The Rapid Response Service in the UK

Executive Summary

Introduction

The Peer Review Meeting on the Rapid Response Service (RRS) in the UK was held in Newcastle on 14-15 April 2003, and hosted by Jobcentre Plus and the Department for Work and Pensions. The review was attended by five peer countries: Austria, Greece, Luxembourg, Spain and the Netherlands. A site visit to TTE Management and Technical Training (a provider of RRS services based at the Wilton chemical site at Teesside) was organised to complement the plenary sessions of the meeting.

The UK has experienced economic and employment growth over recent years, but there were still occasions when large-scale redundancies posed a particular challenge to the public employment services. In the late 1990s the Government introduced the Rapid Response Fund and Rapid Response Teams operating at a regional level, in an attempt to ‘fast-track’ its services in response to significant impending job losses, and to prevent long-term damage by offering flexible help reflecting the needs of individuals, employers and the local economy. This experience led to the establishment of a more flexible Job Transition Service that was piloted in 2001 and became the Rapid Response Service (RRS) in April 2002.

The RRS is managed by the public employment service in the UK (now known as Jobcentre Plus). In delivering the service, Jobcentre Plus creates partnerships of other key agencies in the local area (including, for example, Regional Development Agencies, local authorities and social partners) to provide rapid response to significant redundancies or plant closures that is intensive, flexible, tailored and geared to helping both those facing the impact of job loss and employers able to offer new jobs. Typically, RRS aims to bring in appropriate advice and guidance services for those under threat of redundancy, as well as identifying the needs of the workforce and the labour market through working closely with expanding sectors. The idea underlying the Service is that by shifting the focus onto the local level, and working with employers experiencing skill shortages, as well as those declaring redundancies, this service is better able to provide demand-led, work-related training.

This executive summary of the Peer Review Meeting on the UK Rapid Response Service draws upon the papers prepared by independent experts in advance of the meeting, as well as the contributions from and discussions among the experts and country officials during the meeting itself.
1. Background and policy considerations

As explained by the host country independent expert (Steve Johnson of the Policy Research Institute), Jobcentre Plus was formed by the bringing together of the Employment Service and the main agency responsible for the payment of social security benefits. In this context, Jobcentre Plus plays a central role in the delivery of the overall ‘Welfare to Work’ strategy of the UK Government, and key elements of this role help to set the context for the Rapid Response Service, in particular:

- The performance targets for Jobcentre Plus which include targets for job placements of unemployed people, and various disadvantaged target groups;
- A growing role for Jobcentre Plus in a range of local and regional partnerships involving other key labour market and economic actors;
- An increasing emphasis being placed on Jobcentre Plus engaging with, and providing services to employers.

Traditionally, although all employed and unemployed people can make use of the job-brokering and placement services of the public employment service (Jobcentre Plus and its predecessors), many of the more intensive support, guidance and training activities have had an eligibility criterion based on duration of unemployment (eg many services cannot be accessed until six months or 12 months of unemployment). In the case of ‘large scale’ redundancies (the definition of which depended on an assessment of the likely impact of the redundancies on the local labour market), the local Jobcentre Plus District Manager was able to provide ‘fast track’ access to Jobcentre Plus services, such that they could be accessed immediately by workers as soon as they have received notice of their redundancy. More recently, however, it has been assessed that in certain circumstances, particularly in cases where a large redundancy occurs in an area of already high unemployment, the existing ‘fast track’ provisions would not be adequate to prevent or offset major local labour market impacts, and a more ‘pro-active’ intervention would be required. In this light, and following some major plant closures in the late 1990s, the government established a Rapid Response Fund, and introduced Rapid Response Teams at a regional level within the then Employment Service to finance and co-ordinate such interventions. In 2001, experience with the Rapid Response Fund led to the piloting of a more flexible Job Transition Service, which was subsequently renamed the Rapid Response Service, and became operational in April 2002.
2. Policy design and implementation

Partnership

A key element of the design of RRS is partnership between regional and local partners. RRS is managed by Jobcentre Plus and in each region there is a RRS Senior Regional Manager (SRM) accountable for drawing together local strategic partners. Partners include the Regional Development Agency (RDA), the Learning & Skills Council (LSC), the employer and Jobcentre Plus, to assess the impact of a redundancy and to set in place the right solution for the client, the employer and the local labour market.

Where a response to a particular situation requires funds the SRM, with agreement from strategic partners, will submit a request for funding from the Rapid Response Service as soon as possible to allow support to be available for those affected as quickly as possible.

Individuals can have access to support 12 weeks prior to and within the 12 weeks following the effective date of redundancy however, depending on the type of support offered this may continue for up to 12 months following the date of redundancy.

Speed and flexibility

Another key element of the approach of RRS is that it aims to move rapidly, and with a degree of flexibility, customising its response to the needs of the local labour market and the workers being made redundant.

