



Northern Ireland  
Assembly

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PUBLIC ACCOUNTS  
COMMITTEE

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**OFFICIAL REPORT**  
(Hansard)

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**‘Review of New Deal 25+’**

22 October 2009

**NORTHERN IRELAND ASSEMBLY**

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**PUBLIC ACCOUNTS COMMITTEE**

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‘Review of New Deal 25+’

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**Members present for all or part of the proceedings:**

Mr Paul Maskey (Chairperson)  
Mr Roy Beggs (Deputy Chairperson)  
Mr Jonathan Craig  
Mr Jeffrey Donaldson  
Mr David Hilditch  
Mr Trevor Lunn  
Mr Patsy McGlone  
Mr Mitchel McLaughlin  
Ms Dawn Purvis  
Mr Jim Shannon

**Witnesses:**

Mrs Catherine Bell ) Department for Employment and Learning  
Mrs Patricia McAuley )

**Also in Attendance:**

Mr Kieran Donnelly ) Comptroller and Auditor General  
Ms Fiona Hamill ) Deputy Treasury Officer of Accounts

**The Chairperson (Mr P Maskey):**

I welcome Mrs Catherine Bell, who is the acting accounting officer for the Department of Employment and Learning. Please introduce your colleague.

**Mrs Catherine Bell (Department for Employment and Learning):**

I am accompanied by Mrs Patricia McAuley, who is director of the Department’s preparation for work division.

**The Chairperson:**

You are both very welcome. I will begin asking the questions. New Deal 25+ operated here for 10 years, and it has been replaced by the Steps to Work programme. How successful has the latter been for the long-term unemployed?

**Mrs Bell:**

Thank you. I welcome this opportunity to speak to the Committee, and I shall begin by making a few observations. As the Audit Office's report, 'Review of New Deal 25+', stated:

"Lessons learned from New Deal 25+ remain particularly relevant given the recent deterioration in economic and labour market conditions".

The report acknowledges that the Department was aware that New Deal 25+ was no longer meeting the needs of a client group that had complex and multiple barriers to employment. In fact, in 2006-07, which is the final year that was covered by the report, two thirds of participants had been on the programme at least once before, and some of them up to five times before. Therefore, it is helpful that the Audit Office's report confirms the direction that the Department has taken in developing the Steps to Work programme, which is menu-based with a flexible approach to provision that targets the specific needs of individuals.

New Deal 25+ was introduced across Northern Ireland in 1998, although it was introduced in the rest of Great Britain only on a pilot basis, and did not come fully in to effect until 2001. It was the first time that a mandatory programme had been introduced for the long-term unemployed. At the outset of the programme, Northern Ireland had the highest rates of long-term unemployment in the UK. In fact, 53% of unemployed people in Northern Ireland were long-term unemployed, compared to 31% in GB. Furthermore, almost 60% of people on the programme in Northern Ireland were aged 50 or over, compared to 44% in Great Britain. Finally, 46% of long-term unemployed people had been out of work for five years or more, and 22% had not worked at all.

The Committee will be aware of poor qualification levels, especially among the long-term unemployed, and of the significant weaknesses that people have with literacy and numeracy. From the outset, we were working with people whose life and work experiences were significantly different from their GB counterparts. As the Chairperson said, the programme has

been running for 10 years. Although it was successful in the early years, as the report outlines:

“New Deal 25+ no longer met the needs of the remaining core of more challenging clients with complex and multiple barriers to employment”.

Of course, as the programme developed, changes were made. However, after an evaluation in 2004, and in recognition of the many issues that the Audit Office raised, in early 2006, the Department began to develop its own programme for Northern Ireland, that is, Steps to Work.

Unlike New Deal 25+, which is a one-size-fits-all programme, the Steps to Work programme focuses on specific individual needs. In addition, we have strengthened our monitoring and performance management arrangements, which are areas that the Audit Office justifiably identified the need for improvement. Those changes will better place us to deal with the current economic conditions.

Unfortunately, as I said, economic conditions have deteriorated since 2008, and unemployment has increased from an all-time low of 22,000 in November 2007 to 53,000 in September 2009. It is estimated that that will rise to 65,000 by the end of this financial year.

You asked whether New Deal 25+ was successful for the long-term unemployed. There is no doubt that there was some measure of success, particularly in the early days of the programme. However, as time passed, and people presented themselves with more difficulties and complex problems, it has become increasingly difficult to address the needs of individuals. Our long-term unemployment figures for the affected age group, did though, decrease from 53% to 30%, as compared with a decrease from 31% to 22% in Great Britain.

**The Chairperson:**

Members might want to talk about that measure of success. Paragraph 2.10 of the report identifies areas in which the Department’s programme monitoring might be strengthened, including the monitoring of qualifications achieved by some participants. Given that a lack of qualifications is a material barrier to employment, why did the Department not track qualifications that were achieved through the programme?

**Mrs Bell:**

Most participants entered the programme for 13 or 26 weeks. It would be impossible to gain a full qualification in that time. Although individual clients would have done one or two units of a qualification, there was no system at that time to allow the Department to track the progression of an individual client. That has changed, and there have been significant developments in that area with the introduction of a credit-based system, a unique learner number and a new IT infrastructure. In common with all providers across the United Kingdom, we can now track progress in qualifications irrespective of where they are taken, and the individual will bank those qualifications.

Monitoring qualifications was a weakness with the programme. Participants were not on it for long enough to get a full qualification, and it was difficult to monitor units of a qualification.

**The Chairperson:**

Was the fact that participants could not achieve a qualification in 13 or 26 weeks a flaw in the system?

**Mrs Bell:**

The Department had the Education and Training Opportunities. Participants could be on that programme for 52 weeks if they were aiming for a full qualification. However, that programme did not attract clients.

New Deal 25+ was the first programme of its type. When it started, there was a view that it was a very good programme because there were so many options, including Gateway; Preparation for Employment; Education and Training; and the Employer Subsidy. However, although there were a lot of options, everyone got the same diet. The offer of the full-time Education and Training Opportunities element of the programme would not be attractive to someone who had been unemployed for a considerable period, or to someone who had not benefited from education at school.

The Preparation for Employment programme lasted for 13 weeks, the Employer Subsidy option lasted 26 weeks and the Education and Training option lasted for 52 weeks.

**The Chairperson:**

You said that the take-up of the programme that offered education was very low for the long-term unemployed. No qualifications could be gained on the 13-week and 26-week options. Was there any room for the establishment of accredited courses?

**Mrs Bell:**

Participants in the Preparation for Employment programme undertook work experience, but they had the opportunity of training if they so desired; it was entirely up to them. The biggest disappointment was that, in the early stages, which are the focus of the report, more people did not avail themselves of the training for essential skills to address the barriers that exist. We have had some considerable success, particularly with the Steps to Work programme. From my perspective, it would have been great to get more people taking up education and training.

**The Chairperson:**

Paragraph 2.10 states that the Department did not keep a full record of the employers that were engaged in the programme. How did the Department ensure that there were sufficient numbers of employers from certain industries, and how did it determine the geographical areas in which the employers were based?

**Mrs Bell:**

Although we had the Employer Subsidy aspect, which the private sector was involved with, it was difficult to get employers from the private sector to take the long-term unemployed into their businesses. At the time of the report, it was true that we did not routinely monitor where people went on their work placements. We knew that a significant number went into the voluntary and community sector. When we conducted our survey of New Deal leavers, we found that a significant number were with a wide range of employers. However, it is true that the majority were in the construction or retail and wholesale sectors.

Through the Steps to Work programme, we have taken two measures that allow us to not only ensure that there is a wide range of employers but that the employers are appropriate and that the participants in the programme are getting a good deal. First, we have agreed an inspection framework with the Education and Training Inspectorate, in which it specifically focuses on the employers. Secondly, we made changes to our IT system, which allow us to routinely monitor employers.

**The Chairperson:**

To repeat my earlier question: do you think that not keeping a record was a flaw in the system? If you have a list of employers who have taken participants on, would it not be wise to keep their details as they might participate in future programmes?

**Mrs Bell:**

The employers were contacted and sought by the contract providers. However, you are right that the Department should have regular contact with employers, irrespective of the programme.

**The Chairperson:**

Paragraph 2.22 states that transport and mobility issues and postcode discrimination were identified as specific barriers to participants obtaining employment. What action did the Department take to address those problems?

**Mrs Bell:**

The task force on employability and long-term unemployment considered the barriers and categorised them into four areas. One was personal circumstances, which included transport. People who lived in areas in which there was less employment had more difficulty getting work placements or employment. The Department contributed something towards transport costs, but it was difficult to do anything else if the employment did not exist. It was also difficult to get people to move outside their own areas, and there was a perception that it would have been a cold house had they moved to another area. We hoped that with peace, and when we had a buoyant labour market, that it would have been easier, but we are having difficulties getting work placements.

**The Chairperson:**

Was help with travel costs the only step that the Department took?

**Mrs Bell:**

We also provided some childcare costs, but I cannot think of anything else.

