



House of Commons  
Committee of Public Accounts

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# The roll-out of the Jobcentre Plus office network

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Forty-fourth Report of Session  
2007–08

*Report, together with formal minutes, oral and  
written evidence*

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## The Committee of Public Accounts

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Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No 148. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/pac>. A list of Reports of the Committee in the present Session is at the back of this volume.

### Committee staff

The current staff of the Committee is Mark Etherton (Clerk), Emma Sawyer (Committee Assistant), Pam Morris (Committee Assistant) and Alex Paterson (Media Officer).

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## Summary

Between 2002 and 2008, the Department for Work and Pensions (the Department) replaced over 1,500 jobcentres and social security offices across Great Britain with a network of just over 800 modernised Jobcentre Plus offices. The aim was to significantly improve the job-seeking experience and the delivery of benefits by providing a service similar to that offered by a bank or modern retailer. To achieve such a radical shift away from the previous fragmented approach, the Department for Work and Pensions merged the Employment Service and the Benefits Agency into a new integrated service, Jobcentre Plus ('the Agency').

This roll-out was one of the largest public sector construction programmes undertaken in the United Kingdom in recent years. It cost £1.9 billion and was designed to improve efficiency by reducing the size of the estate and automating processes. The project was also intended to provide the infrastructure for improved customer service through a more tailored approach, increasing the number of work-focused interviews and helping to reduce unemployment.

To succeed in its roll-out of Jobcentre Plus, the Department had to:

- manage very complex disposal, procurement and construction projects;
- change the way that staff provided services to their customers; and
- produce savings that justified the £1.9 billion investment.

Having learnt lessons from early difficulties, the project was successful in delivering nearly all the planned offices, while making savings against the original budget of £2.2 billion. The estate rationalisation generated savings of £135 million a year, and the Department estimates that the roll-out will ultimately lead to cumulative benefits of £6 billion, with the project due to break even in 2012–13. These forecast future benefits include savings from improved job outcomes, which are influenced by many other factors including the state of the economy. The modernised network is designed to give the Agency more flexibility to deal with future demand.

The successful delivery of the programme can be attributed to sound governance, intelligent use of existing guidance and external advice, and strong support from the leadership of the organisation. A critical factor was the consistent senior management team, who between them had over 100 years of front line operational experience in the Agency's business. A willingness to revise the approach to the project as roll out proceeded was also an important factor in success. The successful project management approach provides important lessons for other public sector bodies undertaking major procurement and change projects of this kind.

On the basis of a Report by the Comptroller and Auditor General,<sup>1</sup> we examined the Agency on the procurement of the new office network, including the realisation of benefits to customers, the Agency and the taxpayer.

1 C&AG's Report, *The roll-out of the Jobcentre Plus office network*, HC (2007–08) 346

## Conclusions and recommendations

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1. **The successful implementation of the Jobcentre Plus roll-out project has important lessons for other major government programmes, particularly those which involve service transformation.** The main project management success factors were:
  - key leadership roles were taken by people with significant front-line experience of successful operational delivery—between them, the three senior project team members had over 100 years experience of the Agency’s operations, starting their careers in relatively junior positions at the front-line;
  - continuity in the project team was maintained—helping the project team to learn and adapt as the roll-out developed;
  - staff in local offices were engaged in shaping service change—the management team recognised that the roll-out was not just about refurbishing offices, but also about working differently. They engaged staff in service delivery changes to maintain local commitment to the programme and the improvements being sought;
  - tight financial control was applied from an early stage—savings were made against the project’s budget because the mode of roll-out was reviewed and changed as the project proceeded, and specific action was taken when it became apparent that the original plans might lead to cost overruns;
  - the risks created by changing processes were actively managed—moving to an open plan office environment required the introduction of training in customer handling, and measures to monitor how staff and customers communicated to provide a safe environment for staff.
2. **The Agency has delivered a more cost effective office network and a more pleasant customer and working environment, but it is not able to demonstrate clearly whether the project has achieved the business case objective of increasing the number of clients finding work.** Measuring the impact on job outcomes is complex because other initiatives and the economic climate will also have played a part. The Agency could have set performance targets for the customer service improvement objectives at the start of the project, based on changes from the existing baseline, in order to assist in determining the project’s contribution to desired service improvements.
3. **The improved office environment has not increased customer satisfaction levels significantly.** Customers’ views will be affected by a wide range of factors, including the attitude of Jobcentre Plus staff, their knowledge of benefits and jobs available, as well as the accessibility of other communications media such as telephone contact centres. The Agency should offer a consistent approach to customer service across the network so that, in particular, the capacity to meet face to face with an adviser, if preferred to conversations by telephone, as well as the right to privacy, are maintained.

4. **The move to an open plan environment in the new office network may increase the risk that employees are subject to abuse or harm by disgruntled customers.** The Agency's feedback mechanisms should encourage staff to raise any concerns freely with senior staff. Senior staff should monitor the extent and cause of incidents so the approach to staff safety can be reviewed if necessary.

# 1 Delivering the roll-out project

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1. In March 2000, the Prime Minister announced plans for combining the Employment Service and the Benefits Agency into a new Agency, Jobcentre Plus. In autumn 2001, the Department for Work and Pensions (the Department) launched 56 pathfinder projects to test the feasibility of combining benefits and employment services within one organisation, and in April 2002, the merger of the two bodies took place. Subsequently, the Treasury approved a business case to roll out an integrated network of offices across Great Britain over four years, at a cost of £2.2 billion.<sup>2</sup>

2. The first 225 offices were delivered using the contractual arrangements in place for the Benefits Agency and Employment Service estates. Following a new tendering process, 14 contractors were subsequently appointed to deliver the remainder of the programme to fit out offices using an innovative partnering approach. In the light of the announcement in 2004 of a Government-wide programme of efficiency improvements, Jobcentre Plus staffing was reduced by 15,000, and benefits processing was transferred from Jobcentre Plus offices to 79 centralised processing centres. These developments and revised plans resulting from tighter internal management, led to a reduction in the planned number of offices to 860 from the original estimate of 1,000.<sup>3</sup>

3. By April 2008, the new network had been largely rolled out across the country. Two offices—in Portsmouth and in Laurieston—remain to be completed. In two further cases, developments will be funded from outside the roll-out programme which is now closed; one existing office in Cumnock, which will be refurbished, and one in Glasgow Pollok where suitable premises have not yet been found. Some of the offices were completed later than the original four-year time frame mainly because of changes to the scope and design, particularly the need for some re-planning following the changes in scale arising from the efficiency programme. Overall, however, the total cost of the roll-out of £1.9 billion was £314 million less than budgeted.<sup>4</sup>

4. The initial budget and the planned number of offices were based on development assumptions before the network was finalised. Improvements to the anticipated service levels were made as the project progressed and the team's understanding of what was needed changed. Alternative service channels were developed and benefits processing within Jobcentre Plus was centralised. The revised approach required fewer staff, and hence fewer offices in the network.<sup>5</sup>

5. The governance of the programme exemplified good practice. There was support from the senior management of the Agency, a clarity of purpose and vision of the customer service improvements sought through the programme, a consistent senior management team throughout the programme, and a gateway process to control the implementation at each office. Importantly, the team also learned as the project progressed. The project came

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2 C&AG's Report, paras 1.2–1.5

3 Q 64; C&AG's Report, para 1.10

4 Qq 86–90; C&AG's Report, para 2.10

5 Qq 8, 25–26, 28–32, 44, 58–59

in under budget partly because the team was prepared to modify the plans in response to internal pressures and developments external to the project.<sup>6</sup>

6. A major feature of the senior leadership team was the decades of experience in the Agency's activities which they brought to the project. This experience was combined with their understanding of front-line issues acquired through working their way up through the organisation from relatively junior positions. They applied this experience in consulting staff on the ground, and in building plans with the support of staff and other local stakeholders.<sup>7</sup>

7. Other government bodies planning procurement and service transformation projects of this kind could learn much from the successful implementation project. The DVLA, the Driving Standards Agency and the Courts Service have sought advice from the Agency and, as a member of the permanent secretaries' management group and the head of profession for operational delivery, the Chief Executive of the Agency is well placed to disseminate the lessons more widely. Projects to centralise benefits processing and to introduce the Employment and Support Allowance have benefited from the lessons learned in the office roll-out project.<sup>8</sup>

8. Alongside refurbishing offices, the business change programme introduced new ways of working for staff to transform the service for customers. Listening to people at the front-line and engaging them in the project are critical success factors, and the Agency provided a small amount of funding to allow local staff to work out how best to deliver services in the new environment. Equipping staff with the right skills to meet the higher standards of service is also important. The Agency acknowledged that not all staff were comfortable with the new way of working, but hoped that, with greater experience of the changes, staff would become more content with the changes.<sup>9</sup>

9. The project team recognised the importance of local ownership of the programme and initially allowed local discretion over some aspects of implementation. As the project proceeded, however, they identified that this approach reduced efficiency and led to more space being used in the early offices, with a likely impact that the project would exceed its budget by some £100 million. The team recognised the need to tighten financial management, even at a risk to local staff morale, which they mitigated by explaining the reasons for the change in approach to local staff. A further £17.4 million might have been saved had these disciplines been in place from the start. Forty-seven of the offices rolled out had been closed subsequently. £20 million had been spent in refurbishing these sites and a further ten offices that Jobcentre Plus intends to close, but closing them had saved £13.5 million a year in running costs.<sup>10</sup>

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6 Qq 2-3, 11, 13

7 Qq 37-43, 97

8 Qq 11-17, 108

9 Qq 91-92, 97

10 Qq 9,18-24, 33-34, 45-47, 54-56

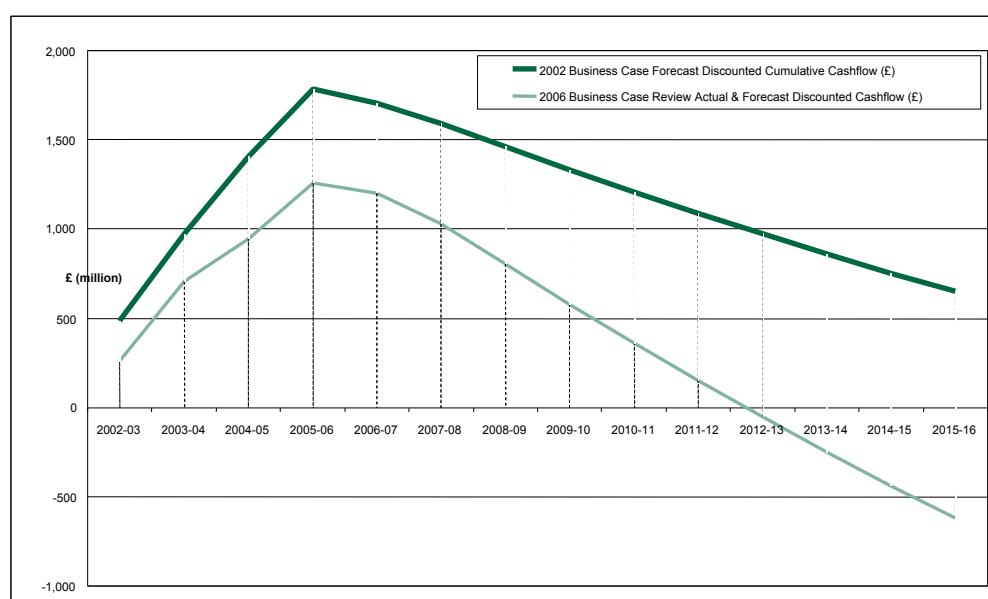


## 2 Achieving the benefits of the roll-out

10. By changing its business processes and working environment, Jobcentre Plus aimed to make financial savings, offer better customer service and increase the number of customers finding employment. The business case had stated that the new network would enable Jobcentre Plus to provide an additional 2.2 million work focused interviews each year and help over 140,000 extra people into employment. The roll-out, together with improved information-gathering and benefit processing systems, was expected to deliver savings of up to £1 billion a year.<sup>11</sup>

11. Jobcentre Plus is on track to achieve the financial savings set out in the business case. The Agency, together with HM Treasury and the Office of Government Commerce, reviewed the business case assumptions regularly. The Agency's current forecasts estimated the benefits to be £5.98 billion, up from £5.2 billion in 2002. The project should break even in 2012–13, much earlier than the original estimate (**Figure 1**). The process of rationalising the estate had generated cash saving of £135 million a year, but other benefits depended on helping more people into work.<sup>12</sup>

**Figure 1: The net present value of the roll-out**



Note: Figures are discounted from 2006 onwards according to HM Treasury guidance.

