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10 DOWNING STREET

From the Private Secretary

MR. PRIESTLEY
CABINET OFFICE

THE SCRUTINY PROGRAMME 1981: NORTHERN IRELAND EMPLOYMENT SERVICE

The Prime Minister was grateful for Sir Derek Rayner's minute of 9 February. She has noted the findings of the scrutiny, and has endorsed the action in hand to improve the efficiency and effectiveness of the Northern Ireland Employment Service. She agrees with Sir Derek that the outcome of the scrutiny reflects credit on those involved.

The Prime Minister has also noted that Sir Derek will be reporting to her further when the current scrutiny of the employment service in Great Britain is complete, both on the results of the scrutiny, and the implications it may have for Northern Ireland.

W. F. S. RICKETT

10 February 1982



Prime minister

PRIME MINISTER

MS

To note. This scrutiny will be controversial. The civil service unions have given the report a hostile reaction (para 8). The opposition will join these flames when the report is published (para 12).


THE SCRUTINY PROGRAMME 1981: NORTHERN IRELAND
EMPLOYMENT SERVICE

WM
9/2

This minute advises you of the outcome of the scrutiny of the Northern Ireland Employment Service, in which you asked me to take a particular interest on your behalf. I attach a summary of the scrutiny's findings and recommendations should you need it.


Findings and recommendations

2. In 1980 the Northern Ireland Employment Service had around 600 staff dealing with an average unemployment register of 100,000 and a flow of over 150,000 a year on to the register. At an annual cost of £5.6 million it achieved about 23,000 placings in employment and 10,000 placings to training schemes and the Youth Opportunities Programme.
3. The scrutiny looked at the objectives of the service and at the efficiency and effectiveness of the activities undertaken. It identified a need for better definition and greater clarification of role. The existing aims (which date from 1974) are generalised and open-ended.
4. In large measure, however, the recommendations show how, even given the relatively open-ended objectives, rationalisation of effort will enable the objectives to be met at less cost. In total the examining officers identified savings of £1.4 million a year. That represents a reduction of 18 per cent in staff (109 post). Examples of rationalisation include:

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- (1) adoption of voluntary registration for the unemployed (as is intended for Great Britain);
 - (2) switching the Employment Service marketing effort away from visits to employers towards more cost-effective telephone canvassing, mail shots etc;
 - (3) absorbing the proposed decentralisation of the executive recruitment service within existing resources of the provincial offices;
 - (4) reduced and better directed checking of training grant applications;
 - (5) delegation of responsibility in the management chain, enabling the top tiers to be slimmed by 7 (out of 27).

These recommendations account for around 60 per cent of the identified savings.

5. Two significant recommendations have implications for the stated objective of "assisting individuals to pursue their personal development and to increase the individual's opportunity to achieve his or her employment potential". They are that review interviews should not be held unless there is a specific training or job opportunity to be discussed; and that vacancy filling should be achieved to a larger degree by self-selection methods than by matching of individuals and jobs by the employment service officers. Particularly with the review interviews the examining officers felt that, in the present state of the labour market, the activity amounted only to going through the motions with little chance of success.



6. The scrutiny also recommends an improved service to young people from the careers section of the Employment Service. This would be brought about by:

- (1) more attention by the managers of Employment Offices to the quality of careers work carried out by their careers staff;
- (2) more attention to careers teaching in schools by teachers, and by the Inspectorate of Schools in Northern Ireland with a clear indication to schools that careers education matters;
- (3) selective interviewing only by the careers services, when the teacher, parent or pupil requests it;
- (4) retention of compulsory registration for those under 18 and review interviews to be on a more uniform basis.

Ministers decisions

7. Ministers have decided to implement a very large proportion of the recommendations. Savings will amount to slightly more than £1 million in staff costs and up to £0.4 million a year on advertising - though this latter amount will require consultation and persuasion.