**Mrs Patricia McAuley (Department for Employment and Learning):**

The Department provided travel costs for people taking up work placements. Indeed, under the

Steps to Work programme, a more recent change was to increase the amount of travel costs to recognise the fact that it is now more difficult for people to find work placements. One example of what the Department did at a local level was in County Fermanagh, where the local office arranged for a rural bus company to use routes to assist clients.

**The Chairperson:**

Was action taken about the issue of postcode discrimination?

**Mrs Bell:**

It was difficult to do anything other than provide assistance with travel to work and childcare costs. It was also difficult to address the issue of people's perception about moving outside their own areas.

**The Chairperson:**

I accept the point about that being all the information that you have. If the Department has any more information, perhaps it could forward it to the Committee, and we might have other questions that we will forward to the Department in writing.

The performance statistics in paragraph 2.26 of the report show that, on average, 18% of New Deal 25+ participants moved into employment on leaving the programme. Do you not think that that shows that the programme had a very modest impact on unemployment?

**Mrs Bell:**

I certainly agree that the Department would have liked that figure to be higher, especially as the programme was to help people to get into work. However, another 14% of participants moved into training, education or other programmes of the Department, and we deem that a success. In addition, until 2006, people over 50 did not have to participate in the New Deal 25+ programme except on the Core Gateway aspect of the programme. Consequently, 60% of participants did nothing more than finish the Gateway stage of the programme. In 2006, when we introduced mandatory participation for the over 50s, their success in getting into employment doubled. Moreover, the following year, it increased again. As the report acknowledges, when the Department improved its IT system, the figure increased by 1% or 2%.

We recognise that there was more success in the programme's early days. At the time of the



survey, 46% of clients had been out of work for more than five years and 22% had never worked. In fact, one stark figure is that 67% of clients on New Deal 25+ had no qualifications at all, so they had significant barriers to employment. The programme not only focused on getting people into employment but addressed their employability.

I do not want to go on too long, but I would also point out that, as members are aware, the Department is responsible for employment and the Social Security Agency is responsible for benefits. In England, the Department for Work and Pensions (DWP) is responsible for employment and benefits, so it is very easy for it to get information on people who were coming off benefits. In addition, DWP has an arrangement with Her Majesty's Revenue and Customs (HMRC) to share data on people going into employment, which showed an increase in employment of six percentage points. People who come off jobseeker's allowance (JSA) do not have to tell us why they are doing so, and we do not yet have the same sort of arrangement with HMRC. We have put forward a business case to ask for further access to benefit information. I am not saying that our success rate would have been an increase of six percentage points, but it would have increased. Nevertheless, a success rate of 18% is not good, and we would like to see it much higher.

**The Chairperson:**

Paragraph 2.17 states that 61% of new starts had been on New Deal before. Does that not strongly suggest that the scheme was failing to make an impact?

**Mrs Bell:**

Yes, there is no doubt that as the years went on the scheme was less successful at dealing with long-term unemployed people and with those with many barriers to employment. As I said, the task force report on employability and long-term unemployment categorised those barriers in four areas: personal circumstances, such as health, transport and childcare; a person's attributes, including essential skills and qualifications; people's ability to manage the labour market, including presenting themselves for interview and structural issues; and, in many cases, employers' attitude to the long-term unemployed creates a barrier to employment.

I also said that, when the programme was introduced, there was a view that the various options that were available would deal with barriers to employment. However, as time went on, it became obvious that although there were plenty of options, they were not dealing with

individuals' specific needs. The Department discovered that issue as a result of some of the evaluations that it carried out. Nevertheless, for most of the time, New Deal 25+ was a GB programme, and we had few options to change it. Indeed, while GB was funding the programme, the Minister wrote to ask for changes.

Once devolution was restored in 2007 and employment became a devolved matter, the Department began to develop a new programme in light of its 2004 evaluation. That work was ongoing from 2004, and I attest that the new programme focuses on individuals' weaknesses and barriers to employment.

Therefore, I agree that, over time, New Deal was becoming less effective.

**The Chairperson:**

I invite members to ask questions. I remind the witnesses to be succinct when answering, although I want you to keep answering fully.

**Mr Shannon:**

You are welcome to this afternoon's Committee meeting. I remember releasing a number of press releases in which I welcomed the New Deal, because I felt that it offered an opportunity to do a lot for the people whom I represent, and other members, I am sure, will endorse that.

Perhaps, we did not see that it was not working out in the way that we had hoped that it would. Hence, we are having the inquiry and asking the questions. My hope has always been that people in long-term unemployment would get jobs. I know some who did, but, perhaps, not as many as we had hoped.

Paragraph 2.28 notes that research findings and the Audit Office's interviews with the consortia members identified that:

"in general, employers are reluctant to recruit unemployed people, and especially the longer term unemployed."

The report states that private-sector employers perceived, wrongly, I believe, that participants from New Deal are:

“not capable of, or not willing to work.”

Did the Department detect that reluctance?

**Mrs Bell:**

We knew that that reluctance existed. There is a perception that people who are unemployed do not want to work. That is not what we believe; we believe that the majority of people want to be in work. It is difficult to persuade employers, and that is why the Employer Subsidy option was introduced. However, those employers who availed themselves of that took people who were closest to the labour market — although they were long-term unemployed. Many participants did not believe that they could get a job or could be with a private employer. They lacked motivation and confidence. Their confidence was at rock bottom, because they had been unsuccessful over many years. There was also a fear about coming off benefits. If they came off benefits, and something happened, they were afraid that they might not be able to get back onto benefits.

Through the Steps to Work programme, we developed a better-off calculation, through which individuals can see how much better off they are by working. There is, however, a perception among employers about the long-term unemployed.

**Mr Shannon:**

You mentioned the Employer Subsidy option that is available to encourage employers. What else did the Department do to counter the perception?

**Mrs Bell:**

Patricia will provide more detail about that. During regular meetings with the Minister and the Department, employers were encouraged to consider the long-term unemployed or those who were economically inactive.

**Mrs McAuley:**

The reluctance of the private-sector employers was noted across the UK, which is included in the footnotes in the report. In addition to the subsidy, we encouraged the consortia members to engage with employers in their particular areas. Furthermore, we introduced an employer engagement strategy in the employment service, through which we went out and engaged with employers, which is included in the latter part of the report.

The focus of the employment services is twofold: one is to help people into employment; the other is to assist employers to fill vacancies. We have been targeting a wide range of employers to encourage them to use our services to fill vacancies, and, when they do that, we encourage them to engage or, at least, consider people who are long-term unemployed. That is the focus of the work that we have been doing under the Steps to Work programme. We built upon that engagement with employers, and we have run successful projects with large retail companies to encourage them to take people who are long-term unemployed. We find that when it gets down to that local level and smaller numbers, employers are keen to become engaged. That is the direction in which we have been moving.

**Mr Shannon:**

Paragraph 2.29 of the report suggests that as much as 65% of the job successes under New Deal would have occurred whether or not the participant had undertaken the scheme. Is that not disappointing?

**Mrs Bell:**

It is, and I do not understand it. If employers had vacancies, they did not come forward. I can understand employers hiring people after they had been with them for a number of months and had proved their worth. We had no evidence to suggest that employers were going to hire people from the register without their participation in the programme. The intervention of the programme, the contact with the employer and the Employer Subsidy option got the person the job in the first place.

We have preached that employers should give people a chance and let them show that they are as good as anyone else. Just because they have been unemployed does not mean that they do not want to contribute.

That statement in the report is hard to understand at one level. At the time that the survey was carried out, the employees had been with the employer for some time and had proven themselves.

**Mr Shannon:**

The overall employment outcome was some 18%, and that means that the New Deal's job impact might have been as low as 6%. I am not a mathematician, but I have a certain grasp of figures. Is

that not a disappointing return for taxpayers' money? The investment compares badly with the return.

**Mrs Bell:**

As I said to the Chairperson earlier, we would have liked the figures to have been higher. However, given the fact that the programme was not mandatory for the over 50s until 2006, a big percentage of people was not benefiting from the various options. The target that we have set in the Steps to Work programme is much higher. However, we must look again at that in view of the current economic climate in which people are losing their jobs.

**Mrs McAuley:**

The figure of 65% appears to contradict earlier evidence that suggests that private-sector employers were reluctant to take on those individuals. We must bear in mind that that 65% represents employers who kept on the individuals. Such individuals had proven themselves to the employers. It is not unreasonable for an employer to maintain that, had such people turned up at their doors, they would have employed them. However, employers say that only after the people had been working for them for as much as three or four years. We need to bear in mind at what point in time the employer was asked the question.

**Mr Shannon:**

The Department carried out its own research in an attempt to measure the impact of the programme. In that research, did you take out of the frame the number of participants who entered employment without the help of the programme?

**Mrs McAuley:**

The individuals who came onto the programme had been unemployed for at least 18 months. When New Deal was introduced in 1998, because there had not been a programme like it, many of those who came forward had been unemployed for a lot longer. From that perspective, it is fair to say that, when people have been out of the labour market for at least 18 months, they have had a significant time to achieve a job outcome for themselves. Those who came onto the New Deal programme had not been able to find a job within that period. The programme helped individuals who had been out of work for a considerable period to find jobs.

**Mr Shannon:**

Was any research ever carried out about the economic effect of New Deal 25+? Were the savings that were generated by getting people into work greater than the cost of putting them through the programme? I am not convinced savings were made.