Source: 2006 Jobcentre Plus Business Case Review

12. The Agency is not able to substantiate how many extra people have been helped into work through the roll-out of new Jobcentre Plus offices. The Agency had helped six million people into work since its launch, but this success was attributable to a number of initiatives and other economic factors. Offering work focused interviews to groups such as lone parents and carers, who had not previously engaged with Jobcentre Plus, was expected to increase numbers entering employment. The Agency did not know, however, whether it had delivered the 2.2 million extra work focused interviews per year, principally with lone

11 Q 48; C&AG's Report, para 1.5–1.8

12 Qq 4–5, 81; C&AG's Report, paras 2.24–2.28, 3.25

parents, assumed in the business case. In 2007–08 they delivered 1.9 million work-focused interviews for lone parents, and this total is lower than projected because the number of lone parents on Income Support fell by some 130,000 between 2002 and 2007. The Agency plans further research on the impact of the Jobcentre Plus business model on the employment market, and will adjust for changes in economic conditions.<sup>13</sup>

13. The new offices offered a better customer environment than the previous network, but other benefits had not been quantified. The use of online job points opened up more opportunities across the country to jobseekers than the previous paper card system, which had been largely limited to local jobs. Access to job points was available outside the Job Centre Plus office network at other public places and through home computers. Jobcentre Plus could not measure how individual elements of the project had contributed financial benefits apart from estates savings. Setting performance targets in areas such as IT and customer service might have enabled the Agency to better identify areas where the anticipated benefits may not have been realised.<sup>14</sup>

14. The Agency's new office network and customer service channels put it in a better position to respond to any potential economic downturn. The ability to provide more work focused interviews increased effective support for jobseekers. Job points, contact centres and online job search would also facilitate the handling of any increases in demand.<sup>15</sup>

15. The new network has transformed the way customers interact with the Agency. Prior to the launch of Jobcentre Plus, potential benefit claimants had to deal separately with social security offices and jobcentres. People claiming benefits other than Jobseeker's Allowance would not necessarily have been in contact with jobcentres or received help in finding employment. Under the new model, all benefit claimants were expected to make initial contact with Jobcentre Plus by telephone. The telephone contact centre gathered all relevant information and arranged an interview at a Jobcentre Plus office to discuss financial issues and action to help the claimant into work.<sup>16</sup>

16. Jobcentre Plus intends to handle a customer's claim during the first phone call, sparing customers the frustration of dealing with different staff who are unfamiliar with their circumstances. Calls to the contact centre are free from a landline, and customers calling from a mobile phone can request a call back. Calls can also be passed to an expert colleague if necessary, or a three-way conversation with HM Revenue and Customs can be established if the customer has a query about tax credits.<sup>17</sup>

17. Jobcentre Plus has introduced new self-service channels, such as web-enabled job search, to help claimants find work without the need to speak to an adviser. On average, the website receives more than one million 'hits' a week. The 9,000 touch-screen job search facilities in Jobcentre Plus offices and other locations have proved very popular, encouraging claimants to consider a broader range of jobs. People can also search for jobs

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13 Qq 5–6, 49–51, 81; Ev nn; C&AG's Report, paras 1.8, 3.25, 4.29

14 Q 7; C&AG's Report, para 3.25

15 Qq 53, 61–62, 101

16 C&AG's Report, paras 4.2–4.4

17 Qq 65, 80, 94

from home. Jobcentre Plus is advertising these innovative services widely, but recognises that between 10 and 15% of customers will still prefer or need face-to-face contact with a Personal Adviser to help them find work. Jobcentre Plus staff are instructed not to turn away any customers who prefer face-to-face contact.<sup>18</sup>

18. 86% of customers surveyed by the Department in 2005 were very or fairly satisfied with Jobcentre Plus, an improvement on the old Jobcentres (80%) but less than the former Social Security offices (88%). Customers rated the service most highly on 'friendliness and politeness of staff' and 'finding out about vacancies' and least well on 'staff knowledge' and 'finding out about benefits'.<sup>19</sup> Satisfaction differs across client groups. The Agency believed that the least satisfied customers were those required to take the most responsibility under the current benefits regime. Jobseekers were the least likely group to be 'very satisfied' with either first contact services (28%) or the Financial Assessor meeting (37%). Customer satisfaction levels might have been affected by problems at the telephone contact centres in 2005. Jobcentre Plus had since established virtual contact centres to allow calls to be taken from anywhere in the UK and less than 10% of calls now go unanswered. The telephone service was the first entire government network to receive accreditation by the Contact Centre Association.<sup>20</sup>

19. More than half of customers say that Jobcentre Plus has increased their understanding of benefits, but the majority of customers do not feel more motivated to find a job. The Agency acknowledged that motivation varied across its client groups. The least motivated groups, such as carers, faced multiple barriers to work, and lone parents tended to become more motivated as their children grow older. Along with jobseekers, lone parents are the group most likely to be positive about the advice that they received from Jobcentre Plus.<sup>21</sup>

20. 74% of customers think that privacy is 'very important', but only 26% think that privacy at Jobcentre Plus offices is 'very good' and 36% considered it to be 'poor'. The Agency accepted that the standard office design could make it harder to offer privacy, especially in smaller offices, but staff were aware of the importance of privacy. Personal Advisers were expected to grant a private interview if a customer requested one, and most customers had the option of a telephone interview.<sup>22</sup>

21. The new offices are intended to provide a calmer and safer environment for customers and reduce the likelihood of incidents caused by abusive customers. Staff had been protected by screens in the old social security offices, but there had been few other measures to mitigate risks. Job Centre Plus offices are open plan and require more advanced customer handling skills. Jobcentre Plus has well-established processes for recording and learning from incidents in which staff are assaulted, and the Chief Executive takes a personal interest in any incidents affecting staff.<sup>23</sup>

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18 Qq 35–37, 78, 93

19 C&AG's Report, para 4.6

20 Qq 27, 65–68, 74; C&AG's Report, para 4.10

21 Qq 69–70; C&AG's Report, para 4.18

22 Q 57; C&AG's Report, para 4.11

23 Qq 71–73, 82–85; Ev 15–16

22. The number of reported assaults has remained fairly consistent as staff have moved to the new open plan environment. In 2007–08, staff suffered 301 assaults (**Figure 2**). Inner city offices tend to experience the most incidents and so receive a commensurately higher level of risk control measures. In 2008, Jobcentre Plus introduced a new Safety Management System, based on Health & Safety Executive best practice, which they expect will improve reporting procedures and provide additional safety guidance to managers.<sup>24</sup>

**Figure 2: Assaults on Jobcentre Plus staff**

YEAR	'MORE THAN CUTS & BRUISES'	'CUTS & BRUISES'	'LESS THAN CUTS & BRUISES'	TOTAL
2003–2004	14	55	148	217
2004–2005	7	47	248	302
2005–2006	11	53	222	286
2006–2007	17	97	244	358
2007–2008	16	60	225	301

Note: The table shows 'actual assaults' reported by Jobcentre Plus staff. It does not include assaults on contracted Security Staff because reporting practice amongst this group was sporadic until systems for accurate reporting were introduced in August 2005. Whilst prompt reporting is encouraged, the figures for 2007–2008 may yet increase slightly as late reports are received.

Source: *Jobcentre Plus*

23. The new office design allowed space to be used more efficiently, and provide for 20% expansion capacity, for example, if volumes changed.<sup>25</sup> The expansion capacity would facilitate implementation of the Employment and Support Allowance, which would require claimants to attend a work focused interview early in their claim. Further support would be provided by private and voluntary sector providers, as had been trialled in the Pathways to Work programme. Primary Care Trusts and labour market programme providers were also involved. Jobcentre Plus was well placed to deliver the reform, which would not have been so practical using the old style offices.<sup>26</sup>

24. Working in partnership with others helped the Agency to operate efficiently. In areas where the Agency had few customers, for example, they operated from outlets such as children's centres.<sup>27</sup> Other organisations, such as Her Majesty's Revenue and Customs, delivered services from the Jobcentre Plus office in some locations. The Agency was piloting more ambitious partnership working arrangements, such as a combined In and Out of Work process whereby customers would not have to contact Jobcentre Plus, Her Majesty's Revenue and Customs and the local authority separately about benefits and tax credits when they moved in and out of work.<sup>28</sup>

24 Ev 15–16

25 Qq 48, 62, 100

26 Qq 10, 61, 102

27 Qq 63, 103

28 Qq 75–77

# Formal Minutes

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**Monday 23 June 2008**

Members present:

Mr Edward Leigh, in the Chair.

Mr Richard Bacon

Mr Paul Burstow

Mr Ian Davidson

Mr Philip Dunne

Mr Austin Mitchell

Geraldine Smith

Mr Don Touhig

Draft Report (*The roll-out of the Jobcentre Plus office network*), proposed by the Chairman, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 24 read and agreed to.

*Resolved*, That the Report be the Forty-fourth Report of the Committee to the House.

*Ordered*, That the Chairman make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 25 June at 3.30 pm.]

## Witnesses

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**Wednesday 30 April 2008**

*Page*

**Mrs Lesley Strathie**, Chief Executive, **Mr Jeremy Groombridge**, Director for Transformation and Product Management, and **Mr Peter Davies**, Head of Business Design Division, Jobcentre Plus

Ev 1

## List of written evidence

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- 1 Jobcentre Plus
- 2 Hush Consulting Limited

Ev 14

Ev 17

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Fourth Report	Environment Agency: Building and maintaining river and coastal flood defences in England	HC 175 (Cm 7323)
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Sixth Report	Department of Health: Improving Services and Support for People with Dementia	HC 228 (Cm 7323)
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Ninth Report	Helping people from workless households into work	HC 301 (Cm 7364)
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Eleventh Report	The compensation scheme for former Icelandic water trawlermen	HC 71 (Cm 7364)
Twelfth Report	Coal Health Compensation Schemes	HC 305 (Cm 7364)
Thirteenth Report	Sustainable employment: supporting people to stay in work and advance	HC 131 (Cm 7364)
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Fifteenth Report	The Pensions Regulator: Progress in establishing its new regulatory arrangements	HC 122 (Cm 7365)
Sixteenth Report	Government on the Internet: Progress in delivering information and services online	HC 143 (Cm 7366)
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Nineteenth Report	BBC Procurement	HC 221 (Cm 7366)
Twentieth Report	HM Revenue & Customs: Helping individuals understand and complete their tax forms	HC 47 (Cm 7366)
Twenty-first Report	The Carbon Trust: Accelerating the move to a low carbon economy	HC 157 (Cm 7366)
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Twenty-third Report	Report on the NHS Summarised Accounts, 2006–07: Achieving financial balance	HC 267
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Second Special Report	Evasion of Vehicle Excise Duty	HC 557 (Cm 7366)



# Oral evidence

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## Taken before the Committee of Public Accounts on Wednesday 30 April 2008

Members present

Mr Edward Leigh, in the Chair

Mr Richard Bacon  
Mr David Curry  
Mr Ian Davidson  
Keith Hill  
Mr Austin Mitchell

Geraldine Smith  
Mr Don Touhig  
Mr Alan Williams  
Phil Wilson

**Mr Tim Burr**, Comptroller and Auditor General, and **Mr Sandy Gordon**, Audit Manager, National Audit Office, were in attendance.

