend a face-to-face WFI at a Jobcentre at the start of their benefit claim and at more or less regular intervals thereafter. The objective of the WFI is to:

- Make sure claimants understand the conditions of benefit entitlement and the consequences of failing to comply.
- Establish/agree job goals and any job search activity and monitor progress.
- Assess a claimant's need, including any challenges they face in returning to employment, e.g. skills need, health related support, childcare or adult caring responsibilities and identify options for addressing those needs.
- Discuss support options, including whether the claimant wants, or is required, to participate in an employment program and the appropriateness of other specialist support to address issues such as homelessness, mental health issues and drug/alcohol dependency.
- Develop a 'Claimant Commitment' with the individual, which includes any actions they are required to undertake.

At WFIs all claimant must be prepared to answer questions (if asked) about such matters as their educational qualifications/vocational training; employment history and employment related skills; any current paid/unpaid employment; caring responsibilities; and any medical condition which puts the person at a disadvantage in getting a job.

Source: Author

Beyond the new claim stage, unemployed claimants are normally required to attend weekly or fortnightly reviews in person at their Jobcentre to show their job search activity and discuss any changes in circumstances. This review process is designed to encourage continuous job search, ensure that claimants meet benefit conditionality, and discourage fraud. The aim is that 'job ready' unemployed people should seek work themselves and make use of 'self-service channels', such as the free public online 'Find a Job' service. As the length of time someone is unemployed increases, they have less and less choice over the sort of work they can decline, and they are required to attend their regular in-person job search reviews and carry out mandatory activities that work coaches believe will increase their employability.

In 2010, what was called the '**Jobcentre Plus Offer**' gave DWP District Managers greater flexibility in delivering the activation regime whilst allowing front line work coaches some discretion over the frequency of interviews required and the employment support made available to claimants. The aim was to move away from an era of top-down, centrally designed national processes and interventions, towards a more flexible offer comprising four core elements (DWP, 2013):

- Core interventions which must be undertaken;
- Flexible interventions, the frequency and duration of which is decided by the work coach;
- Access to a flexible menu of back to work support; and
- Access to a Flexible Support Fund

DWP District Managers have since been empowered to decide when and how to support claimants, albeit some of that support may be subject to voluntary take-up or mandatory participation depending on the benefit being claimed. Claimants may also be referred to a variety of other labor market programs and the unemployed continue to be mandated to participate in a contracted-out Work and Health Program after they have been claiming benefit for two years.

Unemployed claimants may be subject to a more rigorous conditionality regime if the work coach considers they need more intensive support, especially as their period of unemployment becomes lengthier. This can include a 'Mandatory Intervention Regime' phase where work coaches can draw on all the employment measures available through the Jobcentre Plus Offer whilst providing more intensive, personalized support through more frequent meetings. The nature and frequency of the interventions is determined locally and on a case by case basis. It can, for example, include a period of 'daily work search reviews', where claimants attend the Jobcentre daily and meet a work coach with whom they are expected to discuss the progress made in looking for work and agree activities to undertake. It might include mandatory attendance at group sessions with practice job interviews and/or application form completion, skills assessments or more specialist support.

EMPLOYMENT SERVICES AND PROGRAMS AVAILABLE FROM JOBCENTRES AND THE 'JOBCENTRE DISTRICT PROVISION TOOL'

In addition to direct advice and job matching local Jobcentres continue also to deliver or refer service users to a range of more specific employment support interventions which are supported by the DWP. The most significant of these measures include:

- **Work Experience placements**, unpaid and predominantly for 18-24 year-old claimants who have little or no experience of work. Placements typically last for between two and eight weeks but can be extended for a further four weeks if an employer offers to take them onto an apprenticeship. Entry on to the scheme is voluntary and individuals can choose to leave the placement before it is complete.
- **Work Trials** are open to all claimants and involve a jobseeker working with a prospective employer for up to 30 days, at the end of which period the employer will decide if to employ them. The employer must have a genuine vacancy to be filled. Individuals participate on a voluntary basis
- **Sector-based Work Academies**, for 18-24 year-olds which combine an eight-week work experience placement with relevant pre-employment training and a guaranteed job interview in sectors of the local economy with high numbers of vacancies (see more detail in the following section).
- **Work Clubs**, run by community-based organizations, offer participating jobseekers a 'place to meet, exchange skills, share experiences, find opportunities, make contacts and get support'.

- **The New Enterprise Allowance** for claimants who wish to start their own businesses. This can pay a weekly allowance for up to 26 weeks (up to a total of £1,274) and give access to a loan to help with business start-up costs. Claimants must first discuss their proposed start up with a Business Adviser and, if accepted, attend workshops to help develop their business plan. A mentor will provide continuing support and advice after the business has started. The advice, workshop and mentoring services are contracted out and delivered by specialist providers.²³
- **The Work and Health Program**, a contracted-out program for people claiming health and disability related benefit or for unemployed claimants who have been out of work for over two years (see later section on providers of large scale contracted out services).

In April 2017 a distinctive **'Youth Obligation'** was also introduced, first in UC delivery areas, but gradually to be extended to cover all unemployed 18 to 21-year-olds claimants. Participation is mandatory from the first day of a UC claim with an intensive program of interventions in the first three weeks followed by regular contact with a work coach. If not placed in a job or training in the first six months the young person is then required to apply for an apprenticeship, traineeship, or take up a voluntary unpaid work placement for up to three months. This work placement is provided by a public-sector organization or a registered charity and aims to give participants the skills they need to move into sustainable employment.

Jobcentre District Managers and work coaches have access to a **'Flexible Support Fund'**, which complements the more generic programs available. The fund can be used by work coaches to provide individual support directly to jobseekers, such as, paying transport costs for job interviews or for work-specific clothing. Managers can also use the fund to support local partnership working and, through a national 'Dynamic Purchasing System' procure small scale, targeted local employment services (see Figure 12). The overall fund was allocated £136 million in 2014/15 but this was reduced to £70 million for 2017/18.

The range of local service and program provision, funded both by DWP and other organizations, is complex and can change rapidly. Each District therefore maintains a continuously updated local **District Provision Tool** on the DWP intranet which comprises a single location for details of locally available services, programs and specialist support. This contains one-page overviews of most standard Jobcentre offers but also hyperlinks to other intranet sites, external websites, leaflets, referral and application forms, comprising a directory of all relevant provision in the District. This information is available to all work coaches in the District, can be updated by them, and is used as a training tool with newer members of staff.

23. For more detailed guidance on the delivery of this program see provider guidance at, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/667406/new-enterprise-allowance-phase-2-provider-guidance.pdf

Figure 12: The Dynamic Purchasing System and the Flexible Support Fund

The 'Dynamic Purchasing System for the Provision of Work Focused Activities' is a national online system that enables the DWP to set up and maintain a list of accredited suppliers who meet minimum registration requirements. Providers can upload their own distinctive service offering in relation to broad national guidelines on the external support that local Jobcentres are likely to need. This may include services related to jobseeker engagement, moving towards work, getting and keeping jobs, and bespoke support for the hardest-to-help. The provider lodges a two-page detailed description of their provision, how it will be delivered, and the performance they would expect to achieve. JCP District Managers can then select a short list, negotiate a price and purchase provision using the Flexible Support Fund.

Because the provider has only to submit their offer once the procurement process is less time and resource intensive than previously, when separate offers would have been submitted in response to multiple local Jobcentre tenders. The system also enables smaller and medium-sized providers to contract directly with Jobcentres outside of the large prime provider model with which the DWP purchases larger scale national programs.

Source: Author

INTEGRATING EMPLOYMENT, SKILLS AND CAREERS GUIDANCE SERVICES IN THE UK

Reviews of the skill needs of the UK economy have highlighted the weak integration of employment, skills and careers guidance services and low levels of employer engagement. Most publicly financed vocational training and skills provision is commissioned, delivered and regulated separately from DWP provision, either by the Education and Skills Funding Agency in England or through other national bodies in Wales, Scotland and Northern Ireland. The result is that the commissioning and delivery of skills and employment support remains complex involving different Departments funding programs with varied eligibility criteria, targeting and rewarding different outcomes, and delivering across differing geographical areas (Simmonds, 2012).

Nevertheless, recent reforms have sought to better coordinate the employment, skills and careers guidance systems together. Jobcentres, for example, now screen claimants for job search skills; basic numeracy, literacy, digital and English language skills and, where necessary work coaches can mandate people to attend skills assessments and some training courses.

'Skills screening' is undertaken by work coaches who during interviews are expected to identify and assess the skills needs of a claimant in relation to whether they act as

barriers to the job goals identified and agreed in the individual's 'claimant commitment' and in relation to appropriate jobs available in the local labor market (see Figure 13). Coaches screen claimant abilities by observing the claimant's ability to read, write and/or speak English; and by gathering evidence of their skills, qualifications, previous training and work experience. Where the work coach is uncertain they can require claimants to complete a 'fast track screening tool' or 'English language screening tool'.

Figure 13: Skill needs identified by Jobcentre Work Coaches

Basic Skills	<ul style="list-style-type: none"> – <i>The ability to read, write and speak English.</i> – <i>The ability to use numbers at a level to function in work and society.</i>
English Speakers of Other Languages	<ul style="list-style-type: none"> – <i>The ability to communicate effectively in English.</i>
Specific Work Skills Need	<ul style="list-style-type: none"> – <i>Skills required for specific occupations/sectors that are appropriate to the claimants stated job goals.</i> – <i>Other skills needed to do a job.</i>
Generic Work Skills	<ul style="list-style-type: none"> – <i>Time management.</i> – <i>Soft skills such as confidence building.</i> – <i>Communication.</i>

Source: Author

Unemployed claimants who are identified as having poor basic skills or English speaking and listening skills can be mandated to attend a full skills assessment and to participate in subsequent relevant provision or be subject to sanctions. In England unemployed claimants can be required to participate in up to three skill assessment meetings with the 'National Careers Service' (see earlier Figure 6) or with a contracted training provider. The results from these independent skills assessments are measured against national standards to ensure the external providers make appropriate decisions about which skills training courses to recommend to claimants. These assessment interviews may take place in the Jobcentre or in the separate premises of the provider.

The DWP also funds 'sector-based work academies' with training providers targeted at improving the skills and job prospects of younger unemployed claimants (see Figure 14). Many DWP contracted providers also win contracts to deliver separately funded skills provision and, under certain conditions, can, and are encouraged to place unemployed claimants in vocational traineeships and apprenticeships.

Figure 14: Sector-based Work Academies

Sector-based work academies are offered in England and Scotland. They are aimed at claimants who are considered relatively ready for employment, with no basic skills needs. Claimants are offered sector-specific training and work experience placements for a period of up to six weeks, followed by a job interview with an employer.

The programme is demand-led and run in industries with high volumes of local vacancies, therefore spanning a broad spectrum of sectors: teaching; retail; hospitality; transport and logistics; food; care; manufacturing and engineering; agriculture; and administration are examples of sectors the programme has operated in. Sector-based work academies are delivered in partnership between Jobcentres, employers and training providers.

- A sector-based academy can last up to six weeks and placements have three main components:
- Sector-specific pre-employment training of up to 30 hours a week;
- A work experience placement with an employer; and;
- A guaranteed job interview linked to a genuine vacancy.
- The three elements can be run in any order as long as the guaranteed job interview does not take place before the pre-employment training.

There is no standard approach to designing a sector-based work academy. Jobcentres are free to deliver flexible placements to meet the needs of employers, claimants, and training providers. The DWP's National Employer and Partnership Team negotiate with national employers to secure suitable job vacancies. Opportunities may also arise via a direct approach from local employers, colleges, training providers or local business partnerships. Jobcentres engage with employers and training providers early in the process to ensure they can offer suitable training, work experience and guaranteed job interviews and that there are vacancies for participants to apply for. These vacancies can be for jobs or apprenticeships. Jobcentres offer a co-ordinator or single point of contact for training providers and host employers once the programme is underway.

An important feature of the academies is that they offer a flexible approach and can be adapted to meet the needs of employers. If an employer is unable to offer all three components, Jobcentre staff may be able to work with a group of small employers in a consortium approach. There is no direct cost to an employer as the costs are covered by government funding.

Participants remain on benefits throughout the period of the sector-based work academy. The Jobcentre will pay any travel and childcare costs whilst a participant is on the work experience placement. Claimants' decision to participate is voluntary, but attendance becomes mandatory once a claimant has accepted a place.

Source: DWPRR, 2016.

JOBCENTRE SERVICES FOR EMPLOYERS AND THE RAPID RESPONSE REDUNDANCY SERVICE

Jobcentre Plus plays an important role in labor market matching throughout Britain. It provides a range of recruitment and advisory channels which employers can access free of charge. Jobcentres also play a significant role in assisting employers who are creating jobs through major programs of expansion or inward investment and it also assists employers, and their workers, when they are making significant redundancies in local labor markets. An estimated 330,000 employers advertise vacancies through Jobcentre channels each year, although half of these jobs are advertised by private recruitment and temporary work agencies (JCP, 2011).

There is no legal requirement for employers to advertise their vacancies with the PES. It is only when an employer is planning to make more than 20 redundancies that they must give the separate 'Redundancy Payments Service', acting on behalf of the Secretary of State for Business, Energy and Industrial Strategy, at least 30 days' notice. The government has a statutory obligation to aid in such circumstances. The RPS collects the information and distributes it to Jobcentre Plus and other agencies who offer job brokering services and/or training services, including a Jobcentre 'rapid response service' (see below).

Each Jobcentre District has an 'employer engagement manager' and engagement plan and a team of local Jobcentre 'Employer Advisers'. The manager is responsible for monitoring and promoting employer engagement across the district and supporting the local specialist advisers. The advisers are expected to promote Jobcentre services to employers; liaise with employers and assist with their vacancies and recruitment needs; and collect and disseminate information on local labor market trends and developments. They should also liaise closely with Jobcentre work coaches, passing on information about vacancies and the requirements of local employers.

The PES targets most of its services for employers, and builds relationships with, those businesses that have vacancies and opportunities for the claimants and priority groups that Jobcentres are required to work with.

The employer services provided through Jobcentre Plus fall into a range of categories;

- **Vacancy Advertising Service.** This is provided through the online 'Find a Job' site (see Figure 10). This includes vacancies from across the UK and Europe. Employers can upload and advertise their vacancies and seek and select potential recruits. The PES has a responsibility to ensure that such vacancies meet legal requirements and must investigate and remove listings that are not appropriate or exploitative.
- **Employer Services Support Line.** There is a single national telephone support line through which employers can get practical support and advice about recruitment, including how to draw up accurate job descriptions and more effectively advertise the terms and conditions of their vacancies.
- **Recruitment Advisory Service.** The telephone support line can act as a gateway to an enhanced service where specialist Jobcentre advisers work with employers who are willing to recruit benefit claimants and Jobcentre priority groups. These advisers may work with training providers and other partners that enable an

employer to access additional services, for example, through pre-employment training (specific to the employers' job requirements) including sector-based work academies.

- **National Employer Service Team.** This team works with large multi sited businesses to understand employer needs, promote Jobcentre programs and services, and help shape recruitment practices that will provide opportunities for unemployed claimants and Jobcentre priority groups.
- **Rapid Response Redundancy Service.** This service is designed to give support and advice to employers and their employees when under threat of redundancy. It is co-ordinated nationally by the DWP's National Employer and Partnership Team and is managed by Jobcentre Plus. Delivery partners include Jobcentres, the National Careers Service, local training providers, and other stakeholders, such as local government. The range of support available can include information, advice and guidance; help with job search, including CV writing, interview skills, where to find jobs and how to apply for them; support to identify transferable skills and skills gaps (linked to the local labor market); training to update skills, and help to overcome barriers to attending training or securing a job or self-employment, such as child care costs, necessary tools, work clothes and travel costs. For very large redundancies, the RRS may provide services at the employers' premises.

Another set of employer related services and programs are specifically designed to encourage and enable them to recruit, or retain in employment, people with health problems and disabilities. These interventions include:

- **Disability Confident** is a campaign that challenges negative attitudes to disability and disability employment, and encourages employers who commit to taking part to act to improve how they attract, recruit and retain disabled workers (see <https://www.gov.uk/government/collections/disability-confident-campaign>).
- **Access to Work** provides resources to help meet the support needs of individuals in the workplace where they go beyond reasonable adjustments which employers are legally required to meet under the Equality Act 2010. In 2016/17 Access to Work invested around £100 million to support 36,000 disabled people. The government has committed to increasing the numbers supported to 100,000 by 2022 (see <https://www.gov.uk/access-to-work>).
- **A Small Employer Offer** is being rolled out across Britain, currently covering half the country. It provides smaller employers with support to create more job opportunities for disabled people and people with health conditions. Jobcentre advisers work with employers to create tailored in-work support for employees and provide advice and support for employers on workplace adaptations. Small employers can apply for a payment of £500 where employment continues for three months.

THE PES AND CONTRACTED OUT EMPLOYMENT SERVICES

Over a long period, the DWP has complemented the work of Jobcentres by commissioning complementary employment services from a diverse network of non-profit and for-profit organizations. These contractual quasi-market arrangements give the Department important advantages. External providers give access to specialist services that may be too expensive for DWP to provide. Such providers may also act as a source of innovation and they can provide a benchmark against which to measure the cost and effectiveness of Jobcentre provision. Most importantly the scale of contracted out services can be quickly adapted in response to rising or falling levels of unemployment and changing government priorities. There are risks, however, especially where strong financial incentives mean that providers may concentrate efforts on service users more easily placed in jobs ('creaming') whilst harder-to-place participants receive only minimal services ('parking'). The Department counters such risks through contract design, monitoring and regular performance management (Finn, 2012).

In 2004/05 the DWP was purchasing employment services from a national network of an estimated 2,000 for-profit and non-profit organizations. Contracts typically lasted for three years and together were worth about £1 billion per year (then equivalent to about a third of the cost of Jobcentre services). Regional Jobcentre officials were largely responsible for contract design and management.

By 2007 there was dissatisfaction with JCP control of the contracting process, patchy provider performance, and the complexity of the different programs purchased. An independent review found that the Department was procuring services through multiple complex contracts from a relatively small number of providers (Freud, 2007). It concluded that existing national contracting arrangements were inadequate and discouraged these more significant providers from investing in their service delivery capacity. The review culminated in the development of a 'Commissioning Strategy' which included innovations and procedural changes that have since shaped the employment services market (DWP, 2014). The core elements of the 'prime contractor' approach comprise:

- **Payment-by-results:** The DWP payment system now mostly rewards longer term employment outcomes differentiated in relation to the severity of the barriers faced by participants. Because outcome payments are paid in arrears providers cannot recover the money, they invest in services without getting participants into employment. The value of these job outcome measures is that they directly reflect the Governments priorities, are relatively simple to check, and are easy for those delivering employment services to understand and relate to their day-to-day operational practices.
- **Service standards and flexibility:** In return for accepting more risk prime providers are given greater flexibility to design their service delivery system, albeit contracts may specify varying levels of minimum service standards. This gives providers freedom to use their expertise and to innovate but may make poor service delivery and 'creaming' and 'parking' harder to detect.
- **Prime providers and supply chains:** Contract durations (usually five years) and large 'Contract Package Areas' (which guarantee a large volume of participants) are designed to attract well capitalized prime providers who can manage the risk associated with payment-by-results. Prime providers, who may deliver

some services in-house, may also choose to deliver services by marshalling and managing an appropriate blend of smaller subcontractors to deliver services for a wide variety of participants. The prime provider model excluded many smaller, specialist and often non-profit organizations, although smaller providers can now directly compete for local Jobcentre 'Flexible Support Fund' provision through the separate Dynamic Purchasing System (see Figure 7).

The payment-by-results contracting approach was first fully implemented in the large-scale Work Program which operated between 2012 and 2017. The Work Program replaced some 13 earlier contracted out employment programs and was delivered by 18 mostly for-profit prime contractors. Some two million claimants were referred to the program most of whom were long term unemployed or who were in receipt of a disability benefit but considered capable of returning to work within a year.

Implementation of the Work Program attracted criticism and was punctuated by negative media coverage about weak performance, the poor quality of services, the limited role of non-profit and specialist subcontractors, and the interaction with the Department's stricter sanctions regime (WPC, 2013). There was evidence that the payment-by-results funding model failed to provide sufficient incentives for providers to invest in participants who required more complex, sustained or costly interventions (albeit performance showed improvement in the final years of the program). Despite the criticisms subsequent assessments concluded that the Work Program improved value-for-money by generating sustained employment outcomes equivalent to the schemes it replaced at half the cost (NAO, 2014). Prime providers developed service delivery models that were cost effective (and profitable for the contractors) and which helped many long-term unemployed people, especially those aged between 18 and 25 years, into sustained employment (see Annex 1).

By 2017 long term unemployment had fallen dramatically and contracts for the Work Program, and a smaller specialized disability-related program, were not renewed. A smaller five-year Work and Health Program was introduced to cater for up to 40,000 referrals a year (with a budget expected to peak at £130 million a year, worth 80 per cent less than that of the programs it replaced). The new program delivers specialist *voluntary* support for claimants with health conditions or a disability and *mandatory* support for some of those unemployed for over two years. Delivery is the responsibility of a small number of prime providers, each separately covering large geographical areas, with 70 per cent of their funding tied to securing sustained employment and 30 per cent paid as monthly service fees. A major consequence of scaling down the Work Program is that Jobcentres increasingly cater directly for more of the long term unemployed and for higher numbers of individuals with health conditions and disabilities who may not qualify for the Work and Health Program.