**Mrs Bell:**

The report says that the average cost per job created was £6,800, but included in that figure is the average that an individual received in benefits of approximately £3,750. Therefore, the cost per job was a great deal less when the benefits aspect is subtracted.

It should be borne in mind that the programme was the first of its type. If individuals have been failed by the system and have barriers because of their lack of skills or qualifications, or cannot present themselves properly or draw up CVs, it is incumbent on us to help those people as much as possible.

People can be categorised under similar headings. However, the Department learned from the programme that everyone's needs are different, and the programme itself was not sufficiently targeted at the needs of the individual. That is why the Department has introduced radical changes under the Steps to Work programme.

**Mr Shannon:**

It is good to hear that the Department has learned lessons, because my last question is about that issue. Do you consider that research into the economic impact would be useful in helping the Department to manage the Steps to Work programme? In other words, what has the Department learned from New Deal 25+ that it can bring to the Steps to Work Programme?

**Mrs Bell:**

There is no doubt that the Department has learned lessons from New Deal 25+. It is aware that it must examine the economic impact, but it must also examine the social impact, and people who have been excluded deserve whatever help they can get to overcome their barriers.

**Mr McGlone:**

Paragraph 2.30 of the report states that:

“The immediate destination of the remainder of leavers, some 14 per cent, was recorded as unknown”.

The Audit Office has examined those figures and has determined that that 14% equates to approximately 5,000 people who have completely slipped from view. Will you explain why that happened, because presumably many of those 5,000 people will have returned to the benefit system? Was that as a result an inadequate read-across or exchange of information between Departments? Furthermore, given that that slippage occurred over several years, why was the problem not identified earlier? That would have allowed some modicum of measures to be taken to address it.

**Mrs Bell:**

It is unsatisfactory that 14% of leavers were recorded in that manner. However, clients who come off benefits do not have to tell the Department or the Social Security Agency what they are doing.

**Mr McGlone:**

Are you saying that that 14% of leavers were people who came off benefits completely?

**Mrs Bell:**

Yes. They all came off benefits, but were not required to advise the Social Security Agency what they were doing. However, as a result of the work that has been done by the HMRC in Great Britain, the Department now believes that many of those leavers gained employment.

The Social Security Agency is part of the Department for Social Development, and until recently, there was no relationship between that Department and the Department for Employment and Learning whereby information on benefits could be exchanged. We now have that relationship.

In GB, the Department for Work and Pensions has created a relationship with HM Revenue and Customs so that it can pick up when someone gets a job and is able to track that person. We have approached HMRC. We have submitted a business case to see whether we can get similar information.

**Mr McGlone:**

At what stage was that picked up? Obviously, if 5,000 people simply disappeared from view,

someone should have picked that up early in the process. What measures were, or should have been, taken at an earlier stage?

**Mrs Bell:**

We have, for some time, been working with the Social Security Agency to get that information. We must get it before we can get information from HMRC. We have done the first bit of that, and the second bit is in train. However, you are correct: perhaps, we should have done it sooner.

**Mr McGlone:**

You mentioned that you have been working on that for some time. Can you give me an indication of how long? Where was the flaw in the process? I would have thought that the two Departments would have knocked their heads together and sorted that out pretty quickly.

**Mrs McAuley:**

It is quite easy for us to find out that someone has gone back on benefits. However, as the Audit Office report mentioned, we do not necessarily know which benefit that person has gone back on. We did not keep that information. We have not been able to identify, effectively, where the 14% of people have gone. Some of them may have gone into employment.

That situation occurred when they sorted out the IT links in GB. They found that their into-employment figures increased by six percentage points. Therefore, it is fair to say that at least some of those 14% are likely to have gone back into employment.

The first stage is to get more detailed benefit information. When we have that, the second stage is to make links to Her Majesty's Revenue and Customs so that we can trace people through their National Insurance numbers and see whether they have actually gone into work.

The difficulties that we have come across are mainly about data protection. It is important that people's personal data is protected. We have had issues with the benefit side and, indeed, HMRC. Having said that, we are now in a position in which we have agreement with the Social Security Agency. We have a business case with HMRC in order to pursue information on whether people have returned to work.



**Mr McGlone:**

Forgive me for pressing you the matter. You have not told me how long that has been going on or when it was initiated.

**Mrs McAuley:**

Sorry, Mr McGlone. We started to look at that in 2005. We were making progress, although, admittedly, it was quite slow. Then there were several high-profile cases of losses of people's personal data, which slowed things down considerably for some time.

Throughout government, we must ensure that whatever information we transfer is secure and that individuals' details will not be lost or find their way into the public domain. Therefore, we are clear about data protection.

**Mr McGlone:**

I appreciate that. Why would the loss of data have slowed things down?

**Mrs McAuley:**

It slowed things down because we need to get data from HMRC.

**Mr McGlone:**

Was that much data lost?

**Mrs McAuley:**

I am not talking about data loss in Northern Ireland. In GB, there were several high-profile cases when Government Departments lost data. After that happened, there was, basically, a clampdown — that is the best way to describe it — on the way that information was passed between Departments. The Department with the information would be concerned about its security during transit and when it arrived at its destination.

**Mr McGlone:**

Are you now at the point where you exchange data?

**Mrs Bell:**

Yes, we are, on the benefits side. However, we have a business case with HM Revenue and

Customs.

**Mr McGlone:**

Is that for tax credits, child benefits, and so on?

**Mrs McAuley:**

Yes.

**Mrs Bell:**

It is with them. We are waiting for them to come back to us.

**Mr Donaldson:**

Thank you very much indeed. I know that you are here simply to respond to questions, so I attach no blame to you as individuals. However, I find it incredible that there was an instance recently when two parts of the Housing Executive could not talk to each other, allegedly because of issues around data protection and freedom of information.

Is it the case that you share offices with the Social Security Agency and that there are joint employment and benefit offices across Northern Ireland? Therefore, you have a working relationship. People could come in off the street to claim benefits, and, at the same time, talk to you about New Deal 25+. The two agencies would be working side by side in offices, but are you telling me that they cannot share information?

**Mrs McAuley:**

No. We have information about people who come back on to benefits. We are concerned about trying to find where the other 14% of people go, and, information about people who come back onto benefit and which benefit they take up.

**Mr Donaldson:**

Yes, but you are saying that you try to get that information from the Social Security Agency.

**Mrs McAuley:**

We are trying to get the information on the split of the benefit from the agency, but not the information about the 14%. We know that 54% of people went back to benefits because we share

that information with SSA, but we do not necessarily know which benefit they went back on to. Most of them will have gone back to jobseeker's allowance, but we need to find out what happened to the other 14%. Some of them will have moved into work, but we cannot confirm that unless we get a second link from the social security system into the HMRC system. For example, if a person is working, they will be paying tax or getting a working tax credit, and we will then be able to find out whether they went back to work.

**Mr Donaldson:**

Is it not the case that what you do now used to be done by one Department? In fact, before the new Departments were created in Northern Ireland, you were all one?

**Mrs McAuley:**

No.

**Mr Donaldson:**

Was employment not part of —

**Mrs Bell:**

Employment was part of the Training and Employment Agency, which was the responsibility of the Department of Economic Development.

**Mr Donaldson:**

People seeking employment and getting support for seeking employment —

**Mrs Bell:**

That was the responsibility of the Training and Employment Agency, and New Deal was run by that agency.

**Mr Donaldson:**

Yes, but was there not a link between unemployment benefit and all of that at the time?

**Mrs McAuley:**

There were no links. The joint offices really started in Northern Ireland around 2001.

**Mr Donaldson:**

So, there were no joint offices before that?

**Mrs McAuley:**

There would have been no joint offices prior to that.

**Mrs Bell:**

It was social security offices and jobcentres, and we still have a number of those. In 2001, we started on the programme to bring the Departments together in the same offices.

**Mr Donaldson:**

It is clear that we have a long way to go in creating what is known as joined-up government. You are explaining to us the practical difficulties that you have in getting that joined-up government between two Departments. In this case, that difficulty is with the Department for Social Development and the Department for Employment and Learning getting together to address issues with New Deal.

**Mrs Bell:**

The relationship between the Social Security Agency and the Department is extremely good. That has been a process of work over many years. Certainly, the co-location of offices has helped that considerably. The focus is on welfare reform, where our responsibility is to try to help people overcome barriers to work, and also to secure benefits for those people who cannot work. That has all supported the agenda, but the big issue is the transfer of information between the Social Security Agency and HMRC. We do not yet have that relationship. We believe that our business case is rigorous, and we hope that we will soon have that relationship.

**Mr McLaughlin:**

The Department has lost track of approximately 30% of the people who went into the programme and came out at the other end, and that renders any evaluation of the programme completely meaningless. Surely, all that was needed was a single piece of information, a unique identifier, for every individual National Insurance number. You do not need to know the details; you just need to know where that number is active.

**Mrs Bell:**

We agree with you entirely.

**Mr McLaughlin:**

That does not need a business case.

**Mrs Bell:**

We put forward a business case because that is what we were required to do.