**Mr Marius Gallaher**, Alternate Treasury Officer of Accounts, HM Treasury, was in attendance.

### REPORT BY THE NATIONAL AUDIT OFFICE

#### THE ROLL-OUT OF THE JOBCENTRE PLUS OFFICE NETWORK

*Witnesses:* **Mrs Lesley Strathie**, Chief Executive, **Mr Jeremy Groombridge**, Director for Transformation and Product Management, and **Mr Peter Davies**, Head of Business Design Division, Jobcentre Plus, gave evidence.

**Q1 Chairman:** Welcome to the Committee of Public Accounts where today we are looking at the Comptroller and Auditor General's Report *The Roll-out of the Jobcentre Plus Office Network*. We welcome back Lesley Strathie, Chief Executive of Jobcentre Plus. Would you like to introduce your team, please?

**Mrs Strathie:** Jeremy Groombridge was the project director of this programme and Peter Davies was the project manager.

**Q2 Chairman:** You put me in a difficulty because this is quite a good report. When it was published I issued a press release saying I welcomed the fact that one of the largest public sector construction projects in recent years—the roll-out of over 800 Jobcentre Plus offices—had been delivered under budget, albeit only slightly behind schedule. Congratulations! If government departments continue to produce projects on time and within budget all of us will be out of a job. However, obviously we are not concerned to ask you just about how it was rolled out but whether it will deliver real benefits. It has cost the best part of £2 billion and I will ask about that. Perhaps you would just tell us what lessons you have learned from the roll-out for future projects of this type.

**Mrs Strathie:** We have documented all of the lessons learned around good programme management and some key facts which we have already shared with many others, but I shall hand over to Mr Davies, project manager, who will tell you about those.

**Mr Davies:** Very clearly, the lessons that I have learned is to follow the best advice that already exists. If I had not done that I would have been floundering to begin with, so it is better to take advice that already exists in the domain from the

Office of Government Commerce and so on. We have adopted those principles throughout. We have made very intelligent use of the OGC throughout the programme and used our internal auditors to help us understand the way we are doing things. For me, the main lessons learned are the things identified in the report, such as clear direction, good governance and support from the top of the office in doing these things, including people, and having clear plans.

**Q3 Chairman:** And to have the same leadership team at the helm throughout the five years, as we have been recommending for years?

**Mr Davies:** Yes.

**Q4 Chairman:** Having said all that, we know that this money has been spent. Tell us more about the benefits. How can we be sure that it will now deliver £6 billion worth of expected benefits?

**Mrs Strathie:** This programme has been considerably reviewed throughout by our internal assurance programme but also by the Office of Government Commerce and HMT. We are already in a position where net present value is delivering £562 million in savings. We set out to deliver £1 billion in savings and we believe that the breakeven point will come several years sooner. Overall, for the £1.9 billion we have spent we will deliver £5.9 billion in total savings.

**Q5 Chairman:** Why do we then read in paragraph 3.25 on page 21 of the Report that, "As the roll-out project was not developed and set up as an integrated programme the project team was not able to work out in detail how all the various elements were joined together to deliver specific benefits"? Obviously, if this was the private sector with such a

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 Jobcentre Plus
 

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roll-out it would want to be sure it would deliver a better bottom line. How can you be sure that you are delivering real benefits when you do not measure whether or not the new approach will help people back into work?

**Mrs Strathie:** We do know that we are helping people back to work. Jobcentre Plus has set pretty stretching targets each year and the business case was predicated on business volumes as well as all the infrastructure changes.

**Q6 Chairman:** If that is right why does paragraph 4.19 on page 29 say: “The Department’s research does not provide evidence on whether Jobcentre Plus led to more customers finding work”?

**Mrs Strathie:** What I can say is that the business case was not predicated on total customers put into work; it was built on the number of work-focused interventions that we would have with different customer groups, for example lone parents who up until that point had not been part of a work-focused approach. It was also focused on better outcomes for more disadvantaged customers. I can tell you that since Jobcentre Plus was launched we have supported over six million people into work.

**Q7 Chairman:** But if you have spent £2 billion you want to be sure that you are helping more people into work. That is the point of having these places, is it not?

**Mr Groombridge:** To add to what Mrs Strathie has said, this was about building a platform to enable Jobcentre Plus to perform well into the future, so it is about helping employers fill jobs and helping people to improve their skills and gain access to a wider set of services. I would certainly accept the point, which is reinforced in paragraph 2.29 of the Report, that if you look at the totality of the roll-out there may well be benefits that we have not necessarily counted towards the success so far. What we have done here is establish a platform on which the government can deliver effective welfare-to-work services for a long time to come.

**Q8 Chairman:** Why do we read in paragraph 4.17 that having opened these smart new offices—there is no point in having smart new offices just for their own sake; they have to do a job—you are already closing some of them after refurbishing them?

**Mrs Strathie:** It is some time ago that the pathfinders were built and a lot has changed in terms of the way the service is delivered. When we did the strategic outline business case for the integration of the old legacy Benefits Agency and Jobcentre Plus we could make only a best guess of the shift we would make in electronic channels brought on board and customer behaviour with those new channels. Business volumes affected that. But it is also worth saying that we learned in real time how to deliver better customer service. We also had our Spending Review ’04 challenge where we definitely did have to pause and consider how best to roll out that service and deliver the efficiency challenge set for the DWP.

**Q9 Chairman:** As you were rolling it out you had pathfinder projects, did you not, with district managers having considerable autonomy, but we read in paragraphs 1.3 and 3.10 that you were rather slow in realising that it was proving rather expensive and you had to take back central control. Why were you so slow on the uptake?

**Mrs Strathie:** That is a very fair point. We accept that we could have delivered greater savings if we had been able to apply all of the lessons learnt from the pathfinders to the first year of roll out, but that would have caused considerable delay. It is worth remembering that much of our network was already pretty close to breaking point at that time. We had ministerial commitments on which to deliver and we had to deliver customer services. We did not close down anything while we rolled out this massive project; we continued to deliver the day job and improve on that. We could have delivered better if we had had a pause but we may not have started yet.

**Q10 Chairman:** We are to replace Incapacity Benefit by the introduction of the Employment and Support Allowance. This is a massive new benefit with huge potential complications. How well equipped are the offices to deal with this new challenge?

**Mrs Strathie:** I think we are in very good shape to deliver the Employment and Support Allowance to new customers from October 2008. After all, we are talking about rolling out a package of support for customers who have been on Incapacity Benefit. We have now just completed the roll-out of Pathways to Work which means all of the support for those customers is now already in place nationally. We have already put 82,000 customers into work through that programme and supported 36,000 through conditioned management. It is a huge challenge. This is not just a new benefit; it is a complete culture change and new regime. You certainly could not do that in old-style social security offices with screens.

**Q11 Mr Touhig:** The Comptroller and Auditor General’s Report is very complimentary. Paragraph 6 of the summary gives a very favourable value-for-money assessment and states: “The way the project was managed compared well with external good practice and there are important lessons for other government transformation projects.” Why do not other government departments and agencies enjoy your success? Is it because the senior managers are useless and not up to the job?

**Mrs Strathie:** I am very fortunate. As the Chairman pointed out, we had the same leadership of this programme from start to finish with the project director and programme manager who sit beside me. I think we got on and did it but we learned as we went with the help of the Office of Government Commerce. We developed the gated process and had our own internal assurance. As we incrementally went through the programme we paused and considered what we could do better. We considered at every point how we could get best value.

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**Mr Davies:** In terms of other government departments I think there is encouraging news to give you. Most of the government departments that are doing something similar have now made contact with us. We are doing some work with Her Majesty's Court Service, DVLA and the Driving Standards Agency; we have worked with NISA and are giving them the benefit of the things we think we did well and some of the things we may not have done so well so they can understand and share with them the lessons learned. We hope that the message will transform some of the way things are done in other government departments.

**Q12 Mr Touhig:** I think it is revolutionary. This is the first time since I have been a Member of the Committee I have heard anybody on that side talk about lessons learned. We have been going on about that for years. Mrs Strathie, I see that you are a member of the Permanent Secretaries' Management Group and Head of Profession for Operational Delivery across Whitehall.

**Mrs Strathie:** I am.

**Q13 Mr Touhig:** Are these lessons being shared with your Permanent Secretary colleagues? Are they taking them on board as enthusiastically as perhaps Mr Davies suggests they might?

**Mrs Strathie:** There is certainly no lack of willingness in the Permanent Secretaries' Management Group or among any of my senior colleagues to learn about how to deliver successful transformation. What I have learned that I share with others is that you need absolute clarity of purpose and alignment about what you are trying to do. Many projects have failed because they have been IT projects, not change that the leadership of an organisation has wanted to deliver. We wanted to make the transformation for customers. I think that is crucially important.

**Q14 Mr Touhig:** Is that what you tell your colleagues when you meet the Permanent Secretaries?

**Mrs Strathie:** Absolutely.

**Q15 Mr Touhig:** You are doing missionary work there, are you not?

**Mrs Strathie:** There are many successful programmes.

**Q16 Mr Touhig:** You just have not come across them?

**Mrs Strathie:** Generally speaking, good news does not sell newspapers, does it? We tend to read more about failures or lessons learned.

**Q17 Mr Touhig:** It must be novel for the NAO to come up with such a favourable report. It has devoted six paragraphs in praise of you in summary. That is quite a success for anybody. Recognising the success you have had and what you are achieving, how do you see that spreading throughout the DWP itself and your own department?

**Mrs Strathie:** We have already learned from it. I give two major examples. The centralisation of benefits processing from 650 sites to 79 with a completely new business model and delivery was built around the lessons learned from this programme, and the Employment and Support Allowance has learned from this programme and other best practice as highlighted by OGC and NAO. Therefore, I think we are in real time applying those lessons across the Department.

**Q18 Mr Touhig:** I look forward to seeing a transcript of your comments in this session because we can give them to your Permanent Secretary next time he comes. There were 47 new Jobcentre Plus offices which were found to be unsuitable. Why were the sites chosen if they were not suitable?

**Mrs Strathie:** Are you referring to the 47 identified for closure?

**Q19 Mr Touhig:** You identified them as being part of the project and then you did not want them.

**Mrs Strathie:** As we rolled out after the pathfinders in year one with the SRO4 challenge in particular and looked at what we had learned and the shift in customer behaviour and new channels brought on we paused and decided what we needed to maintain that high level of service. I was at that time the Chief Operating Officer for Jobcentre Plus and, along with Mr Groombridge and Mr Davies, we reviewed the entire country.

**Q20 Mr Touhig:** But were they unsuitable because of their location, the layout of the buildings or whatever?

**Mrs Strathie:** They were not going to deliver the level of service we wanted. We were unable to deliver our range of services from those locations.

**Q21 Mr Touhig:** How much money did you spend on that part of the project before you pulled the plug?

**Mr Groombridge:** The makeover cost of the 49 rolled out offices we have closed and the 10 we have plans to close is about £20 million.

**Q22 Mr Touhig:** That is a lot of money.

**Mr Groombridge:** But there will be savings when all of them have been disposed of.

**Q23 Mr Touhig:** You have to sell 12 of them. How much do you expect to get for those you plan to sell?

**Mr Groombridge:** Once all of those offices are disposed of the running cost savings will be about £13½ million a year.

**Q24 Mr Touhig:** You spent £20 million on the capital cost of doing that?

**Mr Groombridge:** Yes.

**Q25 Mr Touhig:** There is one matter that concerns me about the way the project has rolled out. You started with 1,500 offices and had a 30% cut to 1,000 and a further 20% cut to 800. Why did you think you needed 1,000 in the first place?

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**Mrs Strathie:** It was a planning assumption, and that is about as much as one could say. Bear in mind that we were going from 1,500 Benefits Agency and social security offices and so on.