Within this changed approach to procurement, the Department recognized its role in market stewardship and ongoing dialogue and partnership with and between providers. Before 2010 the DWP helped facilitate the establishment of a now wholly independent industry representative body, the Employment and Related Services Association (ERSA). This association brings together both prime providers and many smaller providers and seeks to develop the capacity and professionalism of the sector, whilst also representing the views of providers in dialogue with the Department and other public-sector

purchasers. Members of ERSA sign up to a code of practice. Compliance is voluntary and auditing minimal, but this sets out an ethical framework and principles guiding how providers should deliver services.

JOBCENTRES WORKING IN PARTNERSHIP WITH PRIVATE RECRUITMENT AND TEMPORARY WORK AGENCIES

Private Recruitment and Temporary Work Agencies (PR&TWAs) play an important role in the UK labor market. In 2013/14 the industry association estimated that the sector helped more than 630,000 people find regular employment and on any given day 1.15 million people were employed on a temporary or contract assignment secured via a PR&TWA (REC, 2014). The sector is comprised of a small number of large, mainly national and international providers, with multiple branch offices, complemented by a greater number of specialist and smaller agencies operating at a local or regional level (many of which employ less than ten employees).

There is debate about the merits of PR&TWAs and their relationship with poor employment practices and non-standard employment contracts (Maroukis, 2015). While many agencies adhere to good working practices, there have been problems with exploitative practices in some parts of the industry. Another significant development has been an increase in the number of other intermediaries which use 'contrived contracts' to disguise employment relationships. Common contrivances include disguising temporary employment as self-employment and/or devising contractual arrangements whereby agency workers do not pay their full tax liability or social insurance contributions (Seeley, 2015).

There is no general registration or licensing system for PR&TWAs in the UK. The legal framework governing their regulation is contained in the 'Conduct of Employment Agencies and Employment Businesses Regulations' (2003). These regulations prohibit agencies from fee-charging and from other poor employment practices. In the UK the oversight of regulations and PR&TWA employment practices has been fragmented and, in most sectors, has been 'light touch'.

Two sectors are, however, regulated more strictly. The first concerns nursing and domiciliary care agencies where agencies may need to be registered with the Care Quality Commission in England (or equivalents in the other UK countries). The other registration requirement regulates agencies (commonly known as 'Gangmasters') which supply labor in the farming, food processing and shellfish gathering sectors which together include some of the lowest-paid and most vulnerable workers in the UK (Maroukis, 2015). Legislation to regulate this sector was introduced in the wake of the death of 23 immigrant Chinese shellfish pickers in a tragedy in 2004. The workers were left to drown by their employers as a fast tide swept in around them at Morecombe Bay in Lancashire. The unregulated Gangmasters were subsequently convicted of manslaughter, and some deported back to China. The Gangmasters Licensing Authority (GLA) has its own inspectors who ensure that regulated agencies meet minimum employment standards. The GLA also works closely with law enforcement bodies to identify, disrupt and dismantle serious and organized crime, including people trafficking and other related illegal exploitative employment practices associated with the sectors it is responsible for.

The regulatory approach of the UK government was tightened further in 2016 when several different regulatory agencies were brought under the control of a single Director of Labor Market Enforcement located in the national Department for Business, Energy and Industrial Strategy. The Director is responsible for setting and reporting on a 'National Labor Market Enforcement Strategy' (Metcalf, 2018) and steers the work of the previously separate Employment Agency Standards Inspectorate; Gangmasters and Labor Abuse Authority; and the National Minimum Wage enforcement team previously based in the Treasury.

The DWP has no direct role in regulation but Jobcentres have multiple relationships with the PR&TWA sector. In addition to the role that private agencies play in the direct delivery of employment and skills programs; the British PES has since the 1980s had a formal partnership agreement with the 'Recruitment and Employment Confederation' (REC). The REC is the peak body for PR&TWAs and has about 3,500 member businesses, with more than 7,700 branches, representing 80 per cent of the UK recruitment sector by turnover. The REC was established in 2000 by the merger of the Institute of Employment Consultants, which was the professional association of individual members of the recruitment industry, and the Federation of Recruitment and Employment Services, which was a trade association for the corporate industry. The REC continues also to represent more than 5,700 individual members in what is now called the Institute of Recruitment Professionals.²⁴

The most recent version of the partnership between the PES and the REC was agreed in 2012. Its aim is to drive engagement between recruitment agencies and Jobcentres both nationally and locally. The objectives in the agreement commit both parties to:²⁵

- Help people into work by giving them the right support and the best opportunities for training and jobs.
- Share expertise to create the best ways of helping people back into work deliver a professional service that will show the positive results that recruitment agencies and Jobcentres achieve every day.
- Promote the benefits of a diverse workforce by offering employers clear guidance and support to attract and recruit the widest possible range of people seeking work.
- Share good practice and promote initiatives that can make a difference to employers and jobseekers.
- Act as champions against discrimination and challenge unfair employment policies.

Amongst other commitments the REC and the DWP agreed to developing joint working arrangements to:

- ensure claimants are aware of the benefits of working with recruitment agencies;
- communicate the objectives of the strategy to Jobcentres and agencies and provide support to enable delivery where appropriate; and
- to prepare each other for changes to services and the welfare reform agenda.

24. For more information see <https://www.rec-irp.uk.com/>

25. <https://www.rec.uk.com/about-us/rec-partners/jobcentre-plus-partnership>

As part of the agreement, senior representatives from the REC and Jobcentres meet on a quarterly basis to share intelligence on the latest labor market trends and to identify policy challenges and where required, approach government about them. DWP managers may also attend REC sector group meetings and regional policy forums (EJML, 2011).

One practical example of collaboration concerned a short-term program introduced during the 2009 recession when there was increased unemployment amongst more experienced and higher skilled workers, including managers and professionals. These claimants had different needs from most Jobcentre clients. The DWP approached the REC in early 2009 to explore ways in which recruitment agencies could provide additional support to jobseekers in this 'professional' category.

The 'Job-search support for newly unemployed professionals' program ran from April 2009 until March 2011 and was aimed primarily at unemployed people who had recently left a professional or executive job. Interested agencies had to formally register their interest to the DWP, apply and be accepted as a supplier of support services through the initiative. The agencies' role was to advise jobseekers referred by Jobcentre advisers about the best way to go about finding new employment. The agencies were paid a fee of £150 and provided a range of support which could include mentoring and coaching; motivational support; assistance in writing updated CVs; providing market information about job prospects and facilitating job matching. There was no formal evaluation or monitoring of outcomes, but the program assisted over 80,000 jobseekers.

There is little detailed information on how Jobcentres handle vacancies notified to them by private employment agencies and TWAs, but unemployed claimants can be encouraged to consider temporary jobs and registering with private agencies counts as one of the steps to be taken to show a claimant is actively seeking work. Non-standard employment vacancies are now more prevalent and TWA and other temporary jobs constitute over one third of new job starts. Leaving a temporary job is also one reason why almost half the unemployed people who find jobs return to make a new benefit claim within twelve months.

2.5 THE INSTITUTIONAL CAPACITY OF THE BRITISH PES

International comparisons show that the UK spends less on active labor market programs than many other European countries (OECD, 2014). The UK also has different priorities and invests mostly in job search and job brokering, and much less than other countries on employment subsidies, vocational training and temporary job creation. This difference in approach reflects British findings that suggest investment in Jobcentre work-first activation and targeted employment services is more effective. This contrasts with the 1980s when the UK invested in large scale temporary job creation and training schemes that did little to connect large numbers of the long term unemployed with jobs. The DWP now invests in a smaller array of targeted DWP-funded labor market programs designed to complement the work-first activation regime.

Preceding sections of this report have shown how the institutional capacity of the PES has changed so that it is able to deliver government employment policy priorities and austerity-driven public expenditure reductions. Expenditure on Jobcentres and

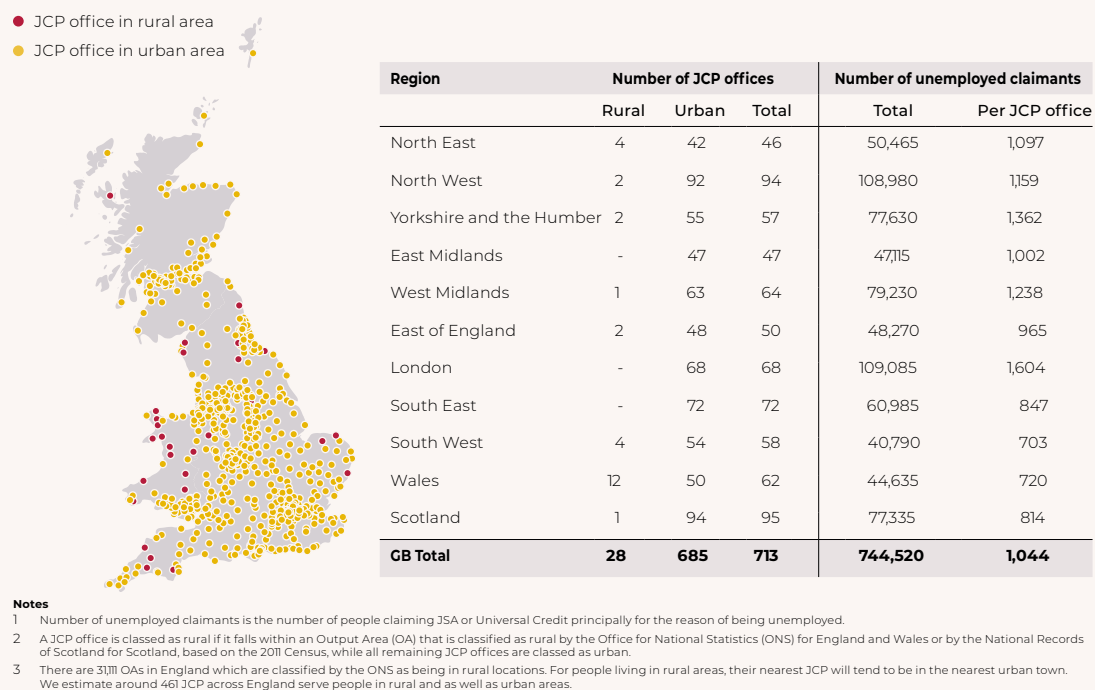
contracted out employment programs peaked in the years after the recession, especially those payments made to providers who were delivering services to the long term unemployed. Allocated funding for providing JCP services for 2016-17 was just over £1 billion, projected to increase in the period to 2020 to an estimated £1.5 billion in cash terms. This increase is deceptive in that over this period Jobcentres are being expected to provide intensive services to a greater and more diverse population of claimants, because of UC reforms and cuts made in contracted out employment programs. The Department has also reduced its spending on employment programs. The Work and Health Program (WHP) will assist less than a quarter of the participants of the programs it replaced. It is estimated that the budget for the WHP budget will be £130 million a year by 2019/20. This contrasts markedly with the combined expenditure of £540.8 million in 2015/16 on the programs it replaced (HoCRP, WHP, 2018).

The further successful development and delivery of the DWP's digital services is central to future PES institutional capacity, as is the continuing implementation of the work-first activation regime delivered through the national network of Jobcentres and front-line work coaches. It is clear also that, in a context of diminishing resources, the PES will have to develop more effective partnership working, especially in the way that it coordinates its services with local government and other stake holders.

THE CHANGING JOBCENTRE NETWORK

In 2016, most Jobcentres were in urban areas and half the 28 offices in rural areas were in Wales (see Figure 15). An interactive online data tool, published by the National Audit Office, suggests that in urban areas 89 per cent of claimants were within 30 minutes of their nearest Jobcentre by public transport. In rural areas only 35 per cent of claimants were within 30 minutes, 75 per cent of claimants were within 45 minutes and 90 per cent were within 60 minutes. These nominal travel times do not consider factors that complicate journeys, such as the frequency, reliability, and cost of services.

The network of front-line Jobcentres was reduced to 713 offices in 2017 with the number of stand-alone Jobcentres planned to fall to just over 600 by 2020. The government has justified the reduction in the number of Jobcentres because the ending of a 20-year property leasing deal in March 2018 enabled it to rationalize the network, vacate underutilized office space, and save money. This extra space has been generated by a decline in staff numbers, the automation of back office processes, the increased use of digital services by claimants, and the marked fall in the number of unemployed claimants. Many small Jobcentres have been closed but others have or will be co-located with local government or with other service providers. Most of the closures are taking place in London and the North West, with fewest in Wales and the North East.

Figure 15: The Jobcentre Network 2016

Source: <https://www.nao.org.uk/wp-content/uploads/2016/06/Future-of-JCP-memorandum-select-committee.pdf>

STAFFING WITHIN JOBCENTRES AND THE ROLE OF WORK COACHES

The DWP no longer publishes information on overall staffing levels in Jobcentre Plus. One report from 2017, however, suggests that of approximately 84,300 staff employed across the seven groups within the DWP, approximately 20,000 practitioners were employed in Jobcentres²⁶. There were also an estimated 1,500 employer engagement staff, specializing in work with employers. An official estimate from the Office for Budget Responsibility reports that the Department plans to employ some 13,000 work coaches when UC is fully implemented.

The 34 DWP Jobcentre Districts comprise varied numbers of front-line PES offices. Local staffing structures at the District level and in Jobcentres vary, reflecting the size and composition of the claimant population to be served, differences in local labor markets, and local management choices. Local flexibility is constrained however by central guidelines, performance targets and standard operating procedures.

Most Jobcentres have two core managers cooperating with each other and reporting back to the District Manager. The *Jobcentre Manager* is responsible for the effective delivery of all non-work focused interventions, employer and customer service, and site management (including premises, health and safety, and so on). A separate *Works Service Manager* is responsible for the Advisory Services Team which delivers work-focused claimant interventions, and is expected to:

- lead a team of work coaches supporting them to achieve a professional qualification;

26 See http://www.lmiforall.org.uk/case-study_intro/dwp/

- be accountable and responsible for the professionalism of the Advisory Services Team;
- be accountable for the effective delivery of off flow, conditionality and performance of the team within agreed resource allocation, policy and guidance; and
- undertake ongoing professional development to validate their own management and coaching skills to ensure they can provide skilled feedback to support their work coaches;

It is expected that 80 per cent of the time of the *Works Service Manager* will be spent inspiring and motivating their team of advisers; giving direction; observing interviews, giving feedback, coaching; mentoring, holding case conferences, running team learning sessions and ensuring the environment encourages work coaches to perform to their potential.

Both Jobcentre and Works Services Managers have a responsibility to ensure smooth communication and information exchange between their respective teams, especially ensuring that knowledge of labor market and employer information is shared by Employment Advisers, who report to the Jobcentre Manager, with the advisory teams.

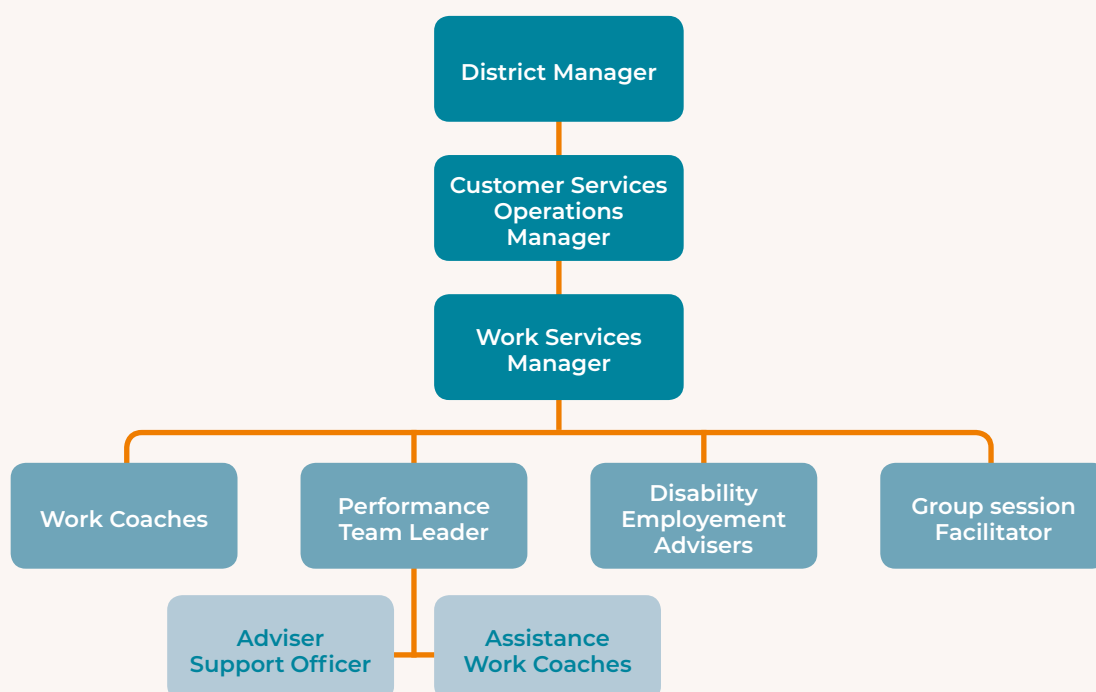
The Advisory Services Team structure brings together all Jobcentre work-related claimant interventions and staff under one banner to present a unified, coherent and personalized approach to helping claimants move into work. There was significant change from 2011 when the responsibilities and role of the more senior front-line advisers, previously known as 'Personal Advisers', were gradually changed with advisers retrained as work coaches to deliver the activation policies of the government. All work coaches are now required to complete a professional apprenticeship which takes 18 months and is comprised of on-the-job, online and periods of off-site training.

Work coaches have mixed claimant caseloads and their primary role is to support their clients into work by 'challenging, motivating, providing personalized advice, and using knowledge of local labor markets'. They are employed at Executive Officer level in the civil service and, in 2018, paid between £24,000 and £26,000 a year (OBR, 2018). Work coaches also act as a gateway and provide referrals to a wider range of support and services, especially for claimants with health problems and disabilities. There may also be a 'Group Session Facilitator' responsible for developing group activities for claimants referred by work coaches.

A smaller group of some 500 specialist Disability Employment Advisers (DEAs) and Work Psychologists based in Jobcentres advise and support work coaches (as well as having their own caseloads of more complex cases). DEAs are trained to have an enhanced awareness of disability issues and are required to act as an expert resource in the Jobcentre, developing an in-depth knowledge of the labor market, local services and provision (contracted and noncontracted) and new initiatives and services relevant to their client groups. Recently this activity has been supplemented in 200 Jobcentres by the (initially) one year secondment or appointment of 'Community Partners' who have a lived experience or expert local knowledge of disability to strengthen the understanding of the needs of disabled people and those with health conditions, and the ability of advisory team members to tailor appropriate support.

Work coaches and the specialist advisers are supported by *Assistant Work Coaches* who review claimant job search activity outside of the more intensive and lengthier advisory interviews undertaken by work coaches. The assistants are often co-located with work coaches enabling the assistants to follow through on the activities agreed in work coach interviews. It varies locally but there may also be an *Adviser Support Officer* who facilitates the accurate payment of benefits and reporting changes in circumstances. These support staff are managed separately by a Performance Team Leader (PTL) who is responsible also for effective control and management of work coach appointments, particularly the setting up of diaries, using forecasts and schedules to anticipate expected numbers of interviews and plan accordingly. The PTL reports to the Work Services Manager (see Figure 16).

Figure 16: Jobcentre Advisory Services Organization Chart



Source: Author

There is much variation in staffing levels of individual Jobcentres but in an interview with a senior manager in June 2018 it was estimated that in a typical Jobcentre in London some ninety staff were employed, of which about half were employed in advisory roles with claimants and employers.

The effectiveness of advisers and the size of their caseloads are shaped by which clients they are expected to work with, the tasks they are expected to do, and the frequency with which they are expected to meet clients. By 2016 there were about 11,000 work coaches in Jobcentres, each of whom was responsible for a caseload of around 100 unemployed claimants, conducting 10 to 20 claimant interviews per day (WPC, 2016). This compares to Jobcentre adviser caseloads in 2010 which varied between 118 and 213, with a national average of 168 (NAO, 2013, p. 18).

JOBCENTRE PARTNERSHIP WORKING AND THE RELATIONSHIP WITH LOCAL GOVERNMENT

DWP District Managers are supported by a *Customer Services Operations Manager* to whom Jobcentre and work services managers' report. The District Manager is supported also by specialist *Partnership Managers* or *Community Engagement Managers* who are expected to engage strategically with local stakeholders, including local government and in England employer-led Local Enterprise Partnerships. At local level Jobcentre managers and their staff liaise and play an important role in providing intelligence for other organizations, including information on benefit changes, the nature of the local labor market, the profile of workless claimants and the nature of demand from employers. DWP Districts are expected also to support the integration of employment and skills provision and to coordinate partnership priorities with the activities of the providers that the Department contracts with to deliver programs and services. The commitment to partnership working is largely voluntary, however, and local authorities, and LEPs, have no direct role in the design or commissioning of core Jobcentre support and only limited influence on how resources are deployed to meet local needs (Finn, 2015).