It is exactly the same with qualifications. When we started looking at how we could track information on the people doing qualifications, we thought that we could use National Insurance numbers, because that is something that is with a person for life. However, there are data protection issues that we could not get round, and, indeed, the same data protection issues arose in GB, where they tried to do that as well. We had to create a unique learner number. In this case, it is a National Insurance number. We agree entirely with what you said. However, that is the position that we are in.

**Mr McLaughlin:**

That number travels wherever the individual travels.

**Mrs Bell:**

Yes.

**Mr McGlone:**

I thank my colleagues for those useful interventions. I am a wee bit puzzled that, at this stage, you do not know where approximately 5,000 people are because there was no tracking. I find it a bit inconceivable that at least some of those people are not in receipt of disability living allowance or carer's allowance, through which they could have been tracked.

Paragraph 2.33 states that the older participants in the programme experienced poorer outcomes than the younger participants. Yet paragraph 2.34 states that, until April 2006, older people were not required to fully participate in the programme, and that many of them simply left after the Gateway element of the programme. The recycling of unemployment is quite apparent as a main theme of the report; however, is that not recycling unemployment with an added ageist

aspect?

**Mrs Bell:**

There is no doubt that when we made it mandatory in 2006, the outcomes for people over 50 improved. However, it was a national programme for which the funding came directly from Britain, and that was a part of the programme that we could not change. In Great Britain, New Deal was a national programme, and we could tinker with it only at the edges. It was only in 2006 that we were able to introduce a mandatory element. You are absolutely correct in saying that a person over 50 could go through the Gateway element, but that they did not have to continue with the programme. Yet for those individuals who did go on to the programme, there was some significant success.

**Mr McGlone:**

What are the benefits of the Steps to Work programme when juxtaposed with what went before?

**Mrs Bell:**

Do you mean for the over 50s?

**Mr McGlone:**

Yes.

**Mrs Bell:**

The Steps to Work programme is certainly a much better programme. We introduced increased and improved mentoring; we provided personal advisers with significant training so that they understand the difficulties that people have; we introduced a motivation and confidence module; and we introduced the Step Ahead initiative, which is for people who have been unemployed for more than 30 months, and through which we pay the national minimum wage for them to be employed for up to six months. The people who have been unemployed the longest are generally people over 50. In addition, we are considering increasing the Employer Subsidy aspect of the programme to help to encourage employers to hire the people who have been unemployed the longest, which, in the main, would be the over 50s.

**Mr McGlone:**

You said that those people are employed for six months. Paragraph 2.38 of the report refers to

the Department's interpretation of the definition of sustained employment as being:

"continuous employment lasting for a minimum of 13 weeks".

A period of 13 weeks does not show much to prove sustainability.

**Mrs Bell:**

That is why we doubled that when we introduced the Steps to Work programme. Sustained employment is now defined as being employed for a period of six months, and, under the programme, after nine months, we use surveys to monitor where people go. You are right to make the point about 13 weeks. That was a national programme, and, at the time, it seemed that people who were employed for 13 weeks would stay in work.

We have tried to encourage people to stay in work by showing them the better-off calculation. Equally, we have increased the funding that we give to the providers based on job outcomes. We have also encouraged the provider to monitor the person in work and to give them support so that they stay in work. Therefore, we have changed our funding methodology.

**Mr McGlone:**

Do you have any information, perhaps through your monitoring, on the average time that people who leave New Deal stay in jobs?

**Mrs Bell:**

We have never followed a person into employment. I am not sure how we would do that.

**Mr McGlone:**

You would probably have to involve HMRC.

**Mrs Bell:**

No, I am not thinking about it from that perspective; I am thinking about it from the perspective that when a person is employed, the Department no longer has responsibility for them. They are on the employer's books by then.

**Mr McGlone:**

My point is that you are bound to have figures on the number of people who are back on the programme after three or four months.

**Mrs McAuley:**

Those people would come back through the system. We have some information through the New Deal leavers' survey. That survey is carried out periodically, and the last one was done in 2007. We try to follow people after a period of time by conducting a survey. The 2007 survey showed that 22% of the people who had left New Deal were in employment when the leavers' survey was carried out.

**Mr McGlone:**

Is that 22% of the people who replied to the survey?

**Mrs McAuley:**

I do not recall the methodology, but the survey showed that 22% of leavers from New Deal were in employment. Some of those people had been in employment for quite some time when the survey was carried out.

**Mrs Bell:**

Not everyone got employment immediately after leaving New Deal. Some people got employment some weeks later, and we would not have picked those people up in the original figures.

**Mr Craig:**

Figure 8a shows that 9,000 people left the programme at Follow-through stage. Only 3% of those people went into unsubsidised employment. In fact, 89% of them went back on benefits. That raises a serious question: do you think that enough effort was put into supporting those individuals in getting work? It seems that an alarmingly high number of people returned to benefits.

**Mrs Bell:**

A person who was at the Follow-through stage of the programme had come through the Options stage. At Follow-through stage, a structured interview took place so that the person understood



where they could access information about jobs. Considering that many people had been unemployed for a number of years and had other difficulties, there is no doubt that we needed, and still need, much more focused individual intervention. That should not come in the last three or six weeks of the programme but over its entire period.

**Mr Craig:**

Could anything else have been done to help those individuals or were any lessons learned?

**Mrs Bell:**

Absolutely, because we have Step Three of the programme, which mirrors the Follow-through or final stage of the Steps to Work programme. The Department is reviewing that through a report that is due by December this year. It is not sufficient to put the emphasis on the final phase; rather, the emphasis has to be from day one. That is why we have trained our personal advisers to understand clients' needs better and to be able to direct and help them more specifically from day one.

**Mr Craig:**

Given the effort that went into the New Deal 25+ programme, and the numbers that went through it, was enough effort put into it to get people back into employment and was it successful?

**Mrs Bell:**

The Follow-through aspect was not successful, because participants' barriers had not been addressed through the Options aspect. It was impossible to address those barriers at the Follow-through stage, which lasts for six weeks, during which time structured interviews with personal advisers take place. You are, therefore, absolutely right in that enough was not done. However, it would not have mattered at that stage, because the issues must be addressed from day one, which is what the Department is now doing through the Steps to Works programme.

**Mr Craig:**

Were those lessons learned and transferred into the Steps to Work programme? The world has changed economically over the past two years, but has the Department learned enough to believe that the new system will have a better chance of getting people into employment?

**Mrs Bell:**

It is difficult to get people into employment in the current economic situation. Those who mandatorily have to come onto the Steps to Work programme will have been unemployed for 18 months. People can participate from day one if the personal adviser thinks that they would benefit from the programme. However, we want the long-term unemployed to have gained sufficient skills, and to have had their barriers addressed, whether in essential skills or a lack of qualifications and work experience, so that, when there is an upturn, they can compete for a job in the same way as those who have recently become unemployed.

We do not want the current long-term unemployed to continue to be long-term unemployed. They will be competing with people who have recently come out of the labour market, and that is why the intervention is necessary on an individual basis. However, it is becoming increasingly difficult for us to get work placements for the numbers involved, because employers are reluctant to take people on work placement when they are paying off others. That is not to say, though, that the interventions with our personal advisers and through the Steps to Work programme will not be successful, because we believe that they will be successful.

**Mr Craig:**

Perhaps you can understand that if you were one of those individuals getting paid off.

**Mrs Bell:**

Absolutely.

**Mr Craig:**

I want to address the issue of monitoring, reporting and performance comparisons. This Committee and the Westminster Public Accounts Committee have emphasised the benefit of comparing what goes on in Northern Ireland with the rest of the UK. I find it alarming that, during the 10 years that the scheme has been operating — if I am reading paragraph 2.52 of the report correctly — only once was a results comparison considered. That was in June 2005. Is there any reason why that comparison with the rest of the UK was not carried out more frequently?

**Mrs Bell:**

First, we were two and a half years ahead of the rest of the UK. The New Deal scheme was not

operating across the entire UK. Secondly, the benchmarking exercise that was done in 2005 covered the whole period of the programme. The Department routinely and frequently monitored and benchmarked the movements on the jobseeker's allowance register.

You are right to say that we do need to benchmark. Fortunately for Great Britain, but unfortunately for us, in 2005 the arrangement was made with HMRC, so the two schemes are not directly comparable. The new Steps to Work Programme is so radically different from flexible New Deal that it will be difficult to benchmark. However, we will benchmark the job outcomes so that we can see whether our programme is more successful than what is happening in England, Scotland and Wales, although, again, that will depend on the labour market.

You are absolutely right in that there is a need to benchmark information and to learn from best practice. As officials we regularly meet with our opposite numbers across Great Britain and share information. In the 2005 comparison, we monitored and benchmarked the jobseeker's allowance movements. That was only one benchmarking exercise, but it covered the whole period of the programme. It has become increasingly difficult, but with the new programme, we have made a commitment to benchmark where we can, and we will look at job outcomes.

**Mr Craig:**

You have raised an interesting issue. In December 2005, the methodology for collecting the New Deal performance data in the rest of GB was changed. That is related to the issue that we talked about earlier when my colleagues asked questions about getting those unknowns sorted out so that they were more traceable. Why did the Department not adopt those same changes if it would have improved the way those individuals were being traced?

