

Customer segmentation in Jobcentre Plus

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jobcentreplus

Part of the Department
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In this session, I plan to

- Look at the background to Jobcentre Plus in the UK
- Look at the challenges facing us
- Focus on one possible solution: customer needs based segmentation
- Discuss what is happening today and what is planned for the future
- Answer your questions



Background: Jobcentre Plus plays a central role in the UK economy

‘Work for those who can, and support for those who cannot’, by:

- helping disadvantaged people into work, as a route out of poverty
- providing financial support as a safety net for people of working age while they are out of work;
- addressing inequalities of opportunity;
- protecting the integrity of the benefit system; and
- working with employers and partners to address market failure in the labour market.



Customers

- Easy to use
- Friendly
- Accurate, fast payments
- Efficient

Employers

- Quality candidates
- Simple to use



The Business

- Fair to all
- Efficient
- Reduced fraud & error

Our People

- Good place to work
- Respected for high quality service



Partners

- Expanded opportunities
- Mutual respect

Background:

What does Jobcentre Plus do?

Merger of Employment Service and parts of Benefits Agency

Jobcentre Plus helps people of working age (16 – 60 / 65)

Jobcentre Plus pays national insurance benefits and 'solidarity' benefits:

Jobseekers Allowance, Incapacity Benefit, Income Support, and some others

Jobcentre Plus helps the unemployed find work using a network of over 1000 local offices, skilled advisers, New Deal, training, etc

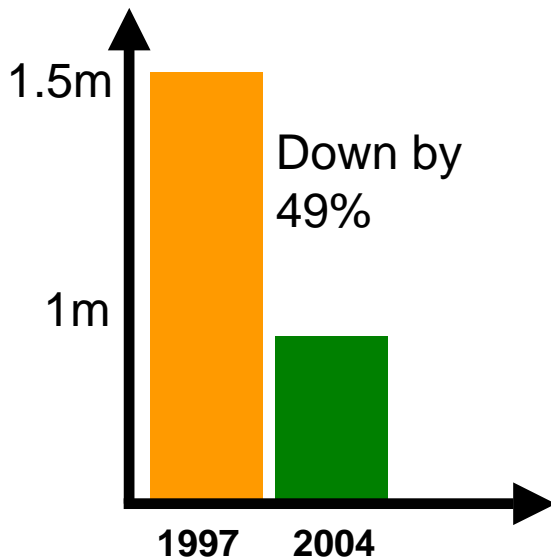
- 5 million customers; 75,000 employees
- £3Bn (€5Bn) to run; £30Bn (€50Bn) in benefit expenditure
- Part of Department of Work and Pensions

Background:

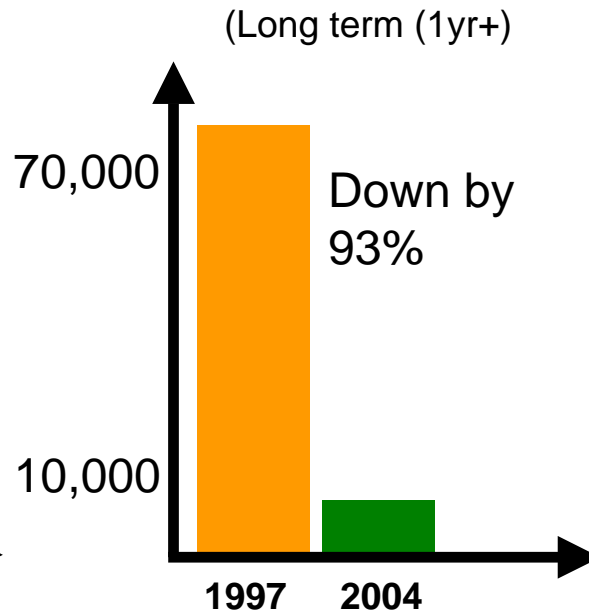
2004 – What we've achieved so far

Since the launch of New Deal and the creation of Jobcentre Plus, we have delivered many significant achievements