**Q26 Mr Touhig:** It included Benefits Agency offices as well?

**Mrs Strathie:** Yes. That was the total network. We knew we were not going to replace like for like and were looking to integrate. Therefore, 1,000 was approximately where we expected to get to. At that time it did not include our aspiration for the centralisation of benefits processing, so as we rolled out we took the decision that we did not actually need 1,000 of those.

**Q27 Mr Touhig:** Can you deliver the service effectively with 800?

**Mrs Strathie:** Yes, absolutely, and we are. On any measure we are delivering a much improved service.

**Q28 Mr Touhig:** You have had to sack 15,000 people. Did you close offices in order to meet your targets to get rid of people?

**Mrs Strathie:** No.

**Q29 Mr Touhig:** That was not a factor at all?

**Mrs Strathie:** During the 2004 spending review we reduced our whole time equivalent headcount by 16,500. Office closure was in no way related to that. What we did was create contact centres.

**Q30 Mr Touhig:** But did the reduction in the number of staff help you to achieve your target?

**Mrs Strathie:** No.

**Q31 Mr Touhig:** It did not at all?

**Mrs Strathie:** No. I do not see that the two are connected. The efficiency derived from delivering the service in a much better way. The fact that more customers used our self-service channels allowed us to release those numbers. I am not sure if that is what you are driving at.

**Q32 Mr Touhig:** I am just trying to explore whether you closed offices in order to reduce the number of staff and meet your target?

**Mrs Strathie:** Absolutely not.

**Q33 Mr Touhig:** I have learned from talking to your staff that you have a good reputation for pushing decision-making down, but when as a result of local decisions that pushed up your project by £100 million you had to take the decision about the layout of offices and so on from the districts and decide it centrally, what impact did it have on the staff? Was it difficult?

**Mr Davies:** As to the impact on staff, it was generally understood what was going on. There were occasional questions.

**Q34 Mr Touhig:** But they had been used to taking decisions locally and you encouraged that a lot?

**Mr Davies:** They had, but I think it was fully understood by them that these decisions were of such importance that they probably needed a look across the country to see what was going on in the Jobcentre Plus approach, and I think it was the right thing to do.

**Q35 Mr Touhig:** You have now got rid of the cards that one saw in every Jobcentre. One went along and looked at a card. The prevailing wisdom was that one put up cards for jobs about 15 miles away and nothing else. Now you have touch screens. When I went to my local Jobcentre Plus I found a job in Dieppe. Have you researched that more people are now prepared to travel much greater distances because you have touch screens?

**Mrs Strathie:** From the very first prototype jobpoints we put into the old Employment Service jobcentres we quickly discovered that customers serving themselves were much more likely to broaden their job search both in the type of job applied for and the distance travelled than just straightforward intervention. If we look at where we are now, on average our website gets 1,089,000 hits a week. That is the number of customers who are able to search for themselves as well as providers in some cases.

**Q36 Mr Touhig:** They can search from home?

**Mrs Strathie:** Yes; they can search from any internet access.

**Q37 Mr Touhig:** Do you encourage people to go home? I had a case where someone was discouraged from using the touch screens at the Jobcentre and was told to go home and use a personal computer. Is that the policy?

**Mrs Strathie:** It is absolutely wrong if someone who wants to use a job point in a Jobcentre is told that he or she cannot and is asked to go home. One of our strands to bring about a cultural change is to explain to customers that they do not need to come into the Jobcentre to use the job point. We have job points in lots of places. You can do it from any internet cafe or library. There are lots of ways in which people can access the service. We try to help customers use it and navigate the system.

**Q38 Mr Bacon:** I should like to start with your CVs that may reveal an interesting theme that is pertinent in analysing the success of this project. Mr Davies, your CV says: "I have been a civil servant since 1965"—a mere 43 years—"and my career history is in administration of social security." This is a sentence that may make some strong men wilt but I have to say you look remarkably well on it.

**Mr Davies:** I am paid well—and you can use that in discussions.

**Q39 Mr Bacon:** Mr Groombridge, you have been in the service for 35 years. You started in a local social security office and you are still in the same department. Mrs Strathie is a mere slip at 34 years. Mr Davies, when you started were you in the administrative trainee fast stream?

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*Mr Davies:* I was not.

**Q40 Mr Bacon:** Mr Groombridge, were you?

*Mr Groombridge:* No.

**Q41 Mr Bacon:** Mrs Strathie, were you?

*Mrs Strathie:* No.

**Q42 Mr Bacon:** I did not think you were. It says that you started as a clerical officer.

*Mrs Strathie:* Yes.

**Q43 Mr Bacon:** Is it possible that this project has gone so well because between you you have about 120 years' experience in the department, you started at the bottom, worked your way up and know the problems that your staff encounter on the ground because you have been there yourselves? I agree with the Chairman that from all accounts it appears to have gone remarkably well. Do you think that is the basic reason?

*Mrs Strathie:* Yes, one of many. I think we applied all of that knowledge and experience. I had three jobs during the time from when Jobcentre Plus was first formed through to the one I have now, so I have been able to see this from a different perspective. But the real success is that we consulted with our people on the ground and our stakeholders and everybody locally on the service delivery plan. The whole of the service delivery plan was developed from the bottom up with all the support of the programme.

**Q44 Mr Bacon:** It is awful but necessary to say this. To say you consulted with the people on the ground and built it from the bottom up, finding out what people wanted, is startling and not what we expect to hear. It is wonderful and very good news. I should like to ask you about the budget to start with. How was the £2.2 billion arrived at? If I wanted to come in under budget I would just make sure my numbers were significantly higher than I needed and by the time I pared it back I would be showing significant savings. Are you sure that is not what happened here?

*Mrs Strathie:* And you must wonder why everybody does not do that and why so many go over budget.

*Mr Groombridge:* The £2.2 billion was really based on the best available estimate that we and Treasury colleagues could make of the likely cost of rolling out a service that involved a lot of construction and IT work, process change and learning and development. Those were the ingredients that went into the £2.2 billion. The onus was on us immediately to drive down the likely costs of the whole exercise as far as we could. That is why during the first year, arguably perhaps not as quickly as we should have done, we engaged external sources in particular an effective works programme manager to help and equip us to do precisely that.

**Q45 Mr Bacon:** It says in paragraph 2.10 on page 12: "After the first year of the programme it was projected that to complete the roll out would require an additional £100 million. In response the Department and Jobcentre Plus adopted a series of

measures to more tightly control"—I'll ignore the split infinitive—"the costs of the programme." Do you think that if you had tighter financial management from the beginning you would have delivered even bigger savings? Is that one of the basic lessons from this?

*Mrs Strathie:* Yes, that is absolutely fair. We estimate that at around £17.4 million.

**Q46 Mr Bacon:** It is not a lot of money in global public expenditure terms but it would fund an awful lot of primary schools in my constituency or extra officers in Jobcentres, would it not?

*Mrs Strathie:* That is one of the lessons learned, but that has to be balanced against how long it would have taken us to do it. We certainly would not have delivered on our ministerial commitments, but that is our best assessment of what could have been achieved.

**Q47 Mr Bacon:** Mr Davies, when you talk to other agencies and departments about the things that went well and did not go well is one of the matters that there should be very tight financial management from day one?

*Mr Davies:* Absolutely; there should be central control. I understand why we did it the way we did at the beginning and part of it was because we were a new organisation and there was a sense of wanting to bring about inclusion to create wellbeing in the new organisation. After the first year it was realised that that was perhaps not the way to do things and we changed rapidly.

**Q48 Mr Bacon:** How necessary is it to have flash new buildings in order to get the results? It is nice to have them. I remember visiting labour exchanges, as they were. They had concrete floors and there were cigarette butts everywhere. You took a ticket and queued for two hours. Over the past couple of decades there has been an absolute transformation. At the same time, in Africa many students who get through GCEs, which we still export from this country although we do not do it ourselves, do so by the use of one book while sitting under a tree. Did you need to do all this refurbishment in order to increase the number of work-focused interviews?

*Mr Davies:* I believe we did. This was a new focus on things with which you will be familiar: work for those who can and support for those who cannot. The business processes to deliver those work-focused interviews required a different way of doing things in offices and we designed the offices around the business process, and vice versa. Therefore, the integration of the process with the environment and the sense of what the environment was trying to produce were essential ingredients of success. Had we tried to refurbish the offices in a simple way I do not believe it would have had the same impact.

**Q49 Mr Bacon:** In paragraph 8 it says that 2.2 million additional work-focused interviews per annum was the aim. How many have you achieved?

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**Mrs Strathie:** I do not have the answer to that question because it is not a steady state. We can write to you.<sup>1</sup> If you are asking how many we are doing in each year over the period we have that.

**Q50 Mr Bacon:** Paragraph 1.8 says: “The business case stated that”, and bullet point 1 is, “the new organisation would provide an additional 2.2 million work-focused interviews per annum.” I am really asking: did you? I am slightly surprised that no one seems to know.

**Mrs Strathie:** I do not think I can give an accurate answer or number. That was the aspiration when we started. Obviously, it was for specific customer groups where there was no regulation for them to attend work-focused interviews.

**Q51 Mr Bacon:** You mean lone parents and so on?

**Mrs Strathie:** Lone parents and other groups of customers brought in incrementally. Therefore, the advance of the additional work-focused interviews was in line with policy development over a period of time. If we have the absolute figure before we finish this hearing we will add it, but I do not believe we have them here.

**Q52 Mr Bacon:** Perhaps you would write us a note and set out the different groups to which you refer, that is, lone parents and the others, whoever they are. To what use have the savings of £300 million or so been put?<sup>2</sup>

**Mrs Strathie:** The savings were used for a number of different things including the benefit processing centralisation project and were handed back to the department. I think it is important to understand that Jobcentre Plus is an agency of the Department for Work and Pensions, so our money is allocated via that department. We have a breakdown and fact sheet. Do you want me to read out the table?

**Q53 Mr Bacon:** Perhaps you would send it to us. I have a question about the overall level of quantified benefits and the degree to which they are sensitive to changes in the UK economy. In 1.7 it says: “The three projects combined are expected to deliver savings eventually reaching £1 billion a year.” Plainly, some of this depends upon getting people back into work. Have you made a sensitivity analysis, and is there something you can let us have?<sup>3</sup> To what extent do the quantified benefits depend on or are sensitive to changes in the UK economy? If we had a 7% or 8% growth rate in the next few years presumably you would achieve rather larger savings. You are saying that if we went into a deep recession this might not be achieved at all. Presumably, the truth lies somewhere in between.

**Mrs Strathie:** That is probably a fair assessment in answering the question. The net present value of the savings on which we are working is predicated on the overall benefits, many of which do not derive from the business case because this takes place over a long

period of time. We constantly review what we can derive from it. If growth in the economy has an impact on our business volumes we have to remember that this is based on work for those who can and security and support for those who cannot. At the moment the relative on-flows of new customers and off-flows are pretty even. We work to make sure that our customers move from an unemployed to an employed state as quickly as possible. Therefore, the impact on growth or not will inevitably have an impact on customers calling on our services, but I think we are in very much better shape to respond to that.

**Q54 Mr Mitchell:** Since we have had such a paean of praise from the Committee it may be time to be a little cynical. The project has been delivered efficiently and without excessive costs, but surely a lot of that improvement was due to fortuitous developments after the contract was signed and the work had begun. For instance, what was the saving from the simpler and more austere standard design that the architectural consultant imposed on the system after the changes had begun?

**Mr Davies:** The design consultant imposed from the beginning a design standard which never changed throughout the life of the project.

**Q55 Mr Mitchell:** There was a lot of local preference and influence until the standard design and consultant were brought in?

**Mr Davies:** To be clear, the standard design was there from the very beginning. In the first year of the programme there was a local interpretation of how that design standard could be applied. I decided to review the efficiency of that approach. When I saw that it was leading to an over use of space which was happening in part with the backing of the programme steering committee I decided to say that from then on we would introduce a more rigid approach which was that the design consultant with the building construction teams and project would determine how the office was made.