8. After allowing for some flexibility in the precise implementation, there will be savings of 89 - 92 posts (15%), three-quarters of which will be achieved early in 1982 and the rest by 1983. The civil service unions have reacted in a hostile way. Adam Butler has seen the Staff Side representatives to explain the thinking behind it. There remains talk of non-cooperation but Ministers feel that the plan should now be announced in its final form and implemented.

9. In three important areas Ministers decided they cannot accept the recommendations in full:

- they judge that the Employment Service should continue to offer an equal service to all employers' vacancies and not to concentrate on those which are likely to be the "hard to fill";
- they see a need to continue review interviews - though more selectively than in the past;
- they would wish to retain an element of pre-selection for filling vacancies.


10. Ministers have also indicated that under Voluntary Registration it will be necessary to consider whether to introduce a similar test of availability for work as will apply in the rest of the United Kingdom - possibly entailing a handful of extra staff.

Comment

11. I judge the outcome to reflect credit on those involved. The report shows the staff concerned to be doing their best in difficult circumstances and I am confident that the recommendations will bring improved efficiency without serious damage to the effectiveness of the service.

12. When the report is published opponents of the government may seek to imply that the implementation of savings is a diminution in the extent to which the government cares about the problems of the unemployed. For, as the report puts it:

"Job creation can become confused with placement work; occupational counselling with frustrating review interviewing; and the elimination of



unnecessary or non-productive activities with
the withdrawal of essential services".

The civil service unions may seek to fan such flames.

13. It will be important to emphasise that Ministers, the unemployed and the taxpayer have a shared interest in getting as much as they can for each pound of expenditure on the service. In this respect I accept the reasons why Ministers have decided to retain review interviews and pre-selection for filling vacancies on a selective basis but I have suggested that the head of the employment service should be required to keep a close watch on the efficiency and effectiveness of the retained activities. I believe the same watchfulness should be applied to the use of extra fraud inspectors.

14. A large scrutiny of the general employment service in Great Britain has just started. This will benefit from the experience in Northern Ireland. But it may also have specific and broad implications for the Northern Ireland service. For example, it may be instructive to look at the average cost of a placement in the two employment services and to see what comparisons can be drawn.

Conclusion

15. I invite you to take note of the scrutiny's findings and I commend to you the action in hand to improve efficiency and effectiveness in the Northern Ireland employment service. When the current scrutiny of the service in Great Britain is complete I shall report to you further on any implications for Northern Ireland.


DEREK RAYNER

9 February 1982

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PRÉCIS OF REPORT

DEPARTMENT OF MANPOWER SERVICES

THE NORTHERN IRELAND EMPLOYMENT SERVICE

This scrutiny examined the organisation, systems and deployment of resources within the Northern Ireland Employment Service. The objective was to establish the level and nature of Service which would be most effective and which would give maximum value for money.

Magnitude/Scope of Scrutiny

The Employment Service is one of the major responsibilities of the Department of Manpower Services. Its main function is to satisfy the employment needs of individual workers seeking jobs and of individual employers seeking workers. It is at present dealing with an unemployment register of some 100,000 people, representing a flow on to the register of over 150,000 in the past year.

In 1980 there were some 23,000 placings in employment, through the efforts of some 600 staff. Almost 10,000 further placings were made to Government Training Centres, Attachment Training Schemes and the Youth Opportunities Programme. The estimated total staff cost for 1980-81, including accommodation and common services, was £5.6 million.

Current Situation and Problems

The Service is provided through a network of 27 main offices situated in the principal towns in Northern Ireland. The offices maintain occupational registers, mainly of unemployed persons but also those in employment who wish to change jobs. Particulars of training opportunities and posts vacant are displayed in the Service's offices and jobs are filled either by self-service (where a job-seeker, having seen a vacancy, requests submission) or by matching (where available vacancies are matched with job-seekers' requirements).