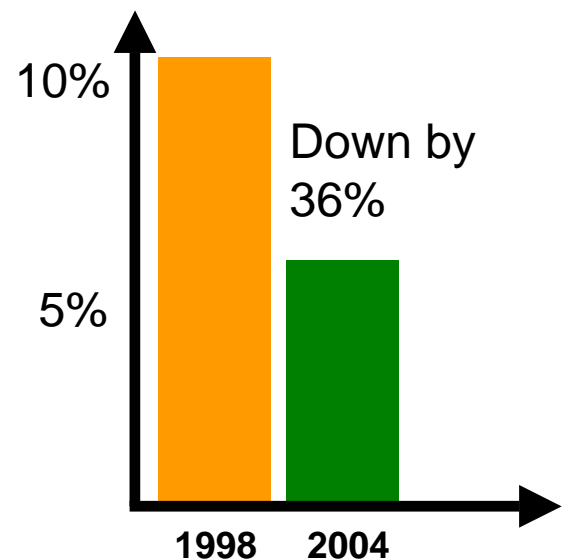
Job seekers allowance



Youth Unemployment
(Long term (1yr+))



Fraud & Error



Background:

The UK's successful Jobseekers regime, a dynamic economy and relatively low benefits have led to high UK employment rates

To receive Jobseekers Allowance (JSA):

- Customer telephones contact centre
- Contact centre rings back to get financial status of customer
- Customer visits local office to show proof of identity and agree benefit payment amount
- Customer gets an initial work focused interview where they agree what they will do to find work, and sign a Jobseekers agreement
- Customer's progress is reviewed fortnightly (average 7 minutes)
- Longer reviews at 3 months and 6 months
- Customer may be 'caseloaded' – given extra regular help by adviser
- Customer may be sent on programmes such as New Deal at 6 months (or later depending on age and other rules)

Challenge 1: increasing employment

Lisbon Special European Council (March 2000): Towards a Europe of Innovation and Knowledge

The EU employment rate is too low:

- Insufficient participation in the labour market by women and older workers.
- Long-term structural unemployment
- Marked regional unemployment imbalances endemic in parts of the Union

By 2010 achieve employment rates of:

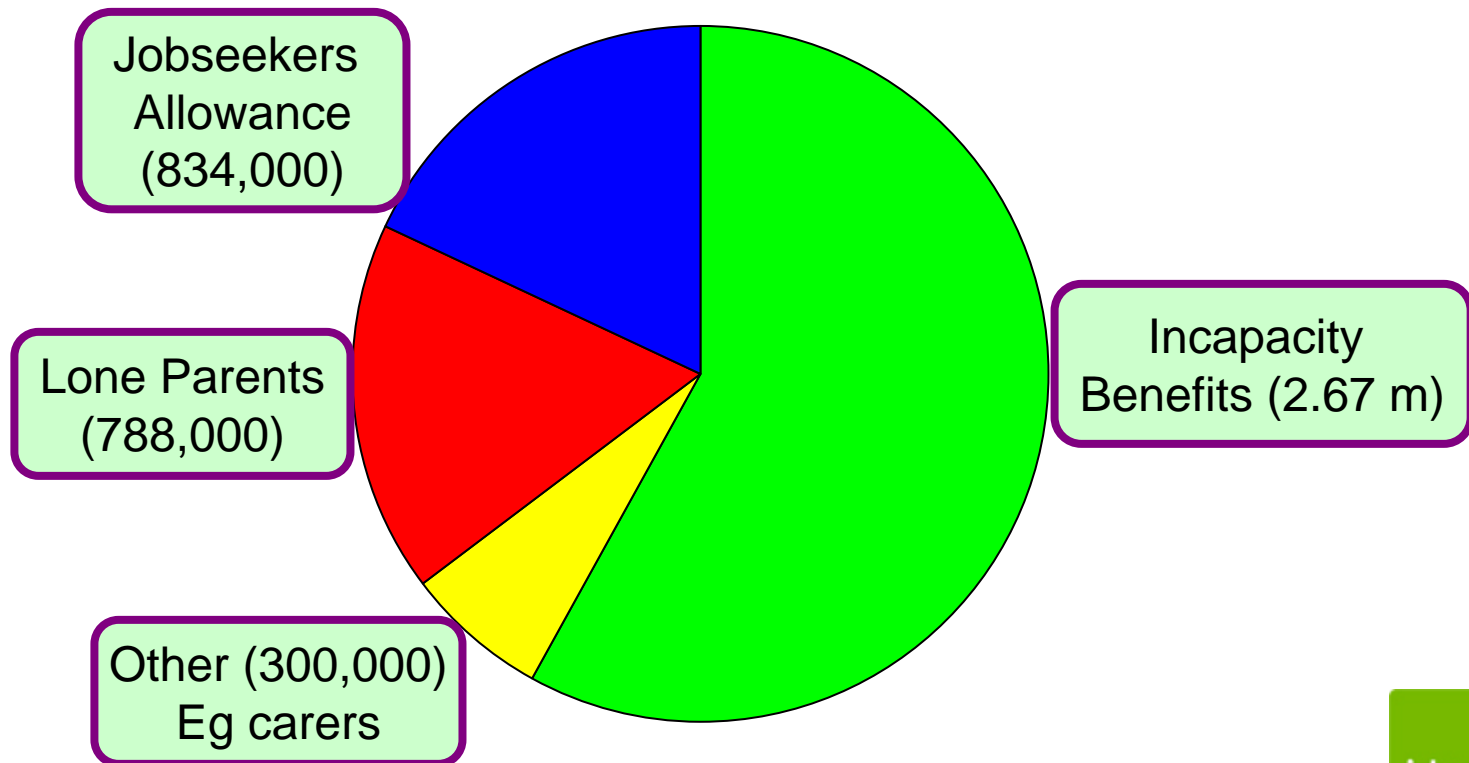
- 70% overall (61% in 2000) (UK 74.7% Dec 04)
- >60% for women (51% in 2000) (UK 69.9% Dec 04)
- 50% for older workers (UK 70% Dec 04)