**Q56 Mr Mitchell:** How much did that save you?

**Mr Davies:** I think you have the figure. In the first year it cost an extra £17.4 million, and throughout the life cycle of the programme it is part of the element of the £314 million that was saved for the duration of the programme thereafter.

**Q57 Mr Mitchell:** Does that standard design have any connection with the fact that, as I see in paragraph 4.11, people do not believe there is enough privacy in the interview. It seems to me that in this situation privacy is a right and yet 36% consider that it is poor. We understand that 74% of customers thought that privacy was very important but only 26% thought it was very good. What is the connection between that and the standard design?

**Mr Davies:** There is some correlation between that and the standard design and it will affect mostly those offices which are smaller in floor space. In the main it is not a huge issue. To counter that, which is a very important thing to do, our advisers are

<sup>1</sup> Ev 14

<sup>2</sup> Ev 14

<sup>3</sup> Ev 15

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sensitive to the privacy factor. If a client wants to have a private interview that facility is afforded. Equally, because of the improvement in our channel strategies we can now offer most of our customers an interface over the telephone. Therefore, there are issues.

**Q58 Mr Mitchell:** I am glad to hear that. The other fortuitous development was that staff numbers were cut by efficiency savings. If you fire 15,000 people and have an office building programme you are bound to be able to make economies. One thousand offices were cut down to 860, so there is a big saving there; 22% less space was being used. What contribution did that make to the savings that you claim for the programme?

**Mr Davies:** I am not sure there is a direct correlation because the reduced figure started to emerge towards the beginning of the programme. Because of the experience of the first year we reviewed rigorously the service delivery plans. That review told us that we could make better use of space and at that point it had nothing to do with staff reductions. I think you see the impact of the staff reductions in the closures that occurred after the roll out because the impact suggested that we did not need all the space we had, so there we see a correlation between staff reductions and those offices closed after make-over.

**Q59 Mr Mitchell:** You cannot quantify the saving?

**Mr Davies:** I cannot.

**Q60 Mr Mitchell:** Does that reduction in staff and smaller premises leave you ill-equipped to face the bringing in of disabled job search? Will that strain the service?

**Mrs Strathie:** Is the Employment and Support Allowance roll out at the beginning of October and dealing with more customers in that way at the heart of your question? The Pathways programme is now completed and 40% of coverage in the country is led by Jobcentre Plus and 60% by the private and voluntary sector.

**Q61 Mr Mitchell:** You can cope?

**Mrs Strathie:** Yes.

**Q62 Mr Mitchell:** In these straitened circumstances—smaller premises and staff—can you also cope with any substantial upturn in unemployment?

**Mrs Strathie:** I believe that we are better equipped because we do not rely on one single channel, that is, the delivery of service to a customer who comes into a local social security office or Jobcentre Plus. So much of our business can be done through the self-serve channel and via the telephone now and the work-focused interviews are done through a range of private and voluntary sector bodies as well as Jobcentre Plus. We always look at expansion capacity in any of these programmes.

**Mr Davies:** It is 20%.

**Q63 Mr Mitchell:** You have now had the good years and it may be that unemployment will increase. Why when you are reducing staff and office space do you have to pay Trillium, Billion or Million—whatever they are called—in compensation? How did you decide what compensation they were to get? To put it another way, you had a provision in the contract to dispose of 10% of the estate, so that is not part of your costs; it is written in, paid in advance and is not part of the contract, but you then have further reductions and you want to reduce by another 20%. Why do you have to pay compensation in that situation, and how do you assess it?

**Mr Groombridge:** The reason is that the contractual relationship between the department and Land Securities Trillium is such that, for a proportion of buildings designated in a particular way, we have to pay a penalty. That recognises that if we leave early there would be an ongoing rent from which the company would gain. Therefore, we have to recognise that effectively in a penalty payment. That does not apply to all of the buildings. To go back to your earlier point, I stress that the 800 or so network enables us to deliver the required services to our customers but even though we have closed some outlets we are also very much more active in different outlets that we do not necessarily own, for example children centres and a lot of outreach work that we now do. Therefore, we are in a very different kind of business from before.

**Q64 Mr Mitchell:** The other fortuitous development was that you decided to opt for centralised calling. You had 79 places. That decision was taken in the course of implementation of the programme. Obviously, that saves money. Can you quantify how much that saved?

**Mr Groombridge:** I do not have with me all the numbers for the savings from centralisation, but originally we did processing at about 650 locations in different parts of the country. It was almost a cottage industry, if I may put it that way. We needed to make that a more efficient way of delivering benefits in order to improve customer services and so, as you rightly say, we reduced that to 79.

**Q65 Mr Mitchell:** Has it improved customer services? Essentially, it shifts the costs onto the customer. I am getting complaints from CAB and Howard Place, a homeless centre in Grimsby, that they have to allow clients to use their telephones to ring in, hang about and wait for a reply; otherwise, if they do not own mobile phones—most of them do not—the only alternative is some vandalised telephone box. You are shifting costs onto the customer by centralised call centres like this.

**Mrs Strathie:** It is important to point out that for our main claims to benefit we have an 0800 free phone number. We did not have that when we started; it was something that we changed. Therefore, anybody calling from a landline calls free. Additionally, if somebody rings from a mobile phone and it is something we cannot tackle because

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of the different networks and pricing we will immediately call back that customer. We have the facility to do that. People do go to Citizens Advice Bureaux and other places and sometimes receive decisions around main benefits there, but the vast majority of customers can make claims to benefit on the free phone number.

**Q66 Mr Mitchell:** I still get complaints that they do not receive a response and it takes time to get through. Again, that is wasting the customer's time.

**Mrs Strathie:** The world will never be perfect on any given day. On any given day we are dealing with very large volumes. I can tell you that our contact centre operation, which is now a virtual one—you call a single number and calls can be routed around—has been accredited by the Contact Centre Association. It is the first entire government network to be accredited to that standard. It is quite a long time since we had complaints about people not being able to get through on the telephone and we did not recognise that some customers needed to be handled in different ways and through different channels. If you are still getting complaints in specific areas I will be very pleased to look at them.

**Q67 Mr Mitchell:** Despite improvements in the service which I do not deny—they are visible certainly in Grimsby—the level of customer satisfaction has hardly increased. It has gone up by 6% but it is lower than it was under the old social security system. People say they are getting a better service on social security benefit issues than they are in job search. Why has there been no substantial increase in satisfaction given all this improvement?

**Mr Groombridge:** I am surprised that you are not seeing higher levels of satisfaction. The levels of satisfaction being expressed to us are in the high 80s. I accept that in about 2005 there was a period when we were not responding as well as we should have been in our contact centres, and we have also learned a lot from that. Colloquially, as a management team we look back on it as our summer of discontent because we recognise that we did not handle it very effectively, but since then the rate of answering calls has been well into the 90% range.

**Q68 Mr Mitchell:** The average is 86% and it was 88% under the social security system.

**Mr Groombridge:** I am talking about response rates. Further, our clearance times in the benefits processing area went through a difficult period but they have also improved significantly, so the overall story is one of improving customer satisfaction.

**Mrs Strathie:** The most recent research shows that 21% of our customers thought the service had improved, which is worth knowing. It is also quite important to remember that we have customers in active regimes as well as those who just rely on benefit. The lower satisfaction levels tend to emerge among jobseeker's allowance customers where there is considerable responsibility on individuals rather than those in active benefits.

**Q69 Geraldine Smith:** I begin by congratulating you. Like Mr Bacon, I put quite a lot of it down to your experience because it helps if you know and understand an organisation. One or two weaknesses have been shown in the Report. Looking at paragraph 4.18 on page 29, people seem to be relatively happy that you have helped them understand the benefits but they do not feel that it has made much difference to how helpful, confident or motivated they are to find a job. What do you think can be done to improve that?

**Mrs Strathie:** My initial response is that it depends on whether they are motivated initially. Many of the customers we help through our personal adviser service are those who do not believe they would ever work or work again and part of the service is to build a rapport with the customer and understand the barriers to work. Many of the barriers are confidence-based; some are skills-based, and there are lots of other factors like debt, drug and alcohol problems, criminal records and a whole range of barriers to work. It is the job of the personal adviser to get the customer to a point where there are goals and aspirations towards work and then to get that individual job ready. Many customers come to us because they are motivated and are looking for their next job because they have become unemployed.

**Q70 Geraldine Smith:** You appear to have had more success with lone parents but there still seems to be an issue around carers; they seem to be the group with which you have the least success. Do you think that is due to their circumstances? What else can Jobcentre Plus be doing to assist them?

**Mrs Strathie:** I go back to the work-focused interview regime. We have customers who come to us voluntarily and those who come for welfare benefit and work support. We also have those who are not yet required to participate in any active work regime. For example, lone parents have moved from no requirement to engage in a work-focused process to a voluntary programme and then incrementally, depending on the age of the youngest child, they are moved into mandatory work-focused interviews, though not mandatory work. Carers are not required in that way as a group to participate in any specific regime. Generally speaking, unless a carer comes to us looking for that support there is no requirement.

**Q71 Geraldine Smith:** When you were making the changes it must have been very difficult because you were changing culture and joining the Benefits Agency with Jobcentres. I know that staff at the time raised some concern. One of the problems was that old-style benefit offices were pretty well reinforced to stop abusive customers having a go. Because of the open plan and new environment have there been any problems, or has that helped people? Do people get less angry and aggravated?

**Mrs Strathie:** We put a huge amount of effort into staff programmes as we rolled it out. We had a staff programme called New Beginnings which was the start of the cultural change. Although this was a massive construction programme it was also a



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matter of keeping the day job going and preparing for a step change in customer service and all of our ambitions for the customer. We also had a programme called Pulling Together where relatively small amounts of money were given to people locally so they could themselves work out how best to deliver in that environment. Open plan working was a big issue in terms of health and safety and was really dependent on our staff having advanced customer handling skills to be able to operate in that way. We now have more incidents recorded because we put a huge effort into asking our people to record every incident that takes place. The majority of them are verbal incidents rather than serious ones. In the main the offices have an incredibly calm environment. We also have other security measures including customer care officers in most of our Jobcentres.

**Q72 Geraldine Smith:** But there has been a rise in the number of incidents involving injury to staff?

**Mrs Strathie:** The majority of incidents do not involve staff. If you are talking about serious incidents they are often customer against customer rather than our people. Very often it involves people who know each other and know the regime of attendance at one of our Jobcentres. That is one of the points of interest. Bearing in mind that people were behind counters and screens in about two-thirds of the organisation, in the past we never had the recording and reporting we now have. All serious incidents are now reported directly to me.

**Q73 Geraldine Smith:** Would it be possible to let the Committee have details of the incidents?<sup>4</sup>

**Mrs Strathie:** We can give you the figure from 2003 onwards.

**Q74 Geraldine Smith:** Are you confident that some of the problems with the telephone have been resolved? This was touched on earlier. That seems to be an area where we get most complaints and people have difficulties. It is not just Jobcentre Plus; it seems to be any telephone system. Nowadays, people spend a long time queuing. Is it not just a case of insufficient resources or staff being put into it?

**Mrs Strathie:** I do not believe it is a staffing issue. Running telephone-based services and managing a network in that way requires a completely different skill set, career path and development for the individuals who deliver the service. That is why we have moved from tactical contact centres in the original pathfinder days and built up a virtual network. Now in Sheffield my network manager manages all those telephone calls for first contact for claims to main benefits right across GB and the next available agent takes the call. When we started these contact centres one was simply trying to match whatever was the peak volume in the town where the Jobcentre was located. That has been one of the big improvements. What we have built in Jobcentre Plus now in contact centre delivery we shall roll out right across the department in our telephone-based

operations. I cannot say we will never have a day when there is more demand at any particular time, but we have worked really hard to change the work patterns of our staff to match the business volumes.

**Q75 Geraldine Smith:** With the change in culture you have gone into children centres. I know this has happened in my own area and it has been very successful. What else do you do where you are out in the community?