The services provided by RRS form a ‘menu’ which include existing services (to which redundant workers and/or their employers may obtain earlier or more intensive access) and particular services (such as training analyses, and training provision) which are specifically put together for the redundancy situation in question. The precise combination of services on the menu will vary according to local needs, but can include:

- Consultancy support for the employer making staff redundant;
- Information, advice and guidance for the redundant workers
- Skills and training analysis, delivered by independent contractors, to identify transferable skills and training needs
- Early access to a range of Jobcentre Plus services including training provision such as the Work-Based Learning for Adults programme;
- Re-training programmes
- Referrals to other programmes such as business start-up support
- Funding to pay for one-off expenses associated with accepting an offer of a job
- Training tailored specifically to the needs of employers recruiting in the local labour market.
3. Results

Despite the preliminary nature of the evidence, and the lack of evaluation findings, the independent expert’s paper presented a broadly positive picture of progress made to date, suggesting that RRS is having significant and beneficial effects in its areas of operation.

Data were presented to the Peer Review meeting, showing that during the financial year April 2002 to March 2003, a total of nearly £15m (€24m) was allocated to RRS activities (this is net expenditure in addition to the expenditure on existing services which were accessed by RRS clients). Of this total expenditure around two thirds (£10m) was allocated to training-related activities (both skills and training analysis, and the provision of additional training not currently available in the relevant area).

During the same period (financial year 2002-3), RRS provided support to 178 projects, covering over 210 employers, who were making over 70,000 people redundant. Some of the individual redundancies tackled involved fewer than 100 people, while at the other end of the spectrum the largest redundancy involved over 3,000 people.

Data presented to the Peer Review meeting showed that:

- Most of the companies and redundant workers (over 80%) receiving RRS services were in the **manufacturing sector**. This is broadly in line with the overall distribution of redundancies within Great Britain;
- There is large **regional variation** in the activity of RRS. This again reflects the overall regional distribution of job loss through major redundancies and, to a certain extent, the regional distribution of unemployment rates. Nearly two thirds of the activity has been concentrated in just three regions: Scotland, the West Midlands and the North East. London, by contrast, saw no Rapid Response Service activity during the period.
- In contrast to the distribution of RRS funding by activity (of which training was the largest — see above), the RRS activity affecting the largest number of beneficiaries (just under three quarters of the total) was **information, advice and guidance**
- The primary beneficiaries of RRS activity are **older, male workers** (a third were 46 or older, and three quarters were male). In part, this reflects the concentration of RRS activity on the manufacturing sector.
- There is limited evidence on the **subsequent destinations** of RRS beneficiaries. In part this lack reflects the relative newness of the programme; but in part it is also due to the locally-dispersed project-based nature of RRS activity, and the lack of any formal evaluation or agreed benchmark of how to measure what would have happened in the absence of RRS intervention. Allowing for this lack of evaluative evidence, however, the initial monitoring data on the service indicate some apparently promising results, with over 30% of redundant workers helped by RRS during 2002/3 (and over 60% of those whose destinations are known) having found employment.
The two key elements which have been identified as being particularly important in contributing to a positive impact from RRS are:

- The fact that the provision (of advice, guidance, training etc.) can be provided at an **early stage in the redundancy process** (often before the soon-to-be-redundant workers have left their jobs);
- The provision of **certification for existing skills**, which redundant workers can then show to prospective employers in their jobsearch process.

In addition, the UK independent expert drew attention to several other qualitative but beneficial outcomes from the RRS, including:

- Improved **relationships** between the public employment service and employers in the affected areas;
- Improved **partnership working** between the public employment service and other local and regional agencies;
- Improved use of **labour market information** at regional level

### 4. Challenges

The independent expert’s paper and the discussion at the Peer Review meeting identified a number of challenges faced by the Rapid Response Service. Indeed it became clear that several of the factors which were seen as contributing to the potential effectiveness of the RRS (such as its flexibility, its speed of action and its involvement of local partners) could also give rise to potential difficulties. Among the challenges identified were the following:

- The flexibility of the programme also rendered it potentially **vulnerable to local political pressure** to ‘bend the rules’ or allocate additional resources;
- The speed of action inherent in the RRS often conflicted with the **administrative and financial constraints** of delivering such services (e.g. the need to identify and place contracts with training providers and other agencies);
- The RRS model can face difficulties in operating in circumstances where there is **limited cooperation from the employer** declaring redundancies, or where the employer has already closed (e.g. through liquidation or bankruptcy);
- There is a need to ensure that the resources of RRS, while responding to specific needs, as intended, also take account of **issues of equity**; it needs to be ensured, for example, that the differential patterns of use of RRS resources, by geographical area, or by gender of the beneficiaries, reflect real patterns of need in terms of the impact of redundancies.
5. Issues of special interest for peer countries

The participants were impressed by the innovative and flexible nature of the Rapid Response Service. A range of issues which were raised and discussed during the peer review meeting are described below.

