



The European Commission Mutual Learning Programme for Public Employment Services

DG Employment, Social Affairs and Inclusion

PEER PES PAPER

**Peer Review "Peer Review on Performance Management
in Public Employment Services (PES)"**

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Jobcentre Plus

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1. Overall approach to performance management

1.1. Are there any guiding principles that define and underpin the overall approach to performance management? If so, what are they?

The UK has an evidence based system for policy-making. New initiatives are trialled in a controlled pilot environment where ever possible, and results of policy changes are subject to subsequent evaluation. This research is in the public domain.

1.2. Which structures or individuals have overall responsibility for performance management in the PES?

It is important to note that the PES is an integral part of the Ministry.

There is a structured approach to performance management which spans the whole organisation. Each staff member has accountability for their own performance, this contributes to Team, District, Regional, and National PES wide performance recording.

1.3. Does the PES use a quality management model to assist in managing and improving performance?

Type of model	Used? Yes /no Give details if requested
ISO9000	
Balanced Scorecard	Yes
EFQM	
CAF	
Other (please specify)	
None	

2. Goals and target-setting

2.1. What systems are in place to define and agree the goals, performance indicators and (quantifiable) targets?

How often are the goals, performance indicators and (quantifiable) targets set?

Frequency that goals, performance indicators and (quantifiable) targets are set?	Yes/No and give details if requested
6 months	Managers are able to monitor staff performance on a daily basis.
Annual	The overall performance expectation of the PES, and required level of register off flow are set by the Ministry annually.
Multi-annual (please specify)	The administration budget for the PES is set for a three year period, the annual performance requirements are set to deliver required outputs within a pre-agreed funding envelope.
Specific points in time/circumstances that trigger a review/adjustment (please specify)	
Other (please specify)	

Who is involved in defining and agreeing the goals, performance indicators and (quantifiable) targets?

Who is involved in defining and agreeing the goals, performance indicators and (quantifiable) targets?	Involved? Yes/No and give details if requested
PES senior management	PES senior management within the Ministry negotiate with finance ministry (HM Treasury) officials concerning PES budget. The allocated budget will convert into staffing allocation and targets following analysis from all key stakeholders including Analysts, HR.
Ministry of Labour (Social Affairs, Economy ...)	<p>The UK Department for Work and Pensions is ultimately responsible for agreed performance levels. The senior official, the Permanent Secretary, is constitutionally accountable to Parliament for appropriate use of public budgets. Overall DWP Goals are stated in a Business Plan produced on a rolling three year cycle. This document which is laid before UK Parliament lists key Government priorities.</p> <p>The PES contributes to all of these through supporting an increase in the employment rate and reducing unemployment:</p> <p>Getting Britain Working, Tackling the causes of poverty and social justice, (encouraging work as the best route out of poverty)-specifically ensuring that clients facing the most significant barriers to work are referred to the Work Programme (private providers paid largely by results).</p> <p>Delivering welfare reform, (assisting delivery of new welfare system to increase labour market incentives).</p> <p>Pensions Reform (including encouraging longer working lives),</p> <p>Enabling disabled people to fulfil their potential (including encouragement to take up employment opportunities).</p> <p>Improving service to the public (delivering a speedy and efficient service for jobseekers and employers)</p> <p>The plan also contains Impact Indicators (the UK Ministry highest level performance measures)</p> <p>The key measure for the PES is the Rate of people moving from out of work benefits.</p> <p>The PES also supports achievement of</p>

	<p>other Ministry indicators:</p> <ul style="list-style-type: none"> ▪ Reducing the Number of People on out of work benefits ▪ Reducing the Proportion of children living in Workless Households ▪ Reducing the rate of disability poverty ▪ The gap between the employment rates for disabled people and the overall population ▪ Public opinion of DWP service levels ▪ DWP Productivity measure,
Other policymakers (please specify level and type of policymaker)	Analysts will inform senior PES officials as to the practicability of delivering outputs, and advise on the cost and outputs necessary to meet Ministers' performance expectations for new programmes.
Social partners	
Other stakeholders (please specify who)	
Other PES staff (please specify who)	

2.2. What systems are in place to review and adjust the goals, performance indicators and (quantifiable) targets?

How often are the goals, performance indicators and (quantifiable) targets reviewed and adjusted?