In contrast with most other OECD countries local government plays only a limited role in the design, commissioning and delivery of employment services for working age claimants. Local government is, however, a key agent in delivering other social services and in promoting economic development. Many British local authorities have developed a leading role in regeneration policies and job creation, especially in areas of high unemployment, and have developed related skills and employment programs to ensure residents can access opportunities. Local authorities also have responsibility for a range of other social services which play an important role in supporting poor people to obtain cash benefits and employment, including childcare services, welfare rights advice and funding specialized social inclusion services that work with highly disadvantaged groups, such as the homeless, refugees, and so on. *Local authorities and Jobcentres work in partnership on a range of issues but there is much variation in the quality of the relationships and extent of local partnership working* (Learning and Work Institute et al, 2016; Finn, 2015).

The implementation of welfare reform, UC, and the wider devolution agenda are having a major impact on the ways in which Jobcentres, local government, and other providers, coordinate and align their services. The new 'combined local authorities' have also been given new powers which may enable them to integrate aspects of employment and skills provision and, in England they have helped co-design and vary aspects of the Work and Health Program services.²⁷

Partnership working and service coordination has always been largely voluntary, however, and local government, and even the combined local authorities, have only a limited influence in the design or commissioning of Jobcentre support and on how resources are deployed to meet local needs. The DWP approach to localism has been shaped by the requirement to meet centrally defined national objectives designed to reduce the number and duration of unemployment benefit claims. This target-driven approach

27. In 2017-18, local areas including London, Greater Manchester, Sheffield City Region, the North East, Tees Valley, Liverpool City Region and the West Midlands worked with the DWP to co-design and co-commission (in the case of Manchester and London) the Work and Health program. In Scotland the budget was devolved enabling the Scottish Government to design and commission its own program.

is changing, however, as the DWP and Jobcentres develop services for, and work with groups not well served by mainstream employment services, including 'troubled families'²⁸, disadvantaged young people and other jobseekers not claiming benefits, and those on disability benefits who are not eligible for mainstream employment services.

The pressure to work more collaboratively has further increased as Jobcentres and work coaches become a gateway to complementary services for low paid workers, claimants with limited work capacity, lone parents with younger children and the partners and wives of benefit claimants. This need to provide for a more diverse and challenging caseload of working age claimants requires the DWP and Jobcentres to work more flexibly and collaboratively. Two significant service delivery developments concern outreach and co-location. DWP employment advisory services are now delivered from over 1,100 external locations, including community and child-care centers, prisons, and so on. Experiments in co-location have tested different approaches to partnership work where, for example, skills, careers, financial services and Jobcentre employment support are delivered alongside each other. *This co-location of services is being explicitly developed as the DWP rationalizes the Jobcentre network and it is being facilitated in combined local authorities where local government and other partners are seeking new ways to better coordinate employment, skills and other services.*

In some areas Jobcentres are becoming part of more systematic, networked systems of local employment assistance and benefit services. These networks are building on existing reforms where, in varied localities, councils, Jobcentres and other service providers have agreed strategic objectives on poverty reduction and increasing local employment. They have developed more systematic local partnership and cross-referral arrangements to coordinate service delivery. In some parts of Great Britain this had already resulted in better aligned, and sometimes co-located, services where, for example, skills, careers, health and money advice services, and DWP employment support are delivered alongside each other on a part-time or full-time basis (Learning and Work Institute *et al*, 2016). Over the next ten years it is anticipated that such local delivery networks will further develop to deliver locally designed and better coordinated employment and health services (DWP and DH, 2016).

28. 'Troubled Families' is a program of targeted intervention for families with multiple problems, including, for example, truancy, anti-social behavior, and unemployment. Local authorities identify 'troubled families' in their area and usually assign a key worker to act as a single point of contact. Central Government pays local authorities by results for each family that meet set criteria or move into continuous employment. The second phase of the program is scheduled to assist an additional 400,000 families between 2015 and 2020.

ANNEX 1 : EMPLOYMENT SERVICES DELIVERED BY WORK PROGRAM PRIME PROVIDERS

The type of services typically offered by Work Program prime providers included (Finn, 2016):

- **Case Management:** This included referral, intake and 'attachment' activities, the development of an individual activity plan, assessment of the need for services, case monitoring and tracking, and the initiation of sanctions for noncompliance with employment or work activity requirements.
- **Employment Services:** Prime contractors operate work-first policies with an emphasis on job search and placement balanced now by the need to retain people in employment. Services typically included individual and group job search and placement assistance, as well as referrals and linkages to more intensive employment programs, such as work experience and vocational, usually job-specific training.
- **Support Services:** These included temporary assistance with child care and transport, referrals to other services, and signposting to longer term services that may be accessed whilst in employment.
- **Specialized Services:** These included direct services such as medical condition management, physical rehabilitation and physiotherapy, as well as referral to organizations that specialize in meeting the needs of particular groups, such as those with mental health conditions, drug treatment needs, debt advice and so on.
- **In-work, Retention and Re-engagement Services:** This typically included post-placement support from an adviser to help manage the transition into employment through to the time the job outcome payment was paid. This was followed by call center follow-up services to both confirm employment status for the provider to claim sustainment payments and to promote swift employment re-engagement where participants had left their jobs.

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CHAPTER 3.

**The role, organization and services
of the Belgian-Flemish Public
Employment Service: Vlaamse Dienst
vor Arbeidsbemiddeling (VDAB)**

3.1 NATIONAL CONTEXT AND HISTORY OF VDAB

Flanders covers 44.8% of Belgium's territory with 6,6 million of the 11.3 million overall inhabitants of Belgium. The region represents the majority of the country's industry, Flemish productivity per capita is about 13% higher than that in Wallonia, and provides more than 50% of the national gross domestic product (GDP). The exports from Flanders have a value of 80% of Belgian GDP (partly due to the trade of goods arriving in the Antwerp harbour). Neighbouring countries, France, The Netherlands, Germany and UK take more than half of the total export of Flanders (Statbel, 2018).

66.8% of the Flemish working age population were in work in 2017 (compared to 63.5% in Belgium) and only 4.9% were looking for work (compared to 6.4% in Belgium). As at the national level, a combination of a high level of employment among people aged between 25 and 54, and low employment rates among those aged under 25 or over 55, can be seen in Flanders too (in 2018, only 49.6% of people aged 55 and over are employed and over 16% of people under 25 are unemployed, although both figures improve slightly compared to previous years). 1.28 million Flemings are over the age of 65, which represents an increase of 2% compared to 2007. Whereas the overall employment rate is comparable with the OECD, the share of the inactive population is high in comparison with most OECD and EU countries (see figure 1 in the annex). In 2017, 72% of the adult population was active (either unemployed or employed), while the EU figure is 78%. There are also comparatively large differences in activity rates across population groups (OECD 2017).

Flanders scores quite well on generic labour market indicators within the European Union, the employment rate among vulnerable groups, however, is a weak point. The number of young people leaving education without qualifications has fallen in recent years, but in 2016 still stood at 6.8% and these people have little chance of quick job integration. Although this is still a comparatively low figure compared to the average of EU countries it poses a clear long-term challenge for Flanders. Only half of job seekers with lower skill levels have a job and few people over 55 (46.7% of those aged 55 to 64 in 2016), immigrants (53% of those aged 20 to 64 and not born in one of the 28 members of the EU in 2016) and the disabled (41% of those aged 20 to 64 in 2016) are in work.

The number of jobs is higher in Flanders relative to the other regions of Belgium. This is why few Flemings work in Wallonia or abroad. The Brussels Capital region attracts the most mobile workers from Flanders; in 2016 nearly 8% of Flemings worked in the capital region (European Commission, 2018).

The accelerated process of deindustrialisation in the last decade has caused the loss of a quarter of industrial jobs since the 1980s. Industry (including the construction industry) accounted for 21% of total employment in 2016. As a result, there are hardly any industrial enterprises among the major employers anymore. Service providers in 'communication and transport', 'finance' and 'distribution' offer the biggest share of employment. The private services sector makes up 47% of total employment, while public and subsidised services account for 31%. While Flanders has been preparing for this shift since the 80's and tries to define society and labour market as innovation-driven and flexible, the changing requirements in skills remain a constant challenge. The structural employment

shifts, especially from industry to services, technological advances and globalisation have resulted in changes in the job qualification structure. There is an increasing number of jobs in Flanders that require highly qualified workers, while there is a decreasing trend in jobs for which mid-level qualifications would be sufficient. Jobs requiring mid-level qualifications, however, still account for 44% of jobs. Jobs have been lost among industrial production workers and administrative staff.

The proportion of jobs where only low-level qualifications are required has remained stable at around 11% and these jobs are mainly filled by maintenance and cleaning staff. That sector is expected to grow in the future due to increased demand for services supported by the service voucher employment scheme, which grants a permanently subsidized social security payment to service personnel and lowers the price customers pay for instance for cleaning services. Also other household chores like ironing and shopping, which take up private time and put the work-life-balance at risk, the Flemish authorities offer families a simple and affordable instrument to 'buy in' domestic help. This allows them to continue to work full-time, whereas running the household would otherwise make this impossible (Eurofound, 2018).

REFORMS

In the 1960's and 1970's, the Belgium National Employment Service's (NEO), which reported to the Federal Ministry for Employment and Work, was structured into a central administration in Brussels and 30 regional offices in Belgium. After 1978 these offices were divided into National Unemployment Offices responsible for paying out benefits and Sub-regional Employment Services responsible for occupational training and employment mediation. The division within the NEO was aimed at detaching benefit payment and possible sanctioning from job placement. It however created the risk of an activation gap, within which job seekers would not link active job search with the financial support of the State and be more prone to refusing job offers, especially as sanctions were not imposed regularly (EQAVET 2016).

In 1989, the year when VDAB was founded, the underlying mission of the employment service changed from payment of benefits as a supplement or replacement to salaries because of sickness or incapacity to providing an activation service largely linking access to benefits to active job search. Within the Third State Reform which focused on education, the NEO's federal powers of job brokerage/mediation, labour market information and implementation of labour market programs including training were then transferred to the regions of Wallonia (Le Forem), Flanders (VDAB) and the Brussels capital region (Actiris) in order to enhance activation and better address the regional and local needs of job seekers and employers. VDAB started its role as the public actor in the Flemish labour market implementing labour market and employment policy following the direction set by the regional government and taking into account current employment trends. The responsibility for the payment of benefits remained with the Belgium NEO as did fund management for the compensation of laid-off workers and the issuing of work permits for foreign workers.

In 1994 the VDAB concluded a preliminary management contract with the Government of Flanders in which budgetary resources were linked to agreed performance targets

for the integration into employment of different vulnerable groups, like young people. The targets were based on the inclusion rate of the previous years and a fixed budget was allocated to achieve these targets. The contract also gave relative independence to VDAB to determine its own human resource management policies, for example deciding which middle managers to employ. The Government appointed *Commissaires du gouvernement* to undertake the annual performance evaluation for VDAB. Within this contract, the federal government retained the ultimate power for arbitration, taking final decisions in cases of persisting disagreement between VDAB and the regional government. The procedure, in general, began reflecting the idea of empowering the regional government of Flanders to take own decisions. In the case of VDAB as described in its mission statement this meant “exerting an impact on the labour market in harmony with society and the economy”.

In 2014, the federal government worked on a Sixth State Reform known as an initiative for “A more efficient federal State and more autonomous entities”. This reform aimed at transferring more federal competences to the regions and thus to increasing their participation in policy-making and implementation, it also saw a substantial shift of powers to the regional PES. While VDAB and other Belgian PES were previously primarily operational entities responsible for delivery of employment policy, and with specific decision making competence in internal management and operational details, they now assumed responsibility for targeting labour market measures and supervising the unemployed. The state reform introduced the regional monitoring of the active (seeking jobs on own initiative) and passive (ready to take up job offers) availability of the unemployed, which includes checking whether they are actively and effectively looking for a job. The regional PES now examine whether unemployed clients accept, take and retain suitable jobs, participate in the proposed integration process, attend relevant training courses and show an overall motivation to improve their employability. This is a more holistic approach than the separation of integration into employment and benefit payment coordinated by the NEO before the reform of 1989. This system appeared more prone to a lack of monitoring of the job seekers’ motivation to find employment. The regional PES today additionally assumes responsibility for determining sanctions should the unemployed fail to comply with activation requirements. The NEO administers the sanction process for those clients penalized (Department of Public Governance and the Chancellery, 2017).

Due to the heated labour market in 2017, Flanders experienced an aggravated shortage of labour. Employers sent a total of 1 567 357 job vacancies to the VDAB, an increase of 16.1% in comparison to 2016 and the highest number of vacancies ever received by the Flemish PES. In order to support covering this high skills demand VDAB enhanced its mediation and matching activities through a rigorous assessment of every job seeker (including those who have been unemployed for some time) and by rolling out the Individual Vocational Training (IBO) program and the Temporary Work Experience (TWE). The latter offers internships to young people who have not yet accrued a significant amount of experience, trains those who do not speak fluent Dutch for integrating into the labour market, and reconnects older candidates who have been looking for work for a long time to the labour market.

3.2 VDAB POLICY AND STRATEGY

POLICY AND STRATEGY

The more autonomous client targeting and monitoring introduced by the 2014 state reforms is gaining momentum in Flanders and have likely contributed to the observed positive labour market trends. Over the past years, the employment rate of over-50s has grown partly due to a more effective, tailor-made approach to include them in the labour market. A higher employment rate was also achieved among women, with Flanders scoring well above the European average of 65.3% with 67.7% in 2016 (Eurofound, 2018). The reforms were oriented to all working people with a special focus on vulnerable groups and ensuring a regional approach to labour market measures and employment services. These two drivers remain a valid base for PES policy and strategy, especially for those client groups who have not yet experienced a significant improvement of their employability, such as job seekers with medical conditions and long-term unemployed.

The taxation of work that is delivered in the sharing economy (e.g. platform/ “gig” employment) and the danger of further exclusion of young people through a digital divide is a main policy development that the Flemish government is addressing in its overarching strategy. Bridging the digital divide among job seekers is also a component of VDAB's service, by offering digital first approach in their service but at the same time having support ready for those who struggle with digital only offer. Another current concern of the regional government, following the national policy, is health at the work place. This seems to have been deteriorating in recent years as reflected in the increasing number of sick days and long-term absence from work. Belgium's Federal Minister of Employment has announced measures to prevent employee burn-out and stress at work which have resulted in an 80% increase in long-term sick leave cases between 2005 and 2015. The measures will also be asking employees and employers to formulate proper arrangements regarding digital connectivity and reachability (Department of Public Governance and the Chancellery, 2017).

VDAB's short-term focus is on mobilising actively available job seekers and more recently all people who can be activated for employment including single parents or early retirees, for example to address acute skills shortages as experienced in 2017. The long-term goal of VDAB is to be able to provide employees with increased guidance throughout their careers and to evolve into a career-management agency reflecting changes in the labour market from the new world of work. VDAB wishes to act as a partner for today's transitional labour market, in which they endeavour to support entire work careers and focus on positive transitions, they wish to develop secure job navigation, help jobseekers and workers to progress and develop their skills, and shift the PES relationship with the client into one that involves facilitating, coaching and conducting, as opposed to just monitoring motivation to work. Even if the responsibility of the job seeker is still linked to the receipt of benefits, VDAB's objective is to encourage job seekers to take ownership of their careers, rather than simply sanctioning their lack of motivation. The motivational background of having the job seeker “at the steering wheel” will however still be met with sanctions if the job seeker does not agree to take the shortest route to employment if recommended by the PES, be it by directly taking a suitable job or agreeing to an employability measure.

In the current 2014 to 2019 policy period, the VDAB contributes to the following common strategic objectives laid down in its annual business plan:

→ ***Bringing everybody into work***

The main focus is on activation measures for job seekers with ‘the shortest route to work’ principle. This is implemented by favouring sustainable work opportunities over training measures. The emphasis on skills development with the objective to increase employability is however also seen as an investment into the shortest route, which in practice creates a client-based, individual assessment of how to balance placement and upskilling. In this, VDAB follows one of its main policy principles to “engage in continuous co-creation with the PES’s end users, in order to ensure that products respond to customer needs as closely as possible” (European Commission, 2017).

The services of VDAB are universal and accessible to anyone seeking employment, irrespective of whether they receive benefits or not. Special consideration is given to the development of the competences of those job seekers who are far from the labour market. The policy goal of activating long-term unemployed jobseekers is to get them into work experience, which brings them closer to the labour market. VDAB is administering this by granting a small allowance on top of the unemployment allowance paid by NEO that funds a limited number of hours of work experience in an easily accessible working environment. This measure is primarily intended for jobseekers, who are not yet ready for a (more intensive) temporary work experience and will not immediately benefit from training either.

→ ***Investing into agile young people by means of an efficient learning and working framework***

Another long-term policy goal of the Flemish government and VDAB is the labour market integration of young people, especially for those young people who are not in education, employment or training (NEET). VDAB has trained specialised NEET consultants (in-house and through partners) for this. They are also developing a structural cooperation with the Adult Basic Education Centres around literacy training, especially for digital skills, as well as numeracy and language skills for young job seekers. The Belgian Federal Government has introduced tax incentives for companies to hire young people for example reducing social contribution on gross salary in the first year. The measures are designed to boost employment for 18–21 year-olds, without affecting pay levels.

→ ***Fostering entrepreneurship and agile companies***

VDAB seeks to create a dynamic environment for entrepreneurs and companies, especially small and medium-sized enterprises, by providing incentives, advice and contacts to stakeholders. This includes keeping regular contact with employers in order to know their needs well, but also to encourage them to publish vacancies in an attractive manner, recognize the competencies of available job seekers and support them in recruiting people with vulnerable profiles.

→ ***Developing conditions for a more future-oriented labour market and corporate policy***

VDAB helps to make the working conditions of the new world of work transparent and offers comprehensive support for jobseekers for example by offering training in digital

skills, platform/ gig economy roles and by taking part in the discussion on fair work conditions in the sharing economy.

→ Investing into European, international and interregional networks in the context of VDAB's own policy realisation

VDAB is modelling moving from operating as a public service provider to becoming a network member of an employment service ecosystem, which further enhances the role of VDAB as a labour market conductor (see section on organizational and management structure below). The concept of an ecosystem aims to create the framework and the tools that invite other employment and related service stakeholders to be involved. VDAB wants to promote an open ecosystem through the use of open software and stay flexible to other ways of doing things while benchmarking with European and international peer PES (European Commission, 2016).

As a public agency serving citizens, the VDAB seeks for a radical change in their way of functioning in order to move towards flexible and proactive service delivery, including digital communication and promotion of self-service and self-management to its customers. It can therefore be seen as an innovative employment service that is not just implementing policy but also questioning its own role and added value to a society and labour market, which is volatile, uncertain, complex, and ambiguous (VUCA).

GOOD PRACTICE 1: THE INNOVATION LAB

Launched in 2014 with the support of the Board of Directors/social partners, the Innovation Lab seeks to harness VDAB's human and digital capabilities to be an innovative conductor in the labour market. It is a key instrument that the organisation created to foster change, looking to move the PES from being a traditional organisation to becoming a 21st century agency and to benchmark whether a PES is needed at all. The Lab applies the principles of design laboratories and involves stakeholders and target group members, such as job seekers to test new approaches and tools.

The Lab was set up to respond to general public sector trends in reducing costs, simplifying processes and participating in the OpenGov initiative. Internally, the Lab sought to convince the rest of the organisation that a wide-reaching innovation programme would make VDAB services more effective and useful for customers and society in general.

Several new projects have been implemented coming out of the Lab such as the mentor app, which connects young jobseekers and experienced professionals with the aim of helping jobseekers to find a job. Jobseekers are supported by a mentor who provides them with advice on how to increase their chances of finding a job and taking the best decisions in their job-search.

Another project is the competence-based matching system (see next good practice)

From the outset, the principles guiding the work of the Lab today have been carefully linked to support the regional strategy; the PES's own customer strategy and the contribution the PES' work makes to the Europe 2020 Strategy.

Between 2014 and 2016, the Lab went from set-up to becoming an established preliminary stage for idea generation in the PES. The number of staff grew rapidly in that period, going from two people to becoming a team of 15 people (10 staff are dedicated to the lab full-time, five work on specific projects). Staffing and management structures also underwent several changes, starting from a loose structure to firming up a strategic steering committee, through to establishing three formal roles in the Lab (see annex for overview of management roles).

The next steps for the lab are looking into how cognitive computing and predictive modelling can be used in the PES day-to-day matching business (ICF, 2017).

LEGAL FRAMEWORK AND SOCIAL PARTNERS

VDAB had the status of an external autonomous government agency until 2014, when the management contract it held with the Flemish Government was terminated and it moved to direct management through a tripartite supervising Board of Directors. Before 2014 the management contract was designed to execute the decree of 7 May 2004 regarding creation of the VDAB as an external autonomous agency under public law with legal personality as the “Flemish Employment and Vocational Training Service”. This management agreement was also concluded in conformity with the framework decree on Better Managerial Governance of 9 July 2003, which transfer business principle of successful conduct to public institution the Flemish government agreement 2004-2009 and the policy note on Work 2004-2009, which elaborated on innovation in the public sector. The agreement was in line with the European regulatory framework and the statutory assignments of VDAB.