**Mrs McAuley:**

That is a similar issue to that raised by Mr McGlone. The difficulty we had — which continues to be a difficulty, although I am glad to say that progress is being made — was about the issue of whether we can access records that are in the possession of HMRC. That was the change in methodology in GB. They were able to make direct links between the information held by the Department for Work and Pensions and that held by HMRC. As I mentioned earlier to Mr McGlone, that had the impact of increasing by six percentage points the number of people who went into employment who were on the programme in GB. We do not have any evidence to suggest whether that six percentage point increase would occur in Northern Ireland, but there is

no doubt that, if we were able to get those links up and running, and use the same methodology as is used in GB, our figures would increase.

**Mr Craig:**

I will ask the obvious question: if the rest of GB was able to do that, what is the specific issue that is preventing it from being done here? Surely the legislation is very similar in the two parts of the UK.

**Mrs McAuley:**

The issue is that it is different Departments. The Department for Work and Pensions has a responsibility for employment and benefits in GB, and HMRC obviously looks after the tax system across the whole UK. It is the difference between two Whitehall Departments talking to each other and the Whitehall Department talking to two devolved Departments. As I said earlier, it is an issue of getting those linkages up and running, and if they were up and running, we would be better able to trace the individuals.

**Mr Craig:**

It is good to see that joined-up government is working well here.

**Ms Purvis:**

Paragraph 2.56 and figure 10 show that New Deal 25+ in Northern Ireland significantly underperformed in comparison with its GB counterpart, with 18% achieving sustainable employment here compared to 33% in GB. Why was that?

**Mrs Bell:**

We would have liked the figure to have been higher; there is no doubt about that. Those progressing into education or training were successful, and another 14% progressed into education or training or onto another programme. On top of that, our IT system was not as robust as it might have been, and the Audit Office has acknowledged that there could be another 1% or 2% added to that. The figure for GB and the north-east of England also includes the additional information that they had because of the link with HMRC.

When those figures were compiled, New Deal had been in operation in Northern Ireland for an additional two and a half years. The outcomes in the early stages of the programme were much

better than they were later on, because the clients were becoming more difficult to help. As I said in my opening statement, the qualifications that our people have are much lower; 46% of participants had not worked for five years, compared to 34% in GB; and 22% have never worked, compared to 8% in GB. I am not saying that we should not be able to deal with people who have barriers to employment, but by the time that the comparison was done, we had reached the point at which people were presenting with a lot of problems, and our programme was not sufficiently flexible to deal with them.

The report acknowledges that the 28% and the 29% in the north-east of England includes people who had moved into subsidised employment. The 18% in Northern Ireland is unsubsidised. The figure for the north-east of England, therefore, includes additional figures.

**Ms Purvis:**

How has the Steps to Work programme improved that performance?

**Mrs Bell:**

It is early days. In the nine months to September 2009, 14,000 people have been on the Steps to Work programme. Despite the worsening employment situation, the performance of people going into employment is broadly comparable with New Deal over the same period. However, I give those figures with a lot of caution.

**Ms Purvis:**

What are the figures?

**Mrs Bell:**

It is now 16%.

**Ms Purvis:**

Paragraphs 3.3, 3.7 and 3.8 and the graph at figure 11 of the report show that the Preparation for Employment option was the most popular, but the least effective, with 84% of those who chose that option returning to benefits. That option was also the shortest, as it lasted only for 13 weeks. Did those who chose that option do so simply because it was the quickest route back to benefits?

**Mrs Bell:**

The participants did not select the Preparation for Employment option on their own; rather, the decision was taken in conjunction with the programme's personal advisers. At that time, it was difficult to get the longest-term unemployed into subsidised employment. There was also a barrier with getting people into the Education and Training element of the programme because those people had been failed by the education system in the first instance. That is why the Preparation for Employment option was selected by the majority of participants.

The Department readily admits that the Preparation for Employment option did not sufficiently deal with the issues that people had with their motivation or confidence, nor did it help them to improve their essential skills. It was basically a work experience programme, and was not specific enough to address participants' underlying issues. However, it did move people along the employability road. That fact has been accepted by employment providers, and the data shows that each time the programme was conducted, 10% of the applicants achieved employment.

I would be reluctant to say that the participants chose that option to get back on benefits, because the majority of the population want to work. However, I do recognise that the Preparation for Employment option did not sufficiently address the issues that the participants had to allow them to access work.

**Ms Purvis:**

Over the five years that the programme was running, what did the Department do to try to improve the effectiveness the Preparation for Employment option? I assume that the Department received figures about its outcomes.

**Mrs Bell:**

The Department made minor changes. We relied on the Education and Training Inspectorate to provide information about the Preparation for Employment option. However, while the Department was operating that option, it was working on the new programme and used the lessons that it had learned in that new programme.

**Ms Purvis:**

Paragraph 3.5 of the report makes it clear that a lack of qualifications, and poor literacy and

numeracy skills were key difficulties for many participants in the programme. Despite that, the overall uptake for the Essential Skills Training option was very low, with only 4% of applicants — or 550 people — taking up that option over five years. Why was there such a limited response?

**Mrs Bell:**

There was probably a naivety about the belief that people would go back into full-time education and training. If a person has low or no qualifications and essential skills barriers, they obviously will not have had a very good experience of education first time around; therefore, why would that person elect to go back to full-time education for a second time?

It is difficult for people to admit that they have essential skills deficiency, and to encourage them to go onto a full-time essential skills programme takes a great deal of hard work. However, the Department has made significant progress on that issue, and that is evidenced by the growing number of people who have taken essential skills training. That growth is to be welcomed, and the outcomes were particularly encouraging after the Department introduced a bonus for people who achieve a qualification in essential skills. You are absolutely right. For those who did not do well in education the first time, there was no reason to assume that they would go back to it on a full-time basis.

**Ms Purvis:**

Did the Department consider the analysis of what happened during those five years? What did the Department do at the time to promote the Essential Skills option?

**Mrs McAuley:**

The Essential Skills aspect was introduced only in 2003-04, and, in September 2005, we began to pilot the use of a bonus in the targeted initiative areas of west Belfast, Shankill, Strabane and Derry. We used the evidence from the targeted initiative pilot and introduced an Essential Skills bonus for everyone in the New Deal programme in Northern Ireland. That had the effect of increasing the proportion of New Deal participants who took part in the Essential Skills aspect from 3% in 2004-05 to 9% in 2006-07. That is still quite a small proportion, and we certainly want to increase that further. That is an example of something that we did to try to encourage people to undertake the Essential Skills element of the programme.

**Mrs Bell:**

We have introduced intensive training with our advisers, who are much more aware of the benefits to a person who undertakes the Essential Skills part of the programme and they actively encourage people to engage with that aspect. The publicity around essential skills in general has, to a degree, removed the barrier, but there is still a way to go.

**Ms Purvis:**

I take it that the bonus is still in place.

**Mrs Bell:**

Yes, it is.

**Ms Purvis:**

Do you have any figures on the uptake of the Essential Skills aspect up to September 2009?

**Mrs Bell:**

The Essential Skills aspect is now more integrated with the Steps to Work programme. We will look to see whether we can separate the figures and send them to the Committee.

**Ms Purvis:**

Apart from the bonus incentive, is there anything else that individual advisers are doing to encourage the take-up of the Essential Skills aspect?

**Mrs McAuley:**

Not specifically. However, the Steps to Work programme includes provision for people to undertake short accredited training courses. They can do that in the early days of their engagement with the Steps to Work programme. From April 2009, as part of our response to the economic downturn, we increased the amount that is available for those courses from £300 to £2,000.

**Mr McLaughlin:**

I will follow on from Dawn's line of questioning. When people have difficulty with literacy and numeracy, it can have a devastating impact on their confidence and, it certainly has significant



consequences on their employability. Although the percentage of New Deal 25+ programme participants who entered the Essential Skills option rose to 9% in 2006-07, around 4% of participants in all the options took part in Essential Skills training across the survey period, which began in 2002-03. What measurements about literacy and numeracy problems guided the New Deal 25+ and Steps to Work programmes?

**Mrs Bell:**

The personal advisers and the contractors, who were engaged to carry out the Gateway option of the programme, did an assessment through a test that was set by the Basic Skills Agency. It was not mandatory to include essential skills as part of the programme, and we could not make it mandatory that a person with a deficiency had to take up the Essential Skills aspect of the programme. We pointed out that that training was available, and the provider tried to encourage it, but, if an individual decided that they did not wish to participate in a training programme to address their weaknesses in essential skills, we could do little about it. We cannot force people to participate in such training.

**Mr McLaughlin:**

The question of confidence and self-esteem is critical. I can understand why some people would say that they would not take up certain options, if they could opt out as well as opt in. Surely that is the challenge that we have to meet if we are going to help people to get employment.

