

## The successful transition to an active labour market service – introduction of Jobcentre Plus in the UK. Perspectives from a new Member State (Poland)

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### 1. THE EVOLUTION OF THE UK'S WELFARE STATE.

Prior to 2002, welfare benefits, including Unemployment Insurance (UI) benefit, in the United Kingdom (UK) were delivered by the Benefits Agency (BA), a part of the then Department of Social Security (DSS) and labour market services were delivered by the Employment Service (ES), a part of the then Department of Employment & Education (DfEE). In 2002, the Government's Welfare to Work policy led to the creation of Jobcentre Plus (JCP), part of the new Department for Work & Pensions (DWP). JCP is therefore a combination and modernisation of the services previously provided by parts of two separate UK government departments.

a) The government of welfare in the UK.

The UK is a unitary state in which central government substantially directs most government activity. However, the structure of services in Scotland, Wales and Northern Ireland differs in certain respects. Each region has both a Secretary of State and administrative department, situated in central government and its own assembly and executive, which take on the role in the region of certain central government ministries or departments. The laws which apply in Scotland and Northern Ireland are different from those in England and Wales. The Scottish parliament has, in consequence, very much more influence than the Welsh Parliament and the Scottish Government (a name confusingly used for both government and executive) has the role of a civil service for Scotland, with a social policy in its own right. The administrative structure in Northern Ireland is significantly different: personal social services are the responsibility of the Health Board (as they are in the Republic of Ireland) and public housing is managed by the Northern Ireland Housing Executive.

This framework changes frequently. The most important changes in recent years have been the reformation of the DSS into the DWP, the significant transfer of income maintenance to the Inland Revenue (now HMRC, for Her Majesty's Revenue and Customs) and the demolition of the Department of Transport, the Regions and Local Government, whose key social policy responsibilities were placed in the Office of the Deputy Prime Minister and have now been relocated mainly into Communities and Local Government.

b) The administration of welfare in the UK.

The administration of the Welfare State has undergone two major reforms since its inception. The first phase, covering the 1960s and 1970s, saw central government reformed in order to allow the planning and control of public expenditure by the Treasury. The aims of this reform were managerial efficiency and economic planning. The effect was to create a system in which the Treasury allocated resources to departments and departments to services.

The second phase, which led, in the 1980s and 1990s, to a restructuring of the civil service and the administration of welfare, has three main elements:

- the breakup of the administration into agencies, so that the efficiency of each part of the administration can be assessed individually. Examples are National Health Service trusts and the administrative agencies, such as JCP, responsible for Social Security.
- the introduction of "management", with managers being responsible for running agencies in a business-like fashion; this is widespread in health and personal social services.
- quasi markets. Public services are required to act more like economic markets, with the separation of purchasing and provision of services and the introduction of competition. The trend is strongest in health and social care.

In recent years, the work of many central government agencies serving government, like the DWP's information technology or the Department of Health's (DoH's) laboratories, have been privatised or contracted out; the main role of the agencies that remain is direct service provision to the public.

c) Local government.

Local government grew, in England and Wales, from the administration of the Poor Laws. When local services for health, social assistance and education were established during the 19th century, someone had to be responsible for their delivery; the powers were given to the Poor Law guardians and subsequently this became the core of a reformed local government system. In Scotland, the local administration was more developed, being based on the police burghs, but many of the reforms in the 19th and 20th centuries were driven by English approaches.

Local government lost many of its powers after the Second World War, including responsibility for health, social security and public utilities and has progressively declined in influence since. The structure of local government was reformed in the 1970s, to form two main tiers (county and district) in most of the UK; in 1996, local government was focused in a single administrative tier, though some two-tier authorities have been retained.

The UK has a highly centralised system of government and the powers of local government are very limited. Central government exercises considerable controls over local action: they include

- legal restraints. Local authorities are forbidden by law to do anything which is not expressly permitted by Parliament; local authorities which want to undertake any special initiative need to promote a private Act of Parliament. Recently both England and Scotland have introduced a general power for local authorities to further the welfare of the population, but this is a new introduction and it has not yet led to radical change.
- Advice. The work of local government is increasingly regimented by central government instructions;
- inspection and audit. Councillors can be personally fined for breaching audit rules, a situation which would not likely be tolerated by national politicians and
- financial controls. Despite the existence of a "council tax", local government has very limited discretion in its ability to raise money and it is not permitted to exceed central government limits. Loans cannot be taken without express sanction. Central government can make the availability of grants conditional on compliance with their policy.

The main power local government has is one of conservative resistance, usually in the form of a failure to put central government policies immediately into effect.

d) The Poor Law.

British social policy was dominated by the Poor Laws, first passed in 1598 and continuing till 1948. The Elizabethan Poor Law of 1601 provided for

- a compulsory poor rate,
- the creation of "overseers" of relief,
- provision for "setting the poor on work".

The parish was the basic unit of administration. There was, however, no general mechanism through which this could be enforced and the Poor Law's operation was inconsistent between geographical areas.

The changes of the industrial revolution led to the development of the towns, rapid population growth and the first experience of modern unemployment and the trade cycle. All this caused increasing poor rates. The Poor Law Commission of 1834 emphasised two principles:

- less eligibility: the position of the pauper must be "less eligible" than that of the labourer
- the workhouse test: no relief outside the workhouse.

The Poor Laws were much hated and much of the development of social services in the 20th century, including national insurance, means tests and health care, were framed to avoid having to rely on them.

e) The Welfare State in Britain.

The Beveridge Report of 1942 proposed a system of National Insurance, based on three "assumptions":

- family allowances,
- a national health service and
- full employment.



This became a major propaganda weapon, with both major political parties committed to its introduction. During World War Two, the coalition government also committed itself to full employment through Keynesian policies\*, free universal secondary education and the introduction of family allowances. A Labour Government was elected in 1945 and introduced three key Acts of Parliament:

- the 1946 National Insurance Act, which implemented the Beveridge scheme for social security;
- the National Health Service Act 1946 and
- the 1948 National Assistance Act, which abolished the Poor Law while making provision for welfare services.

These Acts were timed to come into force on the same day, 7th June 1948. The 1948 Children Act was another important element.

f) The Welfare State after 1948.

The key elements of the "Welfare State" were understood as being

- Social Security
- Health
- Housing
- Education and
- Welfare and children (the "personal social services").

Contemporary arguments emphasised the inter-related nature of these services and the importance of each for the others. However, the administrative division between services was reinforced by reactions against the unifying and all-embracing nature of the Poor Law, which led to a strong distinction being made between income maintenance, health and welfare services.

The "Welfare State" was not intended to respond to poverty; that was what the Poor Law had done. The main purpose was to encourage the provision of the social services on the same basis as the public services: roads, libraries and so forth, an "institutional" model of welfare. Criticisms of the Welfare State in later years, however, were to concentrate increasingly on the problem of poverty.

g) Social insurance.