The medium and long-term policy objectives for the VDAB have since been set in a framework agreement, in which VDAB’s performance is assessed against the goals and targets set out in the annual business plans (see previous section). Since the latest Sixth State reform in 2014, the monitoring and sanctioning competence for job seekers has also been referred to the regional PES and was implemented in VDAB from January 2016. The payment and freezing of benefits is executed by the NEO. The federal government retains overall competence for labour law issues such as labour inspection including the supervision of wellbeing at work. The federal framework for defining target groups is broad, e.g. the definition for “job seeker” allows VDAB to include several groups such as parents who stay at home and offers them the full service portfolio. Consequently, VDAB is also able to enter into partnerships that go beyond work, such as education or health.

Within the agreed scope of the annual business plan, VDAB has a large margin to define how it wants to achieve its targets. VDAB headquarters also allow the local PES entities a specific margin, within which they can decide as to how they will deliver employment services, how to reach out to employers and launch their own local projects that will be replicated/customized in other local areas if they work well.

It is not mandatory or legally binding for employers to use PES services or report their vacancies.

The Board of Directors comprises approximately a dozen members who represent employers, and around a dozen members who represent employees. Two Regional Government Commissioners also sit on the Board. A number of working groups, such as the Technical Working Group, the Policy Working Group and the Stakeholders Forum Working Group, play an important preparatory and advisory role to the Board, for example the Stakeholders Forum has been in place since 2005 and gathers associations and interest groups, which represent key VDAB user groups and have a direct or indirect involvement in the labour market and integration of clients (Mobility Lab, 2014).

The government coalition in 2003 took the ILO Private Employment Agencies Convention, 1997 (No. 181), which was ratified in September 2004 and domesticated into national law

(Loi portant assentiment à la Convention n° 181 concernant les agences d'emploi privées) in the *Moniteur Belge*, as an opportunity to launch a new way of cooperating with private employment services. It recognized private providers as playing a vital role in the Belgian labour market. To foster this, the role of the VDAB was changed from that of a central actor to the steering role of a central “regisseur” or labour market conductor (see next section for more details).

3.3 VDAB STRUCTURE, MANAGEMENT AND FUNCTIONS

ORGANIZATIONAL AND MANAGEMENT STRUCTURE

VDAB maintains the status of an external autonomous agency, but no longer has a management contract with the Regional Government, but is responsible for the same tasks now supervised by the tripartite Board of Directors. The Flemish Ministry of Work and Social Economy is represented as member in the Board and in this capacity it executes supervision over the performance of the PES. Annual reporting by the VDAB to the Board as well as to the Internal Auditing (see section on performance management and M&E) formalizes the supervision by the Board and their decision if targets have been achieved as defined against the annual business plan objectives. The Board also agrees the budget for the coming planning periods. Over the year, several “informal” feedback meetings are held between the head of VDAB and the Ministerial representatives in the Board of Directors to continue communicating about the adequacy and effectiveness of the current performance and how the PES approach could be improved and corrected if necessary. The budget for delivering employment services is paid by the Government of Flanders (see annex for a brief governance structure of VDAB).

The broad lines of VDAB operation are determined at the Regional (Flemish) level. The head office in Brussels formulates a common corporate strategy in a “VSOP” (Flemish sectorial business plan). This framework is translated into various “PSOPs”, one for each province in Flanders. In Brussels the Framework covers training service only complementing the employment service of the local public provider Actiris. In the six local provinces, respective management boards are established, which have a shared responsibility in achieving the corporate strategic objectives. Most cities and larger municipalities also have a competence centre for professional training and career guidance, coordinated by the management board at provincial level. The operation is defined by the overarching objective of being a labour market conductor, i.e. making sure that VDAB has a good governance overview of actual employment needs and who are the best labour market partners to deliver the services needed. VDAB provides its own services, but is focusing more and more on the sole role of conducting providers to offer job placement (mediation), guidance and training. At the head of the VDAB is the VDAB Managing Director. Two General Directors, one for labour market management and one for the supporting services, assist him.

VDAB currently has 142 offices spread over the five Flemish provinces and Brussels. In total, the VDAB has 5,105 employees or 4,267 full time staff equivalent. 70% of the staff

deals with front office tasks. Every front office staff member is specialized in one of the following professional sectors:

- Construction and timber
- Transport and logistics
- Care and Education
- Business Support, Retail & ICT
- Industry
- Personal and business services

The intention is that mediators (placement officers), guides and trainers focus on a particular sector of the labour market, acquaint themselves with employers within that sector and know which competences are required for which professions. Mediators immediately concentrate on genuine and sector-targeted matching and job placement so job seekers and employers perceive VDAB services to be closely aligned to their needs and expectations rather than only offering general employment services

Mediators from the Intensive Service Provision support those job seekers who are more removed from the labour market, and do not focus on a particular sector. They work together with the job seeker to gradually overcome any basic barriers to the labour market. If this is not immediately feasible, VDAB offers a suitable alternative, such as community work, temporary work experience or work-care programs.

VDAB has developed its own leadership model, which defines three roles each manager in the organization is supposed to play. First, a manager needs to be a leader who inspires people and takes ownership for 'caring' for the employees by seeking opportunities and giving them sufficient room to grow and learn. Second, the entrepreneurial skills of the manager can help prepare the organisation for unforeseen challenges through a collective climate of learning and development and a "start-up mentality" as opposed to an institutional silo attitude. This means creating an environment in which it is "normal" to admit that staff are unable to do something (yet), and that they make an effort to find out how and from whom they can learn a specific task. Finally, the manager is also a manager in the classical sense, who coordinates a team, attends meetings and follows-up on performance.

The three roles of the leadership model are taught in different training modules offered by VDAB internal training and coaching entities. The trainings are designed as blended learning, which combines management theory and practical exercises, self-reflection and the drive to follow up on skills learned. The participants provide real cases that they have already experienced in their work life and examine concrete situations within the organisation against the backdrop of the three different management roles. The experiences and lessons learned are shared with the other participants and establish a mutual learning situation. During the training, the participants will receive feedback from their colleagues and the trainer. They are also encouraged to implement the action plans designed during the training in practice. They can call on the assistance of the internal coaches in the further course of their day-to-day management practice (European Commission, 2017).

VDAB uses various channels to communicate to employees, including a magazine, a website that is exclusively accessible to employees, newsletters, etc. These are all managed from the central office. The regional offices may add messages customized to their province. They are also free to communicate additional information to VDAB employees within their province.

VDAB applies a corporate external communication policy, so that clients see only one coherent VDAB brand, with no perceivable variation at local levels. One spokesperson manages all the external communication that appears in the press.

FUNCTIONS

→ *Intermediation and placement of job seekers*

While the classical employment service of profiling job seekers and offering vacancies is still offered, VDAB is increasingly focusing its matching service on predictive modelling and job seeker self-service. The predictive modelling is based on digital information that the job seeker provides through his/her CV either directly online or with the help of a mediator (providing their consent to use the data²⁹), the browsing behaviour when searching for jobs on VDAB or similar sites, and additional job-seeker-related information collected on the Internet. Data mining programs then process the information to produce an estimate about the job seekers employability, which together with the job seeker's own estimation and the guidance of VDAB staff is turned into recommendations on how to integrate the client into the labour market³⁰.

The “shortest route to employment principle” is combined with the perspective produced from predictive modelling. If a job seeker would for example have a less than 50% chance to enter sustainable employment in the next 140 days, an upskilling program is recommended that increases their employability. Here, a training measure is considered the shortest route to employment and is therefore favoured over a quicker placement, for example in a sheltered work practice. The digital risk scoring of how long someone is likely to stay unemployed also allows for efficient prioritisation of clients. Therefore the workload of front office staff in VDAB can be reduced as they are provided with tailored insights on a jobseeker's employability, which requires less time to be spent on profiling procedures and dossier analysis and more time for personal contact. The model also gives a macro insight into the main job trends and uses the possibilities of deep learning technology to store and analyse (big) historical data on job vacancies and client's profiles – these are both interesting sources for policy makers.

Through personal contact with the job seekers, VDAB staff estimate the training services that the client requires within the following development areas “applying for jobs and networking”, “orientation”, “building on skills and working on framework conditions”. Since the algorithms that determine the predictive modelling do not always produce sufficiently specific proposals addressing the needs of people from particular cohorts

29. According to the legal department of VDAB, jobseekers create their own data sets and remain their legal owners which is in conformity with the EU General Data Protection Regulation. VDAB is allowed to make use of those skills profiles for the automatic matching of jobseekers who receive financial benefits and vocational guidance. If they are in employment or otherwise do not get benefits, the job seekers need to request the matching themselves.

30. See, for example, Klewais E and van Landeghem Geert, 2018.

(i.e. they might produce similar suggestions to young job seekers and to 55+ ones), face-to-face job advice helps to further customize the employment service or labour market program offer. This support service starts immediately after the online registration of the client. Following individual contact and the assessment of the client's needs, more agreements are made if necessary, for example for personal services in the area of applying for jobs and networking.

The training offer for job seekers follows the principle of "as short as possible, as long as necessary" (again an alignment with the shortest route to work) through several mixed methods such as workplace learning, digital where possible, face-to-face if it offers added value. Workplace learning is a collective term for various types of training, some of which takes place in the factory shop or enterprise. This factual context is believed to make the acquired skills more relevant and more efficient and increases the flow of jobseekers. Within the digital offer, VDAB has introduced learning modules on current manufacturing technology like 3D printing or the use of augmented reality in construction sites.

Those people on the Flemish labour market with practical experience in carrying out a profession but who lack diplomas or certificates are supported through "Experience proof", an official and generally recognized Flemish government document mapping out the importance of (practical) experience which supports competence-based matching (see good practice 3).

→ **Service to employers**

VDAB helps coordinate supply and demand on the Flemish labour market and provides services to employers through different channels. Employers have the following options via the website:

- Registering their vacancies online and publishing these on the VDAB website.
- Searching of suitable candidates in the CV database.
- Employers are encouraged to manage their own account on the VDAB job matching site by keeping their vacancies up to date and provide feedback by indicating whether positions have been filled.

Employers can also ask VDAB for extra support in further describing their vacancies. Specialized VDAB employer account managers will then make a daily assessment of the chance of filling the vacancy. If the chance is high, they will keep the employer informed via e-mail. If the chance of filling is small, VDAB provides targeted actions to increase this, for example by helping the employer to consider making the vacancy more attractive. VDAB will also provide support in drawing up the vacancy both online and during the registration supported by a mediator if the employer cannot formulate a vacancy and upload it by himself/herself. Unlike most PES, if employers want employees who they have already recruited to complete a particular training programme, they can participate in several VDAB training programmes especially targeted at particular companies, such as successful self-presentation in projects or toolkits for managerial staff.

Additionally, VDAB offers job coaches, who can come in to a company and help staff to start a particular task, adopt the right working posture or perform well within a team. Coaches can also advise employers on HR matters like parental leave, mentoring schemes or competence-based working and job performance talks. Job coaching can start within the first year after recruitment and can last for up to six months. The coaching

is free for the employer when the trainee is of immigrant origin, 50 years or older, has an occupational limitation or does not hold higher secondary education.

The VDAB website is the most visited vacancy job site in Belgium, figures on concrete market shares of the Flemish PES are currently not available (VDAB, 2017).

→ **Career Guidance**

VDAB refers all job seekers requiring more assistance to the various career guidance (competence centres) centres, which are owned and funded by VDAB. In this respect, the guidance is not compulsory for everybody, but strongly recommended to those who are likely to struggle with a self-guided, digital first job matching. Job seekers can also go to a career guidance centre on their own initiative after talking to their VDAB mediator. He/She will get the chance for self-analysis and the options to set up a personal profile. Based upon that profile, client and guide can explore the labour and training market and work out an action plan. The guide monitors the feasibility of the plans. A job seeker wishing to follow career guidance can request career vouchers from VDAB, which can then be used in any of the centres. Clients are entitled to eight hours of career guidance every six months. Career guidance must be voluntarily chosen by the job seeker, whether on their own initiative or after recommendation by the counsellor, and reflect a real need, for example against the backdrop of a concrete career move. The discovery, reinforcement or development of career skills is central, and career guidance always results in setting out a personal action plan and should have an impact on the jobseeker's long-term employability and flexibility on the labour market.

→ **Labour market programmes**

VDAB offers a comprehensive activating placement service with the aim of providing every job seeker with a suitable offer for the shortest route to sustainable employment. This includes the basic employment service programs of advice, mediation and incentives for employers to employ vulnerable groups and additional targeted programs and services for young people, 50+ and 55+, intensive support, and assistance for other vulnerable groups.

The Youth Work Plan (JWP) offers a personalized programme for young people aged under 25, who have recently become unemployed or left school. VDAB examines whether an intensive approach is necessary depending on jobseekers' proximity to the labour market and their ability to find work on their own. VDAB offers a customized service for every young person within four months of their becoming unemployed or earlier, if the young person is less skilled. The service may involve a combination of any of the following program modules deemed suitable to the client's needs:

- Intensive guidance
- Initial experience with a real employer
- Individual Vocational Training (IBO) customized training with the employer
- Work environment project for young people
- Vacancy finding and CV training
- Young people's apps (apps from and for young people)
- Practice-oriented professional training in a specific sector
- A training pathway leading to an educational qualification

VDAB started a new guidance approach for clients above 55 years of age in 2016. Again, it determines for every client, as soon as they become unemployed, whether a service is necessary. The aim is to offer the client the correct level of guidance and to take into account the level of work availability of the jobseeker: “active” (the job seeker wants to fully participate in the labour market and takes own initiative), “adequate” (there is basic motivation to remain close to the labour marker, but with need for guidance) or “passive” (no basic motivation to work or a lack of initiative and interest in guidance).

Jobseekers who have a medical or psychological condition are offered a specialized service. This target group is often far removed from the labour market and can make use of activation guidance with specialized staff addressing and helping to remove obstacles such as drug abuse, poor housing, or anxiety issues. Guidance starts with a joint group offer. It maps out the options and thresholds and offers psycho-educative modules on stress management, dealing with change, dealing with pain, social context of benefits, and focusing on future empowerment. In Flanders, almost 46% of unemployed persons are exposed to financial poverty. VDAB has reinforced the guidance services with integrated work-welfare courses either individually or in groups.

Several programs aim to integrate asylum seekers and refugees in the Flemish labour market following the logic of “work as leverage to integration” In 2017, the labour market program ‘Integration through Work’ was set up in cooperation with the Agency for Integration and Civic Integration and the Federal Agency for the Reception of Asylum Seekers. Together with these partners VDAB aimed to get refugees into work as soon as possible through short, integrated pathways pooling trainings for language and technical competencies and again aiming for the shortest route to work (European Commission, 2017).

➔ **Labour Market Information**

VDAB, which was also created to increase Flemish labour market transparency has traditionally collected labour market information at all levels providing the results via leaflets as well as online to government and statistical institutions, and takes part in the national employment observatory. It functioned as the coordinating institution for collecting and analysing Flemish labour market data. Since 2014 however, VDAB has used an open source approach to labour market data, within which stakeholders, as well as clients, can fully access internal labour market data on the internet and draw their own conclusions from it. VDAB already receives requests for data from market actors and these tools help them improve their own services and develop their own applications and websites. It includes information compiled on CVs and job vacancies as well as labour market trends. This process of digitalisation is seen as a way to rationalise resources and improve efficiency, but has raised questions concerning data ownership. Crucial information is, for example, being collected by the employers’ recruitment and selection of job seekers. This is information that is typically not shared and generates technical and legal questions around privacy and user rights, none of which have yet been answered (Vansina, 2015).

PERFORMANCE MANAGEMENT AND M&E

VDAB aims to introduce a performance management system, which follows a philosophy of a 'triple A' scorecard standing for "Ability", "Agility" and "Accountability" and which will be measured with a rating system assessing the PES credit similar to the credit standing of a country. The exact system for this new scorecard to be introduced in 2019 is still to be determined.

- The Ability score reflects whether the PES provides added value, or whether it has the capacity to meet the ever-changing expectations of clients and labour market stakeholders. Can the PES be labelled a "trusted advisor", and a labour-market guide of choice? Does it possess the required expertise? Are the campaigns effective and of high quality?
- The Agility score stands for the organisation's standard of manoeuvrability. Is VDAB able to detect needs swiftly and to respond to these flexibly? Are they quick to recognise possible opportunities? Are they able to adjust their organisation model swiftly and to deploy assets and resources dynamically?
- The Accountability score assumes that ownership is central to the PES self-image. How is the feeling of being responsible for offering integrated solutions, perhaps even independent of the own PES organisation? Does VDAB deliver on the trust our clients have in us? Does it organise itself as efficiently as possible as a public service? Does it manoeuvre with integrity?

With the triple A assessment, VDAB is implementing the key principles of the Europe PES 2020 strategy, where 'Ability' stands for 'customisation', 'empowerment' of the job seekers and 'social innovation'; 'Agility' is a transfer of 'digitisation' and 'integration', and "Accountability" relates to 'value driven approach', and 'inclusiveness' (European Commission, 2016).

Current VDAB performance indicators reported to the Board of Directors and following the targets set in the annual business plan measure digital access of services, vacancy fill rate, training coverage, and client as well as partner satisfaction. VDAB has a top five star rating from the EFQM Global Excellence, which awards the world's best performing organisations, whether private, public or non-profit. It recognises industry leaders with a track record of success in turning strategy into action and continuously improving their organisation's performance.

Digital access

In 2017 the VDAB website received a total of 1,567,357 vacancies (including all temporary work orders). The website had 36,337 unique visitors a day in 2017. By the end of 2017 almost 1 in 2 users visited the website using a mobile device (47%). 497,729 clients contacted the service line (a phone hotline). This is a 14% drop compared to the year before due to a shift from telephony to online services. It has also been noticed that the conversations over the phone are getting longer with each year, because of first level questions rather being dealt with online and more in-deep discussions handled on the phone.

Vacancy fill rate

The vacancy filling rate was 70.5% of 74,804 vacancies processed in 2017. 80,355 job seekers under 25 were registered with VDAB of which 50,350 left into a job. Over 12,000 job seekers who entered the VDAB system were over 55 years old, over 3,500 of them found a job. 65% of those job seekers who were upskilled by VDAB or partners were placed into employment within three months after they received their training (VDAB, 2018).

Training coverage

In the 2016 to 2017 school year VDAB provided more than 63,000 training hours to job seekers looking for upskilling and young people in vocational training. The courses were mainly in the areas of construction, industry and logistics. 86% of the courses, which provided general labour market skills, involved a component for Dutch language support. Furthermore, in 2017 a total of 54,734 workplace learning activities took place after which 68.96% of the participants found work within 3 months (VDAB, 2018).

Client and partner satisfaction

Partner satisfaction in 2017 was at an outstanding 74.4%, or 4.4% above the target (70%). Employers were 85% satisfied with overall information provided by the PES, and 63% with the vacancy processing, leaving room for improvement to reach the target of 70%). Regarding job seeker satisfaction, VDAB could only achieve 74% of the 85% target, the main reason being that course participants felt that the jobs on offer were not always suited to their training (VDAB, 2018).

VDAB Internal audits are intended to optimise the effectiveness and efficiency of the PES; the audits are commissioned by the Audit Committee, an advisory sub-committee of the Board of Directors. They report on strengths and weaknesses of the current PES performance and make recommendations for improving it. VDAB' complaint management aims to send a receipt acknowledgement and a letter of reply to 75% of complaining clients within 20 days. Complaint mediators have personal contact with the client in 60% of the files.

3.4 SERVICE AND DELIVERY

SERVICE DELIVERY MODEL AND CHANNELS

VDAB has been encouraging job seekers to register from home or via computers in VDAB offices and workshops. The simplified online registration will in future be the standard for every first contact with VDAB, since it is thought that this gives the job-seekers and the PES the chance to estimate, using a few targeted questions, how their search for work will unfold. Using an online estimation tool, the job seeker declares the job they are looking for, whether they can work well with digital tools or whether they think they will find a job quickly. In addition, VDAB requests study details and previous work experience from the client.

The registration is immediately followed by an e-mail giving first tips. Job seekers actively available are immediately informed that searching for a job is the main priority. This can be done independently by job seekers self-service or with help of the VDAB. The individual vacancy dashboard on the website supports job seekers in this and forms the starting point for each conversation with a VDAB mediator. The job seekers are asked to contact the toll-free VDAB service hotline firstly within a month and subsequently every three months after first assessment. During these telephone calls, the mediators of the service line continue to estimate how the search for work is progressing. They discuss the search together with the client and if it is not running smoothly, they suggest changes. This self-encouraged job search is supported by benefits if necessary. Unemployment benefits in Belgium can in principle be paid until the legal retirement age of 65 is reached.³¹

In the case of job-seekers wanting personal supervision or struggling with identifying their own job seeking pathway, the service line staff book an appointment with a mediator in one of the following sectors: wood & construction, transport & logistics, care & education, ICT, retail & business support, industry or services to persons and companies. In the case of more intensive supervision, the VDAB staff will book an appointment with a mediator from the Intensive Service Provision team. These colleagues help job seekers who lack a sustainable work attitude, struggle with motivation or social skills, or who are experiencing family problems, such as domestic violence.

The mediators who follow client cases understand the professional world in which the job-seekers is seeking employment and can tailor-make support activities such as online learning, job interview training, vocational training or workplace learning. The support services offered to the job seeker can be either provided by VDAB or be contracted to an external provider, for example to offer training of particular technical skills depending on the personalized need of the client³². Once the job seeker has enjoyed good experiences, he/she is encouraged to become an ambassador for VDAB and spread the news of the successful service to other job seekers.