**Mrs Bell:**

There is no doubt that a person's confidence, motivation and self-esteem are affected if he or she does not have satisfactory essential skills in literacy and numeracy. We have added a confidence and motivational module to the Steps to Work programme, and we have expended a lot of effort in training essential skills tutors. In the past — I am going back quite a number of years — there was no satisfactory training programme for people who had weaknesses and who wanted to do something about it, and the tutors had not necessarily been professionally trained. We have expended a lot of energy in providing professional tutors in our colleges and among all our providers. They have empathy and sympathy with people who have essential skills weaknesses. At one stage, we tried to make it mandatory that a person with weaknesses had to go through —

**Mr McLaughlin:**

Can I take you back to my question? Taking into account all those providers and assessments,

what is the headline figure for those who participate in the programmes and their various options and who have literacy and numeracy issues?

**Mrs Bell:**

I would have to come back to you with actual numbers. All we know is that the vast majority of people who have been unemployed for a long time have weaknesses in literacy and numeracy. We know that 24% of the adult population of Northern Ireland have weaknesses or had weaknesses. I do not have the numbers to hand, but I can tell you that the vast majority of the people on the programme would have had deficiencies. If people do not use essential skills, they lose them, and if people do not use literacy and numeracy in a work context, their skills get rusty.

**Mr McLaughlin:**

I suppose I am asking why you call them essential skills, when, in fact, they do not appear to be, if 4% of people are bumping along at a barely noticeable level. Some of my colleagues raised the issue about people who are repeat visitors to the programme. Are you confident that the Steps to Work programme has recognised that the issue must be addressed?

**Mrs Bell:**

Yes. I have looked at the content of the Steps to Work programme, and it places a significant emphasis on essential skills. The people in the Department for Employment and Learning who have responsibility for essential skills have been working directly with the employment service as well.

**Mr McLaughlin:**

Do you have performance indicators and targets that would tell you whether the situation is materially better?

**Mrs Bell:**

Not at this stage —

**Mr McLaughlin:**

Perhaps there has not been enough experience of the programme, but do you have targets in place to measure progress?

**Mrs Bell:**

We have set targets for the numbers of people who go into employment and into sustained employment. We also have satisfactory inspection reports and contract reports, but I am not aware that we have any specific target for essential skills.

**Mrs McAuley:**

Numeracy and literacy skills are known as essential skills. New Deal and the Steps to Work programme are essentially employment programmes. We have added a confidence and motivational module to the Steps to Work programme, which we hope will help people to gain self-confidence and allow them to be better placed to address any difficulties that they have, particularly essential skills difficulties. However, we also need to look at it from individuals' points of view. When we identify that individuals have an essential skills need, we work with them over perhaps quite a long period to try to encourage, persuade and support them to acquire those skills. However, the individual has to decide, because if people are forced to undertake essential skills training or a particular NVQ, they may drop out because the chances are that it will not suit some people. We must identify the need, and individuals must make the commitment.

**Mrs Bell:**

However, the Department considering a target on the uptake of essential skills is a good point, given that it is the Department's number one priority. A working group is developing targets for the Department across a range of stakeholders. We will feed into that process, because essential skills are critical to a person's well-being, social skills and employability.

**Mr McLaughlin:**

The development and confidence building programme to which you referred is one of the keys to resolving this issue. I do not know enough about it, and I would like the Department to provide the Committee with more detail. Such a programme is how the Department can crack this problem; otherwise, we will be reinventing programmes for the next 30 years.

**Mrs Bell:**

You are absolutely right.

**Mr McLaughlin:**

Paragraph 3.10 of the report refers to the Employer Subsidy and the Self-Employment options, and demonstrates that they were by far the most effective options in the New Deal 25+ programme. According to paragraph 3.3, on average, only 17% and 8% respectively availed themselves of those options. Could the Department not have done more to encourage uptake of those options given that they seemed to provide a fast track to employment?

**Mrs Bell:**

The Employer Subsidy option was one of the most successful. The difficulty was that we had to get employers who were willing to take on the long-term unemployed, even with a subsidy.

**Mr McLaughlin:**

Would it, therefore, have been even more successful had the Department got more employers?

**Mrs Bell:**

Yes, and that is why the Department is looking at increasing the subsidy to employers for those people who have the most barriers to employment, because there is no doubt that there is a self-esteem issue when a person gets a job. The Department is considering whether increasing the subsidy will make employers consider the long-term unemployed.

**Mr McLaughlin:**

I am conscious of the time, and we could mine this subject, too. The Preparation for Employment option was not only the least effective but comparatively the most expensive, yet the Department persisted with it. Dawn demonstrated in her line of questioning that for some people that option represented the quickest route back into benefits, which completely contradicted the intention of the programme. I have experienced unemployment, so I have every sympathy with the unemployed, and I do not want to sound too harsh. However, perhaps the Department was leaving in soft options, which undermined the intention of the programme. The cost per job in the Preparation for Employment option was £39,000.

**Mrs Bell:**

There is no doubt that the Department was pleased when the New Deal 25+ programme came about, because it seemed that it would address people's employment difficulties through the many options that were available. That was wrong in the sense that they were just different

programmes. They were not programmes that specifically considered the needs of the individual.

You mentioned the cost of the Preparation for Employment option; however, we consider the total cost of the programme rather than the individual options. Certainly, the people who undertook that option had the most barriers.

**Mr McLaughlin:**

The Department moved to incentivise people to take up some of the other options. However, the Preparation for Employment option was three times more expensive than some of the other options. It seems that there was a rigid approach that did not commend stepping away from one programme that was ineffective and investing in other programmes that gave better options for employment.

**Mrs Bell:**

The Preparation for Employment option was not successful. After we carried out the evaluation and, indeed, before the evaluation was carried out, we started to question ourselves about the benefit of people being recycled, although the evidence shows that it did not matter how many times a person went through a programme, as at least 10% had a positive outcome.

In 2004, we started to develop our Steps to Work programme. The relevant Department in England was looking to build on New Deal, but that was abandoned. However, we ploughed on. When devolution was restored in 2007, we were able to proceed with our own employment programme, because employment was a devolved matter. It had taken a lot of work with different providers to test with individuals and, subsequently, to pilot and get the processes through the Department of Finance and Personnel. We were aware of the situation and we were making changes, but changes in the Steps to Work programme and not the Preparation for Employment option, because our hands were tied to a large degree because of the national nature of the programme.

**Mr McLaughlin:**

My colleague has just passed me a note that says that Invest NI spent £48,000 on each job, so you can compare yourselves to Invest NI, if that helps. *[Laughter.]*

**Mr Beggs:**

I want to turn to performance targets. Details of consortia contracts and performance on New Deal 25+ are set out in paragraphs 3.19 to 3.28. I see that performance targets were introduced only in 2003-04. Millions of pounds were being spent every year, but it took four years for targets to be put in place. Why was that?

**Mrs Bell:**

We had targets, but they were not the same every year, and we did not publish those targets.

**Mr Beggs:**

Could the Committee be made aware of the targets and the figures that were achieved? I understood that no targets were set until 2003-04.

**Mrs Bell:**

I will ask Patricia to talk about that. I understood that there were targets, but that they were not published. They were published in our business plan, they were reported on in the New Deal statistical publication relating to activity and outcome, they were published on our website and they were published in press releases. However, it is true to say that the targets that we set changed from year to year and that we did not have a consistent target across the piece.

**Mrs McAuley:**

Mr Beggs is correct in saying that we did not have targets for the individual consortia until 2003-04, and that was consistent with the position in GB. However, we had internal targets for moving people into employment, but they were not targets on the consortia.

**Mr Beggs:**

So, the individual people that you had contracted had no target of what they had to achieve.

**Mrs McAuley:**

They did not have outcome targets for moving people into employment until 2003-04.

**Mr Beggs:**

Do you recognise the weakness in giving out millions of pounds and not setting targets for outcomes?

**Mrs McAuley:**

There were conditions in the contract that they had to meet. This was a national programme, and the approach in Northern Ireland was similar to that in GB.

**Mrs Bell:**

The fact that there were no targets did not mean that the programmes were not monitored. It was not as rigorous as what we have now, but we did have contract managers, the inspectorate, and our financial audit and support team.

**Mr Beggs:**

Do you accept that, if you do not have targets as part of a contract, it is hard to take action against poor performers?

**Mrs Bell:**

Yes; absolutely. There is no doubt about that. However, it was not simply about the target for outcomes, it was about the quality of the provision, and that was measured by the inspectorate.

**Mr Beggs:**

You said earlier that a figure of 16% is being hit in the Steps to Work programme. Were targets in place for the outcome of that programme and what were those targets?

**Mrs Bell:**

There were targets for the individual providers to get 25% of people into employment and for 85% of those people to be in sustained employment. However, those targets were set when the economy was not in its current state, and they are being reviewed. We have the headline target, but we also have a working group across the people who work on our behalf, such as the inspectorate and our contract managers, developing a whole range of targets.

**Mr Beggs:**

Figure 15 on page 38 of the report shows that many consortia failed to meet the required target, at that time, of 15% of leavers moving to sustained employment. That was a time when the economy was going well, and the target was only 15%. Some consortia were achieving figures as low as 5%, while others were doing very well at 32% and 33%. What were the reasons for such

underperformance that meant that many were not even hitting 15% and some were getting as low as 5%?

**Mrs Bell:**

There is a barrier to employers taking on the long-term unemployed, and there is no doubt about it. Even though the economy may have been booming at that particular time, there was still a barrier. As with any large number of providers, some perform better than others. It also depends on where they were located and whether employment was available.