Frequency that goals, performance indicators and (quantifiable) targets are reviewed and adjusted?	Yes/No and give details if required
6 months	Exceptionally the targets at Jobcentre level can be reviewed more frequently if a changing situation requires a re-allocation of required performance between local offices.
Annual	PES, Regional, and local Jobcentre targets are set nationally.
Multi-annual (please specify)	
Specific points in time/circumstances that trigger a review/adjustment (please specify)	As above.
Other (please specify)	

Who is involved in reviewing and adjusting the goals, performance indicators and (quantifiable) targets?

Who is involved in reviewing and adjusting the goals, performance indicators and (quantifiable) targets?	Involved? Yes/No and give details if required
PES senior management	PES senior management within the Ministry will negotiate the performance levels and structure with HM Treasury officials. HM Treasury will consider the macro-economic situation, labour market condition, expenditure on PES services and desired outcome - return on investment/expenditure, including expected annual efficiency gains.
Ministry of Labour (Social Affairs, Economy ...)	Ultimately these must be agreed by the Secretary of State who is the cabinet minister responsible in Government for PES delivery.
Other policymakers (please specify level and type of policymaker)	
Social partners	
Other stakeholders (please specify who)	
Other PES staff (please specify who)	Analysts, Financial (accountancy) staff, HR experts.

2.3. What are the main goals and performance indicators for the PES?

The PES has a national target to achieve off flows from the unemployment register.

Off flows are measured through a comparison for a rolling year of customers claiming Jobseeker's Allowance (JSA) (UK Unemployment Benefit) against those moving off JSA. This is shown for Group (Region) and District. For internal use this can be broken down to local office and individual levels.

Overall off-flow results, and 18-24, and 50+ age group cohorts are measured.

Local offices have a target to move off a percentage of clients on-flowing to the register at 13, 26, 39, and 52 weeks.

What is the main rationale behind these goals and performance indicators?

The rationale behind the UK system of Performance Indicators is to support key Government Priorities, achievement of this aim is measured against key indicators set out in the Ministry DWP three year rolling business plan (see 2.1 above).

2.4. Is there any rationale behind the number of indicators set, and if so, what?

The PES focuses on measuring an essential minimum of key outputs (off flows from the unemployment register) in support of higher level indicators for desirable socio-economic policy outcomes. Supporting internal management indicators underpin this to assist managers in ensuring staff achieve required levels of performance. Underpinning the off flow measures at 13/26/39, and 52 week, there are indicators (NB not targets) for Mandatory Work Activity, Sanctions Applied, Referrals to Work experience, Better off in Work Calculations offered clients.

2.5. Are the indicators common to all the PES structures and levels (national, regional and local) or is there some degree of tailoring?

PES indicators are national, though expected performance levels can be varied, they are the subject of negotiation, intermediate tiers of management will negotiate the share of performance/output a Region/Office etc is expected to contribute towards achievement of the expected/required national measure.

2.6. Based on your experience, what are the main challenges faced in ensuring effective target-setting?

The UK PES previously operated an elaborate system of sub-indicators measuring process compliance and activity levels, these fed into a number of higher level PES targets, which themselves were used to assess achievement of headline Ministry Departmental Strategic Objectives (DSO) underpinning UK Government – wide Public Service Agreements (PSA) The PSAs were designed to assess the society wide impact of dedicated public investment streams.

This top down system required significant monitoring and considerable bureaucracy. It was sometimes difficult to ascribe a genuine causal relationship between different target tiers. Many of the Performance measures were assessing processes encouraging an undue focus on inputs and methods rather than desired policy outcomes. The elaborate nature of this system and emphasis on inputs distracted staff and managers from strategic goals and sometimes encouraged perverse behaviours which actually contradicted and detracted from PES objectives.

The performance measurement system was reformed by the new UK government in 2010. In seeking to address the aforementioned problems the previous target regime was replaced by a significantly reduced number of key measures.

Significantly these are not meant to be an end in themselves but measures designed to drive behaviours best suited to the PES assisting achievement of policy objectives.

With an increasing emphasis on automated and self service it has not for a number of years been possible to pursue traditional placement monitoring and performance tracking. The UK Government wishes to encourage self reliance and concentrate

resource on those who most need assistance to avoid deadweight and ensure the most effective use of resource. A large number of PES clients will simply attend the PES office every two weeks to confirm to an official what they are doing to look for work themselves. More in-depth counseling and assisted matching is normally only offered to those who remain on the register after 13, or often 26 weeks. The PES off-flow indicators both reflect and encourage compliance with the business model, driving advisors to concentrate assistance on those most in need of help.