VDAB follows a policy of leaving no one behind and therefore focuses on specific vulnerable groups. Digitally illiterate clients for example are offered digital skills training. A course “Working with VDAB tools” helps people who have not previously dealt with computers or online tools, to seek employment independently. For jobseekers with limited digital skills or for those who do not have technical resources at their disposal, access to VDAB offices will always be guaranteed. VDAB service line makes use of external digital kiosks where the clients can for example start a video conversation with a mediator who can be booked in advance. At various locations, clients can register at the self-service computers with the help of a mediator. This mediator immediately assesses whether the client is self-reliant. If not, an appointment follows to improve the digital skills.

31. Unemployment benefits in Belgium depend on age, work experience and family situation. Applicants must have worked for a total of at least 312 days in the 18 months prior to losing their job if under the age of 36, 468 days in the last 27 months if 36 to 50, and 624 days in the last 36 months if aged over 50. There are special benefits for those over the age of 50 who take part in early retirement schemes, and all unemployment benefits cease when the legal retirement age of 65 is reached. After one year, single claimants are reduced to 42 per cent of previous earnings, whereas those with dependants and no other wage earner in the family continue to receive 60 per cent benefit, in both cases for as long as they are unemployed. If spouse or partner is earning, benefit is reduced to 35 per cent of the previous salary after one year, and this reduced amount is paid for three months only, plus an additional three months for each year claimants had been in work before becoming unemployed. After that period, benefit is further reduced to around €13 per day.

32. Ongoing assignments from VDAB are published in the Bulletin der Aanbestedingen. The publications can be consulted on the e-Procurement platform, applicants are chosen on basis of VDAB evaluation and enter a contract for servicing a specific target client group or specific studies such as research aimed at the reintegration of people with health problems in the labor market through agency work.

In 2017, the digital application desk handled 10,401 questions. The desk gives everyone an opportunity to ask the e-coaches for feedback or help with a job application. This online service is provided by e-mail, chat or video chat. There is no need to register or to be known to the VDAB - the only requirement is that clients have access to Internet (VDAB, 2018).

Clients who do not speak Dutch at a first contact will be addressed in a language he/she understands. Further support for the future communication in Dutch is provided through film-clips about VDAB service in various languages (with Dutch subtitles) on the website and for use in face-to-face service provision. The service line has a pool of mediators who speak French or English. Job seekers can also bring their own interpreter along.

VDAB aims to place as many job seekers as possible in the labour market and can use sanctions to penalize job seekers who are not accepting activation offers. For example, the following breaches of job seekers can be sanctioned (penalties in brackets):

- Absence at appointed meetings with VDAB staff, (unemployment benefit ban for a minimum of 4 and a maximum of 52 weeks)
- Absence at appointed job interviews with employers (unemployment benefit ban for a minimum of 4 and a maximum of 52 weeks)
- Declining a fitting job offer (unemployment benefit ban for a minimum of 4 and a maximum of 52 weeks)
- Quitting a vocational education or training measure without justification and notice or because of attitude issues (unemployment benefit ban for a minimum of 4 and a maximum of 26 weeks)
- Refusal to fulfil the responsibilities of a personal action plan agreed with VDAB (unemployment benefit ban until the job seeker is ready to re-enter the plan)
- Refusal to participate in an outplacement offer (unemployment benefit ban for a minimum of 4 and a maximum of 52 weeks)³³

However, taking clients off benefits is not as important a priority for the PES as it is for some others, e.g. Germany. VDAB puts a contact and skills assessment strategy at the heart of their employment services, which guides clients in as digital a manner as possible to a new job. The underlying principle is that the client steers him/herself and the VDAB supports them with the (digital) skills, for example through training or other labour market programs, which allow them to get and stay employable (EQAVET, 2016).

33. As stated by the VDAB compliance department and set out by the Royal Decree of 25 November 1991 and the ministerial Decree of 26 November 1991.

GOOD PRACTICE 2: WORK ACTION HEROES

The CEO of VDAB, Fons Leroy, has used his own passion for superhero cartoons and transferred the idea of vulnerable alter egos that get empowered to become superheroes to the world of work, for example job seekers who overcome inner and outer obstacles and start believing in their skills potential. The book “Work Action Heroes” and the side-lining job seeker campaign emphasizes that anyone wanting to stand up for themselves in the current labour market needs more than a motivation letter and a CV. It describes the current world as a VUCA world, which is volatile, uncertain, complex and ambiguous: *A world where today's exception will be tomorrow's rule*. The work action heroes, the heroes on the labour market, succeed in setting to work and getting the best out of themselves. They are job seekers, employees, employers and work mediators who face the challenges of the current labour market together.

The characters are Surprise Suzy, Luminous Luke, Silver Fox, Date Devil, Commander Career and Captain Competence who join forces to create chances on the labour market for the talent potential in Flanders. The book describes how they succeed in getting that talent in the right place and develop methods to remain as long as possible in work. They share their experiences with the reader.

The book offers inspiring stories taken from real life. It gathers together good practices and motivates people. It lets job seekers discover their talents and help employers focus on those talents. It makes the latter in particular realise that nobody is perfect, but that does not mean they are not heroes (see annex for an image of the book).

USE OF INFORMATION TECHNOLOGY

In 2018, VDAB has launched a new service provision model that is constructed around their lines of “Digital First”, a digital first service offering placing digital channels at the centre of client communication instead of using digital technologies as one alternative in a multichannel environment. Based on this principle, VDAB seeks to interconnect their products and services in order to improve service delivery, and customers are encouraged to interact with PES services via digital channels. It addresses empowered job seekers who can find work themselves, 24/7/365 and will continue to be supported by the more traditional service line and face-to-face contact if necessary. With this new contact strategy, the job seeker is at the steering wheel and first and foremost makes use of online tools. Job seekers start by registering with the “registration wizard”, which poses targeted, AI-driven questions in order to discover, how the jobseeker views his/her search for work and what their personal situation is. This preparatory work is stored in the personal digital dashboard. When the job seekers then meet a sector mediator they can more efficiently help them further, thanks to their specific knowledge of the sector and the digital information available about the job seeker. To make the new service possible, a more extensive range of digital services will be introduced (including online chat) and VDAB is improving the tools around vacancies and job interviews in the existing, customizable web option “My Career”.

The vacancy dashboard offers the job seeker vacancies based on various (big) data conclusions, for example the personal history of click behaviour on online jobs, automatic matching assessing client profiles against the existing vacancies of employers, and a new algorithm called Jobnet, which compares the search behaviour of the specific job seeker with the search behaviour of similar profiles and generates suggestions from this. The smart algorithm learns in various ways, what the job seeker is looking for. It finds vacancies that match the profile of a job seeker and takes into account the associated search terms and vacancies, as well as other criteria, such as the willingness to commute. The vacancy dashboard does not only offer a vacancy, but also explains why it is a clear match with the profile of the job seeker. Through the service line or in person the job seeker and the mediator together decide whether a vacancy is suitable.

GOOD PRACTICE 3: COMPETENCE BASED MATCHING

Employers and other partners on the Flemish labour market have given the feedback, that the challenge of providing matching systems could be better addressed by integrating skills and competences in the (automated) matching process. The main ambition for setting up a system for competence based matching thus was to develop an overview of the actual skills demand and by offering potential employee's skills independent from their official and certified qualifications.

Traditional PES matching, even if only "mentally", matches a vacancy with a job seeker holding a degree in that profession. This approach is strengthened because more and more occupations are defined, often under European pressure, by a (matching related) diploma. The matching and mediation based on competences, whether they are *expected*, *acquired* or *to be acquired*, on the other hand, enables finding affinities between professions since some of the same competences may be required in different professions. This means that jobseekers, without a certain diploma, or experience in a particular function, still have the potential to be or become the perfect fit an employer is looking for. A 70%, 80%, 90% match, combined with the right motivation, can be enough to be a suitable candidate for the job. Indeed, employers can shape the candidate further for the job context through targeted vocational training and training on-the-job. This type of fine-grained matching based on competences has benefits for both jobseekers and employers. Employers will fish for candidates in a bigger pond because not having a certain diploma or particular experience does no longer exclude a candidate from a job. Combined with the right, targeted vocational training, the skills-gap can be addressed.

Moreover, PES can offer opportunities to NEET, to young people with a diploma that doesn't offer a good connection on the labour market, to refugees without a recognized vocational status and to 55+ people to whom acquired competences are more important than their outdated degree.

The competence-based matching system is shared with the PES in Malta which accesses the open platform of VDAB to match skills with vacancies on their labour market. (Leroy, 2017).

REGULATION AND COOPERATION WITH PRIVATE AND NON-PROFIT SERVICE PROVIDERS

The Belgian Government only requires temporary work agencies to obtain a licence from the Ministry of Labour, who base their decision on the recommendation of the Economic and Social Council. Private employment agencies offering recruitment and selection services, outplacement, as well as placement of special professions like artists or athletes do not need a license, just a certification from the respective regional authorities. The remaining obligations for private providers are to ensure the transparency and exchange of employment data (details on vacancy and updates of recruitment) and confirmation if they have used the online databases of the VDAB or referred job seekers with training needs to the vocational training centres of VDAB.

Temporary work agencies require prior authorisation from the Regional Government of Flanders under the 1987 federal law for temporary work. The main cases of temporary agency work permitted by law are for the replacement of a permanent employee, to meet the demands of a temporary increase in work or to ensure the execution of exceptional work tasks for which skills cannot be found quickly enough within the company or through common employment procedures. An agreement for temporary agency work is always presumed to be an employment contract, thus VDAB treats temp agencies as regular employers. In case of strike or company “lock out” it is prohibited to make use of temp work.

Following the legislative pressure after the ratification of ILO Convention No. 181 in 2004 VDAB opted for a strategy of networking and collaboration with private providers following the belief that only a joint public, private and third sector effort in employment services (the beginning of the aforementioned ecosystem, see section on policy and strategy) will add value on the labour market. The partnerships founded in this ecosystem, under the coordination of VDAB as a conductor of the labour market, aim to be versatile, dynamic, entrepreneurial, co-creative, durable and run by experts. In practice, this steering role means that VDAB entered into cooperation agreements with the private sector to ensure the efficient and transparent functioning of the labour market and increasingly developed into a support organisation for that market adopting a mix of “hands-off” and “hands-on” roles when it comes to contracting out services or delivering them in-house (Government of Flanders, 2004).

The services VDAB provides today are complementary to the services provided by other intermediaries, and particular care is still given to safeguarding the provision of services for those at highest risk in the labour market, i.e. vulnerable clients with multiple issues keeping them far from integration. For the target group of the most vulnerable target clients, VDAB exclusively collaborates and delivers service jointly with GTB, a specialized health mediation team that will guide those clients who need special help when there is a risk of long-term unemployment due to serious health-related limitations and limited professional performance. The management and service structure of GTB and VDAB are identical, so that the client will not notice at which stage he/she is serviced by which organization.

There are several other examples of wide scale collaborations with VDAB, such as that with Federgon, the Belgian private employment services association comprising temporary work agencies, search and selection companies, private training providers

and partners providing other related employment services. The partnership enables the common funding of activities, better exchange of vacancies, cooperation in the field of career guidance and training of jobseekers and employees, and the organisation of outplacement services. Common quality assurance systems have also been adopted by both VDAB and Federgon, which together certify services that correspond to these quality standards and set the performance targets for provider contracts (Struyven/Van Parys, 2016).

VDAB also works closely with PES in other EU member states, for example through the EURES network, to fill structural bottleneck vacancies in Flanders with candidates from other European countries, on the basis of their labour market surpluses. VDAB participates in cross-border and transnational activities such as job fairs, job dating and individual employment services. Specifically, it concerns engineering, ICT and nursing vacancies in Flanders, which are hard to fill domestically. But it also involves finding jobs abroad for (mostly young) Flemish job seekers. The VDAB has filled 1,055 vacancies through these services between 2012 and 2015 (European Commission, 2015).

3.5 INSTITUTIONAL CAPACITY OF VDAB

STAFF STRENGTH AND PROFESSIONAL DEVELOPMENT

VDAB employs 5,105 staff members with a full time equivalent of 4,267.3. The overarching principle of VDAB's human resource policy is inclusion. In collaboration with Unia, the Belgian organisation for equal opportunities, VDAB is currently working on a new diversity framework, which will further give shape to this concept. Within VDAB the diversity manager will oversee this framework. Various focuses ensure that within VDAB special attention will be paid to the following groups/areas:

- Staff with occupational limitations or chronic conditions
- Staff with a migration background
- Age-conscious personnel policy
- LGTB
- Women in management positions

72.52% of VDAB staff is female, 50% of the managerial positions are held by a woman exceeding the target of 40% female managers set by the Diversity Policy Unit.

A total of 3,602 (70.5%) VDAB staff members received training or took part in any other form of organised learning programme in 2017 covering the topics of client service, team work, human resources (how to conduct interviews, manage client files etc.), leadership, and digital skills. A total of 14,502 training days were recorded of which 2,396 were offered by external providers and 233 training days took place at VDAB's own competence centres. The majority of training days were completed through the "Online Learning Platform". VDAB offers personal coaching to its staff members. In 2017, 557 personal coaching interviews were conducted to support staff in their professional and private development.

Track 21 is the internal training management of VDAB. Their mission is to help VDAB employees and teams in developing the competences that are needed for realising VDAB's missions. Early in 2017, Track 21 assumed the coordination of the Online Learning Platform. A structural collaboration was set up between the departments for web service, labour market service and training service, which resulted in the professional use of the Online Learning Platform for the development of (digital) competences of employees. By the end of 2017 a new learning platform "Totara" was put into use, which is an online learning environment based on an open platform. That means that from now on all VDAB employees can find and take all courses at one location. The same applies to the employees of the partner organizations like Deloitte.

Track 21 also offers Google for Education (G4E), which are Google-based apps that can serve as a base for interconnected and transparent everyday-work at the PES. Staff is trained to use Gmail (for e-mail communication), Drive (for accessing and administering cloud content), Agenda (for scheduling), Documents (for joint drafting), Spreadsheets & Presentations (for preparing and presenting), Hang-out (for video communication) and the new app 'Classroom' (for virtual learning). G4E was widely integrated in vocational training at the training centres of VDAB and their partners. Besides, the app offers a possibility to give feedback and to easily communicate with the various groups of students. A total of 246 VDAB employees were trained in 2017. These efforts continued in 2018.

Apart from the available offer within Track 21, there are monthly sessions where knowledge can be shared and new programs or tools are tested, e.g. those coming out of the Innovation Lab (see Good practice 1). VDAB staff runs the tests jointly with users from other professional domains, who are invited (VDAB, 2018).

FINANCIAL RESOURCES

VDAB's current budget amounts to approximately 800 million euros of which 344,278,670 EUR are invested in staff remuneration and other PES running costs, 62,861,330 EUR into direct recruitment (recruitment costs associated with service), €285,836,000 EUR into contracts with partners and 112,511,000 EUR into social allowances to clients. This allowances are not unemployment benefits, but support for training vouchers etc. (see annex for more details).

VDAB is mainly financed out of the tax and contribution budget of the Flemish Government and also through ESF subsidies. In addition, VDAB gets revenues that are directly linked to the services they provide as one of the biggest vocational training institutes in Flanders. VDAB is, for example, paid by employers for providing training modules for those employees, who are not subsidized (see section on services) and receives revenues from the National Institute for Health and Disability Insurance for guidance service to job seekers reintegrating into the labour market, usually in a specific job post.

3.6 LESSONS LEARNED

In spite of being a regional, not a national PES, the VDAB is considered to be among the most innovative public providers in the world of PES (Struyven, Ludo/ Van Parys, Liesbeth, 2016)³⁴. The lean management structure and VDAB's approach to invest in more intuitive matching techniques and involve the job seeker from the outset seems a good fit to meet the volatile and fast changing labour market of today.

Having tried and implemented several initiatives for engaging and servicing job seekers and employers, and other partners in an innovative way, the lessons learned from VDAB's experience focus on agile response and keeping open to change.

Lessons learned in agility

- Invest into active and consistent mediation to be able to respond to skills shortages.
- Look at trainings and further education that can close skills gaps.
- Recognize learning on the job as springboard to employment.
- Profile and advise every job seeker, also those, which do not have a yet promising CV in order to reap on potential afterwards.
- Make use of temporary work experiences to help long term job seekers reconnect with the labour market.
- Keep the staff and the clients digitally agile.
- Access data on jobseekers also after they find a job, since this information would be useful to improve predictive modelling.
- Consider collecting data from text-mining in CV's.

Lessons learned in keeping open to change

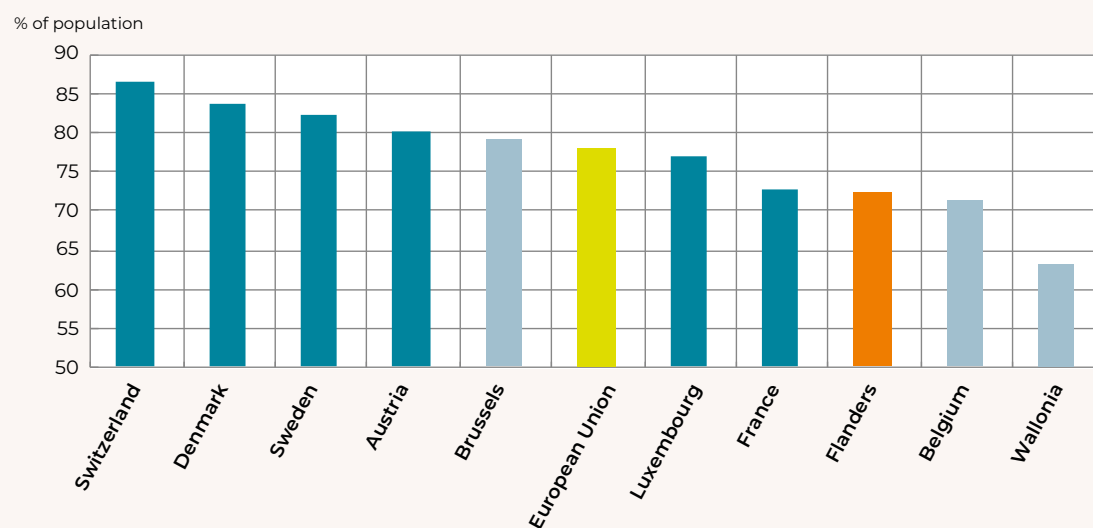
- Involve users in innovation thinking and run tests of new initiatives to test whether it meets clients' expectations.
- Understand innovation as a productive change management process of existing processes and services rather than as an activity that starts with "a blank sheet of paper" every time.
- Operate labs in a safe infrastructure with proper funding, proof of concept, and political support to working differently.
- Establish a "trial-and-error culture". Having the authority to fail is a good way to set up innovative environments.
- Do not take the PES for granted. Create scenarios of "what if the PES did not exist". That gives the opportunity to look at the organisation from scratch.
- Ensure that key staff of the PES are involved, and embracing the premise that senior managers will be the 'learners'. Creating an innovative 'community' helps to foster an adequate environment for the successful transfer of knowledge from a lab situation to the wider operational PES

VDAB continues to aspire in being the innovative network coordinator of the labour market in Flanders. The underlying rationale which VDAB believes in is that only network organisations will survive the disruptive tendencies that are manifest in today's labour market.