At a very broad level, there was considerable discussion about the economic justification for intervention of this kind, and the potential difficulties of ensuring that a service such as RRS does not, on the one hand, develop into an unfair subsidy for UK industries facing difficulties, thereby distorting competition, nor, on the other hand, shift responsibility for dealing with economic difficulties and their impact on the workforce from employers to the state. While there was general agreement that RRS did not appear to violate such economic principles, the discussion also stressed the need to keep these issues under review, and to ensure that RRS-type support is provided only in cases where there is a clear ‘market failure’ associated with the effects of large scale redundancies and structural change.

A further general issue raised by several of the participants to the discussion, related to the longer-term viability of a programme such as RRS. It was pointed out that the current and recent UK economic and labour market climate has been relatively healthy, and the question was raised as to whether activities of the scale, intensity and flexibility of RRS could be maintained in an economic downturn or recession, with much higher levels of aggregate unemployment such as those faced in some of the Peer Countries attending the meeting.

Many of the Peer Country representatives stressed the need, in the future, for rigorous evaluation of the net impact of RRS, raising the question of the extent to which any apparent effects from RRS intervention are ‘additional’ or whether there is, rather, a high risk of ‘deadweight’, inherent in early and speedy interventions of the kind involved in RRS. It was also seen as important that a systematic and longer-term tracking of individuals who had been helped by the RRS should be undertaken.

Finally, the issue of displacement was also raised, and it was stressed that in many local economies the key impact of mass redundancies may not be just on the workers made redundant (some of whom will find other jobs quickly, and others of whom will leave the labour market altogether), but also on job opportunities for the existing unemployed, and new labour market entrants.
Aspects of transferability

The comments papers prepared by peer country experts, and the discussion at the meeting among experts and officials placed particular emphasis on the extent to which an intervention such as RRS might be transferable, all or in part, to the different member states present at the meeting. Fuller details of many of the points raised can be found in the papers of the individual experts. While, in discussion, many of the peer country representatives were impressed by what was seen as the pragmatic and customer-focused emphasis of the RRS, and the high levels of skill among the staff managing the service, there was considerable diversity between the peer countries with regard to the perceived applicability and transferability of an RRS-type model to the member state in question. In particular views on transferability varied according to:

- The extent to which mass redundancies are seen as a problem. While all countries had seen a recent increase in such redundancies, in some countries they are not seen as quantitatively or politically important, because the economy remains dominated by small enterprises and/or because aggregate unemployment remains low.
- The extent to which the existing legal and institutional framework for responding to collective dismissals already includes a strategy based on a preventative approach, with early intervention;
- The extent to which the national and/or regional institutional structure within which the public employment service operates would easily allow the creation of a flexible RRS-type service

Turning to the issues of transferability raised by individual peer countries, the following points stand out from the discussion:

Austria

Austria has a well-established ‘early warning system’ for tackling redundancies, which is codified in legislation, and which enables the early involvement of the public employment service. The relatively low level of overall unemployment and the dominance of the Austrian economy by very small enterprises, however, has meant that the annual number of instances of such ‘early warnings’ and mass redundancies is very small, and would not seem to justify a special infrastructure such as RRS in the Austrian context.

A further dimension of the Austrian approach, which applies in cases of large scale redundancies, involves the formation of ‘labour foundations’ which are established by the enterprises declaring redundancies, with financing from the enterprise, workers and the state, and which effectively incorporate many of the elements found within the RRS-model, albeit within a very different institutional context.

Overall, the assessment of the Austrian representatives at the meeting was that the current tools and administrative infrastructure (which already incorporate the notion of ‘early intervention’ to a greater extent than is the case in the UK) are sufficient for dealing with redundancies in the current economic climate, and there is no need for a special service such as RRS. Current proposals exist, however, to improve the effectiveness of the early warning system at tracking redundant workers and providing intensified job-search, guidance and training support.
Greece

Incidence of mass redundancies, and political concern about them have recently increased in Greece. The dominance of small enterprises, family businesses and the strong role of self-employment in agriculture and tourism, however, mean that even now mass redundancies are not seen as a major political issue in Greece. The levels of dismissal protection and severance payments also remain high in Greece. The UK labour market is highly structured and deregulated, with relatively low unemployment; in contrast, the Greek labour marked is unstructured, but highly regulated, with relatively high unemployment. The net effect is that the problems of restructuring and unemployment in the Greek labour market are concentrated among new labour market entrants rather than those leaving employment through redundancy, and the key labour market challenge in Greece is to raise employment levels, and reduce unemployment among young people and women returning to the labour market.