The principle behind social insurance is that people earn benefits by contributions, paid while they are at work. The advantages of an insurance scheme are:

- People should feel they are entitled to benefits.
- Contributions are a way of raising money for benefits.
- Because people have paid for their benefits, it is supposed to be difficult to abolish the benefits. (This has been disproved in practice: the government of New Zealand, for example, has replaced insurance-based pensions with means-tested ones.)

The disadvantages are:

- People must work to qualify. This leaves out large numbers of people: unemployed school leavers, women who have been looking after children, chronically sick and disabled people. The insurance system may also distinguish the 'deserving' and the 'undeserving' poor.
- If contributions are set too high people cannot pay them. This may mean benefits are set too low.
- Poor people are less able to afford contributions.

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\*Keynesianism sees government intervention in the economy as necessary for the stability of the economy. Public spending is an important regulator, which can be used to stimulate the economy at a time of a slump or to damp down growth if it happens too quickly.



h) Employment services.

The main response to unemployment\* is through economic policy, which addresses the issues by considering the workings of the economy as a whole. General measures to manage the economy have to be distinguished from “targeted” employment measures like employment subsidies and wage supplements, intended specifically to affect the labour market. Targeted measures are liable to be inefficient, because they help people who may not have stayed unemployed anyway, or they displace problems to other groups.

Employment services are mainly focused on the unemployed person: they offer, for example, improved information, retraining or work experience, which improves a person’s comparative position in the labour market but does not of itself create jobs. Some are based in a view of unemployment as idleness: workfare, in the United States, is designed to penalise benefit claimants for not working, on the assumption the claimants have a choice. There are two main approaches in Europe. Activation (an idea from Denmark) seeks to promote active participation in the labour market through motivation and the development of skills. Insertion, or social inclusion, (from France) is based on a contract between the individual and society. The “contract of insertion” made between individuals and the local Commission of Insertion is matched with a responsibility on the Commission to develop opportunities.



Looking for work. (c) Hulton-Getty collection

i) Social security for unemployed people.

In the UK, unemployment was initially provided for through the Beveridge scheme. National Insurance was intended to deal with a wide range of marginal employment, including casual labour, seasonal work and short-time working. It was never intended, however, to deal with long-term or mass unemployment. As long-term unemployment grew, in the 1970s and early 1980s, unemployed people became increasingly dependent either on Income Support\* or on alternative benefits, such as benefits for incapacity or single parenthood.

By the mid-1990s, the system had virtually ceased to apply, with only 8% of unemployed males receiving National Insurance. Unemployment Benefit was replaced by Job Seeker’s Allowance (JSA), basically equivalent to Income Support for unemployed people.

Throughout this period there was also an increasing emphasis on trying to engage people in the labour market as the main route out of poverty. The term “welfare to work” refers to a series of governmental policy measures intended to encourage unemployed people into work, including advice, training and supervision.

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\*The causes of unemployment are complex. Some kinds are long term: technical unemployment happens when people’s skills are made redundant. Some are medium term: cyclical unemployment happens because there is inadequate demand to keep production going. Some are short term: frictional unemployment happens because people change jobs or locations. Seasonal work, casual employment and subemployment are patterns of work which lead to people being employed only for short periods at a time.

Exclusion from the labour market takes many forms: some people can opt for early retirement, further education or domestic responsibility and others cannot. If poor people are unemployed more, it is not just because they are more marginal in the labour market; it is also because they have fewer choices and because people who become classified as ‘unemployed’ are more likely to be poor. The unemployment figures are an artefact; economic analyses, which are based solely on the formal “unemployment rate” are generally misconceived.

\*Income Support provides financial help for people between 16 and 60 who are on a low income, who are not in full-time paid work and who are in one of the groups of people who can claim Income Support. It is designed to help with day-to-day living expenses and to ensure that UK citizens do not fall below poverty income levels as defined by the Government Actuary.

## 2. A SHORT HISTORY OF THE UK'S GOVERNMENT MINISTRIES RESPONSIBLE FOR UI ADMINISTRATION.

The National Insurance Act, in 1911, brought in the UK's first insurance-based sickness and unemployment benefits. The Ministry of Labour was established in 1916. The 1920 Unemployment Insurance Act extended unemployment benefit more widely. Following the economic "Depression" of the early 1930s, the Unemployment Assistance Act, in 1934, introduced a system of contributory unemployment benefit and the first national means-tested assistance.

For the elderly, non-contributory pensions were introduced under The Old Age Pensions Act 1908. As a result of the First World War, the Ministry of Pensions was set up in 1917 to administer war disablement and survivors' pensions. In 1925, The Widows, Orphans & Old Age Contributory Pensions Act introduced contributory pensions for those aged 65 and over.

As mentioned above, in 1942, the Beveridge Report: "Social Insurance and Allied Services" was published with the recommendation that the existing schemes were replaced with a unified system of social insurance. In 1944, the Ministry of National Insurance was established to turn the Beveridge proposals into reality. In 1945, Family Allowances were made available to all families with two or more children under the age of 14 years. In 1946, the National Insurance & National Insurance (Industrial Injuries) Acts were passed. In mid-1948, the Welfare State was created, with the simultaneous introduction of National Insurance, National Assistance and the National Health Service. Further unification followed.

In 1953, the Ministries of Pensions and National Insurance merged and graduated contributions and pensions were introduced in 1961. In 1966, the National Assistance Board was replaced by the Supplementary Benefits Commission, which then merged with the Ministries of Pensions and National Insurance to become the Ministry of Social Security. The Ministries of Health and Social Security became the Department of Health & Social Security in 1968.

Following the so-called Fowler Reforms, the separation into the DoH and the DSS, in 1988, resulted in full integration of income-related benefits for people in and out of work.

Under the Government's "Next Steps" programme, the first of six executive agencies within the DSS was formed in 1989. This was the Resettlement Agency, which became part of the core Department in 1996 after transferring the administration of accommodation for the homeless to other organisations. In 1990, the Information Technology Services Agency was set up to provide, internally or in partnership with the private sector, the IT products and services required to support the delivery and administration of social security. The BA was set up in 1991 to help create and deliver an active modern social security service, the aims of which were to encourage and enable independence of UK citizens and to pay "the right money at the right time" to those eligible for benefits. The Contributions Agency (CA) was also set up in 1991 to ensure compliance with the law in respect of National Insurance (NI) contributions and to maintain individual NI accounts. The CA transferred to the Inland Revenue (now HMRC) on 1 April 1999. In 1993, a new scheme for child support maintenance to be operated by the Child Support Agency (CSA) was introduced. The War Pensions Agency was created in 1994 to administer the War Pensions Scheme and provide appropriate welfare support to war disablement pensioners and war widows.