Challenge 2: Accessing all our customers

Along with low unemployment and high employment the UK has high numbers of sick and disabled inactive

The government has worked to ensure that people are better off in work (end the 'Benefit trap')

Beyond 2004, the challenge for Jobcentre Plus is to extend our success with the unemployed into our other customer groups:



Challenge 3: We must do more for less cost

Budget

- Last budget cut 100,000 civil servants; 40,000 from DWP
- Reduced Jobcentre Plus funding for the next 3 years

→ Need for greater efficiency

Government Pressure for higher service standards

- National Standards, Devolution, Flexibility and Choice

Better Jobs

- Stay longer – stickability

Faster

- One day off the average length of a Jobseekers Allowance claim, gives an estimated fiscal benefit of £100M and an economic benefit of £250M.)

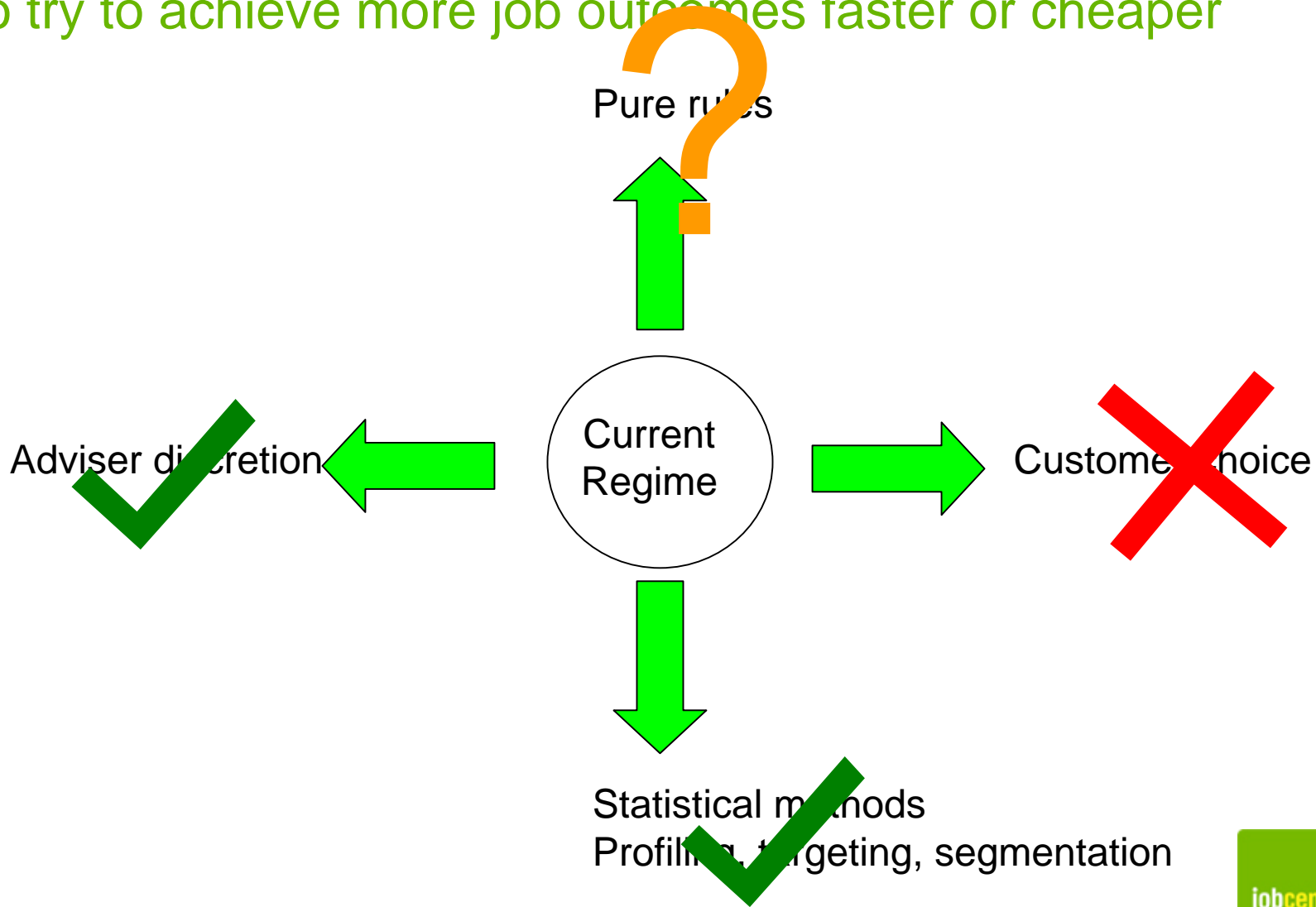
**→ Need for greater effectiveness
– lose customers faster**