**Mrs Strathie:** We have a mix of what I would describe as inreach and outreach. In some locations we have other partners and providers who come in and deliver in our Jobcentres. Equally, we deliver in partnership. For example, the city employment strategy partnerships we are developing provide a range of funding by Jobcentre Plus and local authorities with a number of partners to try to deliver right across. That is a mix of services provided where people live, within our Jobcentres and in other job brokerages in partnership.

**Q76 Geraldine Smith:** Referring to paragraph 4.22 on page 29, one sees: "Jobcentre Plus may be well placed to facilitate the delivery of other government organisations and agencies. . ." Do you have any plans to do so, and what government services do you have in mind?

**Mrs Strathie:** I speak here as the chief executive of Jobcentre Plus. I have huge ambition for this asset within the government network which is of high standard. We are already piloting In and Out of Work.

**Q77 Geraldine Smith:** What about working families' tax credits?

**Mrs Strathie:** That is not within my gift, but what I can say is that we are working very closely with HMRC on a whole range of activities. For example, we already provide weekday contacts central services for HMRC. We have identified about 19 sites where HMRC will deliver in Jobcentres. We have ambition to roll out with local authorities and HMRC the entire In and Out of Work process, but at the moment customers are still required to go to their local authorities for housing benefit and to HMRC for working families' tax credits and child tax credit. We are very successfully piloting that in six locations at the moment and we are going through the evaluation process. That is delivering benefits much, much faster and is another step change in customer service. Now we have built the platform we want to give the best possible service we can over a period of time.

**Geraldine Smith:** That sounds extremely good. Congratulations!

**Q78 Phil Wilson:** I visited the Jobcentre Plus office in Newton Aycliffe in my constituency and thought it was excellent; it was a hundred times better than my experience a good number of years ago when I was a customer of the local Jobcentre. I am pleased to see that things have changed over the years. One matter that impressed me was the touch screen terminals.

<sup>4</sup> Ev 15

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How accessible and productive are they in finding jobs for people who use them? Is it one of the main avenues that you provide in Jobcentre Plus offices?

**Mrs Strathie:** My current Minister of State recently described this as the best example of technology in modernising public service, and has been for some time. Our customers really like them. I have been in Edinburgh and watched customers going into the Jobcentre. They try to pass each other to get to their favourite job point. That is how popular they are. Once customers know that they can choose they tend to go for self-service. Incrementally, more and more people will use that from home. It tends to be an introduction to it. But we can draw management information from any of the job points, of which we have almost 9,000, not all in Jobcentres but some in flexible delivery, and we are able constantly to review their usage.

**Q79 Phil Wilson:** In paragraph 4.6 of the Report it says that “Jobcentre Plus was rated most highly on ‘friendliness and politeness of staff’ . . . and least well on ‘staff knowledge’ and ‘finding out about benefits.’” What kind of training do you have to keep staff up to speed with changes in benefits and improving their knowledge?

**Mrs Strathie:** We have a mix of learning depending on what we are training people for from very basic modules. For example, if you were one of 9,000 personal advisers you would have training in basic advisory skills and incrementally work your way up through different modules that would help you to deal with different customer groups and people suffering from multi-disadvantage in the labour market. We have developed quite separate training for our contact centre operation and an accredited routeway programme for our managers. If I look at just this particular programme, we spent between £1,400 and £1,500 per head on investment in our people to deliver.

**Q80 Phil Wilson:** In paragraph 4.8 there is a reference to the telephone system. Staff in some of the sites visited by the NAO told “of problems outside the Jobcentre Plus offices which impacted on customer service: . . . delays in processing claims at the Benefit Delivery Centres; and customers experiencing problems” with the Social Fund. Has that improved since this Report was written? Do you also find that frustrating? Is it right that it is outside your control?

**Mrs Strathie:** We have seen a considerable increase in Social Fund crisis loan applications year on year as we have moved to create greater access for customers. It is not simply access; the levels at which people can borrow also change, but the new channels have given us the opportunity to look at ways to deliver better service. We are delivering all of our benefits faster and more accurately than they have ever been delivered and we are on target to halve fraud and error in our main benefits, Jobseeker’s Allowance and Income Support. For example, at the moment in Lowestoft and Middlesbrough we receive Social Fund crisis loan applications by phone from the south east of

England, Birmingham and other parts. We now have the capacity to route the calls to different places. In Lowestoft and Middlesbrough we are also piloting a single call which includes the agent who gathers all the information and also makes the decision on the loan, whereas in the past those would have been two separate processes.

**Q81 Phil Wilson:** I believe the Chairman referred to one point that is dealt with in paragraph 4.19: “The Department’s research does not provide evidence on whether Jobcentre Plus led to more customers finding work.” Will you do comparative research in the future year on year about what lessons you have learned, whether things are improving and where the problems are to give some substance to that question?

**Mrs Strathie:** Absolutely. Every labour market programme is assessed and evaluated over a long period of time. This particular programme and the benefits it set out to achieve have been constantly reviewed. It has been reviewed by the Treasury. We will continue the self-regulation that we now have to ensure we stay on track to realise all of the benefits. As I said at the start, we are already well ahead with that and we intend to keep our ambition high.

**Q82 Mr Davidson:** Like some of my colleagues, I am a fan of what you have done. In the past many of your customers were treated as scum—I think that is the best way to describe it—and they responded accordingly. They now have a much better experience with you and it has been very good. I pick up Geraldine Smith’s point about staff safety in the new premises. I remember that this was one of the big issues. Staff wanted barriers and so on to be retained. I appreciate that you are now recording more than you did before. The difficulty with that is that it makes it very difficult for us to have comparisons. Are there any figures that would give us some assurance that, comparing like with like—serious assaults on staff and so on—the style of the new premises has had a favourable impact on the behaviour of customers?

**Mrs Strathie:** I believe that it is a favourable style. I can give you volumes or percentages from 2005 onwards in terms of actual or attempted assaults, verbal assaults and incidents unknown. Given the number of transactions we do and the amount of customer contact the volumes are relatively small, but I take every one of those seriously. If you are a member of staff involved in or witness an unpleasant incident and you feel that your health and safety is threatened then even one assault is too many. Through the service delivery model we have perfected we have a much safer environment for both staff and customers.

**Q83 Mr Davidson:** I think that is true, but can you prove it to me? You indicated earlier that you collected more statistics and, as I understood it, the figures would be higher. It is a bit like the police writing down more statistics than they did before about vandalism and therefore it appears that vandalism is increasing. Is there anything you can

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provide to the Committee, even if you cannot give it now, to demonstrate that behaviour has improved even though difficulties remain?<sup>5</sup>

**Mrs Strathie:** We have just had a full assurance on the process, but we can give you a breakdown of all the figures over the period. It is difficult to go back and compare that with offices having a screened environment. Clearly, if you were behind a screen there would be a different kind of behaviour on the part of the customer but a different level of risk and much less risk mitigation.

**Q84 Mr Davidson:** Given that you can do everything else I am quite sure that the Report will be able to clarify all these points to everyone's satisfaction. In response to Geraldine Smith you said you would provide statistics about incidents. It would help if you provided them by area. Are there particular hotspots and areas of the country where your clients are less well behaved than others?<sup>6</sup>

**Mrs Strathie:** We can give you that. Do you want it broken down into individual offices?

**Q85 Mr Davidson:** Yes, as long as it does not require a lorry. It is a matter of striking a balance between too much information that we will never read and something that you think will be helpful to us. We can always make further inquiries.

**Mrs Strathie:** We will do that.

**Q86 Mr Davidson:** I understand that 99% of the planned offices have been rolled out. Where are the remaining 1%? Do you confirm that one of them is in my constituency?

**Mr Davies:** There are two offices to go: one is in Portsmouth and the other is in Laurieston

**Q87 Mr Davidson:** What has happened to the one in Pollok?

**Mr Davies:** I thought you would ask that. I could bore the pants off this Committee but I am not going to. In Pollok the intention was to find a suitable location for a new office. You will be more intimately aware than most people in this room about the difficulties in finding premises that we can use for that purpose. The district manager has therefore chosen to deliver the best possible service in the circumstances pending finding a future location. When we find that location we will construct as necessary a business case which Jobcentre Plus will consider.

**Q88 Mr Davidson:** In that case I find it slightly surprising that that general area is not one that you have identified as being amongst the 1%. The 100% are only those centres for which you have identified a location and you are rolling out.

**Mr Davies:** Yes.

**Q89 Mr Davidson:** How many other examples are there of situations like Pollok where the Jobcentre brand, as it were, has not yet been rolled out because of a variety of difficulties?

**Mr Davies:** There is one other instance which does not necessarily fit that category but is quite close. The only other one is a Jobcentre Plus facility in Cumnock. As far as concerns Pollok, you will not find it on that list because the programme has now officially closed and it has spent its money. When there is a suitable opportunity to do something in Pollok, which has not gone off the agenda but seems to be way into the future before it happens, the district manager will produce a business case that will be considered by Jobcentre Plus.

**Q90 Mr Davidson:** So, there are two places in the known universe where a Jobcentre Plus will be considered—Pollok and Cumnock—but it is not yet on the horizon?

**Mr Davies:** Cumnock is a little different because it has an existing office on which we shall spend some money.

**Q91 Mr Davidson:** So, there is only one such place in the known universe? Maybe you can provide a note about where we are with that, because I was under the impression that discussions with the shopping developer had been moving along.<sup>7</sup> In addition to these other changes, two things happened at the same time: one was the reduction in the number of staff; the other was the increased move to telephony. It was widely seen at the time that this was a means of making yourselves more remote and to save money. Certainly, at that time a lot of people were very unhappy about the move including the staff. Are you saying to me that those difficulties have now been resolved and staff and clients would be happy with the service being provided? I confess that is not my impression.

**Mrs Strathie:** As we have measured what staff think of the service over a period of time it is quite clear that as they move through their part of the transformation they change their view about the service they are delivering. I suppose there is a certain fear factor and inherent conservatism in human nature to resist change, and for many people this has meant a new job.

**Q92 Mr Davidson:** I understand that, but time is limited. You are saying to us that the staff are happy?

**Mrs Strathie:** No. I am saying that staff have gone through an enormous amount of change and there are many things with which some staff would be dissatisfied. If you are asking about the service we are now delivering I would say that more people know they are giving a good service than do not. There are still people who are unhappy because they would like to be doing the end-to-end process in one location.

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<sup>5</sup> Ev 15

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<sup>7</sup> Ev 16

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**Q93 Mr Davidson:** In my constituency my office has sought to arrange face-to-face interviews and it has been a struggle. We got the impression that the staff really did not want to do it because that was the instruction they had. We were not able to explain to the people involved the story about their benefits. The people themselves had learning difficulties and thought it was best to have a face-to-face interview and it was a real struggle to get it done. Is that meant to be the situation?

**Mrs Strathie:** No, it was not. We have strengthened the guidance twice and have just gone through a process where the customer service directors at every level have reviewed it. We have a preferred method that is more efficient, but we recognise there will always be maybe 10% or 15% of our customers whom that does not fit.

**Q94 Mr Davidson:** From the point of view of my own office the impression was that 10% to 15% was higher than you were considering. You referred to staff not being satisfied about being able to follow through a case. One of the complaints we have about the CSA is that the people who phone in never get the same people twice and very often there is a denial of any record or information. We have not had the same level of complaints about yourselves, but how do you avoid the sort of difficulty with the CSA that I have identified?

**Mrs Strathie:** The model is predicated on treating the customer with the information you have, retaining that and getting the first agent. When you call and you are answered by Jobcentre Plus you have a range of options and the person who deals with you is sitting there with a screen and has access to all the systems including the record from the last intervention and the ability to have a three-way conversation with HMRC to sort out tax credits and other things. I would like to think that one gets a much better service through efficient delivery rather than reliance on one individual.