In March 2000, the Permanent Secretary announced changes to the Department in order to streamline internal services and focus more effectively on the frontline delivery of services to customers. The changes brought together:

- all benefit design and management work within 3 client groups (working age, pensioners, and families and children)
- planning, finance, internal audit and personnel services within a single, new Corporate Services Directorate
- communications services within the Department.

In March 2000, the Prime Minister announced reforms of the way in which services to people of working age and pensioners are delivered. A new agency was established to deliver a single, integrated service to benefit claimants of working age and employers. As I mentioned at the beginning of this Paper, this drew together those parts of the BA dealing with people of working age and the ES (part of DfEE) into JCP. The Government also created a new organisation dedicated to pensions and pensioners, within DSS, known as The Pension Service.

On 8 June 2001, the Prime Minister announced the creation of two new Departments: The DWP and The Department for Education and Skills (DfES).

The DWP was formed from:

- The DSS and most of its agencies: the BA, the CSA and the Appeals Service (the latter is now part of the recently-formed Ministry of Justice).
- The ES.
- The policy groups previously in DfEE covering employment policy and international issues together with the disability responsibilities of the DfEE's Opportunity and Diversity Group.

The new Department was charged with the responsibility for creating JCP and The Pension Service from the ES and the BA. The War Pensions Agency transferred to the Ministry of Defence.

In 2008, the DWP consists of:

- JCP
- The Pension Service
- CSA
- Disability & Carers Service
- Debt Management (the recovery of overpaid benefits)
- The Rent Service (assessing rents for Housing Benefit purposes and advising landlords)
- Age Positive (a campaign that promotes the benefits of employing a mixed-age workforce) and
- The Health & Safety Executive (promoting the cause for better health and safety in the workplace).

### **3. THE CREATION OF JOBCENTRE PLUS.**

The rollout of JCP was one of the largest public sector programmes undertaken in the United Kingdom in recent years. It enabled the DWP to begin the integration of two government agencies (the ES and the BA) into JCP in April 2002.

The JCP building rollout programme was launched in October 2002. The aim was to re-design, re-brand and refurbish over 800 former Jobcentres and Social Security offices and make the job-seeking and benefit claiming experience more like that experienced in a bank or modern retail environment. The main objectives of the new network were to:

- improve service to the customer by moving to a modern office environment;
- improve efficiency by reducing the size of the estate and automating processes and
- to provide the infrastructure for a more tailored service and help reduce unemployment.

The rollout of JCP offices represents a profound change in the way the largest UK government agency does business with its five million customers. It introduces a radical shift from the former impersonal surroundings of the Jobcentre and Social Security offices to a modern retail-style environment and has a major impact on the way staff interact with customers and hence positively influences the quality of service provided.

Rollout finished in 2007, producing 858 new-style offices across the UK. It required part of an extra year more than initially envisaged to complete and initial plans allowed for up to 1000 new-style offices. However, given the scope of this enormous programme, the end result has been acclaimed a considerable success. Especially as it was delivered for £314 million less than the £2.2 billion originally allocated to this project in 2002.

Reported successes in this project were:

- communicating a vision of improvement,
- consistent leadership,
- strong governance and close monitoring by a central project management team,
- planning in detail and developing a replicable process,
- change was managed well at sites that learned from previous experience, using partnering to incentivise contractors to innovate and reduce costs and being prepared to learn as the roll-out progressed.

It has been reported that future UK public sector projects can build on this by:

- more use of quantitative data on customer volumes and the costs associated with the estate,
- earlier introduction of centralised planning, of management processes and a standardised design approach and
- finding out in advance what is important to customers and building in ways of measuring improvements.

Statutory responsibility for supporting UK citizens seeking to enter or return to work rests with JCP. It provides help and advice on jobs and training for citizens who can work and financial help, in the form of welfare benefits for those who cannot. It administers about £22 billion per annum in benefits and currently employs about 70,000 staff. There are currently an estimated 4.6 million people claiming a core working age benefit (JSA, Income Support or Incapacity Benefits) and this equates to about 13% of the UK's working age population. Around 16,000 new claims for benefit are made every day while another 4,000 people are helped into work. The Government has a long-term aspiration of achieving an 80% employment rate. To achieve this, over one million people currently in receipt of benefit will have to move into work. The Government's goals include helping 300,000 lone parents into work, increasing the employment rate of older people and reducing the number of claimants of Incapacity Benefits by over a third. JCP has the key role in achieving this objective.

#### 4. THE ROLE OF THE PERSONAL ADVISER (PA).

The PA model of offering one-to-one support and guidance has been adopted in JCP and in private or voluntary sector organisations that work with the unemployed. A key difference is that JCP PAs operate in a tight regulatory environment and are integral to the welfare benefits process. This can be a cause of tension with their customers; especially when they impose sanctions reducing or stopping payments of JSA in cases of repeated non-cooperation. Advisers operating outside of JCP, who do not act as gatekeepers to benefits or enforcers of rules and regulations, do not have to deal with this effect. In practice however, the JCP PA process works well for the great majority of unemployed customers who willingly play their part by seeking and obtaining work in the sure-fire knowledge that they will be supported by JSA and other welfare benefits as they do so.

For millions of UK citizens, PAs are the face of government. JCP has approximately 9,300 advisers who conducted 10.8 million jobseeker interviews in 2005-06. Interviews last from 20 minutes to an hour, depending on the particular programme the customer is part of and what stage of looking for work they have reached. Advisers help people find work by diagnosing barriers to employment and assisting them to overcome them. They also have a responsibility to protect the integrity of the benefits system by ensuring those who should be doing so are actively seeking work.

a) Key responsibilities.

Their key responsibilities are:

- To carry out diagnostic, work-targeted interviews in order to help customers understand the benefits of working and to agree a realistic course of action toward sustainable employment.
- To help customers to apply for appropriate jobs.
- To actively manage a caseload of customers.
- To develop and maintain partnership working with Jobcentre Plus colleagues, employers and relevant external organisations to improve and extend the range of support for customers.
- To help protect the integrity of the benefits system by making sure that customers fulfil their responsibilities and remain lawfully entitled to benefit.

#### b) Types and numbers of Personal Advisers (in 2005-2006):

JSA new claims advisers	2977
New Deal* advisers (Young People/25 Plus/over 50s)	2200
Lone parent advisers	1721
Restart advisers	1221
Incapacity Benefits advisers	595
Disability Employment advisers	570

Unemployment in the UK is low by historical and international standards. The unemployment rate has been cut by half, since the early 1990s, to a level of 5.3% as at April 2008. This is below the average for the Group of Eight industrialised nations (G8). Employment rates have risen over the past decade to around 75%.