There is, nevertheless a programme of help targeted at redundant workers (training, subsidies, start-up assistance etc.) delivered through Integrated Intervention Programmes (IIP) funded through ESF and national sources, but with a ‘curative’ emphasis rather than the preventative one found in the RRS in the UK.

A major institutional constraint in moving towards a preventative model in the Greek context remains the modernisation and decentralisation of the public employment service, which does not yet have the highly developed network of local offices as is found in the UK. The establishment of an effective network of locally-based Centres for the Promotion of Employment (KPA), following a reform introduced in 1996, which is not yet complete, is seen as a precondition of developing an effective service emphasising prevention and early intervention.

Luxembourg

Luxembourg differs significantly from the UK, in that there is a legal requirement to notify vacancies to the public employment service, and a requirement in cases of large scale redundancies to negotiate with workers’ representatives to prepare an agreed ‘social plan’. While, in principle, an effective social plan incorporates all of the preventive benefits embodied in the RRS model, a number of practical deficiencies are found in such plans, which require effective agreement between the social partners. Where such agreement is lacking, as it increasingly is, the RRS approach, led by the public employment service in partnership with a range of other local actors, may offer advantages. In practice, also, the services available in Luxembourg are delivered at the point of unemployment, and lack the speedy involvement and delivery of skills and training analysis, advice and guidance etc. prior to the redundancies occurring, which is found in the RRS.

It is possible that a model such as RRS will have greater relevance to Luxembourg in the future, if the traditional ‘full employment’ experience continues to come under pressure.
Spain

The legal framework for redundancies in Spain focuses on income protection for the redundant workers, rather than their reintegration into the labour market. Larger firms declaring redundancies are, however, required to produce a social plan, containing measures to reduce the impact of the redundancies. In addition, subsidy schemes called Industrial Conversion Programmes exist for tackling mass redundancies in particular sectors affected by crisis, but the evidence suggests that these have not facilitated reintegration of redundant workers (rather they have facilitated the transition to economic inactivity).

As in the UK, mass redundancies in Spain are very unequally distributed, by region, sector and type of worker affected (with a concentration among males and older workers).

An RRS type model is seen as having high potential in the Spanish context in reducing frictional unemployment among redundant workers, particularly because of its effective use of local labour market information, and because it would introduce a key role for the public administration into existing bargaining processes among the social partners in cases of mass redundancies and collective dismissals, and improve the chances of reaching agreements on reintegration programmes for redundant workers.

A number of potential constraints exist, however, not least the high level of regional decentralisation which exists within government services in Spain and the difficulty of co-ordinating local and regional public employment services. Questions can also be raised whether the civil servants involved in delivering a programme such as RRS currently have the adequate skills.

The Netherlands

The Netherlands has experienced a growing number of mass redundancies in the last two years. Collective and individual dismissals in the Netherlands must be notified to a Centre for Work and Income (this body includes the former public employment services). Collective dismissals also carry a requirement for consultation with the trade unions. The Dutch situation has a lot in common with that in the UK: the broad policy orientation is similar, with an emphasis on tailored responses to client needs, and the explicit linking of work and income.

To date, however, the Dutch government has not developed a pro-active preventative strategy for dealing with mass redundancies (although schemes exist for temporarily shortening the working week in response to economic crisis; and for providing training targeted at local vacancies to workers threatened by unemployment).

There is already, under the influence of the European Employment Strategy, a growing preventative emphasis in the Dutch approach to tackling youth and, more recently, adult unemployment. There is clear potential for introducing an RRS-type model into this approach. Recent changes to the Dutch institutional infrastructure, however, raise some questions as to where such a service would sit in that infrastructure – there is no body which plays the precise role of Jobcentre Plus in the Dutch model (combining both reintegration activities, and income maintenance activities).
Concluding remarks

In responding to the debate among peer countries, the UK representatives commented on the importance of the cultural, institutional and labour market differences between the member states represented at the meeting. The debate had raised a number of useful questions for those involved in delivering the UK policy, including the following:

- The need to get the right balance between a response which supports the needs of the employer and one which supports the needs of the worker;
- Questions about whether there should be a greater and/or more explicit role for trade unions and worker representatives in the UK approach;
- Whether the approach should concentrate at the level of the individual or whether a broader sectoral approach, working with partners to predict needs at a wider level, might be appropriate;
- A clear need for benchmarking data, and evaluation research, tracking clients over the longer-term and assessing the net impact of the RRS intervention, including deadweight;
- Questions about the viability of the RRS approach in a recession.

Finally, representatives of the European Commission drew attention to some aspects of the proposals for the new Employment Guidelines (just published) which are relevant to the discussion of the RRS and its transferability. In particular, they noted the emphasis on the preventative approach embodied in the proposals for the new Employment Guidelines. Also important, in the light of enlargement, is the emphasis on local governance and restructuring of delivery services.