**Q95 Mr Davidson:** If you can do that why cannot the CSA do it? Would you like to run the CSA?

**Mrs Strathie:** It is a bit small. The Child Support Agency as was has delivered incredible performance improvement over the past year. You will know that it will move, if it has not already done so, into the new Child Maintenance and Enforcement Commission.

**Q96 Mr Davidson:** Something was said earlier about your backgrounds. For the record, I take it that none of you is public school and Oxbridge.

**Mr Davies:** I was at Borstal.

**Q97 Mr Davidson:** I shall leave that for the moment. Can you give us a note about your top 20 staff, giving an indication of how many of them were in either public school or Oxbridge or both in order that we can compare it with other departments from whom we have had information?<sup>8</sup> To what extent do you think your department is, as it were, unfashionable

because you deal with people as distinct from sitting and thinking about things? There are a number of departments that seem to be stuffed full of people from Oxbridge who have lots of brains but no sense and who certainly could not and do not deliver what you have delivered. Why is that? Why do you think that the Civil Service as a whole has not absorbed these sorts of lessons?

**Mrs Strathie:** Before I say anything do not assume that I agree with all of your analysis. It has taken a long time for any sector, not just the Civil Service, to understand the value of operational delivery skills and to see it as a profession and to have frameworks, standard setting and career paths. Experience has taught me that the best transformation can be effected by listening to those who do the job and engaging them in it, and when you deliver you should set the bar higher again. But one thing that people do not always do is upskill staff to reach that higher bar. Those of us who have worked in the organisation perhaps have a head start in that, but we are getting so much better in the Civil Service. I have taken on the role of Head of Profession for Operational Delivery because I know the value of it and that is a signal of the will to apply that learning across Whitehall.

**Q98 Mr Davidson:** The final point I raise is a matter that has not arisen before and is not directly in the Report: the impact on the service of Eastern European migrants. I do not know whether you have had experience of the delivery of service, but presumably if you have dealings with Eastern Europeans there are language issues and so on. Within your structure are you able to be flexible enough to respond to that different style of inquiry?

**Mrs Strathie:** Eastern European migrants have not been our customers except in seeking a National Insurance number to work because we deal with the NI process for those who come into the country. Generally speaking, the migrant population have a job when they come and go into work. We see some of them very quickly between jobs looking for the next job. In terms of language more generally, we have telephone-based interpreting services, so basically if a customer indicates that there is no interpreter we have a three-way conversation with our contracted providers to deliver that. The most popular language in this respect is Portuguese.

**Q99 Mr Williams:** I congratulate you on the very relaxed and open way you have all given evidence to us. I may have misremembered, which these days is not unusual, but I recollect that the last time you were here I was slightly critical of a particular fact. If I have got it wrong correct me straight away. You did not allow the disabled to use your offices; they had to use the call centres. Have I got that wrong—or did that come from another group who came before us?

**Mrs Strathie:** Customers with disabilities come through all our channels. In relation to benefits, until the beginning of April we had a Disability and Carer Service as part of the Department for Work and Pensions. That has now merged with what was

<sup>8</sup> Ev 17

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the Pension Service and has become the new Pension, Disability and Carer Service. Those who claimed those benefits which overlapped with Jobcentre Plus and the Pension Service did move to a telephone-based operation during the life of that agency. I do not remember your ever asking me about disabled customers, but those customers of working age who seek work and have a disability are handled through a range of labour market support both face-to-face and on the telephone.

**Q100 Mr Williams:** The new office design provides for a more efficient use of space which normally means less space per person working there. How far has this robbed you of flexibility in the future?

**Mrs Strathie:** The front-of-house desk allocation model has maximised the space we have, because part of this model was to get rid of a lot of clutter and to streamline what was in the office and what it was best used for.

**Mr Davies:** When we designed this we were very careful to ensure, particularly when we changed the *modus operandi* in the second year, that we had some rattle room and so the designs incorporated a 20% facility to uplift and improve the space, for example to put in more desks if volumetrics changed. I believe that future-proofing within reason was built into the thinking because it is impossible to gauge how the future will look. You must have a sense of future-proofing, which I believe we did.

**Q101 Mr Williams:** If for example there were a significant rise in unemployment—that is not envisaged at the moment and obviously the opposite is intended—would that present you with a problem with space?

**Mrs Strathie:** If we think that business volumes are driven by customers coming on to benefit we then require more support if more customers stay on benefit. The first point would be to handle an increased business volume and telephone calls. Because we have built a virtual network we can handle substantial increases in volumes. My view is that we would push on with our work-focused intervention regime because, more than ever, we would want to move people even quicker between jobs.

**Q102 Mr Williams:** Take the new approach to Incapacity Benefit. Do you face any logistical problems from the extra work that this imposes on your offices?

**Mrs Strathie:** In terms of what happens in the office, there is a first intervention with the customer. I referred to the 40% that Jobcentre Plus has led which is now for me primarily the benchmark for the private and voluntary sector to beat. We will compare those over a period of time. We lead that with the personal advisory service, but we are doing it with our local PCTs and a lot of labour market programme providers, so it is not all happening in our Jobcentres.

**Q103 Mr Williams:** To what extent is that the phenomenon I was describing? It says in paragraph 4.33: “In some areas, rather than looking to Jobcentre Plus offices to provide extra services, it may be more efficient to house Jobcentre Plus services in another office.” Why would it be more efficient if you had adequate space in the present one?

**Mrs Strathie:** As the world and other public services have changed we want to maintain a high level of customer service and one that meets the local requirement. Jobcentre Plus does not deliver everything itself; it contracts with others and also works in collaboration with local partners. Where you have high density population you will expect a large Jobcentre Plus presence and we will deliver mainly from our offices, but when we get into other locations where we have very few customers and calls we operate alongside other partners in premises. The flexible delivery model that has emerged from this is a range of local solutions depending on the need. We mentioned Children Centres. Although we have been very focused in our active policies with lone parents we recognise that given the challenge of helping children out of poverty we need to help parents, not just lone parents. We can reach many parents who do not come through our doors or our telephone channel through Children Centres. Those are just some examples of how we operate differently. I very much hope that we shall now be able to move forward with local authorities and partnerships to develop that range of inreach and outreach so we have the best of central government delivering a welfare regime and the best of local community partnerships to deliver what that community needs.

**Mr Williams:** If I may make just one favourable observation, I have been very impressed by the responses I have received from your services in my area and am very appreciative of them.

**Q104 Keith Hill:** I think I am right in saying that at least historically the British economy has been characterised by a fairly low level of labour mobility and labour mobility is linked strongly to housing. I believe I am also right in saying that there has been at least one attempt to link job opportunities with housing opportunities or vacancies through Jobcentre Plus. Do you think that is a good idea? Is there any intention to renew that project?

**Mrs Strathie:** We are working on a number of possibilities in terms of co-funding and the pooling of resources to look at that. What do we know at the moment? We know that those customers with very basic skills are those who have least benefited over the past 10 years. We also know that many of those customers live in social housing. We do not know the relationship between the two, but we know that if we want to reach the hardest to help and move them from that non-work state into work and then better skills we need to work very closely with those who make decisions on housing. I am working with the London Borough of Lambeth in championing its Local Authority Agreement so we can look at workers' former welfare in relation to its housing

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policy. That is just one example and it is taking place in lots of places across the country. I do not know where that will take us but we are definitely working very closely together.

**Q105 Keith Hill:** I am delighted that you have mentioned your work with Lambeth since I happen to represent the south of that borough. I am also an occasional visitor to the Jobcentre Plus in Station Approach along with a succession of heads of state and international delegations that seem to be permanently ensconced in that particular building.

**Mrs Strathie:** Lambeth was our first pathfinder in London and it is a good basis for us to look at where we started, where we have come from and how we go on to improve the service.

**Keith Hill:** I was on the board of the first pathfinder and it is my impression that Jobcentre Plus generally speaking has developed a very open and transparent relationship with politicians. That has probably contributed to your success and the esteem in which you are held.

**Q106 Mr Davidson:** I would not stress that point since I do not have one in Pollok yet. It is the only one in the known universe, if I remember correctly. I want to pick up the point about the Social Fund which is one of the issues about which a number of my constituents speak to me. I have never been entirely clear whether or not the reason why many of my constituents do not get what they would like from the Social Fund is that they do not meet the criteria or you are running out of money. If at the end of the year you end up with unspent money in the Social Fund is that because there are not enough people to come forward to apply for it or, as is my impression, is it because the budget is too tight? Following that, can you give me an indication of whether or not there is a formula that determines how much individual offices are allocated? In the past I was told that particular offices had run out of their allocations at certain points during the year

and therefore there would be no further Social Fund loans made available until the start of the new financial year.

**Mrs Strathie:** Starting at the end of that, I remember those days. First, there is no question of the Social Fund not being in budget. We run it on a national basis and so there is no money left here. Those days are gone. There are very strict criteria. Remember that crisis loans under the Social Fund were designed 20 years ago for people in extremely vulnerable circumstances. That means Secretary of State directions, Social Fund commissioners and the independent review service guide us on when we pay and when we do not. Obviously, there is an element of discretion in that and approximately half in any part of the country are allowed and half not. The Social Fund has several different strands to it, not just crisis loans.

**Q107 Mr Davidson:** It is not the case that people would be refused loans because you had run out of money?

**Mrs Strathie:** Absolutely not.

**Q108 Chairman:** Mrs Strathie, that concludes our hearing. I thank you on behalf of the Committee for your commitment and that of your colleagues over many years. To be fair to fast stream entrants, I was talking to Sir Leigh Lewis earlier this week. He said there was an increasing tendency among fast stream entrants in his department to want to go into the management of projects rather than traditional policy formulation, so we are making progress in what the Committee wants.

**Mrs Strathie:** I think we are. We certainly now set requirements in DWP for operational delivery postings, and we could point to a number of fast streamers who have come to work for us in Jobcentre Plus in operational posts and then gone on to successful careers afterwards.

**Chairman:** If as Mr Davidson says all people who went to public school and Oxbridge had brains and no sense it would appear to be a criticism of the immediate past Prime Minister to which I certainly would not subscribe.

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## 1. Supplementary memorandum from Jobcentre Plus

Question 49 (Mr Bacon): *The number of additional work-focused interviews achieved per annum*

In 2002 the Business Case for the Jobcentre Plus rollout projected that the new organisation would deliver “approximately 2.2 million additional work focused interviews per annum for customers using our services”. These additional interviews principally relate to Lone Parent customers.

The latest available data shows that Jobcentre Plus delivered a total of 10.3 million work focused interventions during 2007–08, of which 1.9 million were provided to the Lone Parent client group. This total is lower than the 2.2 million originally projected due to a reduction in the number of Lone Parent claimants on Income Support from 870,950 in May 2002 to 741,830 in November 2007.

Source: *DWP Information Directorate: Work and Pensions Longitudinal Study*

Question 52 (Mr Bacon): *To what use have the savings of £300 million been put*

The table below shows the release of savings from the Jobcentre Plus Implementation Project:

<i>Approximate Date</i>		<i>Returned to</i>	<i>Value (£m)</i>
Jan-05	Funding released by the project to Jobcentre Plus Finance. This was used to support the Centralisation of Benefit Processing project.	JCP	57
Jan-05	Surplus funding returned to DWP Finance.	DWP	25
May-05	Funding released due to a reduction in the project's forecast liabilities.	DWP	50
Jun-05	Funding and responsibility for the running costs of Estates acquisitions transferred to core.	JCP	50
Feb-06	Funding transferred to core to support the ongoing IS/ IT costs of implementation	JCP	39
Feb-06	Funding transferred to core.	JCP	50
Mar-06	Further savings transferred to DWP Finance	DWP	35
Oct-06	Funding released in the 2006–07 Mid-year review.		8
	<b>Total</b>		<b>314</b>

The Department has used savings returned to promote further transformation, for example to fund the centralisation of benefit processing and further improve customer service.