34. See also the ENPES Benchlearning Report at <https://www.vdab.be/sites/web/files/doc/trends/pes.pdf>

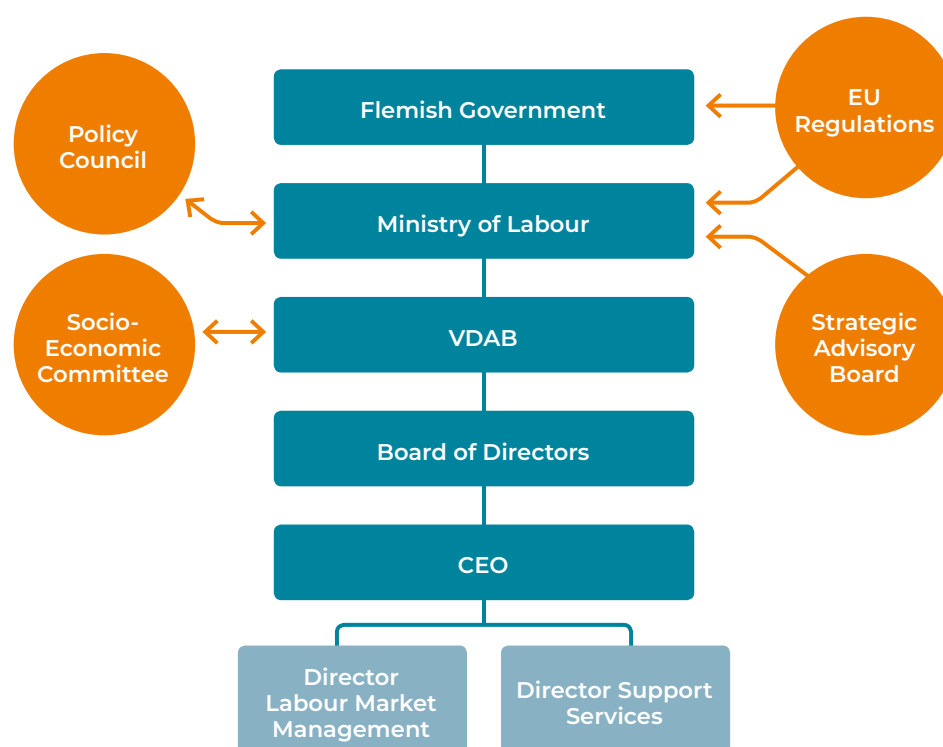
ANNEX 2

Figure 1: Economic activity rate, selection of countries, 15-64 year-olds, 2017



Source: OECD (2017), *OECD Economic Surveys: Belgium*, OECD Publishing, Paris

Figure 2: Governance Structure of VDAB



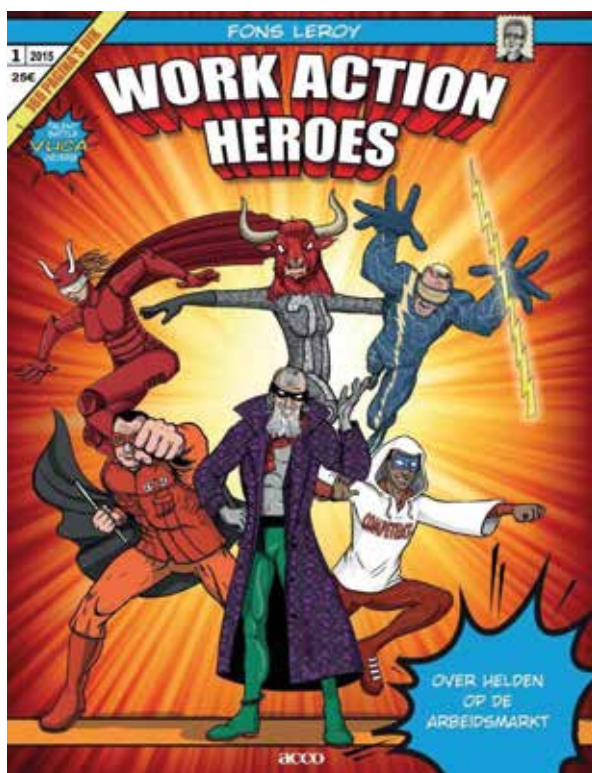
Source: Based on conversations and material provided by VDAB HQ, Brussels

Figure 3: Overview of Management Roles in the VDAB Innovation Lab

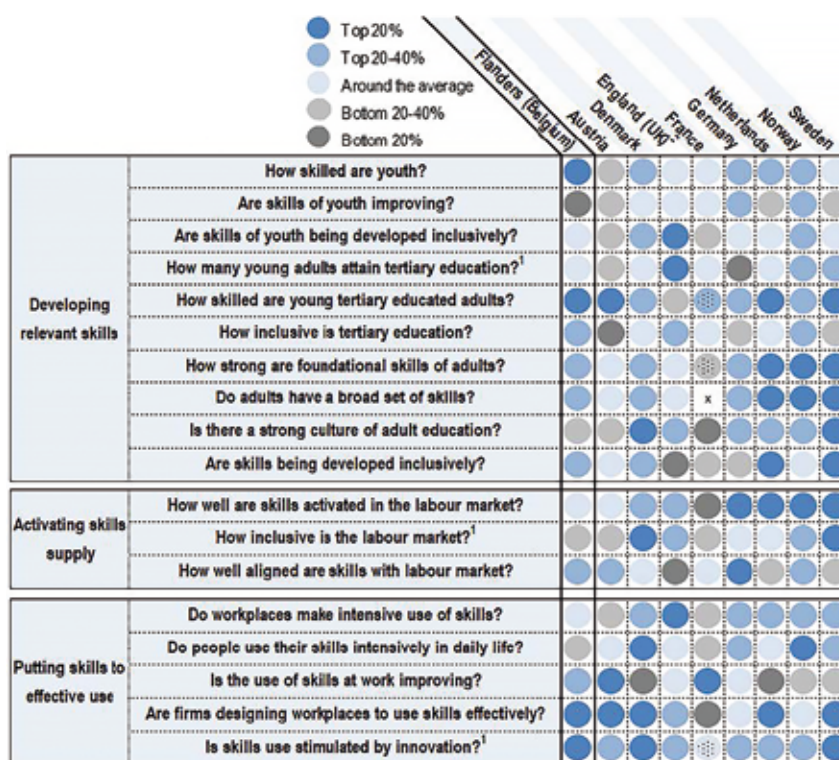
<p>LAB MANAGER</p> <ul style="list-style-type: none"> • Make new people familiar with lab methodology • Be enthusiastic, creative, and tolerant for risk-taking • Coordination of the lab team (which will grow in the future) • Responsible for lab team dynamics, planning, relationships with suppliers • Make suggestions for improvement across the different products 	<p>SERVICE MANAGER</p> <ul style="list-style-type: none"> • Run the platform (infrastructure + evolution of the products) • Know the products and services on the platform and how they can evolve 	<p>LAB MANAGER</p> <ul style="list-style-type: none"> • Transform VDAB • Transfer products and culture from the lab to the entire VDAB organisation
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Source: ICF (2017) The VDAB's Innovation Lab, European Commission, Brussels p.6

Figure 4: Cover of the Book Work Action Heroes



Source: Image provided by VDAB HQ, Brussels

Figure 5: Skills Strategy Scoreboard, Flanders and selected European countries

Source: <https://www.oecd.org/skills/nationalskillsstrategies/OECD-Skills-Strategy-Flanders-Executive-Summary-English.pdf>

Figure 6: VDAB Budget for 2018 (Selected items in t EUR)

	In-house-Activities ³⁵	Operating Costs ³⁶	Third Parties ³⁷	Allowances ³⁸
Skills matching	18,147	3,012		
Job placement	59,802	1,529		210
Career guidance	88,023	5,080	76,041	80
Employer service	15,621	401		
Skills training	114,349	28,386	31,853	19,710
Workplace learning	351	102	250	20,062
Network coordination costs "regisseur"	9,882	7,874	3,686	

Source: Based on conversations and material provided by VDAB HQ, Brussels

35. Costs for VDAB staff and material

36. Costs for service provision, e.g. training rooms, software

37. Costs for outsourcing services

38. Costs for financial help to clients other than benefits, e.g. training vouchers or in-work subsidies

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CHAPTER 4.

**The role, organization
and services of the German
Public Employment Service:
Bundesagentur für Arbeit (BA)**

4.1 NATIONAL CONTEXT AND REFORMS OF BA

The economy in Germany has reached a peak. The labour market has been booming for years and now the economic development has followed suit. However, according to the German Institute for Labour Market Research (IAB), there are also warnings of an overheating of the economy, which in the institute's view ought to be counteracted by a dampening spending policy. Employment in Germany has been on a steep upward path for twelve years now, although this does not always reflect in wage growth, which has remained rather subdued. If employment keeps growing, but wages and productivity do not keep pace, it is recommended to investing primarily in the workers who are supposed to work productively. While the German growth model of the past decade has been based on the employment of more and more employees, a demographic contraction of labour force potential is now imminent. That is why it seems to be a good time for an investment strategy in skills quality rather than quantity. A continuation of current trends projects an expected decline in labour force potential by about 3.6 million workers by the year 2030.

The underlying challenge of a skills gap is becoming structural in Germany, since the qualifications of job seekers do not fit well with the offered vacancies, this seems particularly serious in regions with low employment mobility. The skills gap leads also to employers retaining their employees more than in times of better skills availability. The current dismissal rate in Germany is the lowest since the reunification in 1990. This development is advantageous to keep unemployment low but creates recruitment problems with the times for vacancy filling and the overall number of vacancies increasing. The dual education system which functions as an early skills provider for employers cannot cover the rather immediate skills demands, neither can it satisfy the required skills levels. The forecasted annual net migration of 200,000 people and the continued moderate increase in the participation of older people will not compensate the potential labour shortage either (IAB, 2018).

While the German labour market does well in terms of job quantity and inclusiveness with German workers enjoying low labour market insecurity and high earnings quality, the share of jobs with excessive job strain and the gender labour income gap are the main areas of weakness, compared to other OECD countries. Straining jobs (i.e. jobs with relatively low levels of resources to accomplish the required tasks, low autonomy, and potential hazards for health) is of 46 per cent of employees in Germany according to the OECD Job Quality Database. The top three performing OECD countries retain only 35 per cent of strained jobs (OECD, 2018).

The participation of women in the labour market is in general above the OECD average (almost 60 per cent), but many women in Germany often tend to work on a part-time basis. More than half of working mothers are in involuntary part-time work, compared to 22 per cent in France, 12 per cent in Denmark and just below 25 per cent across the OECD. (OECD, 2017).

Moreover, in spite of the excellent VET system, too many young people leave school without an upper-secondary education, which leaves them ill-prepared for careers in Germany's skills-based economy. The majority of the country's 1.2 million NEETs, in particular young parents with small children, are inactive, i.e. not looking for work.

The trend towards digitization will intensify and generate additional dynamics, especially in the IT industry. New forms of work and skills requirements will arise, which in turn affect regional labour needs. At the same time, digitization will steer significant productivity gains in industrial production. Forecasts of the IAB indicate employment losses in the manufacturing sector with parallel employment growth in the service industry (see Figure 1 in the Annex). Bottlenecks may therefore occur - depending on company size, industry, occupational field and region.

Although the labour market of 2017 offered rather favourable conditions for the integration work of BA, the increasing demand for specific (digital) skills by the employers and the professional integration of refugees are posing additional challenges. From the annual average of 450,000 clients with a forced migration background from the eight most active asylum countries - Afghanistan, Eritrea, Iraq, Iran, Nigeria, Pakistan, Somalia and Syria only almost one in five was able to enter the training or employment market in 2017 (IAB 2018).

REFORMS

At the end of the 1990s, employment promotion was integrated in the German Social Code as its Third Book (SGB III), replacing the Employment Promotion Law which had been in place for 30 years and increasing the rights and responsibilities of job-seekers and employers by introducing more activating components in the measures and involving employers from the start of the placement process. Building on this new employability-focused approach, the BA has undergone a large set of reforms in the last 15 years. This has been a rather unique development in the public sector of Germany and the EU. The so far most significant change in labour law coming into effect in 2003 included a more service-oriented and client-centred identity and brand of the German PES as well as the partial deregulation of the labour markets allowing temporary employment and marginal contracting (so called “mini-jobs” with a monthly earning below 450 EUR).

The introduction of a new, performance-oriented model for the management of the BA was a milestone too. A modern controlling system inspired by large corporations served to align their processes in the operating units in a more client-oriented manner making indicators of clients' satisfaction and “hard facts” like placement figures the quality and success criteria of an offices' performance.

Additional to the employment services for unemployed job seekers laid down in the Social Code III, the German government summarized the former social welfare support in the Social Code II Book linking it more decidedly with employability measures while ensuring a basic income for more vulnerable clients who are unemployed for more than a year. Together with municipal partners all over the country, the public employment service has not only implemented one of the largest social reforms in the history of Germany, but also one that has resulted in a significant decentralization of the service delivery. Since the reform of 2003, public employment agencies (servicing clients seeking jobs with up to one year of unemployment) and public job centres (servicing long-term unemployed with one year or longer without employment) are offering employment services and support measures commonly and in a legal cooperation between PES and municipalities in the different regions. As a result of a locally customized approach, the

individual duration of unemployment has decreased and the satisfaction of clients, both job-seekers and employers, has increased (Bundesregierung Deutschland, 2018).

The most recent reform in the placement of job seekers was the introduction of an “immediate placement option” for job seekers with good matching opportunities. With this option, clients would not wait the average ten days after registration to get a job offer after profiling but get one upon first contact if available.

The BA still holds the monopoly for employment service in Germany but contracts out the delivery of active labour market measures, for example skills training and issues activation and placement vouchers, which allow the cooperation with private employment services to increase employability (read section on “Regulation and cooperation with private providers” for more details).

4.2 BA POLICY AND STRATEGY

BA follows a work-first policy covering integration options on all geographic levels and thriving to activate its clients. The employment services are openly accessible to anybody seeking employment and targeted to cover special needs of vulnerable groups, especially women, young people, persons over 50, persons with disabilities and migrants/refugees and in general job seekers with lowered employability.

The German Social Codes, SGB II (basic care for vulnerable groups) and SGB III (employment promotion) determine the tasks of BA. Basic care benefits are tax-funded and designed to provide people capable of earning with full and rapid help to help themselves. Anyone who is unable to find work despite making a full effort to seek a job or who does not earn enough from their employment to make a living, and needs assistance, has a legal entitlement to basic care, which is also grantable as an income supplement or top-up. The benefits paid under Social Code III to job seekers, who are unemployed below one year are financed through contributions and form the main direct budget of BA (Bundesregierung, 2017).

The tasks of the BA are to provide advice on the labour market, on vocational education and orientation as well as offering job and traineeship placement, pay benefits and guide employers. In a nutshell, the BA has the role of improving people’s inclusion chances on the labour market. With the consent of the Federal German Council (Bundesrat), the Federal Government may, by ordinance, entrust the BA with additional tasks related to its original function, such as the implementation of temporary labour market programs for vulnerable groups like refugees.

The Ministry of Labour and Social Affairs as supervising Ministry sets targets that the BA needs to reach deciding itself on the way and means to do so. The main targets are:

➔ 1. Reduction of the need for assistance

The aim is that employable beneficiaries make their living independently of the basic allowances and activate their own resources, thus lowering the overall need for assistance in Germany. The Ministry observes the number of livelihood benefits and how they develop over the years.

→ **2. Improving integration into sustainable employment**

The target indicator here is the “integration rate”, which is defined as the proportion of employable persons entitled to work, who have been integrated into training or employment during the reporting period, against all employable beneficiaries. Integration into employment occurs when employable beneficiaries take up employment subject to social security contributions in the general (non-subsidised) labour market, fully recognized vocational training or self-employment. The target is reached if the integration rate does not fall by more than 2.6 per cent compared to the result achieved in the previous year, not taking into account the number of refugees.

→ **3. Avoid long-term benefits**

The goal here is to avoid and reduce the long-term payment of benefits. At the same time, this contributes to the general national objective to improve social participation and employability, even for those who have been outside of the labour market for a longer period of time. Long-term benefit recipients are employable beneficiaries who have been in need of help for at least 21 months in the past 24 months. The target is reached when the stock of long-term benefit recipients decreases by at least 0.7 per cent compared to the result achieved in the previous year.

Within this agreed policy frame with the Ministry, the BA has identified four main future challenges (so called “megatrends”) that will define their strategy for the next ten to twenty years (BMAS 2017).

First, the demographic change shifts the skills supply and demand ratio. The labour markets are also becoming more international and interconnected. Labour force potential in Germany will decline by around 3.7 million between 2015 and 2040. At the same time, a high number of skilled workers are expected to retire during this period and will not be replaced by equally qualified younger employees.

Second, structural change and digitization will change many long-agreed aspects in the world of employment, such as how job descriptions are framed or how a work place needs to comply with health and safety regulations. Looking at the years 1995 to 2017, all advanced countries are experiencing a decline in employment in middle-skilled jobs. At the same time, employment in lower- and high-skilled jobs is increasing. Current investigations by the IAB assume that, due to digitalization job profiles and skills distribution will change significantly in the next few years.

Third, flexibilisation and individualization are making work and workforce more mobile and customized. Careers are becoming more individualized. Changing values, especially of young workers, have led to new possibilities as well as different expectations, which might alienate intergenerational employment communication. Therefore, counselling needs are not limited to the case of unemployment, but increasingly arise along the employment biographies.

Lastly, social inequality and the need for increased participation opportunities in the labour market and thus in society is an underlying challenge for any PES. While Germany has the lowest unemployment rate since the beginning of the 1990s, social inequality, measured in available income of households, increased significantly in the same period. The unequal opportunities to participate depend essentially on people’s skills. Regional disparities add to that challenge. For people who have been unemployed for a long time,

BA aims for more effective ways of getting them back into work and gaining a more equal share (BA 2018: *Vision*).

LEGAL FRAMEWORK

The provisions of law that establish the tasks of the German PES are described in §368 of the Social Code Book III for Employment Promotion. It constitutes that BA is the sole public institution to deliver these tasks and that the budget allocated by the State can only be used to fulfil them. The tasks include the coordination of labour market and employment data exchange among institutions as well as the provision of advice and information about labour markets and employment.

The BA is a public agency under law responsible to the Ministry of Labor and Social Affairs. It has its own organizational line structure, including headquarters, regional agencies, and local units for service delivery. It is thus a legal Federal Corporation under public law with self-governing structure. The head office is at the upper administrative level, regional directorates at middle level and local service agencies are operational units with daily direct client contact. Regional directorates are responsible for the success of regional labour market policies. In the German regions (Länder) they work together with the regional governments while the offices focusing on long-term unemployed clients have legal contracts with the municipalities to jointly run and finance the offices.

The budget is allocated by the Ministry of Labour to the BA HQ, which then distributes it to the local offices through the regional directorates according to the financial planning identified in the objectives.

Private providers are not entrusted directly to offer employment services but can get direct contracts for specific pilot projects or parts of the service, mainly skills training or placement measures.

There is no legal obligation for employers to register job vacancies or to use the PES for recruitment services. There is however an obligation to inform BA about every redundancy, be it within larger layoffs or as individual terminations. The BA has thus a small-time window to prevent unemployment and sees this as a priority of early intervention. Moreover, the duration of employment is important for the BA, because long spells of unemployment make jobseekers less attractive for potential employers and generate higher social security payments.

MANAGEMENT BOARD

The central organ of self-governing structure of the BA is the tripartite Management Board (including delegates from the state, employers, and workers organizations), which oversees and advises the BA management on the fulfilment of governmental tasks and gives important impulses for the further development of the PES. The Board is involved in decisions regarding policies and programs, the budget and the purchase of services from private or third sector providers. The Board decisions in particular are:

- Decision on strategic and policy goals
- Decision of the statute of the Federal Employment Agency

- Decision of the budget
- Decree of orders
- Approval of the annual report of the Management Board
- Approval of the rules of procedure of the Management Board.

The supervising Ministry of Labour is also member of the Board and through this membership supervises the BA. Tripartite partners are represented with equal shares of memberships (one third each for employers' representatives, trade unions and public bodies). For each group, seven members and five deputy members are appointed by the Ministry. The Board proposes to the Federal Government the Chairman and the other members of the Management of the BA for appointment by the Federal President. The Board also serves as think tank for piloting labour market projects. Members can suggest new initiatives that will be tried out in practice or suggest labour market research topics that will be picked up by the Institute for Labour Market Research IAB (BA 2018: *Geschäftsbericht*).

4.3 BA STRUCTURE, MANAGEMENT AND FUNCTIONS

ORGANIZATIONAL AND MANAGEMENT STRUCTURE

The BA is a fully autonomous entity reporting to the Ministry of Labour and Social Affairs and is chaired by a CEO and two further executive officers, one for finances and human resources, the second one for operations. The Chair is responsible for the headquarters of BA based in the city of Nurnberg, as well as for the 10 regional directorates and the 156 agencies and approx. 600 branch offices in Germany (see organizational chart in the annex). BA also supports the delivery of employment and social services in the job centres jointly run by municipalities and the BA servicing long-term unemployed clients. There are also a number of agencies with special tasks reporting to the head office. The international agency (ZAV) covers all international employment services such as the advice to cross-border commuters or recruitment services to German employers which are looking for international skills. The management academy (FBA) is the entity providing further training for top executives of the PES. The civil servant university (HdB) educates and graduates students to become civil servants in the German PES. The family agency (FamKa) manages the payment of child benefits. Every office has its own workers council, ombudsman as well as representatives for persons with disabilities, equal opportunities and foreign workers.

The head office issues the strategy upon decision of the tripartite Managing Board. The regional directorates are responsible for the regional roll out in their sub-ordinate offices. Along the lines of the strategies and the annual objectives agreed between regional directorate and local offices, the offices translate the requirements into local needs. The local offices can suggest which the most relevant target groups are and what the best way to support them is. For clients who are unemployed under one year, the office decides about operational roll out as well as budget allocation and reports to the

regional directorate on performance talks about course and results of the measures and services. Throughout the year, the regional directorate supports the offices in reaching the targets by sending in-house consultants who monitor success rate and advise on management and operations. In the 303 common offices with municipalities servicing long-term unemployed, the management consists of a combined steering committee supervising the performance.

This management model is intended to decentralize decision-making power and delegate it to the local entities following the logic that they will know their clients best. At the same time, the head office of BA becomes leaner in their management and administrative tasks, since the past structure with a more centralized set-up was criticized as too bulky and lacking the necessary agility. While the delegation of financial and operational power from the head office to the regional directorates has been successfully executed over the last 15 years, the more dominant role of the regional directorate in practice halves the delegation chain and converts them into “regional head offices”, which centralize decision-making power on finances and operations in the region. Local offices state that they do have the responsibility to reach targets, but not always the necessary means or level of power to achieve that target. The lump sum for ALMP that local offices are allocated, and which is based on the negotiations with the regional office, for example, allows for a large degree of freedom as to how they divide the budget between different measures. Nevertheless, the local employment offices cannot react instantaneously to changes in the number of unemployed for example by increasing the budget or trying new, not formerly agreed measures. Some of the funds are required to pay the current charges for ongoing programmes which is particularly important for long-term measures such as further vocational training and wage subsidies but further binds financial resources and makes response times less flexible.