The UK's active labour market policies to raise the employment level are considered to have contributed to this performance and are regarded as successful by international standards. Similar schemes exist in many developed countries in which unemployed people are commonly expected to attend intensive interviews with employment counsellors, apply for suitable job vacancies, independently seek work, produce individual action plans and take part in training programmes. Compliance with these expectations is a condition of receiving benefit for most customers. In the UK, all jobseekers are required by statute to confirm every two weeks that they are actively seeking work and certain categories of customer are required to take part in the New Deal programmes which involve intensive job search and training.

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\* The New Deal is a programme of active labour market policies introduced in the UK by the Labour government in 1998. The stated purpose is to reduce unemployment by providing training, subsidised employment and voluntary work to the unemployed. The New Deal architecture was devised by London School of Economics Professor Richard Layard. It was based on similar active labour market policies in Sweden.

c) The Work Focused Interview.

The Work Focused Interview with a skilled PA is a cornerstone of JCP's efforts to help people into work. In these interviews, PAs provide one-to-one support and guidance for customers. PAs' interviews with new customers are scheduled in their diary by a contact centre. Customers who claim JSA and who enter one of the mandatory New Deal programmes are added to the adviser's "caseload", which involves attending regular interviews scheduled by the adviser. Beyond the mandatory interviews, advisers also have the discretion to put customers claiming Incapacity Benefits and lone parents on their personal caseload and to arrange further interviews for people in these categories themselves. Caseload customers have more assistance from PAs in the form of job-search support, regular telephone contact and follow-up activities e.g. help with their curricula vitae and they see their PA more often.

PAs play different roles depending on the amount of assistance customers require, their skill levels and their past employment history. All people claiming JSA and most claiming Income Support, have initial Work Focused Interviews at the start of their claim. In the case of Incapacity Benefit claimants this interview takes place eight weeks after the start of the claim as many are likely to return to work within that period. Claimants must also attend Work Focused Interviews at predetermined intervals, depending on which benefit they receive and all can be called back for further interviews at a later point in the lifetime of their claim. In addition, customers may have a series of regular interviews with a PA by either volunteering to join one of the New Deal programmes such as: the New Deal for Lone Parents, New Deal for Disabled People or New Deal for the Over 50s or being required to join the New Deal for Young People or the New Deal 25 Plus.

PAs have a crucial role to play in assessing the different needs of customers and channelling them to the right type of assistance. This is important for delivering value for money because advisers try to ensure that customers are not given support that they do not need or that will not help them find work.

The PA:

- discusses the customer's work preferences, experience and skills,
- creates a jobseeker's action plan which is key to a Jobseeker's Agreement,
- co-signs the Jobseeker's Agreement with the customer,
- performs a job search for the customer's preferred occupation,
- gives the customer a list of current vacancies and
- arranges job interviews, support with basic skills, CV compilation, referrals for training and re-training etc.

A typical Work Focused Interview last forty minutes and is followed by Fortnightly Jobsearch Review meetings with JCP staff, each lasting five to ten minutes. Although the latter do not involve the PA; s/he can intervene in this process or can be asked to by his/her caseload customer should an opportunity for quicker advancement into work, requiring PA support, emerge. This element of flexibility is there for the customer to quickly become gainfully employed again and for the PA to successfully manage his/her caseload by placing their caseload customer in work.

The customer's benefit requirements are dealt with by a Financial Assessor, in an interview lasting twenty minutes, prior to the Work Focused Interview with the PA.

The processes and physical environment in which customers claim benefit and look for work have changed substantially for the better. Prior to the rollout of JCP, customers would have to wait in long queues in order to fortnightly declare that they were still unemployed and actively seeking work in order to receive their UI benefit for the next two weeks. This process and associated interviews were usually carried out in uninspiring, impersonal surroundings. Jobseekers could only look at local job vacancies displayed on notice boards containing rows of index cards. JCP offices are more pleasant and open plan, queues have mostly been abolished in favour of timed appointments and nationwide job vacancies are available to view on touchscreen terminals. Customers also have the option to be seen in private interview rooms. This change in the physical environment has been welcomed by staff and customers.

Under proposals outlined in the 2006 Welfare Reform Bill, the UK Government is aiming to increase the employment rate to 80 per cent, which will require many more of the harder-to-help (in particular, those on Incapacity Benefits) to enter employment. PAs are crucial for achieving this and demands for their services continue to increase.

Overall, recent findings are encouraging. There is evidence that PAs have contributed to the high employment rate in the UK, as well as the relatively low levels of unemployment. In particular:

- customer research shows advisers have a positive impact by raising customers' confidence, equipping them with improved job-seeking skills and assisting with job applications;
- the Organisation for Economic Co-operation and Development has found significant improvements in unemployment levels in the UK and other countries with similar policies related closely to the adoption of active job-seeking measures such as those organised through PAs;
- independent research suggests the use of PAs is associated with greater numbers leaving benefits and
- third party employment advisers have commented favourably on the ability of JCP PAs.

## 5. THE PERFORMANCE OF JOBCENTRE PLUS.

a) Performance targets for 2007-2008.

i) Job Outcome Target (JOT):

(This target measures the numbers of customers JCP helps into work. The target is points-based. In 2007-08 the aim was to achieve 11.2m points.)

- Data problems meant that it was not possible to arrive at the final result by the end of this statistical period (31.03.08) however, the best estimate shows a 92% result for this target. Therefore JCP achieved about 10.3m points. This compares reasonably to the 10.9m points achieved in 2006-07.

- Given the shortfall, JCP identified 12 essential activities for Jobcentres to carry out to improve JOT performance and developed supporting management information to sit alongside these activities. In addition, a detailed performance improvement plan was produced, which includes working with employers to form Local Employment Partnerships to increase access to new jobs for the most disadvantaged customers.

ii) Interventions Delivery Target:

(This target is about helping JCP customers move into work by providing timely work-focused support. The target is to deliver key labour market interventions on time in 85% of cases.)

- The end of year performance for 2007/08 was 91.3%.

iii) Average Actual Clearance Times (AACT):

(This target measures the average number of working days taken to process claims for JSA, Income Support and Incapacity Benefit. The targets are 12 days, 11 days and 18 days respectively.)

- The end of year performance for 2007/08 was 10.6 days for JSA, 9.2 days for Income Support and 13.1 days for Incapacity Benefit.

iv) Customer Service Target:

(This target measures how well JCP delivers services to its customers – in person, by telephone and electronically. The target is to achieve a service level of 84%.)

- The end of year performance for 2007/08 was 92.8%.

v) Employer Outcome Target:

(This target measures how quickly and effectively JCP meets employers' recruitment needs. The target is 84% of employers placing vacancies with JCP will have a positive outcome, based on their own opinion of the service they received.)