The activities of the Service have been directed in recent years towards achieving a larger and better share of the labour market, even to the

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extent of competing directly with other means of recruitment. The economic justification for this approach by a public-financed body is slender, especially where vacancies could be filled by other agencies.

Almost 5000 marketing/development visits per annum are being made to employers with a view to obtaining vacancies. Many of these visits can no longer be shown to be cost-effective.

The extent to which the service should be involved with the unemployed on social grounds is imprecise. Staff are calling in the unemployed for review interviews, although they are not in a position to offer them jobs. Most staff consider these activities largely ineffective and, at most, of marginal social benefit.

As a condition for receiving benefit all unemployed persons are required to register with the Employment Service. This compulsory registration means dealing with a substantial proportion of registrants who would not otherwise use the Service. The time and effort devoted to these people is therefore largely wasted.

Employment Service staff are involved in time-consuming matching and submission activities, on jobs which could be filled easily and less expensively from self-service.

Careers Officers feel obliged to carry out activities in schools which are more appropriate to careers teachers. They are also critical of the contribution being made to careers guidance in many schools.

In certain cases, careers officers are "blanket interviewing" all school leavers, whether or not guidance has been requested. This is not the most effective use of the Careers Officers' time.

Over 7000 "non-development" visits to employers have been made in the past year. These were mainly concerned with the checking of claims for grant under various training schemes. This method of processing claims is demanding in terms of staff time and travelling expenses.

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Although there are 27 main offices throughout the Province, it is clear that the workload of some of these offices makes their retention on a full-time basis difficult to justify.

There is evidence of overlap in the roles and responsibilities of Office Managers and Area Managers. Each have indicated that additional responsibility and a wider span of control is both desirable and possible.

This scrutiny has been conducted at a time when unemployment is particularly high, with comparatively few vacancies to which registrants can be submitted. While this has certainly contributed to a feeling among some staff that the work is not as satisfying as it might be, this feeling has undoubtedly been exacerbated by some of the activities being carried out which are considered to be largely unproductive and not helpful in getting people into jobs.

Recommendations

a. Action

The report contains a number of detailed recommendations and suggestions for change. The main proposals are as follows:-

- i. Registration with the Employment Service should no longer be compulsory for unemployed persons over 18 years of age.
- ii. Registrants should not be called in for interview other than to make a specific offer of employment or training.
- iii. Marketing visits should be extremely selective. They should be specifically directed towards firms new to the locality or known to have recruitment difficulties. Development work should be monitored closely to ensure that the cost is justified by the benefits obtained.
- iv. As many vacancies as possible should be filled from self-service. Matching should only be used after an order has remained unfilled, or where, on the basis of experience, there will be a delay in obtaining submissions through self-selection.
- v. The Department of Education should have an Inspector with full-time responsibility for careers teaching in schools and should reiterate to Principals their responsibility in the field

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of careers guidance. Further consideration should be given to the feasibility of making careers education a timetabled subject in its own right.

- vi. Careers guidance should be given by group methods initially, and by referral only, on an individual interview basis.
- vii. Checking of the various Training Scheme claims should be carried out in Employment Service Offices. In addition, a more selective checking procedure should be introduced.
- viii. The 6 Provincial Area Manager posts should be reduced to 2, each with responsibility for approximately half of the Province. Office Managers should be given more autonomy.
- ix. Work with professional and executive personnel should be totally integrated with normal Employment Service Office work.
- x. The Employment Service should act as a medium to reduce the cost to the public purse of public sector advertising.

b. Further Study

1. A staff complementing exercise on Careers Officers once the recommendations have been implemented.

Potential Savings

a. Absolute

The implementation of these recommendations would result in an eventual reduction in staff complement by 109 posts and a saving of £0.95 million per annum. There would also be an annual saving of £0.06 million on reduced travelling and subsistence. Revised public sector advertising methods could contribute a further £0.40 million.

b. Proportionate

18% of total costs.

Cost of Scrutiny

£30,800.

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