Question 53 (Mr Bacon): *The overall level of quantified benefits*

The programme's estimated savings are based on an evaluation of the additional job outcomes achieved by Jobcentre Plus—over and above those delivered under previous arrangements. The state of the economy will not therefore have a significant impact on the programme's savings because any change in labour market conditions will affect the baseline number of job outcomes achieved, rather than the incremental outcomes brought about by the rollout of Jobcentre Plus.

The impact of the Jobcentre Plus rollout should be viewed as a structural improvement which is predominantly independent of the economic cycle.

The new intervention regimes introduced have resulted in greater off-flows from benefit as more customers have been encouraged to look for work and the quality of their job-search has improved. These off-flows are less likely to vary significantly with economic change and so the programme's job outcome savings can be assumed to be broadly similar under different economic conditions.

However, work is ongoing to undertake regular reviews of customer caseloads to ensure that the impact of any change in economic conditions is identified and analysed.

Question 73 (Geraldine Smith): *Details of incidents in Jobcentre Plus Offices*

Question 83 (Mr Davidson): *Improved behaviour in offices*

Question 84 (Mr Davidson): *Breakdown of incidents by area*

The Committee sought statistical information relating to the number of injuries to (or serious assaults upon), Jobcentre Plus staff over the five years from 2003.

Jobcentre Plus has well-established processes for collecting, compiling, and learning from this information which we believe are unrivalled elsewhere. The table below shows the number of actual assaults which have taken place over that period.

<i>Operational Yrs</i>	<i>"More than cuts &amp; bruises"</i>	<i>"Cuts &amp; bruises"</i>	<i>"Less than cuts &amp; bruises"</i>	<i>TOTAL</i>
2003–04	14	55	148	<b>217</b>
2004–05	7	47	248	<b>302</b>
2005–06	11	53	222	<b>286</b>
2006–07	17	97	244	<b>358</b>
2007–08	16	60	225	<b>301</b>

The figures, which seek to provide the like-with-like comparison<sup>1</sup> sought by the Committee, show that the number of injuries reported by our staff have remained fairly constant as increasingly more of them moved to work in our new, open-plan offices as the roll-out progressed towards completion. The number of injuries which are classed by those reporting them as “more than cuts and bruises”—the most serious of the actual assault categories—are consistently fewer than 20 per year. These figures should be viewed in the context of:

- the many millions of face to face customer transactions Jobcentre Plus staff provide every year;
- repeated and high-profile internal communications exercises to encourage staff to report all incidents;
- the transitional demands upon, and flux caused to, our local service delivery by Jobcentre Plus changing its service delivery model to accommodate the new roles of Contact Centres and Benefit Delivery Centres during the period of the roll-out of the new Jobcentres; and
- external benchmarking. Whilst differences in reporting arrangements mean it is difficult to reach definitive conclusions, our research suggests that Jobcentres are comparatively safe places to work. For example, the annual physical assault rate for NHS staff in the County of Kent alone is around twice the rate for Jobcentre Plus nationally.

The Chief Executive, in her evidence, was clear that every assault is taken seriously. Alongside our established risk control measures (such as advanced customer handling training, job and process design, and physical security measures), Jobcentre Plus has this year invested in a Safety Management System. The System is based upon recommended HSE best practice, will improve our detailed reporting arrangements, and includes investment in a team of Health and Safety Business Partners who take an active role in reviewing incidents and advising our managers. The Safety Management System recently received substantial assurance from our auditors and we expect our investment to make Jobcentres even safer places.

The Committee also sought geographical data and the table on the following page breaks down the national actual assaults data by Region/Country across the same period as the table above.

<i>Operational Year</i>						
<i>Region/Country</i>	<i>03/04</i>	<i>04/05</i>	<i>05/06</i>	<i>06/07</i>	<i>07/08</i>	<i>Totals</i>
East Midlands	20	21	18	27	32	118
East of England	25	19	18	31	18	111
London	46	95	81	99	84	405
North East	4	10	14	14	8	50
North West	28	32	32	28	19	139
Scotland	13	19	16	25	13	86
South East	15	22	35	34	25	131
South West	12	15	11	17	22	77
Wales	3	10	11	16	12	52
West Midlands	27	32	25	34	33	151
Yorks and Humber	23	26	21	31	35	136
Contact Centres	1	1	4	2	0	8
<b>Totals</b>	<b>217</b>	<b>302</b>	<b>286</b>	<b>358</b>	<b>301</b>	<b>1,464</b>

Trend-analysis and the identification of “hot spots” among our offices is undertaken by our network of statutory, joint Safety Committees which operate at appropriate levels across the business. Safety Committees review the more serious incidents and are able to raise concerns and make recommendations if a particular office experiences high incident rates. In general our inner city offices experience the highest level of incidents and it is those offices, therefore, which are provided commensurately with the greatest range and density of risk control measures.

Question 91 (Mr Davidson): *A Jobcentre Plus Office in Pollok—update*

The original Jobcentre Plus Service Delivery Plan for Glasgow, established in 2003, included the acquisition of a new site in the area of Pollok.

We have made extensive searches through our PRIME partner, Land Securities Trillium (LST), to find suitable properties to support this aspiration. This has included extensive discussions with the developers of the new Silverburn shopping centre. Initial discussions with the developer indicated that a unit should be available for Jobcentre Plus to fit-out from March 2006 but all plans were tentative.

<sup>1</sup> The table shows “actual assaults” reported by Jobcentre Plus staff. It does not include assaults on our contracted Security Staff because reporting practice amongst this group was sporadic until systems for accurate reporting were introduced in August 2005. Whilst prompt reporting is encouraged, the figures for 2007–08 may yet increase slightly as late reports are received.



Throughout 2005 and early 2006 LST made repeated attempts with the developer to establish size and cost of potential units and to establish a commitment from them to lease terms and timescales. In early 2006 we were informed that potentially space would be available in Phase 4 of the development, then scheduled for completion in late 2007. However at that stage there was no detailed design for Phase 4, no indication as to the size and suitability of a unit and no commitment to allocating to Jobcentre Plus.

LST continued to search for other properties whilst retaining an interest in the Silverburn development.

All searches proved unsuccessful and no other viable alternatives could be found within the Rollout Project timescales. In the meantime, to provide our customers with access to the full range of improved Jobcentre Plus services, we closed the Pollok customer service point and Auldhouse Jobcentre and moved our services and customers to the rolled out offices in Govan and Newlands. This was successfully completed in July 2006.

The current position is that we continue to deliver the best possible service pending finding a suitable location. The rollout programme is now officially closed but when a suitable location is found a business case will be constructed and considered by Jobcentre Plus.

Question 97 (Mr Davidson): *Information on the top 20 staff*

I have interpreted my Top 20 as my senior team at Director level (Senior Civil Service Pay Band 2) and my Customer Service Directors (at Pay Band 1 level) who are responsible for operational delivery and the customer experience—a total of 23. Of these 23, only one was educated at Oxbridge. The individual who has been to Oxbridge has enjoyed a long and successful Civil Service career, in this business and its legacy business.

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## 2. Letter from Mr Keith Johns, Director, Hush Consulting Limited

THE ROLL-OUT OF THE JOBCENTRE PLUS OFFICE NETWORK—COMMITTEE MEETING 30 APRIL 2008

As a Project Management consultant actively involved in delivering the Jobcentre Plus rollout programme for the past five years, I listened with interest to the above committee meeting and the generally positive and encouraging reporting therein. Following on from this I thought you and your committee colleagues might be interested in a “front line” perspective as to other benefits and successes emanating from the roll out.

The committee highlighted the need for other Government Departments to take on board the lessons learnt from this roll out programme. I would suggest that there are real benefits to be gained and that this is an opportunity that should not be missed. Failure to seize this opportunity will, I believe, result in the industry slipping into “old ways” in respect poor quality, delays and over spending on public sector contracts.

The success of the project in terms of cost saving and programme achievement are well documented as are the Health & Safety achievements. However I would contend that the successes extend beyond the “public finance” benefits discussed at the committee and those successes simply measured by statistics.

For those lucky enough to have been involved, it has contributed to a cultural change for the better in terms of collaborative working, openness, ongoing commitment and, not least, in Health & Safety management in the construction industry. It has been a real pleasure to work on this project.

There were a number of key differences between JCP and other public and private sector contracts which were central to this success. A couple of these are summarised below:

### CONTINUITY AND EXPERIENCE OF THE DELIVERY TEAMS

The committee noted that the JCP senior management team was involved throughout the life of the project and that this team had over 100 years experience between them—this was identified as a major contributory factor to its success. This continuity / right experience was replicated throughout the whole delivery chain.

At the outset the professional consultant teams and regional contractors were selected on the basis of their attitude, personal attributes and approach to collaborative working and not just the right qualifications and experience. In addition, and most crucially, individuals were selected and not just consultant firms, those individuals were encouraged to commit for the “long haul”.

For example, I was responsible for managing the roll out of over 70 offices over four years in the South West. Our success in the region was underpinned by the fact that I was fortunate to work with virtually the same DWP Client, Consultant, Contractor and Service Partner teams throughout the whole programme.

In my experience this level of continuity, commitment and “specialist” expertise is almost unheard of. Indeed personally I have never worked on one project for this period of time or indeed on a project that has been completed without major changes in personnel.

The culture of the individuals involved and the level of contribution and engagement by all project stakeholders was a significant contributory factor to the success of the project. Indeed the project exemplified the “Integrated Team” concept championed by Sir John Egan and the Constructing Excellence initiative.

#### GOVERNANCE AND COMMUNICATIONS

At the committees Mr Davies reported in respect of the control and governance measures implemented on the project and in particular the “gateway process” that was adopted. These management systems enabled programme managers like myself to deliver a clear set of objectives in a controlled and managed fashion but without the “one hand tied behind the back” scenario that exists in some management control systems.

From the outset the project delivery teams at district level had a very clear sense of direction and objective in terms of programme, budget and design vision passed down from senior management and the Estates Core Team. As reported, during the pathfinder phase and year one roll out, we were able to be slightly more subjective in terms of specification of works. Notwithstanding this, the clear direction and national model afforded Programme Managers like myself the opportunity to manage the aspirations of the business in the knowledge that all decisions reached were under pinned and consistent with national parameters and objectives.

This level of clarity of direction and management control without restrictive interference and constraint is unusual in my experience—we were able to do our jobs.

Communications on the project were excellent with regular and coordinated face to face meetings at site, district, regional and national levels. These were supplemented by regular national forums where individuals like myself met with colleagues from other regions, Core Team and senior management to review the roll out programme and to share knowledge. These were invaluable in the early days and not least, very enjoyable!

In order to deliver the programme successfully the construction professionals needed to understand the nature and needs of the business at both an office and strategic level. As programme manager I was encouraged and was party to discussions around business operations and strategy and as such was able to fully consider this as a crucial part of an holistic approach to the roll out programme.

From the outset at local level it was always felt that the senior management had “a handle” and an interest on what was happening in terms of project delivery. More importantly as programme managers we had ample opportunity to raise points with senior management at forums and via meeting and telekits etc. Indeed during the roll out Mr Davies visited a number of my sites in the South West.

#### IN SUMMARY..

Sir Michael Lathem stated that “the Jobcentre Plus project should be congratulated for their success in their drive to introduce a new approach based on the creation of a partnering culture across the entire supply chain”. I believe that on this project this should be extended to include the DWP Client, it’s service partners and business end users. It has been without doubt the most inclusive project I have ever been involved in and this is due solely to the individuals involved from Senior Management, Core Team, Regional and District Change Teams, office managers and not least the professional estates delivery teams.

From a personal perspective and to mis-quote Victor Kiam! “I liked this product so much I bought the company”—well not exactly, but along with a number of ex JCP colleagues I am involved in setting up a new Project and Cost Management consultancy company with the aim of developing and implementing the JCP ideals and systems for the benefit of our commercial clients and hopefully, in the future, on other public sector projects.

I trust you will find my comments of interest.

*1 May 2008*

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