2.7. Based on your experience, what works best in ensuring effective target-setting?

Managerial and political commitment is crucial, as is transparency, with accountability at all levels. The smallest essential number of measures (preferably indicators not targets) to provide for accountability can ensure organisational goals are understood, discourage gaming/perverse incentives, and minimise bureaucratic overheads in performance audit.

Outcome measures are preferable, with output assessment where outcomes cannot be measured, inputs should not stand alone as targets, and process measurement should only be used for assessing essential compliance, and as part of cost benefit appraisal of resource allocation, not as a target in itself.

3. Performance measurement

3.1. What are the main systems and tools in place to collect data and measure performance according to the agreed indicators?

Do you use a data warehouse? Which types of data are collected regularly and for which purposes?

The PES data warehouse is used to support a strategic approach to meeting Ministry Management Information requirements. This facilitates the delivery of Business Intelligence (eg enabling the assessment of the effectiveness of programmes). Productivity and delivery of outcomes are assessed through data collection and storage which includes information on:

- The number of interviews that have taken place where submission to a vacancy, referral to a programme, or better off in work calculation (assessment by advisor of labour market financial incentive for client taking up a vacancy), has taken place.
- Number of interviews arranged, proportion of scheduled appointments that took place, outcomes of interviews.
- Number of appointments taking place within three days of first registration (client contact).

3.2. How do the performance measurement systems compare the results of different PES offices to be used for benchmarking?

There is some limited clustering of results based upon high level geographical descriptors, urban, rural areas etc. There is not yet detailed benchmarking drawing upon richer data sets assessing wider administrative and macro-economic data. This is planned.

3.3. Please describe one of the most effective systems or tools for collecting data and measuring performance in greater detail.

The performance information system builds up a national performance picture from the aggregation of individual advisor system user input into a DWP/JCP Labour Market system. At each interview advisors are required to enter data codes confirming actions taken. This enables managers to confirm the number of interviews completed, and produces a report of activities undertaken during, and suggested following an interview. A client specific record is also maintained – including the possibility of free text recording of discussion (conversations).

All staff must use the system which offers a process and security audit trail of staff activity.

Individual recording supports office-wide and ultimately national reporting. Outputs are transparent at all suitable levels of aggregation.

3.4. Based on your experience, what are the main challenges in collecting data and measuring performance?

Even the best data recording system is only of use if managers and staff utilise system outputs/reports. Managers need to ensure staff are carrying out actions as recorded through frequent, risk based, random quality/security checks.

3.5. Based on your experience, what works best in ensuring effective performance measurement?

Clear staff understanding of why and how their function supports wider PES policy objectives. Clear management oversight, especially an understanding of how to interpret performance data and place it in an appropriate context which enables managers to identify factors /staff contributing to achievement of results, and where improvements are needed.

4. Performance management, continuous improvement and learning

Part 1: Performance management, continuous improvement and learning within PES

4.1. How are the goals, performance indicators and targets communicated to wider PES staff?

Staff performance can be monitored on a daily basis by Managers/Team leaders. Office performance is reviewed at weekly office meetings.

Organisational goals are communicated to all staff through a variety of media, including daily updates from the DWP site and at weekly all staff meetings.

4.2. What systems and tools are in place to use the results for the continuous improvement and learning of the PES?

The PES uses LEAN management techniques to encourage all staff to consider process and systems and suggest enhancements. LEAN is a management technique designed to empower front line operatives to critically consider delivery systems and challenge traditional delivery methods if they feel revisions are possible to improve processes and deliver better outcomes. Front-line staff user input is therefore considered at daily meetings convened by managers to review the previous days performance and assess where wasteful and non-value added activities can be reformed/removed, this contributes to greater PES cost/efficiency and productivity. District Managers will review offices' performance at least weekly, with Regional level reviews taking place quarterly.

4.3. Please describe what works best in giving concrete impulses for the continuous improvement and learning of the PES at all levels.

Bottom up performance improvement initiatives, empowering staff at all levels to suggest improvement, in tandem with a clear understanding of standard required process design, provides a good balance between essential compliance to ensure policies are delivered and encouragement of front line staff innovation.

If possible, please provide concrete examples of where the performance results have led to an improvement or learning in the PES organisation.

Performance assessment has been used to make many technical adjustments to administrative systems removing unnecessary worksteps and non-value added activities.

4.4. Based on your experience, what works best in ensuring continuous learning and improvement within PES?

LEAN techniques have been very successful. These have identified wasteful, non value-added and sometimes obsolete processes which have been removed. This has supported the PES objective to maximise the most effective use of valuable advisor staff time, ie; maximising quality contact time with priority clients.