**Mr Beggs:**

Do you not accept that there were many job vacancies at that time, and that during the early part of the decade many employers had difficulty filling vacancies?

**Mrs Bell:**

Yes, but they were not necessarily prepared to take on the long-term unemployed, given that many of those people did not have the specific skills that the employers would have been looking for.

**Mr Beggs:**

Was it not the case that everyone on all the programmes was long-term employed? A person had to be long-term employed to join the programme. Some consortia were achieving a 30% success rate, while others were getting 5%.

**Mrs Bell:**

Yes, absolutely; I agree with that. However, there were other criteria on which the organisations were monitored, such as the quality of their provision, their attention to their clients and their financial performance.

**Mr Beggs:**

Why were the contracts extended for the poorly performing consortia, which is those achieving a figure below 10% and as low as 5%?

**Mrs Bell:**

The targets that were set in the contracts were not monitored as rigorously by the Department as



they should have been. We considered many other issues. When we extended contracts, it was not a case of simply doing so willy-nilly. There were case conferences in which we looked at the performance as judged through the inspection programmes, the visits of our contract managers and the financial performance of the organisation.

In addition, we have to be conscious that we need provision that covers all of Northern Ireland. We did not renew contracts in two cases. Had we withdrawn a contract in some cases, we would have been leaving the people in those areas without provision. Therefore, the Department should have looked more rigorously at getting people into employment. However, it was not a case of just extending contracts without looking at an organisation's performance.

**Mr Beggs:**

Do you accept that by accepting poor performance, you are not helping people in some of the most disadvantaged places, and perhaps more should have been done to encourage improvement or to terminate more contracts? That way, a contractor who would perform better could have been brought in.

**Mrs Bell:**

Yes. Although the Department was monitoring, when the report was undertaken — and this is a point that Audit Office acknowledges — district managers were also the contract managers. Therefore, district managers were also looking after the offices, and the contracts would not necessarily have been their primary focus. The Department now has contract managers and assistant contract managers who are trained to monitor contracts and to look at the targets that have been set, and who work with providers much more regularly.

**Mr Beggs:**

Are you saying that the then managers had almost cosy relationships and were not trained to do their jobs?

**Mrs Bell:**

I would not say that they had cosy relationships. They had other duties such as managing offices, such as jobs and benefits offices or the jobs area of jobs and benefits offices and job centres, and in many instances that took precedence over them going out to investigate organisations that had contracts.

**Mrs Beggs:**

If those managers were not responsible, who was responsible centrally?

**Mrs Bell:**

Obviously, the person in charge of the programme was responsible. It was not the case that the Department was not monitoring or that we were condoning poor performance. As the report stated, the Department withdrew two contracts, one based on poor quality and the other based on poor administration. That was but one element on which the Department did not focus sufficiently.

**Mrs Beggs:**

Figure 15 and paragraph 3.22 of the report highlight that many consortia failed to achieve the required 15% target level for sustained employment. Are any of those poorly performing consortia still involved in the Steps to Work programme?

**Mrs Bell:**

When the Steps to Work contracts are let, the Department has now put in place a lead contractor who is responsible for quality and performance. Therefore, the Department works directly with that lead contractor. I cannot answer that question, but I can come back to the Committee with the information. The Department wants to have a spread of contracts across communities, so there may be parts of those providers working in the Steps to Work programme, but I would have to come back to you on that. However, the system now in place is much more rigorous than in times past, even though the Department did monitor through the Department for Employment and Learning's financial audit support team and through our own inspectorate.

**Mr Beggs:**

Do those consortia have a financial incentive to produce results? I encountered a programme last month in England, and saw huge dedication and commitment from some of those trainers. They were almost personally engaged to try to encourage and lift people so that they would move forward in their lives and get out and take up job offers. Are there incentives for contracts in Northern Ireland?

**Mrs Bell:**

As a result of New Deal, the Department learned to place more focus on employment outcomes and sustained employment so that the balance of funding to the organisations of the lead provider is more on job outcomes and sustained employment and less on the ongoing programme.

**Mr Beggs:**

It was said earlier that it was, perhaps, easier for English Departments to share information because they are both Whitehall Departments. Most of the New Deal 25+ programme took place during direct rule when there was a Secretary of State here. Did the Department ever complain to him about the difficulty in sharing information? It was, after all, British taxpayers' money that was being spent.

**Mrs Bell:**

I cannot answer that question directly. However, during direct rule, the Department would have written asking for changes to many aspects of the programme. I honestly do not know. I will have to find out and come back to you.

**The Chairperson:**

When you come back with that information, maybe you can tell us who some of the poorly performing consortia were.

**Mr Lunn:**

In 2006, the Department established a quality and performance branch to improve delivery by contractors. My question largely follows on from Mr Beggs's question. I am surprised that it took until 2006 for that branch to be established. It is still operating?

**Mrs Bell:**

Yes, it is.

**Mr Lunn:**

Maybe it is too early to say, but what impact has it had so far on the Steps to Work programme?

**Mrs Bell:**

It has had a significant impact, not only on the Steps to Work programme but on all programmes

that are operated by the Department. The Department decided to set up a dedicated quality and performance unit, with one strand to look specifically at contracts and the monitoring of contracts to ensure that they were adhered to rigorously. The other strand, which was equally important, was to work with the inspectorate, so that after inspection, the Department was able to take action with the organisation. We respond, with the support organisation the Learning and Skills Development Agency, within a matter of weeks to an inspection report. We look at what action needs to be taken and we put the support into the organisation. That has borne fruit.

As well as receiving an annual report from the Education and Training Inspectorate, we get an annual report from our quality and performance unit. One part of the report is about the performance of the contracts, and the other part is about what they have done to improve performance since the inspectorate last reported. The quality and performance unit has made a significant difference across the piece.

When we set up the Steps to Work programme, we agreed with the inspectorate that it would inspect the Steps to Work providers every two years. Previously, New Deal providers had been inspected less frequently.

**Mr Lunn:**

You say less frequently, but were they inspected at all between 1998 and 2006?

**Mrs Bell:**

Every single one of them was inspected. It would have been over a four or five year time span, but not two-yearly. We have asked for the more frequent inspections because we will have to renew contracts, and when we review contracts, we want to be able to take account of the performance and quality of the organisation.

**Mr Lunn:**

So, all the consortia members were inspected within a four or five year timescale.

**Mrs Bell:**

Yes.

**Mr Lunn:**

The inspectorate seemed to conclude that quality and provision was “broadly acceptable”, yet there was a variation between a 5% figure and the star performer at 41%, and about half of the providers did not reach the target. Is “broadly acceptable” a broadly acceptable comment?

**The Chairperson:**

Could Members and visitors please ensure that their mobile phones are switch off as they are interfering with the recording system that is used for the Hansard report?

**Mr Lunn:**

That always happens when I am asking my questions.

**Mr Shannon:**

Is your phone on?

**Mr Lunn:**

No.

**Mr Shannon:**

The interference usually comes from the phone of the person who is nearest the microphone.  
*[Laughter.]*

**Mrs Bell:**

The inspectorate considers a broad range of indicators, so it would not have examined employment outcomes specifically. It would have been considering the initial assessment of the individual, the quality of the provision, the quality of the work placement, and whether the essential skills training met the quality and the standards that are needed. The inspectorate’s role is much broader than just employment, and that is why it said “broadly acceptable”.

One strand of the development of the Steps to Work programme allowed the inspectorate to re-examine its framework. One of the big changes that it made was to look specifically at the quality and appropriateness of the employers so that we get information on that as well.

**Mr Lunn:**

New Deal 25+ began in 1998. Figure 5 on page 20 of the report shows that by 2006-07, 44% of participants had been on the programme three or more times. Does that not indicate that the Department was slow to react to the problem of repeaters?

**Mrs Bell:**

At that particular time, unfortunately, because it was a national programme, we had very few powers to change things. However, we recognised that New Deal 25+ was not meeting the needs of individuals, which is why, in 2004 and early 2005, we started to consider other programmes. We actively developed the Steps to Work programme in 2006, piloted it in 2007 and implemented it in 2008.

**Mr Lunn:**

Did the Steps to Work programme start in embryonic form in 2004?

**Mrs Bell:**

No. Our thinking started in 2004. The authorities in England were considering building on New Deal, and we were watching what was going on there, but we actively started to develop the Steps to Work programme in 2006.

**Mr Lunn:**

It was not good for the taxpayer, but even less so for the individuals who were put through the same programme repeatedly without success. Was there no alternative solution that might have been more beneficial? Some of those people went through the programme more than five times.

**Mrs Bell:**

There were other options, but they were not particularly attractive. There was no other programme for those people, unfortunately. Although it is not right that there are people who repeated the programme four or five times, we know that, on each occasion, at least 10% moved into employment. One of the case studies that the Audit Office used is that of a 60-year-old man who had been unemployed for 30 years and had gone through the programme several times and got a job. I hope that, with the interventions that we have now, we will be able to address barriers to employment more quickly.

**Mr Lunn:**

OK. I heard recently of an 85-year-old person who obtained a degree.