- The end of year performance for 2007/08 was 86.0%.

vi) Monetary Value of Fraud and Error:

(This target supports a Public Service Agreement for a 15 percent reduction in Income Support and JSA fraud and error by March 2010.)

- The JCP expects to produce an accurate result in October 2008. The baseline level of fraud and error in Income Support and JSA during 2005-06 is an estimated overpayment of around 4.9%, or £570m, of IS and JSA expenditure.

- In 2006-07, around 5.1%, or £580m, of Income Support and JSA expenditure is estimated to have been overpaid. When compared with the 2005/06 baseline the change observed is not strong enough to conclude that an increase in the level of fraud and error has occurred over this next year, but on balance it is more likely than not that there has been an increase.

## 6. WAYS FORWARD FOR THE UK.

Being out of work is a critical emotional time for the great majority of people. It can lead to emotional instability within an individual and to social instability among the masses. This has been, is and will continue to be documented by experts, ranging from historians to psychoanalysts, as a root cause of mental and social disorder in a myriad of circumstances.

So it is with JCP. On the one hand, it is criticised as the key welfare agency in the UK and on the other, it is often lauded for the results it achieves.

Recent positive reports state that:

- In June 2007, the JCP website peaked in the number of job search enquiries received in a week to 6.6m.

- Between 1997 and 2007, the proportion of lone parents in work has grown from 44% to 56%.

- There are currently, an estimated 1m less claimants of key out of work benefits than in 1997.
- Employment programmes, such as New Deal and Pathways to Work for incapacitated customers, the tax credits scheme\* and the introduction of the Minimum Wage\*\* are reforms, which have resulted in 30m people of working age at work in the UK – this is more than ever before.
- New Deal is estimated to have helped more than 1.8m people move off benefits and into work since 1998 and contributed to the lowest number of JSA claimants for 32 years.

The immediate challenges for JCP, albeit in today's economic environment of spiralling inflation\* leading to a forecast economic downturn and the prospect of rising unemployment levels\*\*, are to focus on:

- youth unemployment levels, which have been reported to be higher now than 10 years ago, by engaging more with parents' associations, the education sector and employers,
- the high proportion of people on Incapacity Benefits (2.7m currently costing £12b pa) and particularly the work-shy some of whom are now amongst those claiming Incapacity Benefits for mental health stress-related conditions,
- the fact that more than 2.4m people have been claiming out of work benefits for more than 5 years,
- effectively administering the new Employment & Support Allowance (ESA) which replaces Incapacity Benefit and Income Support paid because of incapacity or disability for new claims from 27 October 2008 and
- building upon Local Employment Partnerships with Pathways to Work\*\*\* providers from the private sector, employers, Learning Skills Councils, local authorities, other Government Departments, voluntary and community sectors.

A decade ago the challenge faced was high unemployment. Today, with record numbers in employment, the task faced is to make sure a person has the right skills and other support to move into and progress in work. The welfare reforms continue with the policy of helping everyone who can work to get back to work.

In deciding how to use the office network in the future, JCP will have to take into account a number of new developments, for example an increase in mandatory customers as the ESA is introduced and greater collaborative working with other public services. To evolve in the future JCP will need to review its operating model and in some areas it will be beneficial for the agency to pursue greater collaboration with other organisations, such as local authorities, rather than expand the services delivered from JCP offices as increased joint working and partnerships take hold.

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\*Tax credits are like a means tested benefit paid direct to employees, through the tax system, to encourage them into work.

\*\*The National Minimum Wage Act 1998 was a flagship policy of the Labour Party in the UK during its 1997 election campaign and took effect on 1 April 1999.

\*A revised rate of 3% was announced on 17 June 2008, together with an indication that it may reach above 4% by December 2008, rather than the 1.9% to 2% originally envisaged.

\*\*An increase to 1.64m as at 30 April 2008 was announced on 11 June 2008 although this was down by 34k from this time last year.

\*\*\*Pathways to Work is a single gateway to financial, employment and health support for people claiming Incapacity Benefits which began in December 2006 and has about now been rolled out across the JCP office network. This initiative does not include people suffering from life-threatening or terminal health conditions. For all others, PAs initially complete Personal Capability Assessments to determine what work the claimant could do. A mandatory Work Focused Interview follows after eight weeks and access is arranged to programmes, which support people preparing for work e.g. the Condition Management Programme, which aims to help manage people's health condition or disability so that they can work. A Return to Work Credit of £40pw is paid for a year to those whose pay is below £15k pa.

## 7. CHANGES IN POLAND'S UI SCHEME SINCE 1989.

### a) 1989 – 1999.

Until 1989, social policy-making was centralised in the Planning Commission of the Council of Ministers. After 1989, social policy responsibility was eventually placed in the Ministry of Labour & Social Policy and the Ministry of Health & Welfare. The new social welfare policy was planned in two phases. The first stage included short-term measures to offset the income losses of certain groups resulting from government anti-inflation policy. These measures varied from the setting up of soup kitchens and partial payment of heating bills to reorganisation of the social assistance system. The second, long-term policy aimed to rebuild the institutions of the system to conform to the future market economy envisaged by planners. This led to communal and regional agencies assuming previously centralised functions and sharing authority with private social agencies and charities.

For most countries in Central and Eastern Europe, unemployment as such was virtually unknown prior to the collapse of State-controlled economies in 1989. In the early years of the transition period when unemployment was still low, many countries in the region established funds\* that provided unemployment benefits and labour market support. But rising unemployment soon put these systems under strain in Poland as well as Bulgaria, Hungary and Slovakia leading to tighter eligibility rules, lower levels of replacement, shorter duration of benefits and lower beneficiary rates. This led to a state of growing impoverishment of those who were without work. Throughout the region not more than half of the unemployed received either unemployment benefits or social assistance.

Between 1991 and 1995, the unemployment beneficiary rate dropped from 75% to 55% in Poland around 80% to less than 40% in Hungary and from 82% to 27% in Slovakia. In the face of continuing economic difficulties, the early retirement and disability schemes, once favoured in the region, were no longer seen as the correct response given that both instruments cost more than unemployment benefit schemes in the long run and deflected employees from productive work.

Poverty became widespread in Poland due to an explosion of unemployment and low salaries. Poverty rates were variously measured as being between 6.7% and 16.5% and there are suggestions that it may have been as high as 35% of the total number of households.

Measures were taken to counter poverty:

Passive measures:

- Unemployment benefits.
- Early old-age benefits or allowances.
- Social assistance cash payments, temporary allowances, a guaranteed allowance for unemployed lone parents with children below 15 years of age, social pensions, allowances paid to carers of disabled children, supplementary allowances for people unable to work due to old age or ill health and for poor pregnant women.