Over 80 per cent of BA staff work facing the client in a front office setting. The daily turnaround average is of 8900 requests for unemployment benefit, 7700 requests for child benefit, 95,000 client calls, 15,000 face to face contacts on first level with an average waiting time of 11 minutes and 14,000 on second level (advice, profiling etc.). Around 5700 people are placed into jobs daily (BA 2018: *Geschäftsbericht*).

The in-house management of BA is based on the leadership principles of management-by-objectives (result-driven, accountable, thinking in the “big picture”), management-by-delegation (transparent involvement of staff, feedback communication, tolerance towards trial-and error), change management (authenticity, resilience, empathy) and network management (team player, trust, people management). BA managers are expected to represent and excel in BA values, be client-oriented, take decisions, assure quality and drive innovation.

The performance assessment for managers is based on the previously agreed targets. It leads to individual and at the same time comparable profiles and is the basis for individual support and staff development. If, based on the assessment of the manager, there is the potential to take on another position with more responsibility over the next one to three years, an individual development plan is designed (BA, 2018: *Führungskompass*).

FUNCTIONS

→ **Intermediation and placement of job seekers**

Job offers are accessible via self-service (displayed in local offices or available on the Internet) or directly offered by job placement staff within the 4-phase model (see below). Matching technology used includes a computer-based data bank that lists and suggests matches for registered job vacancies and job seekers. Job seekers can register on an Internet-based vacancy bank and administer their profiles themselves. Profiling is part of the job search interview and is based on placement officers' assessments, supported by IT based matching.

Individual job search interviews with placement officers are standard practice and include devising individual action plans to define job search activities and targets. Information and advice for job seekers is available via the Internet or through the call center with a current push to use more online services and less call-in services. The BA and external agencies provide skills training. In cases of persons with special needs, the public employment service may refer to specialized agencies.

Services for transnational placement are offered to foreign workers who already reside in the country, foreign employers who are looking for workers, and migrant returnees. Job offers abroad and information and advice on finding a job in foreign countries are also provided

→ **Service to employers and apprentices**

For the registration of job vacancies, a multi-channel approach is used. Employers have access to an applicant data bank at the PES offices or via the Internet. They can contact candidates directly or through a PES officer. The agency uses a computer-based data bank that lists registered job vacancies and job seekers. The computerized matching technology supports the staff's pre-selection of suitable candidates for specific vacancies. Group information on working conditions for suitable workers (commissioned by the employer) is also available.

The employer service of the BA devotes specific staff members who are in charge of managing employer client accounts. This management includes recruitment services, post-placement services, support with paper-work, e.g. for employing vulnerable groups, special inclusion measures at the work place, rehabilitation services, apprentice management, financial support and qualification offers. The employer's service is offered in 156 employment offices (not in the job centres). The service guarantees a response time of 48 hours after inquiries or job offers arrive. After the first contact, the employer is allocated to one account manager, who works on finding suitable skills and researching the skills market on a mid-term perspective. Job fairs, targeted site visits, networking breakfasts and support in the case of company crisis are standard practice. Departments at locations with large employers offer key account management, which includes additional services such as the support to the employer with additional advisory services or short time work management in times of large lay-offs or work shortage.

BA also offers advice and placement for apprentices. By the 1st of October each year when apprenticeships usually start, young people turn to vocational guidance of the

BA to seek assistance in finding training positions and they register at local offices with a basic profiling of their training needs. At around the same time, training companies report their vacancies for vocational training. The BA aims at placing all young people seeking apprenticeship into a training position, or, if this fails, to offer a meaningful alternative for the labour market entry, such as subsidised work-testing schemes. Supply and demand in the training market has been relatively balanced for several years in Germany. However, regional, occupational and qualification imbalances make it more difficult to actually offer a vocational training for each young person. Here, the work of local consultants helps to identify alternatives for the young, to promote the necessary mobility options to work in another part of Germany and to convince employers of the potential trainees who they did not admit for apprenticeship yet. The BA also tries to generally motivate employers to offer more training spaces to young people, so that they can benefit from the dual education system of school and work in a company (BA 2017: *Integrationskonzept*).

In a step before apprenticeships are negotiated and applicants placed, BA helps with vocational orientation in schools to guide young people in the decision which job to take after completing school education. This is usually done two to three years before the end of school. In coordination with the teachers, career counsellors provide students with an initial overview of vocational options in the field of education and study as well as with possible consequences of dropping out of school.

→ **Career Coaching**

Throughout the several career transitions job seekers experience in their working life, BA offers counselling by career coaches offering to discuss career goals and ideas, to expand the range of occupational choices and to develop targeted strategies together. If necessary, the professional services of the BA (psychology service, medical service, technical advisory service) can be involved, for example, to explore the personal requirements for certain occupations. In general, the specialised services are consulted if a career transition appears to be challenging because the job seeker has attitudinal barriers or suffers of a health condition.

→ **Labour market information**

The BA has the primary responsibility for collection of labour market information and does so at the national, regional, and local levels for the government and statistical institutions.

The German Institute for Labour Market Research (IAB) provides comprehensive labour market data and analysis and distributes them to the job agencies in digest versions that inform practitioners about employment perspectives and their macroeconomic context. IAB also organizes several national and international events on labour market trends like recent ones on forced migration and the digital divide. They publish the online magazine *IAB Forum* that provides series on relevant topics like the impact of the newly introduced minimum wage on the German labour market and facilitate the format “Science meets practitioners”. IAB is also the main evaluator of the effectiveness and efficiency of active and passive labour market programs rendered and managed by the BA.

→ **Labour market programmes**

The main programs of BA are vocational skills training, activation measures, upskilling, work-testing and subsidized employment.

Vocational skill training measures are designed to improve and/or adjust the qualifications of the unemployed to better fit labour demand. The measures differ considerably and can be broadly characterised as those lasting less than six months and long-term vocational training lasting between from six months up to three years. The latter completely retrain unemployed clients into new professions. Shorter-term training measures are teaching a punctual skill, e.g. individuals are coached how to write job applications or receive short language or computer courses. Training measures can be further divided into classroom training measures and training measures, which take place in a company in order to work test. Sometimes, different training measures are combined in the sense of the dual education system or are followed by a longer vocational training.

The employer wage subsidy is paid to employers who hire people with placement difficulties, formerly unemployed clients over 50 years, or persons with disabilities. The subsidy is normally paid for a maximum of twelve months but is sometimes granted for up to eight years (e.g. for severely disabled people over 50). With the exception of the wage subsidy for clients over 50, there is a mandatory post subsidy employment requirement. This means that an employer must continue to hire the former participant for the same number of months that the subsidy was granted.

Since the large inflow of forced migrants in 2015 and the caused increase of BA clients in search for a job, the BA has taken up additional tasks for the labour market inclusion of forced migrants providing skills assessment interviews and tools, work-testing schemes and integration courses for new arrivals.

In addition to the payment of unemployment benefits according to the Social Codes SGB III and SGB II, the BA offers a variety of financial services like start-up support for entrepreneurs and transition payments to incidents of bankruptcy or shortened work terms.

→ **Unemployment benefits**

The BA is responsible for the administration and management of unemployment benefits, job seeker allowances, and related allowances as well as child benefits. Unemployment benefit is paid to registered unemployed persons who have worked at least 12 months in the last two years. However, self-employed people don't have this kind of protection and can only claim a lower substitute allowance. Employees who have resigned on their own initiative can also claim those benefits but must wait three months after registration. The benefits equal to at least 60 per cent of the last received net salary and can be paid for up to one year, in which the benefit recipient must remain available for job placement and employability measures which he/she finds himself/herself or which are offered within the 4-Phase-Model by the local agency. After one year of continued unemployment a means-tested allowance (also called *Hartz IV*) replaces the benefit. It is individually calculated and aimed to cover basic needs. Recipients will continue to stay available for enhanced employability measures according to their estimate of finding a job (BA, 2017: *Was? Wieviel? Wer?*).

PERFORMANCE MANAGEMENT AND M&E

The policy objectives set by the Ministry of Labour and Social Affairs and the challenges that drive the long-term strategy are complemented by operational objectives that are also determined by the BA. In the last years they revolved around:

- Improvement of counselling and labour market integration
- Effective and efficient operations
- Motivation of staff
- High customer satisfaction

This frame determines the objectives that are then set for the regional and local offices of BA, where improved labour market integration would translate for example into more efficiently reaching out to local short and medium-sized enterprises and help them forecast their future skills needs. Motivation of staff can translate into offering better work-life balance schemes in teams where ways to the workplace include long commuting times. High customer satisfaction could be locally broken down in helping job seekers understand the BA language better and explaining processes in a more transparent manner.

The current labour market environment in which BA performs is of 731,000 vacancies registered with the PES in 2017 (11 per cent more than in 2016) of which 93 per cent were vacancies with immediate need for filling. The average time that BA applied to fill a vacancy was of 102 days. The overall number of new vacancies in 2017 was of 1,2 million. 2,3 million job seekers were registered of which more than 850,000 receive unemployment benefits and more than 1,6 are long-term unemployed in the *Hartz IV* scheme of basic care. Almost 900,000 job seekers participated in labour market programs, 3 per cent more than in 2016. On the vocational market, 548,000 young people applied for a vocational training 522,000 posts were offered from employers (Bundesagentur für Arbeit, 2018, *Geschäftsbericht 2017*).

The performance index

In response to the criticism of the national audit office in 2014 that the performance management system of BA was too complicated and focusing too much on quantity, BA has reduced its indicators to the following core index:

Four 'results-based' indicators that are worth 70 per cent of the final index score:

- Percentage of unemployment prevention (20 per cent)
- Integration rate into the labour market (35 per cent)
- Duration of unemployment (25 per cent)
- Ratio of vocational trainings and school graduates (20 per cent)

Six indicators that show the 'structure of results' and make up 30 per cent of the final index score:

- Percentage of long-term integrations: this is measured by the overall number of people who are still in their job after 6 months divided by the total number of job integrations (25 per cent)

- Percentage of integrations of jobseekers, who have been looking for a job for more than 6 months (25 per cent)
- Percentage of vacancies filled in small and medium sized businesses (17 per cent)
- Percentage of people without secondary education participating in vocational education (15 per cent)
- Overall customer satisfaction rate (8 per cent)
- Counselling quality (10 per cent)

Indicators that show the structure of results in the final index score focus on the sustainability of labour market integration, vocational training and customer satisfaction and counselling quality. Across the BA, performance dialogues take place at all levels, between the local employment agencies and regional directorate as well as between the regional directorate and the head office. The main objectives of these dialogues are to reach concrete agreements on targets and to monitor the progress as well as the need to readjust goals.

In contrast to other European PES, job counsellors do not have target agreements. They may, however, receive a bonus based on outstanding personal performance. The managers of employment agencies can receive financial rewards on the basis of their target agreements.

In order to set annual targets, managers of local agencies and their team managers develop annual business plans that contain:

- An analysis of the labour market
- The performance potential of the individual agency
- The situation of staff and financial resources
- Actual performance

Target setting is therefore largely bottom-up for BA offices. On that basis, the BA head office aggregates this information and uses it for the yearly planning with their Management Board. Throughout the year, the frequency of performance dialogues between the local offices and the regional directorate is determined by the regional directorate – some have frequent dialogues with all the agencies and some focus on low performers (Puchwein-Roberts, Schönenberg; 2016).

Client surveys to measure satisfaction are run regularly for services such as advice, labour market programs, policy transparency, service at reception desk, and payment of benefits. A recent survey for the quality of advice for example produced the result that in a ranking system based on the German school mark system where 1 is “very good” and 6 is “insufficient”, job-seekers thought the quality of the service would equal 2.1 and 2.8 for labour market impact. Young job seekers under 25 ranked quality with 1.8 and impact with 2.4. Employers ranked quality 2.2 and impact 2.9.

GOOD PRACTICE 1: MONITORING SUSTAINABILITY OF LABOUR MARKET PROGRAMS

In data and performance reporting, the BA is increasingly placing an emphasis on the sustainability of employment, which includes an indicator on long-term integrations into the labour market in the BA's overall performance index (see earlier section). Moreover, the BA measures long-term integrations into the labour market after three, six, 12, and 18 months of job placement.

For example, the BA uses the TrEffeR method to compare participants of ALMP measures to non-participants, in order to see if measures are effective. The TrEffeR model aims to evaluate the effectiveness of ALMP measures on a micro level.

The method uses statistical matching to compare groups of individuals in order to see if a measure improved the job prospects of participants. TrEffeR creates statistical twins who have a comparable socio-demographic and labour market history and are unemployed in the same region at the same time. By comparing participants of ALMP with the statistical twins that did not take part in ALMP, the BA can estimate if an ALMP measure has caused an effect (e.g. sustainable placement in work) and tracks participants up to four years after participation.

The results of the method are available in aggregated form in the so-called Data Warehouse of BA, an internal data library, and thus help managers to make strategic decisions. The data is accessed by local branch managers who can analyse results from a similar region (in socio-economic terms) and with similar job seekers (age, gender, length of unemployment, skills level etc.) to their own.

Recent results for Germany conclude that the most effective active labour market measure is a combination of further education for job changers and work testing schemes with actual employers and that the notion of measures run by private providers through the placement and activation voucher have a too short retention time in employment. (IAB, 2015)

4.4 SERVICE AND DELIVERY

SERVICE DELIVERY MODEL AND CHANNELS

The BA defines their services of labour market information, counselling of job seekers and employers, matching and placement services as a holistic management of employment transition processes throughout the job seekers' careers. To increase effectiveness and efficiency of this management, the service offer to job seeker clients has been standardized for all agencies and municipalities delivering employment services in the beginning of the 2010's. The so-called 4-phase-model, which is applied for all clients in SGB II and SGB III, regulates the client journey from first contact with the agency to integration into the labour market. It is at the same time the guideline for agency staff to service job seekers with needs assessment, job offers and skills training or other activation measures.

For more complex support needs specialized counselling and placement officers, such as case managers, psychologists or medical doctors are brought into the process of assessing and increasing the employability.

THE 4-PHASE-MODEL FOR INTEGRATION

→ **Phase 1: Profiling and action planning**

Practically all clients passing the reception service or the online portal as job seekers and receiving benefits undergo a detailed, skills-based profiling in order to identify potentials, development needs and interests, and assess first labour market perspectives. The profiling is complemented with a joint integration agreement (action plan), which forms the binding contract between job seeker and agency for the implementation and follow-up measures of the agreed integration approach. Each subsequent follow-up interview thus serves to review the agreed measures and time table as well as to evaluate possible advances or drawbacks. It is, in other words, used as a feedback tool on the employability development of the client.

The initial interview is run by the placement officer of the agency and focuses on a strength analysis with regard to the target job or planned skilling activity. This strength analysis serves to record all usable vocational and comprehensive skills, which are documented in the internal skills data base of the employment service, accessible from all other agencies and job centres in Germany, not however from private employment services or entities outside of the BA system.

In a second step, the job seeker and the officer identify obstacles to integration and how to systematically remove them. The identification differs between personal obstacles, such as attitude issues and environmental obstacles, for example a weak infrastructure to get to the workplace (see annex for details). After this, clients are usually classified into one of the following three groups:

A - Market profiles have no need for support as they usually have a solid skills portfolio, are self-motivated and show the probability of integration into the labour market within the next six months.

B - Activation profiles show the need for support in the key group “motivation” and have a probability of integration into the labour market in the next six months. These profiles primarily require activation, their qualifications are in principle demanded on the labour market, but the clients may have been seeking in a regional and / or professional environment that was unfavourable to their background or situation. If necessary, a career alternative or the willingness to increase mobility and flexibility must be developed.

C - Support profiles need help in one of the three key groups “qualification”, “performance” or “framework conditions” and have a general integration perspective.

D - Development profiles are more intense support profiles with additional issues such as a difficult family situation or a medical condition and a low to non-existent chance for integration within the next twelve months.

E - Stabilization profiles are already in work but need help to remain in the labour market for the next 12 months.

→ **Phase 2: Setting targets**

The target setting is driven by the work-first policy of BA and engulfs inclusion opportunities on the local, regional, national and international labour market, transition to self-employment, employment in mini jobs or short-term occupations - if this ends unemployment or reduces the need for benefits. In addition, options such as occupational activities outside the first (unsubsidized) labour market are available - especially for those clients, who are unlikely to be placed in the next 12 months and for which a long spell of inactivity needs to be ended.

When choosing the target option, the goal with the highest chance of integration success into the labour market is the first priority. For complex client profiles with multiple issues the target option can take a maximum period of two years. The client is always encouraged to independently choose between employment and improvement of his/her employability. The validity of the target options agreed with the client and jointly pursued by the placement officer must be discussed and documented with the client in each subsequent meeting.

Basically, the target setting aims at an extension of the search horizon for the client in order to provide additional opportunities for integration, and it looks at widening the geographical and sectorial availability of the client keeping the work-first principle in mind.

→ **Phase 3: Strategy and time table**

The strategy depends on which and how many intervention-relevant needs for action have been identified during profiling. The guiding principle here is that every intervention-relevant need is mirrored with an actual action for increasing the employability, especially those who are reducing integration obstacles. Thus, the individual need for action of the customer determines the nature and extent of his personal implementation strategy.

Individual time planning is designed to be realistic and ambitious with a view to reaching the target of rapid labour market integration.

→ **Phase 4: Commitment and follow up**

The integration agreement includes a timetable and a list of sustainable tasks for employability. Even in the case of complex profiles where profiling is not yet or cannot be carried out in the initial interview, a written integration agreement regarding the second interview and the tasks to be completed by then must be agreed upon.

As a rule, an integration agreement/action plan is signed for all clients over the age of 25 who are seeking a job and are unemployed for less than six months. It is also signed for all long-term unemployed clients who are basically employable. It summarizes the individual arrangements made with the client from the initial interview throughout the entire employability process. This increases the transparency and the liability for all actors involved. The agreement is documented in the internal BA data base and handed out to the client. At the latest after six months, but usually on an ad hoc basis in accordance with the progress of the agreed integration process, the plan is updated. Violations of the agreements or the non-compliance with tasks listed can be sanctioned with benefit freezes (Bartelheimer, 2016).

After completion of the agreement, the placement officer will run a profile-based matching supported by the data base, working with a semi-automatized system of machine search and continued comments of the placement officer after each profiling step and job offer.

The 4-Phase-Model is binding for all agencies. In very small local entities, however, the practical delivery might mean that phases are shortened and one and the same staff members carry out several tasks like reception and profiling.

GOOD PRACTICE 2: SKILLS SELF-ASSESSMENT TOOL MYSKILLS

1.3 of the currently 2.55 million unemployed persons in Germany have not completed vocational training. Nevertheless, many job seekers have years of professional experience and expertise. An “unskilled person” can therefore be able to deliver good work. So far, job centres and employment agencies had no reliable instrument available to detect and recognize hidden competences and practical experience.

Since 2017, the computer-based assessment test MYSKILLS, which was developed in cooperation between BA and the Bertelsmann Stiftung helps to make occupational practical and transversal knowledge visible and validated and aims for closing gaps in standardized skills recognition. Estimates say that between 50,000 and 100,000 participants will annually benefit from the program.

The test participants answer several questions on the computer that relate to everyday situations in one of 30 recognized training occupations. Pictures and videos complement the questions. Answering the questions takes about four hours. The test is carried out exclusively in the labour agencies in special test rooms of the psychology service. Depending on the occupation, the result feedback consists of assessments in 5 to 7 fields of action. For the profession of “seller” such fields of action are for example “work at a cashier” or “carry out upskilling measures to achieve a particular qualification”. Circular symbols quickly reveal how much knowledge is available in the respective field of action when looking at the result feedback.

In this way MYSKILLS makes professional action knowledge visible - regardless of whether it was acquired through a formal education or through practical work. At the end of the test, the responsible placement officer will provide the participants with a result overview, which contains a summary assessment of occupational knowledge in the different fields. The overview validates the self-assessment of the tested person and supports BA staff in the search for suitable job offers as well as in the selection of suitable (re-)qualification measures.

Since the tool is still being piloted there are no tangible results yet, but it shows a good practice in how to assess transferable skills and reach out to clients who would not self-assess their competences (PESEP, 2018).

Source: Author

The BA services are available to all job seekers and employers with focus on the integration of vulnerable groups, plus there are a few specific services for institutions. For job seekers the activation and occupational integration measures revolve around the described 4-phase-model including vocational guidance and orientation services, both for young people and as continuous offer in the sense of life-long learning. The BA invests reasonable capacity in increasing the participation of disabled people in working life including vocational rehabilitation. It supports entrepreneurial endeavours of unemployed clients.

For employers, the support ranges from integration grants for the employment of vulnerable clients, allowances for short-time work, support for dual education and inclusion of rehabilitated workers (see section above for more details). For institutions, BA runs career introductions, offers vocational support and trains people with special need for assistance.