Move to new customer areas

→ Help Sick and disabled more

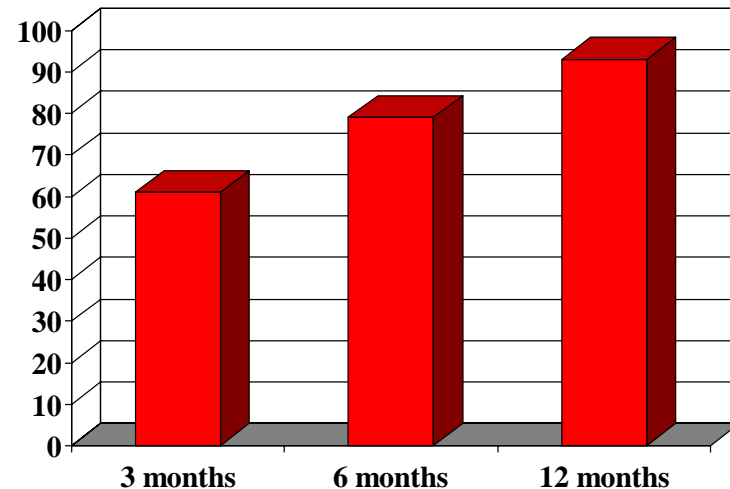
Possible solutions:

There are several ways we could change Jobcentre Plus to try to achieve more job outcomes faster or cheaper



Customer segmentation 1: JSA First contact stage

Most Jobseekers find work quickly



Can we reduce costs for these customers?

- Initial work focused interview costs about £20 (€30) each (2.5M pa)
- Fortnightly Job Reviews cost about £3 (€5)

Can we identify customers who are likely to find work quickly and delay giving them help for a period (say 8 or 13 weeks)?

- Starting statistical research using our and inland revenue (tax) data

Risks

- Customers stop looking for work – cost of extra benefit outweighs savings

Customer segmentation 1:

Known factors that impact likelihood of finding work

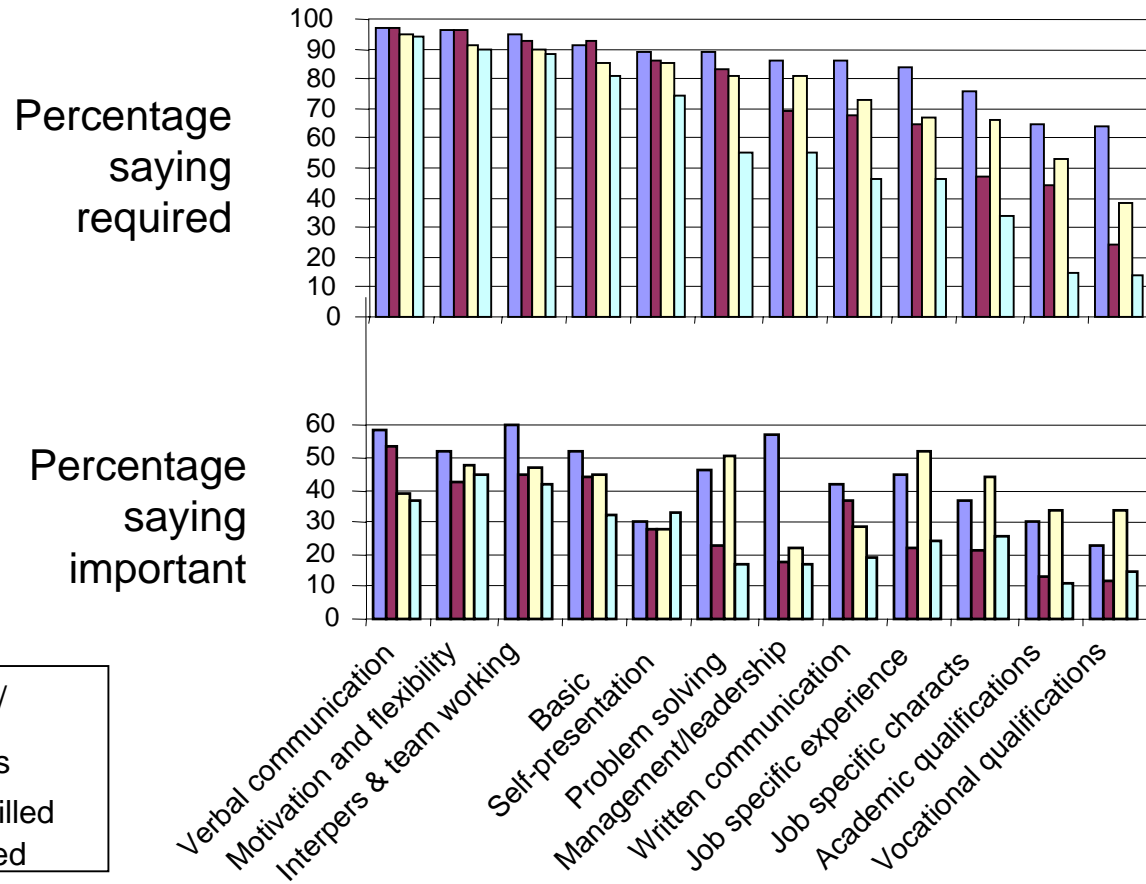
- Good recent (2 years) employment history
- Good health (allows them to work)
- Have licence and access to car
- Want to get work
- Not renting local authority housing
- Care responsibilities that allow work
- Have telephone
- Married, white, female



(We can never be certain who will find work, but we can be more sure or less sure.)

Customer segmentation 1:

And we know what employers in the UK look for



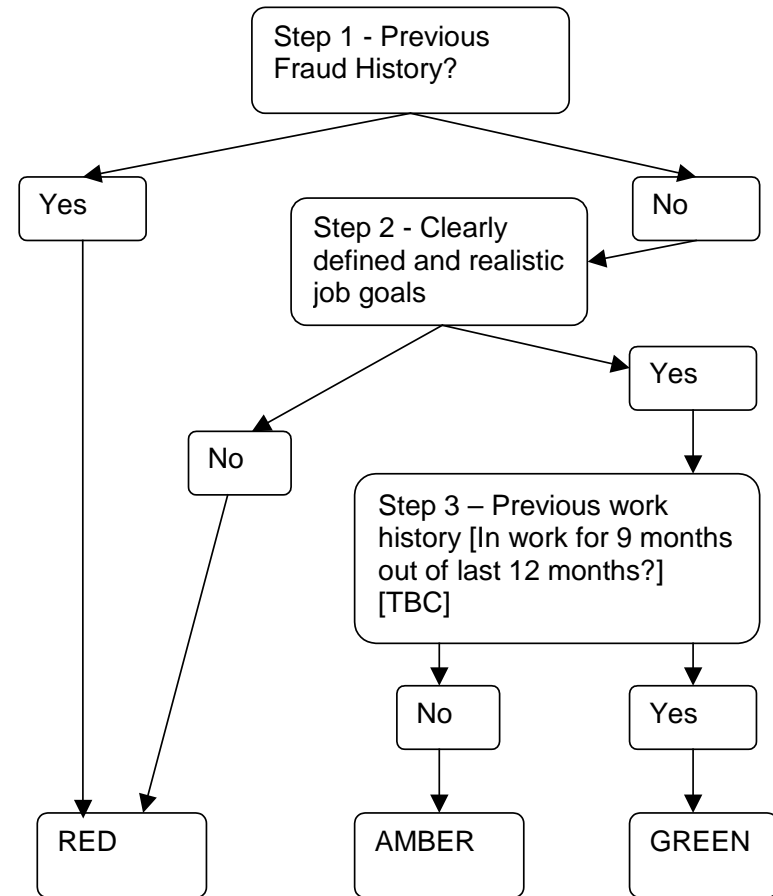
Customer segmentation 1: Segmentation research