Active measures:

- Non-subsidised job creation programmes including seasonal jobs.
- Subsidised job creation programmes including jobs for disabled people and graduates in public relief work and community services as well as the payment of loans to undergo training or to start a business.
- Vocational training.
- The establishment of work clubs including employment counselling.

In 1999, 1.2% of the Gross National Product was used on social exclusion measures of which 0.9% was used by the Labour Fund (0.2% for the active measures described above) and 0.3% on social assistance cash payments.

### b) 1999-2004 reforms.

A new social protection system came into effect in 1999, encompassing social security, healthcare and social assistance. It was designed to cover all working people in Poland, irrespective of their nationality.

The social security component initially comprised pension, invalidity and healthcare insurances, together with insurance against work accidents and work-related diseases.

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\*The Polish Labour Fund was established in January 1990.

In time, these became Old Age, Disability and Survivors, Sickness and Maternity, Work Injury, Unemployment and Family Allowances. The Government, employees and employers jointly finance the social security system, divided into the current five separate insurance funds:

- Old Age, Disability and Survivors: (typically 16.26% employee and 16.26% employer contributions although self-employed people typically contribute 32.52%. The Government finances the total cost of the guaranteed minimum pension, pays contributions on behalf of insured persons taking childcare leave, those receiving maternity allowances or unemployment benefits and unemployed graduates. There are special systems for farmers, military personnel, public prosecutors, judges and the police. The Ministry of Labour & Social Policy (MLSP) provides general supervision, the Social Insurance Institution (ZUS) administers the programme through its 51 branch offices and the Agricultural Social Security Fund (KRUS) administers the farmers' programme.)
- Sickness and Maternity: (typically 2.45% for cash benefits and 8.5% for medical benefits from employee contributions and none from the employer. Self-employed people can voluntarily contribute at the same rate as employees. The Government finances subsidies for medical benefits. There are special systems for farmers, military personnel and the police. The MLSP supervises cash benefits and ZUS administers them whereas the Ministry of Health (MoH) supervises medical benefits and the National Health Fund administers public health funds and contracts medical services.)
- Work Injury: (typically none from employees, 1.62% from self-employed people and between 0.97% and 3.86% employer contributions depending on the assessed degree of risk and the number of employees. The Government finances the cost of specialised procedures and public health promotion. There are special systems for farmers, military personnel, public prosecutors, judges and the police. The MLSP provides general supervision of cash benefits and ZUS administers them whereas the MoH provides general supervision of medical benefits whilst KRUS administers the farmers' programme.)
- Unemployment: (typically none from employees and 2.45% from employers. The Government meets any deficit from the state budget. The MLSP provides general supervision whereas provincial and local labour offices maintain unemployment registers, records of work possibilities and pay benefits. ZUS collects payroll contributions from enterprises.)
- Family Allowances: (the total cost is covered by the Government. The MLSP provides general supervision whilst ZUS and KRUS administer the programme through their national network of offices.)

When an employee falls ill, the employer is required to pay full salary for the first 35 days of absence. From the 36th day, the employee receives a sickness allowance of not less than 80% of his/her salary. The same rules apply to work injury situations.

c) Unemployment benefit in Poland.

An unemployment benefit system was set up in 1997 ensuring payments of unemployment benefit for between 6 and 18 months.

Support Programmes for employees and agricultural sector workers\* are important aspects of social protection in Poland. Hence, the two most important UI schemes in Poland are those concerning employees and the agricultural sector workers.

Unemployment benefit is payable to persons, aged over 18 and under 65 (men) or 60 (women), who are involuntarily unemployed and register as unemployed with their powiat (district) labour office declaring that they are ready and able to take up immediate full time employment. They must not own arable land of over 2 hectares nor receive other monthly income amounting to half of the minimum wage level. They cannot be in receipt of any employer's compensation, redundancy payments or social pension.

Unemployment benefit is paid from the eighth day after registration with the labour office as long as there is no offer of suitable work, no referral to a subsidised job, public works employment nor to any specially created additional job and if the unemployed person has, during the 18 months preceding the date of registration, worked for a total of 365 days earning at least the minimum wage level. Military service, parental leave and allowances periods are credited toward the period of 365 days.

Since 2002, unemployed people in Poland receive unemployment benefit for a period of between 6 to 18 months:

- 6 months is payable if the number of unemployed in the powiat (district) on the 30 June preceding the date of entitlement did not exceed the national average,
- 12 months (the norm) is payable if the number of unemployed exceeded the national average and
- 18 months is payable if the number of unemployed exceeded twice the national average and if the unemployed person has accrued a 20-year eligibility period or if that person has a child below 15 years of age whose partner is also unemployed.

.....  
\*In 1992, agriculture still employed 27% of workers. This figure is 20% in 2008.

A flat-rate base amount is payable to those with between 5 and 20 years of employment; 80% of the base amount to those with less than 5 years and 120% of the base amount to those with more than 20 years.

In addition, they may be entitled to means-tested social assistance benefits. Exceptionally, these may continue after entitlement to unemployment benefit has ceased. Expectant mothers are paid guaranteed temporary benefits for 36 months on leaving work. Local means-tested housing allowances are also available for the unemployed. All other family and maternity benefits are means-tested. Unemployment benefit is taxable.

Young persons are treated as follows:

- School leavers are paid 60% of the unemployment benefit amount if they undertake a course of training with an employer. This is payable for up to 12 months.
- School leavers living in areas of high unemployment who enter adult education 6 months after having left school can also be eligible for 60% of the unemployment benefit amount for up to 12 months.

#### 8. THE CURRENT POLISH PICTURE.

Steeply rising unemployment was the most traumatic upheaval in post-Communist Polish society. At the end of 1989, the number of people looking for work in Poland was far less than the number of available jobs. But by the end of 1992 there were 62 job-seekers for every job opening, dropping to 56 in September 1994.

Between 2002 and now the national unemployment rate has been officially recorded as high as 22% and recently, as low as 8% in March 2008. In May 2008, it was said to be 10%. This signifies that whilst employment conditions are improving year-on-year there is also, as yet, insufficient progress across all of the Polish regions in job availability and pay levels to encourage Polish workers to stay at home.

On 1 May 2004, Poland joined the European Union (EU) and three existing Member States (Ireland, the UK and Sweden), adopting the key EU principle of free movement of workers, opened their labour markets to Polish workers. The Netherlands and Denmark soon followed suit and the remaining existing Member States (apart from Germany and Austria) have done so too\*. The impact on the Polish labour market was immediate as a visible exodus of migrant workers began. It merely added to the numbers of Poles already working in Western European countries prior to 2004, many of them as part of a much less visible "black" economy. This "black" economy had existed for decades. Poles had left their homeland to work abroad even prior to the Napoleonic Wars of the early 19th century.