USE OF INFORMATION TECHNOLOGY

In 2017, BA's new online portal went online and has since offered a centralized online access route to all BA services. The structure of the page intends to follow the different transition options a client can encounter in his/her career allowing a short intuitive search track to the different transition options advice, vacancies, benefit payment and appointment management. The site navigation is guided through questions to the user what he/she wants to do next and is thus more user friendly than earlier versions of the BA online service, which were based on information-heavy presentation and several non-integrated sites that lead to high bounce rates. Current usage figures increased to between eight and ten million visitors a month. Recently an area for registered users was added to the portal that allows to personalize searches, set-up an inbox and customize advice.

The labour exchange system containing skills is centralized and accessible from all offices, which will see exactly the same data sets. It forms the main digital work tool for PES staff since 2001 and includes the client reports generated through the 4-Phase-Model. It exchanges vacancies and CVs that are flagged as international with the European job data base EURES but is not linked to data bases external to BA. The exchange system is maintained by the so-called IT system house, which is an internal department of BA that cooperates with external code programmers and the hosting company. The costs are fully covered by the BA budget and amounted to approximately 70,000,000 EUR in 2017 including the purchase of the necessary hardware.

While the digital services received a significant face-wash and are easier to use, the multi-channelling approach is not yet an integrative component of the services. Some (digital) channels are indeed targeted more decisively to young clients, but the different service channels are rather still parallel, i.e. positioned next to each other letting the client chose which one to use or in many cases reaching out to clients by more out-dated channels like classical post. While the BA hopes to put the digital channel at the heart of its services, it will likely continue to provide more classical channels too, since the German law still accepts written communication via mail only as legally binding

BA is aware that its clients expect up-to-date, always available online offers and services for now and would expect further automation of services in the future. The IT implementation in the 4-phase model (see previous section) for example is not yet fully integrated. Job seekers can do basic registration online but are encouraged to get profiled, register for jobs and do the decisive steps for obtaining benefits in a face-to-face contact with their local offices. The digital literacy in Germany is in the mid-range of the EU only and occurs more often among vulnerable groups far away from the labour market.

The implementation of more far-reaching digital services is in general cautious. There have been plans to implement a chat bot as the first contact communication and intelligent virtual assistants in back offices, but the development of these changes is now rather back to the phase of investigating how other PES are dealing with those enhanced multi-channelling options. The questions asked to peer PES, for example in the forum of the European PES Network are what the main parameters of multi-channelling strategies are and to what extent there is an evidence base for success and how PES is seeking to motivate staff and clients to utilize new channels (Pieterse, 2017).

REGULATION AND COOPERATION WITH PRIVATE AND NON-PROFIT SERVICE PROVIDERS

The BA was the sole provider of employment services in Germany until 1994 when the European Court of Justice decided that this monopoly was violating the rules of the free market. Today's share of private employment services has however not developed to be a serious independent provider, rather a contracted entity for certain services still fully managed by BA. The underlying logic for leaving the public in charge of job matching until now is that only the state could offer full service to all vulnerable groups and in times of economic crisis.

On the other hand, the PES is not directly responsible for regulating private employment agencies, it just requires a certification issued by the Chamber of Commerce on the performance and reliability as well as the ability to integrate clients into the labour market, if the provider wants to get funded with BA money. If the private agency operates independently with own means, it does not need a special certification.

The first private contractors after deregulation were then granted public finances for their integration projects. Private providers – usually after close communication with the local branches of the BA – proposed „measures“ in line with the national and legal framework of policy instruments and the local BA office would decide which proposals were eligible (Finn 2011).

Today, contracting-out, when it happens, is mainly done through the placement and activation vouchers (Vermittlungs- und Aktivierungsgutschein), which purchase a customized integration product rather than developing a project module. This voucher was introduced in 2002 and allows job seekers a free choice of service providers based on their estimate of who may offer the best chances for integration into the labour market. The objective of offering such a free choice is to foster public-private partnership and increase the dynamics of competition and efficiency. The private providers cashing their vouchers are remunerated based on a combination of an administration fee and the actual integration rate, not anymore as lump sums for staff and material costs as was done in the past.

Private providers are considered to have placed a job seeker successfully into a job if the job seeker gets a contract of at least three months of at least 15 working hours a week. The placed job seeker should not have worked for that employer for longer than three months in the last four years and the current contract must have been agreed following the activity of the private provider. The first rate of 1000 EUR is paid after six weeks of uninterrupted employment in that same job. A second rate of additional 1000 EUR is paid if the contract stays or is enlarged to six months. Placements of long-term unemployed clients and of those with disabilities are paid with 2,500 EUR. The job centres, which service long-term unemployed clients, can negotiate individual contracts with private providers too.

The high administrative burden that job seekers need to undergo to use a voucher as well as the increase of unstable employment contracts, have created a perception that the cooperation with private employment services in Germany is not very relevant for lowering unemployment, especially of the most vulnerable clients. However, the private providers argue that the rates paid through the voucher are too low for the requested work and for the necessary close cooperation with employers (Bundeszentrale für politische Bildung, 2018).

Against this backdrop, there is a future perspective to further open the cooperation with private providers for example by allowing them an easier access to BA in-house expertise, like the medical care for clients. A complete open access to public-private client service is however difficult to achieve due to Germany's strict data protection rules, especially in the field of social security data.

FURTHER PARTNERSHIPS

Despite the underdeveloped relationship with private providers, the general cooperation philosophy of the BA to reach the targets is "Together we can achieve more than alone". Examples for committed cooperation with other actors can be found in the integration of refugees, vocational rehabilitants, the safeguarding of skilled workers and the reduction of long-term unemployment among many others.

The BA has a diverse range of labour market partners responding to Germany's federalist structure and the local needs of the respective employment sectors and regions. All over Germany, the local agencies and regional directorates, on top of the cross-cutting tripartite collaboration with trade unions and employer representatives, work with civil society and other relevant stakeholders like municipalities, charities, educational institutes, migrant associations and counselling centres. The selection of partners results from the strategic goals of the region. There is no complete list or compilation of the cooperation partners, but there are numerous cooperation agreements that regulate the steps of employment service delivery (see the annex for principles of agreements).

Temp agencies are handled like employers in the communication with BA and as for the services they get.

GOOD PRACTICE 3: YOUTH CAREER AGENCIES

Youth career agencies are a one-stop-shop concept for adolescents to help them in their transition from school to work. A total of 289 of these agencies offer integration services in Germany as a cooperation between the BA, schools, employers and other relevant stakeholders for a successful job start.

The common goal is to show young people concrete opportunities for a self-determined working life and to support their actual job search and placement. The agencies focus particularly on those job starters who face a challenging entry due to conditions of vulnerability, a difficult family environment or school drop out.

Currently, 92 per cent of young job seekers and 73 per cent of young long-term unemployed in Germany are serviced by youth career agencies in 156 cities and 190 local areas.

While the coverage is German-wide, the youth career agencies aim to offer local solutions for youth integration. The emphasis on cooperation between the different local stakeholders allows an individualized approach for the different parts of the country. The main drivers to launch and develop the services were regional governments as well as the local employment agencies which realized that the integration of young people at the job start particularly requires a multi-stakeholder approach.

The establishment of youth career agencies has favoured the provision of vocational orientation at schools and the cooperation between school authorities, the BA and employers to prepare school to work transition in a more successful manner (BA, 2018: Weiterentwicklungsperspektiven).

Source: Author

4.5 INSTITUTIONAL CAPACITY OF BA

STAFF STRENGTH AND PROFESSIONAL DEVELOPMENT

Bundesagentur für Arbeit has 98,800 employees including 1200 junior staff in 10 regional directorates, 156 regional offices, 600 local entities and the head office. 85,900 staff members are under permanent contract, while 12,900 are in temporary contracts. There are also 1300 students at the BA University HBA and 1600 apprentices. The composition of staff is quite diversified: 10 per cent of staff have a declared disability, 70 per cent are female, 16 per cent are of a foreign background, 41 per cent are over 50 years old and 33 per cent work part-time.

The average caseload for an employment office is of approximately 600 cases placing it among countries with the most favourable capacity to service clients like China, New Zealand and France (see table in the annex for overview). The variety within this range of 600 cases is however significantly large with peaks of officers having several hundred clients in areas with high unemployment like Berlin and/or low infrastructural development like Mecklenburg-Western-Pomerania (IDB/OECD/WAPES, 2016).

The human resource policy of the BA is increasingly geared to the requirements of the Labour Market 4.0, emphasising utilization of standards for good working relations, flexible working hours, work-life balance concepts and the focus on mental health in the workplace.

An appreciation-based dialogue forms the basis of communication between management and staff. Recently run preventive “engagement support surveys” involve all staff members in expressing their satisfaction at work, the room for improvement and their personal commitment to change. BA has repeatedly been awarded for their staff development and communication programs. The latest award was the “German training award for excellent further education possibilities at the workplace.

In 2017, the BA invested in 300,000 skills development days for their staff members strongly promoting the concept of lifelong learning and digitalized HR. As more clients can now use online services to apply for jobs or post vacancies, more digital in-house skills are needed. In 2017 the more than 9000 new hires were chosen with a focus on their digital skills.

The training of junior staff is also a major pillar of the BA’s recruiting strategy: in 2017, more than 1,400 junior employees began their training, studies or trainee program nationwide.

Young people with a refugee background were recruited for training as specialists in labour market services, with a total of 49 training places filled (BA 2018: *Geschäftsbericht*).

FINANCIAL RESOURCES

The current total budget managed by the Bundesagentur für Arbeit is of approximately 102 billion EUR. One third of this budget is mainly financed through contributions and is used for paying out unemployment benefits and active labour market measures (see table in annex for development of ALMP share in the last five years) such as financing vocational training measures, promoting the participation of people with disabilities, and issuing training vouchers to private providers. It also serves to finance administrative costs for running the public employment service including staff costs. One third of the overall budget is financed through taxes and allocated for the payment of child benefits. The remaining third comes from municipalities servicing long-term unemployed clients in the job centres jointly run with BA and is mainly tax-financed.

Further financing sources are the income from services rendered to other public administrations, the European Social Fund, and interest rates from BA assets (BA, 2018 *Haushaltsplan 2017*).

The trend of future financing is to consolidate the positive financial balance of the last years and continue to invest in upskilling and vocational training measures for clients especially further training for job changers, since this has been identified as the main success factor for increased employability and therefore best return-on-investment through the shortening of unemployment periods and the saving of benefits.

4.6 LESSONS LEARNED

The German BA is operating as a successful PES, which has contributed to significantly lowering unemployment in the country and saving benefits. The reforms of the last 20 years have turned BA into a rather modern labour market player with a high coverage among employers and job seekers as well as with a contemporary branding and service offer. The German PES is the biggest of its kind in the world and its strong operational and policy impact in Germany makes it one of the most relevant public agencies to implement change and deliver state services to the citizen.

From the experience of the last two decades the BA is drawing several conclusions learned from how the services to their clients functioned, from how the internal management was run and from how partnerships played a role.

LESSONS LEARNED IN SERVICE PROVISION

- Establish a clear rights and responsibility agenda from the first contact with the job seeker, e.g. through a commonly designed action planning
- Allocate enough resources to advice and orientation, as it is key to successful job placement
- Invest in further education of job changers to keep the labour market agile and skills up-to-date
- Drive the fight against long-term unemployment by finding an adequate mixture of basic support, prevention and customized activation
- Devote resources to social freedom by supporting employers and job seekers in situations of mass lay-offs and other socio-economically challenging situations.
- Expand vocational orientation in schools and intervene early in career decisions
- Offer professional orientation without gender bias and without suggesting a preference for the academic path
- Develop tools that allow job seekers to self-assess their skills and validate these assessments with experts for training regulations and skills recognition as well as with employers
- Further exploit the potential of digital and services to make the PES offer more lean and accessible

LESSONS LEARNED IN INTERNAL MANAGEMENT

- Train and develop managers with interdisciplinary and transversal skills
- Measure success of offices based on individual and team performances to make teamwork and staff motivation more transparent and incentivise development and target reaching
- Make gender mainstreaming, diversity and inclusion an integral part of PES management
- Develop assessment procedures to reflect the state of policy implementation and to

- identify local development opportunities
- Create a data centre with robust data that is used for performance dialogues, regional clustering of agencies and other statistical methods
- Measure sustainability of measures in order to fulfil the goals of preventing unemployment and decreasing the duration of unemployment
- Aim for a bottom-up target setting in order to engage the employment agencies more closely in target setting and to orientate leadership towards a supportive and learning culture.
- Enhance ambitions in planning, action-oriented reporting, measuring performance and the efficiency of programmes

LESSONS LEARNED IN PARTNERSHIPS

- Invite partners from an early stage around the table to participate in vision design and setting of strategic goals
- Set framework agreements with institutions and other partners to strengthen cooperation especially between employment and education
- Create human connections within partnerships by allocating expert staff members to managing the partnerships and be the face of the PES
- Support infrastructure between the cooperation partners
- Increase the data exchange between partners, especially those who are involved in the transition from school into work

These lessons learned form part of the future vision of BA against the macroeconomic backdrop ("megatrends") of demographic change in Germany, the EU and globally, of digitization and structural change, of more flexible and customized labour markets and of the overarching requirement of helping to lower inequality.

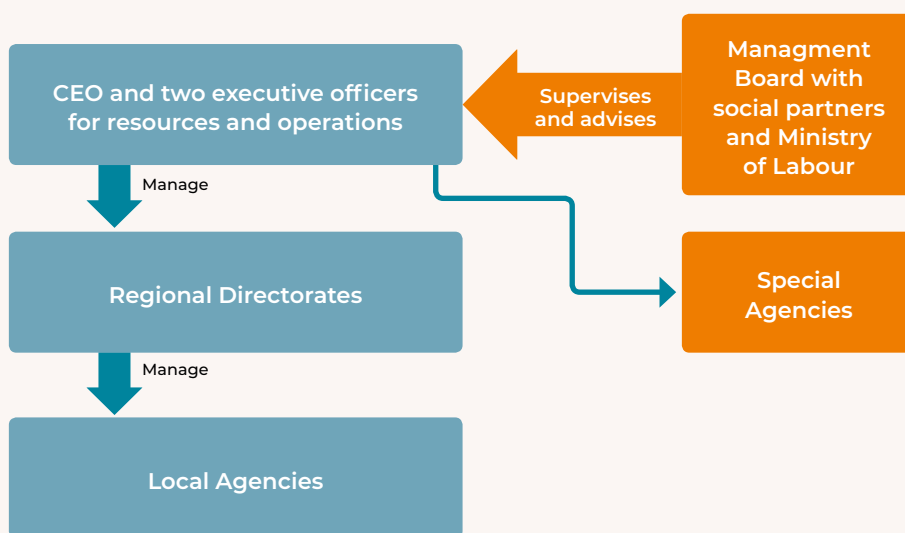
ANNEX 3

Figure 1: Sectorial Development in Germany 2013-2017

	2013	2014	2015	2016	2017
	Employed Workers in t	Difference to prev. year in %	Difference to prev. year in %	Difference to prev. year in %	Difference to prev. year in %
Agriculture and Fishery	332	3,24	2,12	-0,28	0,50
Manufacturing w/o construction	7.745	0,61	0,38	0,26	0,85
Construction	1.909	0,80	0,52	1,58	2,20
Trade and traffic	8.676	0,82	0,80	1,37	1,39
ICT	1.074	1,35	0,62	2,50	3,47
Financial services	1.050	-0,60	0,48	-1,13	-1,51
Real estate	399	1,81	0,55	1,28	1,69
Business services	4.695	2,18	2,72	2,99	3,18
Education and health	9.500	1,62	1,94	2,42	2,17

Source: IAB (2018) *Aufschwung auf dem Höhepunkt*, Nürnberg

Figure 2: Organizational Structure BA



Source: Bundesministerium für Arbeit und Soziales (2017) *Social Security at a Glance 2017*, Bonn

Figure 3: Profiling within the 4-Phase Model

- Within the first assessment talk between PES advisor and job seeker an analysis of employable skills is mapped out, which contains the skills directly related to a specific position (if available) or professional background and the transversal skills
- In a second step the development potential is assessed which includes possible obstacles to employability
- Action can then be planned and taken along the areas of qualification (if skills are missing or outdated); performance (if the ability to reach targets in a workplace is hindered) and motivation (if the client is not active enough).
- Every action is placed in “environment profiles” which identify and target determining external factors to the employability action such as general conditions (e.g. client is illiterate) and labour/training conditions (e.g. client struggles with getting up in the morning)
- An overall analysis of the skills profile, the potential and the environment profile leads to the decision, which and whether a particular action needs to be taken in relation to a concrete employment opportunity. Barriers will be removed only if they are standing in the way to a specific employment perspective
- If the barriers are however very basic and endanger the employability as a whole, such as “motivation”, action can be taken also without a concrete job perspective
- To ensure a targeting of the job perspective, the profiling procedure aims to identify which is the profession/skills set of the client that promises the quickest and highest chance for a sustainable integration into the non-subsidized labour market

Source: Bundesagentur für Arbeit (2017): *Das arbeitnehmerorientierte Integrationskonzept der Bundesagentur für Arbeit (SGB II und SGB III)*, Nürnberg

Figure 4: Basic principles of partnership agreements between BA and regional stakeholders

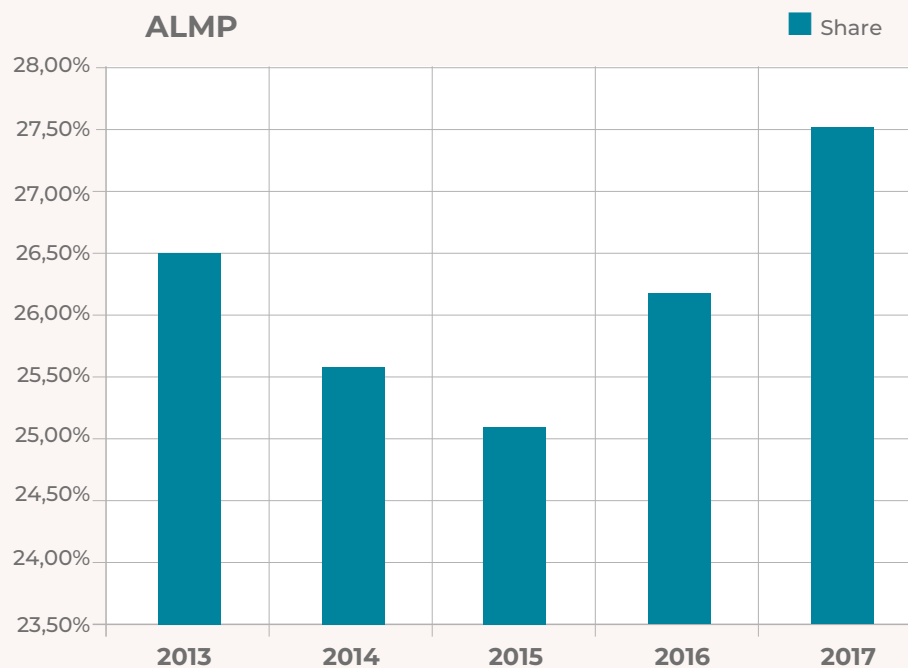
- Employability, skills development potential and the management of transitions on the labour market are the overarching common objective of the cooperation
- A joint working group oversees and drives the operational agenda of the cooperation with concrete activities and time plan
- Staff of the PES is able to travel to partner's premises to offer advice and placement services to the clients. Activities do not have to take place in the employment offices
- PES is always ready to help with the administrative challenges, e.g. of filling in forms or processing benefit applications
- Data systems of partners are made accessible to each other in order to be updated
- Data about job seekers which is facilitated and exchanged throughout the cooperation process falls under data and privacy protection rules and is not disclosed to third parties
- Agreements are generally published on the internet

Based on several agreements, e.g. Bayerisches Staatsministerium der Justiz und für den Verbraucherschutz (2012) *Kooperationsvereinbarung*, München

Figure 5: Caseload ratio: Number of unemployed clients per office

Number of Unemployed per Office, Grouped	Number of Public Employment Services	Public Employment Services/Countries
200 – 1,000	5	France, Hungary, China, Germany, New Zealand
1,001 – 2,000	10	Czech Republic, Sweden, Belgium (VDAB), Slovenia, Philippines, Switzerland, Honduras, Moldova, Lithuania, Austria
2,001 – 4,000	10	Croatia, Brazil, Ukraine, Thailand, Bahamas, United Kingdom, Benin, Cambodia, Denmark, Argentina
4,001 – 8,000	12	Costa Rica, Australia, Uruguay, Panama, Serbia, Algeria, Japan, Armenia, Comoros, Albania, Belgium (Brussels-Actiris), El Salvador
8,001 – 12,000	8	Suriname, Netherlands, Republic of Congo, Macedonia, Peru, Colombia, Dominican Republic, Vietnam
12,001 – 25,000	10	Bolivia, Jamaica, Mexico, Burkina Faso, Barbados, Togo, Ecuador, Turkey, Paraguay, Guinea
25,001 – 100,000	8	Cameroon, Chad, Central African Republic, Venezuela, Ivory Coast, Trinidad and Tobago, Niger, Guatemala
> 100,001	3	Democratic Republic of Congo, Mauritania, Chile
Missing Values	7	Belgium (Forem), Russia, Guyana, Morocco, Finland, Canada, Gabon
TOTAL	73	

Source: IDB/WAPES/OECD (2016) *World of Public Employment Services*, Washington

Figure 6: Share of active labour market measures in the BA overall budget

Source: BA (2018) *Haushaltsplan 2017*, Nürnberg

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