



National Audit Office

DEPARTMENT FOR WORK AND PENSIONS

The roll-out of the Jobcentre Plus Office network



job centre plus

SUMMARY

What is the Jobcentre Plus roll-out?

1 The roll-out of Jobcentre Plus is one of the largest public sector construction programmes undertaken in the United Kingdom in recent years. It enabled the Department for Work and Pensions to integrate the work of two government agencies (the Employment Service and the Benefits Agency) into Jobcentre Plus in 2002, and the rationalisation of an estates portfolio of 1,500 offices.

2 The roll-out 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.

3 We examined the roll-out of Jobcentre Plus offices as it represents a profound change in the way the largest 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 the quality of service provided.

4 The focus of our report is on the programme to transform the estate into a modern office network, including the evidence on customers' reaction to the new offices. It examines whether the network has been delivered cost-effectively, whether the project management and procurement approach represented good practice, and whether the office network allows Jobcentre Plus to deliver a good service.

5 We did not set out to examine progress in reducing unemployment or the effectiveness of Jobcentre Plus's new business processes themselves. It is, for example, difficult to disentangle the influence of the Agency's new office environments from the impact of programmes such as the New Deal for Lone Parents. Other NAO examinations have reported on the performance of the Government's welfare to work programmes in helping specific customer groups, such as older workers, disabled people, and workless households, and the Department's mechanisms to deliver the programme, such as the effectiveness of contact centres and Personal Advisers.

Value for Money assessment

6 Jobcentre Plus did well to deliver nearly all the planned offices while making savings against the agreed budget of £2.2 billion. Jobcentre Plus succeeded in keeping the network operating while bringing new offices on stream. Delivering the offices using a more conventional procurement strategy would have cost around 15 per cent more. The rationalisation of the Jobcentre Plus estate had saved £135 million a year by 2006-07. The roll-out has also contributed to improvements in customer service. The way the project was managed compares well with external good practice and there are important lessons for other government transformation projects.

- Staff reductions and changes to the way services are delivered mean that 858 offices have been rolled out, fewer than the 1,000 originally envisaged. However, this has not significantly affected accessibility to customers.
- 99 per cent of the planned offices have been rolled out. The intention was to complete the programme in four years, but the change of plan resulting from the centralisation of benefit delivery affected the timetable, with 80 offices being delivered in a fifth roll-out year.
- This reduction, the introduction of a more cost-effective procurement strategy and tighter project control mechanisms have enabled Jobcentre Plus to deliver the project for £314 million less than the £2.2 billion allocated to it in 2002. Of this reduction, approximately £136 million resulted from reducing the size of the programme, £120–140 million from improved procurement and around £50 million from other efficiency improvements.
- Although the new estate is 12 per cent more expensive to run per square metre because of higher quality infrastructure and locations, the estate rationalisation has released about 20 per cent of the Jobcentre Plus estate, resulting in an overall saving of £135 million a year by 2006-07.
- A number of mechanisms were introduced to contain the costs of the project during the design and construction phases, including a gateway process for estates expenditure, which defined the scope and requirements for each office, and a standard desk allocation model.
- In deciding how to use the office network in the future, Jobcentre Plus will have to take into account a number of new developments, for example an increase in mandatory customers as the Employment and Support Allowance is introduced, and greater collaborative working with other public services. The network is well-placed to respond to any changing demands placed upon it. To evolve in the future Jobcentre Plus will, however, 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 Jobcentre Plus offices.

Lessons and recommendations

7 We consider that a number of strengths in the way the programme was managed contributed to its successful delivery, while there are some areas where there is scope to improve further. Similar projects in the Department for Work and Pensions and elsewhere in government should embrace these principles.

8 The key factors leading to this success included:

Communicating a vision of improvement

Communication and leadership provided by senior management (paragraph 3.6) was important in ensuring staff buy-in to the roll-out. Where staff had a positive reaction to the roll-out, this reduced the risk of a negative impact on customer service.

Consistent leadership, strong governance and close monitoring by a central project management team

Project management structures and processes significantly improved as a result of the experience and challenges faced when rolling out the first 225 offices (paragraphs 3.5–3.9). This included:

- the establishment of a core project management team and a Senior Responsible Owner;
- a clearer understanding of the roles and responsibilities of key stakeholders;
- recognised ownership and accountability for the programme by senior management;
- more structured reporting and decision-making arrangements; and
- stability of the core project management team.

Planning in detail and developing a replicable process

A single replicable office design and a standard seven-stage gateway process for each site roll-out (paragraph 3.31) allowed costs to be controlled closely.

Change was managed well at sites that learned from previous experience

Local management had the support of experienced implementation managers. In some areas local initiatives were also put in place, such as staff shadowing the work of offices which had been rolled out. Our site visits highlighted that where appropriate change management processes were put in place at a local level, the roll-out was delivered effectively and staff felt confident with the new delivery of services to customers (paragraphs 3.20–3.22).

Using partnering to incentivise contractors to innovate and reduce costs

The partnering approach adopted from 2003, and in particular the target pricing method and performance management of contractors (paragraphs 3.33–3.39), combined with other initiatives to drive down the cost of the programme. It allowed for an open and non-confrontational environment for contractors to work with the Department as one team.

Being prepared to learn as the roll-out progressed

As a result of the experience of the initial phase, Jobcentre Plus undertook a review of the project delivery arrangements and identified a number of improvement measures (paragraphs 3.5, 3.23). This included the appointment of a works programme manager from the private sector to assist in making radical changes to the management of the programme, such as the procurement arrangements and the adoption of a single standardised design model. This openness to change also allowed the programme to respond to developments elsewhere in the Department (paragraphs 1.10, 3.26–3.29).

9 There is scope to build on this in future projects by:

More use of quantitative data on customer volumes and the costs associated with the estate

When the roll-out was planned Jobcentre Plus had no choice but to use a locally-driven model to plan the roll-out, but there is now scope to combine more quantitative volume planning, modelling and use of Geographic Information Systems to map office locations in relation to their customers in responding to future policy developments, including the implications of the Employment and Support Allowance (paragraphs 3.10 and 4.14). Without these there is a risk of missing opportunities for achieving efficiencies and of delivering an inconsistent quality of service across the network.

Earlier introduction of centralised planning and management processes, and a standardised design approach

At the beginning of the programme, detailed planning of the roll-out was delegated to local districts. Districts were considered best placed to understand the requirements of the service in their areas and the condition and configuration of the estate. A year into the roll-out; the core project management team concluded, however, that it needed more control over the direction of the programme to ensure the roll-out was completed to time and budget. The move to more centralised planning and management processes, in partnership with the introduction of more prescriptive design guidance, was effective, while some offices in districts which were rolled out early have subsequently been closed (paragraphs 2.3, 3.10–3.14).

Finding out in advance what is important to customers and building in ways of measuring improvements

Customers reacted favourably to the transformed office environment, but other aspects of service, some of which were also changed by the roll-out, were more important to them (paragraphs 4.6–4.12). Tracking progress in achieving non-financial benefits such as changes in customer service would have identified where benefits were not being achieved, allowed local targets and a better understanding of what improvements the new network has delivered (paragraph 3.25).