From 2004 to date, the exodus continues. Its nature is one of ebb and flow because of the varied reasons people have for deciding to work abroad; some of which are:

- Professionals and skilled workers aiming to settle in the West to attain a better standard of living.
- Businessmen seeking to establish their product or service abroad.
- Students and other temporary workers whose goal is to earn an amount of money over a specific period of time in order to spend it in Poland on a specific item e.g. a car or a house.
- People with no specific purpose other than to escape unemployment back home, to travel and experience other cultures or to simply follow friends and/or family in working abroad.

The UK Home Office figures show that some 450,000 Polish nationals were accepted on to the UK's Worker Registration Scheme. Although unofficial figures often state that a truer figure of Polish economic migrants in the UK is nearer 600,000 or more. Governmental systems cannot determine exactly how many Poles work in the UK or vice-versa given that both countries are in a zone which allows free movement of workers. The ebb and flow is probably immeasurable and can only be determined, at best, by a set of indicators based on the available information pertaining to the purpose of the measure.

In 2007, the Polish magazine Polityka launched a "Stay With Us" scheme offering young academics a £5,000 bonus to encourage them to stay at home.

Rapid economic growth at home, falling unemployment and the rising strength of the zloty had, by the autumn of 2007, reduced the economic incentive for Poles to migrate to the UK. Labour shortages in Poland's cities and in sectors such as construction, IT and financial services have also played a part in stemming the flow of Poles to the UK. According to the August 2007 EU Accession Monitoring Report, fewer Poles migrated in the first half of 2007 than in the same period in 2006. Launched on 20 October 2007, a campaign by the British Polish Chamber of Commerce, "Wracać do Polski" ("Come Back to Poland") encourages Poles living and working in the UK to return home.

In March 2008, people of working age in Poland, aged between 15 years and 64 years amounted to 16.87m. The number in work was 15.51m and 1.36m were unemployed. This gave an employment rate of 49.4%. The employment rate for men aged from 18 to 64 years and women aged from 18 to 59 years was cumulatively 63.6%. A considerable achievement when compared to the 75% UK rate. Although inflation had risen to an unwelcome 4.4% in May 2008, labour costs had increased by nearly 14% in the quarter ending March 2008 from the end of 2007. The majority of this increase reflects pay rises.

\*Any temporary immigration controls must end by 2011.

## 9. WAYS FORWARD FOR POLAND.

Since joining the European Union, many workers had left to work in other EU countries (particularly Ireland and the UK) because of high unemployment, which was often the highest or second-highest in the EU. However, with the rapid growth of salaries, a booming economy, the strong value of the Polish currency and quickly decreasing unemployment (8% in March 2008) a major exodus of Polish workers seems to be over. In 2008, people who are returning outnumber those leaving the country.

The way forward lies in activating the Polish labour market system further by ensuring that more people of working age can gain quick access to job opportunities. One obvious way is for Poland to adopt a UK JCP-style approach in binding job search more strongly to the process of claiming welfare benefits. This is not a simple route: at present the MLSP and MoH are both very involved in the current social security system as is Poland's Ministry of Finance on the associated central government funding issues. The well-established ZUS and KRUS agencies play key administrative roles as does the Polish National Health Fund. There is also the key role of the provincial and local network of labour offices to consider. Altogether a mighty organisation which does not always act as one. Superimposing a JCP-style process is not impossible yet a strong and enduring sense of purpose, adequate funding and excellent marketing are required to take advantage of the improving economic situation and rapidly rejuvenating labour market.

## 10. SHORT INITIAL RESPONSES TO THE QUESTIONS POSED BY MR. YOU JUN IN HIS JUNE 2008 PAPER ENTITLED "The Basic Situation of China's Unemployment Insurance System".

### a) Extent of UI scheme coverage.

All people of working age (e.g. between 16 and 65) should be treated equally by this scheme. For simplicity, public servants should be included rather than be subject to different arrangements. The Re-employment Service Centres (RSCs) could determine the extent of individual unemployment situations by applying a set of national Regulations e.g. based on an agreed number of hours worked in a week being deemed full time, they could obtain confirmation of hours worked by employees or by self-employed individuals, they should be allowed access to taxation information about the individual concerned and eventually decide as to whether or not:

- unemployment benefits can be paid and assistance with re-training can be given,
- whether re-training help can be given to those deemed ineligible for unemployment benefits and
- whether re-training help should be available to those who are fully employed but seeking to better themselves.

### b) UI benefit levels.

UI benefit should be of an adequate amount for the individual to survive on basic food and in basic accommodation for one week/month. In that regard notice should be taken of the individual's circumstances, such as:

- does s/he need to support a non-working partner and/or other family members,
- does s/he own the accommodation s/he lives in,
- does s/he have or can be deemed to have any other income e.g. from the sale of his/her garden or farm produce or from occasional part-time work,
- does anyone else (related or not) living in the household bring income into it e.g. a working lodger,
- does s/he have any savings etc.

If there is no other income s/he can rely on whilst unemployed but lives alone in standard accommodation then UI benefit alone should be paid whereas if his/her situation is complicated by dependants etc then UI benefit should be supplemented e.g. by a calculated amount of minimum livelihood guarantee.

This type of means-testing process is in wide use across the World and can be adapted to the particular circumstances of those countries which adopt it e.g. in Kyrgyzstan much emphasis is put on support for the unemployed individual by the extended family, friends and the local community and their equivalent minimum livelihood guarantee benefit includes detailed calculations for "income" derived from the family's orchard, animal and farming produce before arriving at the benefit entitlement amount. This is also a feature of Poland's unemployment benefit scheme and there are similar rules in assessing Income Support entitlement in the UK. These calculations are based on formulae included in social assistance legislation and/or benefit payment rules.

Consideration should be given to the provision of free medical treatment to the unemployed who are in receipt of UI benefit. Alternatively the UI and medical treatment funds should be merged akin to the UK's National Insurance scheme. In Poland, the sickness and maternity funds are combined although the unemployment fund is managed separately.

The level of UI benefit can only be realistically determined by government statisticians, taking into account the prevailing economic situation and consideration should be given to an annual review of the UI benefit rate leading to a change in the rate as required given changing economic conditions.

The duration of UI benefit should be fixed possibly, as now, with periods of up to 24 months dependant on the amount the individual has contributed into the scheme during any relevant qualifying period. It should not be extended other than by continuing payment of an

appropriate amount of minimum livelihood guarantee/supplementing benefit. Which should only be paid in circumstances where there is a complete lack of job opportunities for the individual concerned. Such a situation would have to be closely monitored and regularly reviewed to ensure that no opportunities for re-employment or re-training were being missed. This would require the RSCs to hold a comprehensive database of current employment/re-skilling opportunities. It would be better for such a database to hold local and national jobs and training information to cater for those unemployed workers wishing to move to another locality. A proper consideration should also be given to the feasibility of paying this continuing benefit at a lower rate than that of the UI benefit previously received thereby giving the strong message that employment is the best means of welfare and discouraging individuals from accepting a state of their personal inactivity in the labour market. Of course, this lower rate needs to realistically reflect, as do all benefits, the prevailing standard of living in China or in its regions.

c) Nature of relationship between UI and employment promotion.