Approach 1: Field Trial

- Short (2 month) field trial to see if advisers can predict those likely to get jobs faster or slower than average
- Virtual trial only at this stage: customers assessed and result recorded for later analysis
- Results expected mid 2005

Approach 2: Data Study

- Use longitudinal data to find the best data to use to predict early return to work and its likely accuracy
- Results expected 1H2005



Customer segmentation 2: Can we target provision more effectively?

- After 6 months, customers are eligible for programmes, such as New Deal
- How well do we use our annual £643M (€1Bn) programme spend?
- Chris Hasluck of Warwick Institute of Employment Research proposed a 'simulation' exercise to measure how well a profiling process could allocate clients to services
 - Use historical data on clients, services/programmes and outcomes to identify hypothetical or 'best' outcomes on an individual basis
 - Create a set of predictive models for each service/programme, from client characteristics, employment services used and labour market status (for instance we might find that clients with particular characteristics were most likely to have a favourable outcome from a short work placement with an employer, rather than other clients)
 - Use these 'best outcome' predictive models to allocate clients to programmes and see what theoretical performance improvement results
- Issue: adviser discretion today means that there is bias in the data – we are discussing whether we can get round this.

Adviser flexibility: Building on New Deal (BoND)

Customer's ability to believe they can work, find specific jobs, successfully apply and keep the job

	Low	Medium	High
Capability-job match for chosen jobgoal	H		<ul style="list-style-type: none"> Evidence gathered that customer can progress own jobsearch effectively Match to appropriate vacancies
	M		
	L	<ul style="list-style-type: none"> Specialist adviser helps customer identify capabilities, select appropriate jobs and review ways to achieve that goal. Evidence based process to assist positive change in self belief across all areas Intensive and extended case loading with specialist referral 	

Adviser discretion: Building on New Deal (BoND)

BoND customer assessment tool looks for good evidence that the customer has:

- A clear and specific job goal.
- Capabilities that match their job goal.
- Effective work search ability
- The ability to convince an employer that they can do the job satisfactorily.
- The ability to convince an employer that they can continue to do the job satisfactorily.

BoND pilots start October 2005 and results will be evaluated.

Customer segmentation in practice: Incapacity Benefit reforms (pilot in parts of the UK)

- Initial Work Focused interview (WFI) now after 8 weeks, not at week 0.
- Internet based tool used to determine whether the customer is likely to find work unaided (30%) or whether they should be given more assistance (5 extra WFIs)
- Sanctions can be applied to those who do not attend
- Programme has required investment.
- Initial results show that it appears to be effective in getting more IB customers to find work, but not always popular with advisers.
- Currently new IB customers only (not the 2.67M)
- Evaluation started
- Segmentation tool asks:

Date of Birth	When do you see yourself working again?
Sex	Level of qualifications.
Postcode of residence	Type of previous job.
Any children under 16 living with you.	Main health problem leading to this claim.
Do you live with a partner and are they in paid work.	How long has this been affecting you?
Before this claim, what was your work status?	Do you think working will make your health better or worse?
When did you last have a job?	What was your previous income?
Do you have a job to return to?	

Customer Segmentation: Use of contact channels

Type of enquiry	Web	Kiosk
Job searches	74%	86%
Job applications		79%
Completing CVs	69%	74%
Change of circumstances	60%	72%
Check account status	60%	74%
Fortnightly job review	54%	71%
New claim	46%*	64%

* But 51% said they would not do this

Channel access	Now	In 12 months
Digital TV	51%	60%
Mobiles with SMS (text)	77%	80%
Internet at home	39%	48%
Internet at other location (library, café, work, etc)	34%	

Questions?