4.5 Based on your experience, what are the main challenges in linking performance measurement to continuous improvement and learning within PES?

Assessment of savings in staff time from reduced bureaucracy is often easier to assess than identification of a clear causal relationship between this and improved achievement of outcomes. Though as a proxy one should logically support the other.

Part 2 : PES business case: using information from performance management in the dialogue with policymakers and social partners

4.6. How is the wider knowledge of successful (and less successful) employment policies and measures collected?

All UK Employment measures are subject to independent assessment by analysts and evaluation reports are published in publicly available reports.

Process enhancement initiatives are assessed nationally by a continuous improvement unit and outputs can then be incorporated into revised standard operating instructions.

Units achieving particularly good results can earn greater process autonomy from the central PES and adopt some bespoke local service models, which may vary from the national template, and can be adopted by other units (subject to evaluation). This introduces a "local labour market response" dimension to PES delivery.

4.7. How is the wider knowledge of successful (and less successful) employment policies and measures shared with others (e.g. social partners and policymakers at different levels)?

As above.

4.8. How are the goals, performance indicators and targets communicated to other stakeholders (social partners, ministries) if these are not involved in the process?

All DWP/JCP UK PES business plans which contain the above are publicly available.

4.9. How are the results from PES performance management (in terms of what works best, ideas for continuous improvement) shared with others (policymakers, social partners)?

The PES is an integral part of the Ministry policy and delivery development are intrinsic to each other and part of the same process. There is no statutory role for social partners in the UK, though they, (as can any citizen), may respond to stakeholder consultation exercises on new policies.

The UK PES does not tend to consult external stakeholders on process changes (staff are very involved in design), though the public (jobseekers/employers) are however always involved in trials and pilots as part of substantial changes to process. All PES performance data is publicly available.

4.10. Based upon your experience what are the main challenges and what works best in ensuring the dialogue of PES with other stakeholders about results from performance management?

In formation, transparency and user and customer input are essential. The UK PES does not normally conduct statutory dialogue with other stakeholders (eg Social Partners)

5. Conclusions and questions

5.1. What lessons have you drawn from your experience in performance management?

- Performance assessment systems must be a tool to support achievement of policy outcomes – not a “closed system” and end in themselves.
- Good transparent MI is essential, this needs to be built up from the front line user interface, and be capable of being easily understood and interpreted by staff at all levels as appropriate for their function.
- A national standard service template must perform the “backbone” of a PES delivery system. Local variation can be agreed but this should be the case where performance is already good and following risk assessment and consideration of how proposed local alterations address local labour market issues/factors.
- The numbers of indicators should be kept to an essential minimum to avoid encouragement of perverse incentives, and confusion for staff. These should underpin high level policy objectives, offering a strategic fit.
- LEAN management systems can provide a crucial and beneficial component of performance improvement programmes.

5.2. What are key issues for the way forward in your organisation in relation to performance management?

- Further development of benchmarking is needed. This should enable wider, ie local labour market, macro-economic, and societal (skills/educational attainment) data to be used when preparing comparative analysis of local jobcentre and regional performance.
- Robust cost-benefit models will be necessary for comprehensive assessment of PES productivity. As with most areas of public service delivery and for other PES developing these can be complex-not least due to problems in defining units of production.
- The extent to which local PES delivery models can be allowed to vary from national service templates is still an area for debate in UK .The nature of localism in public administration, and local service delivery responses to labour market factors requires more research. End to end efficiency measures are being developed, seeking to establish a stronger causal connection between client contact processes and progress in the labour market .This is intended to provide a clearer input-output structure with an operational performance environment built on value added from activity. Measures will have the strongest possible focus on outcomes not inputs, and design will seek to minimise perverse incentives in the revised system.

5.3. In the Peer Review discussions, on which of the following topics would you most like to focus and what would you most like to learn from others?

Topics	Importance of the topic (scale: 1 = very unimportant, 5 = very important)	What would you most like to learn from others in the topic(s) you are most interested in? (maximum three bullet points)
Overall approach to performance management	4	Extent of accountability for performance at different levels. Development of cost-benefit models.
Goals and target-setting	4	Links between PES targets and high level policy objectives, government priorities.
Performance measurement	4	Nature of metrics used.
Performance management, continuous improvement and learning	5	How analysis of MI is used to encourage continuous improvement.