From the UK experience, it is clear that combining job search processes with the claiming of welfare benefits is a sound base from which to create an active labour market service. The UK JCP service has certainly shown significantly better results in moving people from welfare to work than any of its predecessors.

A successful method of promoting the advantages of employment is to ensure that it is the key feature during any individual's UI benefit claim and that there are regular positive interventions e.g. at the beginning of the claim and at fortnightly/monthly declaration of continuing unemployment intervals when individuals are asked about their efforts in finding work and advised of and helped with choosing their available options such as:

- by referrals for job or re-training interviews,
- the provision of help with basic skills such as communication,
- the provision of help with CV compilation etc.

A system of employment advisers in the RSCs interacting regularly with all claimants would be a lynchpin to employment promotion in China. The funding of the current RSCs would have to be revised to allow for this. An advisers' training programme would need to be devised and implemented.

The funding source could be a combination of:

- employee, employer and government contributions to the UI Fund,
- taxation funds from central and regional budgets together with
- monetary contributions from local State Owned Enterprises (SOEs) and private enterprises.

This latter public-private partnership funding requirement would also encourage local and national private enterprises to actively participate in the work of the RSC staff and advisers through initiatives like holding their recruitment events in the RSC premises.

Adequate central government funding is key to ensuring the evolution of a better UI scheme and it is worth considering the advantages of strengthening this essential national infrastructure during its formative phase by investing more heavily in it. The funding sources mentioned above should be regularly reviewed to ensure that appropriate levels are set for each source and varied according to prevailing economic conditions in the future.

d) Unemployment prevention.

Strong partnership working arrangements between the RSC network and their local SOEs, private enterprises and any employers from the charitable sector should be sought to jointly fill jobs in normal labour market conditions. The Ministry of Labour & Social Security (MoLSS) would be best placed to provide supervision over these arrangements.

The employment rights of workers may require revision making it very difficult for employers to dismiss employees purely if there is a downturn in their part of the economy. This may merit the introduction of a lay-off system in which employers, suffering a downturn in their economic sector, pay their workers the equivalent of UI benefit for a set period of time before being allowed to dismiss them thereby keeping their laid-off workers "on their books" ready to re-employ them in the next upturn. It may be feasible to legislate for a statutory lay-off period, financed by the employer, for a period say of up to 6 weeks, 2 months or longer. This would prevent any "hiring and firing" at a whim that may be taking place. Perhaps such a system would not require additional monies from the UI Fund? Alternatively, the Fund could part or fully finance the lay-off period payments. Consideration could also be given to devising a complementary system whereby employers in crisis can make an application to the Fund and/or other appropriate authorities i.e. the MoLSS and to the Ministry of Finance, to forgo their UI contributions for an agreed period of time. It may also be appropriate that such employers are then asked to pay any arrears once their profits allow. Again, the MoLSS would be best placed to provide supervision over these arrangements.

e) The management of UI.

The Government should determine the employer and employee contribution rates through comparison with other countries, through its own economic calculations and through appropriate expert advice.

It is difficult, due to the scale of modernisation and change in China, for a self-sustaining, autonomous UI Fund to continue its vital functions without external help from central government in times of deficit. Therefore, it should be managed as part of the same instrument of central government which guarantees its funding. Once modernisation has reached the appropriate level, it may be feasible to consider a self-generating UI Fund anew. It would seem wiser now, albeit temporarily, to have a central cross-government approach. An efficiency study of the RSC organisation and structures would be a good starting point. Processes could be mapped and costed to indicate what improvements can be made in line with set governmental policy goals.

An obvious option to achieve accountable management of all the relevant UI, employment management, social insurance and any other associated agencies' functions is to form them into one organisation or to place them all in a joint working arrangement overseen by the MoLSS.

Appendix 1

Some basic economic comparisons between China, the UK & Poland.

The figures in the tables below are from forecasted information for 2008 taken from the Intelligence Unit of "The Economist" magazine's "The World in 2008" issue, published in December 2007:

CHINA

Population	GDP growth	GDP/PPP	Inflation	GDP/PPP per head
1.33bn	10.1%	\$3.94/12.91trn	3.0%	\$2,960/9,700

UK

Population	GDP growth	GDP/PPP	Inflation	GDP/PPP per head
60.7m	2.2%	\$2.84/2.33trn	1.9%	\$46,740/38,340

POLAND

Population	GDP growth	GDP/PPP	Inflation	GDP/PPP per head
38.1m	5.1%	\$453/640bn	3.0%	\$11,880/16,810

Other comparisons:

Countries listed by GDP (PPP – purchasing power parity):

Country	GDP (PPP)	World ranking
China	\$6.991.036trn	2nd
UK	\$2.137.421trn	6th
Poland	\$620.868bn	21st

- from the International Monetary Fund 2007 list:

Country	GDP/PPP	World ranking
China	\$6.091.977trn	2nd
UK	\$2.003.433trn	6th
Poland	\$565.699bn	20th

- from the World Bank 2006 list (published in April 2008):

Country	GDP/PPP	World ranking
China	\$7.043.000trn	2nd
UK	\$2.147.000trn	6th
Poland	\$624.600bn	21st

- from the CIA World Factbook 2007:

Acronyms used in this Paper

BA	Benefits Agency (UK)
CA	Contributions Agency (UK)
CSA	Child Support Agency (UK)
DfEE	Department for Employment & Education (UK)
DfES	Department for Education & Skills (UK)
DoH	Department of Health (UK)
DSS	Department of Social Security (UK)
DWP	Department for Work & Pensions (UK)
ES	Employment Service (UK)
ESA	Employment & Support Allowance (UK)
EU	European Union
HMRC	Her Majesty's Revenue & Customs (UK)
JCP	JobCentre Plus (UK)
JSA	Job Seeker's Allowance (UK)
KRUS	Agricultural Social Security Fund (POLAND)
MoLSS	Ministry of Labour & Social Security (CHINA)
MoH	Ministry of Health (POLAND)
MLSP	Ministry of Labour & Social Policy (POLAND)
NI	National Insurance (UK)
PA	Personal Adviser (UK)
RSC	Re-employment Service Centre (CHINA)
SOE	State Owned Enterprise (CHINA)
UI	Unemployment Insurance
UK	United Kingdom
ZUS	Social Insurance Institution (POLAND)