On the same theme, paragraph 3.34 of the Audit Office report identifies participants who returned to New Deal 25+:

“for a third or further episode as a priority group.”

What did the priority entail?

**Mrs Bell:**

When we reviewed New Deal 25+ to try to understand why people returned to it, we discovered that we needed to do something much more specific in the Steps to Work programme. Therefore, people who have been unemployed longer have become more of a priority group. Even in the current downturn, those people who have been unemployed for 30 months receive additional opportunities ahead of people who have just come onto the unemployment register or those who are long-term unemployed for 18 months. We established those priorities as we developed the Steps to Work programme.

**Mr Lunn:**

My question was about New Deal 25+. I was talking about what was happening in 2007.

**Mrs Bell:**

We did not give them priority in 2007.

**Mrs McAuley:**

From April 2007, we tested and piloted the Steps to Work programme in a number of offices. We tried to use that as an opportunity to test what would and would not work for people. As Catherine said, as part of the programme, we recently introduced an additional option for people who have been unemployed for more than 30 months. You are quite right that we did not attempt to change New Deal at that stage, but we had already piloted the Steps to Work programme.

**Mr Lunn:**

As you rightly said, Catherine, there was a success rate. Regardless of how many people repeated

the programme, at least 10% of them eventually found something, so I am not being critical. That is fair enough, thank you.

**Mr Donaldson:**

Paragraph 3.37 of the report suggests that benefits trap stopped participants moving into work. Did the Department carry out or commission any research to identify the degree to which the benefits trap impacted on the programme's success?

**Mrs Bell:**

I am not aware of any specific research that we did about that. However, as a result of the information and the work that we did with the Social Security Agency, our personal advisers are now trained to work with the clients to show, in their personal circumstances, how better off they would be if they got into work. We understand that people who have been unemployed and on benefits will worry whether they will get as much when they go into employment. That is why we do that calculation. In most cases, they are better off when they get into work.

**Mr Donaldson:**

New Deal 25+ employers were surveyed by the Audit Office. Paragraph 3.8 states that employers indicated that:

“a lack of employment opportunities in the local area was the main factor for repeaters failing to get a job.”

Does that not suggest that the programme provided them with experience in the wrong sectors? In other words, if they repeatedly found it difficult to get a job, did that not suggest that the support and skills that they were offered were not really attractive to local employers?

**Mrs Bell:**

When we conducted the leavers' survey, we saw that the people who entered employment got into a broad range of occupations. Many of them got into construction, retail and wholesale. However, there was a chicken-and-egg situation because many of the employers in the areas were not prepared to give the long-term unemployed the work experience that they needed to demonstrate that they could develop the skills. Consequently, quite a lot of work was done with the community and voluntary providers. If an employer is not willing to provide work experience, it is hard for people to demonstrate that they could develop the skills to be a good



employee.

**Mrs McAuley:**

The other issue is about the demand side of the labour market; in other words, the number of jobs that are available in a particular area. Although we deal wholly in the supply side — in other words, trying to help people to access employment — there is the demand side of the labour market, which clearly impacts on how successful we could have been in particular areas.

**Mr Donaldson:**

Catherine made the point about the chicken-and-egg situation in that people did not get experience; therefore, they did not have the opportunity to show that they could develop the necessary skills. New Deal was obviously about getting placements for people so that they could gain some level of experience and then secure a longer-term post with that employer or, at least, have experience to put on their CV that other employers might find attractive. Are you suggesting that the Department found it difficult to get people placed in work experience settings in which they could gain skills that would be useful to them? Therefore, does that suggest that people were simply placed so that they were making use of New Deal, even if that was not the preferable placement for them?

**Mrs Bell:**

I was talking about the specific occupational skills. If an employer wants someone to work in construction or as an engineer, for instance, the person needs to develop skills in that occupational area specifically. New Deal was also about developing employability skills, which could be developed in a broad range of settings with a broad range of employers. If employers do not want to take on someone who has been on the unemployment register for five years or more, or even for 18 months, they will find a reason for not employing that person.

Patricia talked about the work of our employment liaison officers. They are working directly with employers to try to help them to understand that a person might be long-term unemployed, but that it does not mean that they are not employable; in fact, they are very employable, especially if they get support and help. That is the focus that we are now even more determined to promote.

I would not say that those people were not getting any skills. They were not getting specific

occupational skills in some of the areas, but they were getting broad employability skills.

**Mr Donaldson:**

The same survey identified, as stated in paragraph 3.44 of the report, that:

“47 per cent of employers, and particularly those in the private sector, would have had a vacancy to fill had they not participated in the programme.”

That is quite a high percentage. Does that suggest — and it follows from your answer — that some employers were simply using the New Deal scheme as an opportunity to get free or low-cost labour?

**Mrs Bell:**

I find that statement hard to understand. First, the programme was designed to help the long-term unemployed. Those people had been on the unemployment register, so why did an employer with a vacancy not take them? Secondly, the Employer Subsidy aspect of the programme was designed specifically to encourage an employer to take someone from the unemployment register. The employer subsidy was about £2 an hour, which was much less than the national minimum wage. Nonetheless, it was there to act as an encouragement. In some instances, it was not sufficient. The fact that we did not have as many people on the Employer Subsidy element as we would have liked shows that it was not a big enough incentive, and that is why we are reconsidering the subsidy.

**Mr Donaldson:**

I am not so sure that the survey says that they would have taken those specific individuals anyway. I think that the survey shows that they had a vacancy, but that rather than go to a job market to fill it, it is possible that they used New Deal as a source for getting someone for a short period of time without having to contribute very much, if anything, financially to that person's employment.

**Mrs Bell:**

I understand that perspective. However, the Department has considerable evidence that shows that the long-term unemployed have a lot of barriers to employment, and providers were looking for private-sector employers to take people on even for work experience, and even that was difficult. The subsidy was always there to try to act as an incentive to employers to take someone

off the long-term unemployment register. Our employer contact managers now focus on encouraging employers at least to consider people who are on the unemployment register, and the long-term unemployed.

In fact, that will be a major focus for the Department when the economy starts to recover, because we still have people who are long-term unemployed, yet we now also have people coming onto the unemployment register who have become unemployed just recently. Those two groups will be competing for the same jobs, and we need to invest in the long-term unemployed to give them at least an equal opportunity to compete for jobs.

**Mr Donaldson:**

Is the Steps to Work programme achieving that objective? Are the problems with New Deal 25+ being addressed, specifically those that affect the long-term unemployed? Will the Steps to Work programme in its current form deliver for those long-term unemployed, particularly when they are competing with people who have acquired the skills sets through previous employment?

**Mrs Bell:**

I would not say that there will never be problems with the Steps to Work programme, because I do not want to be back before the Committee in 12 months' time trying to defend the programme. However, the Department's evidence on focusing on the individual, and the research that we have done with providers and some of those who have gone through the Steps to Work programme, is giving us much more encouragement that the programme will address individual needs.

**Mrs McAuley:**

The Step Ahead initiative, which is a temporary employment programme that the Department introduced this month, aims to give six months' work experience to those who have been unemployed for at least 30 months. We are trying to ensure that those people are not pushed so far from the labour market by the recently unemployed that they do not get any skills or work experience.

**Mr Hilditch:**

You will be glad to hear that I will be the last member to ask a question. Had this been a football match, we would be in extra time now.

**Mrs Bell:**

I could not possibly comment.

**Mr Hilditch:**

In a sad indictment of the New Deal 25+ programme, the report notes that half of the consortia that were surveyed considered that participants were often placed with voluntary and community groups because private-sector employers would not take them. Was it likely that such placements would really help people into a job?

**Mrs Bell:**

The Department is extremely grateful to the voluntary and community sector, in which there will always be a need for work placements. You are right to say that private-sector employers would not take more people than they did, but I would not like to denigrate the role that the voluntary and community sector played in the New Deal 25+ programme, and continues to play in the Steps to Work programme. Furthermore, it does not matter whether an employer is in the public, private or voluntary sector; if it is a good employer, a person will develop employability skills that will remain with them. The difficulty in many cases is that the voluntary and community sector cannot employ them at the end of their training.

**Mr Hilditch:**

The voluntary and community sector is a new sector nowadays. To a layperson such as me, it appears that New Deal 25+ depended on that sector to a fair degree. Do you accept that an unfair burden was perhaps placed on employers in the community and voluntary sector?

**Mrs Bell:**

I do not think that it was a burden. Those employers took the participants voluntarily; if they did not want to take them, no one could have persuaded them otherwise. We should be extremely grateful to those employers for their participation in the programme.

**Mr Hilditch:**

Aside from being grateful to the community and voluntary sector employers, do you reckon that you gave them enough support?

**Mrs Bell:**

Yes, in the sense that the contractors who work with the voluntary and community sector are there to provide the support that they need. Contractors who are themselves community and voluntary sector providers get exactly the same support as we give any other provider, whether it is a further education college or an employer organisation. There is no difference in the support that they get, for example, after an inspection or to introduce the Steps to Work programme.

**Mr Hilditch:**

Paragraphs 3.45 and 3.46 of the Audit Office's report note the difficulties that many participants had in getting placements in their preferred business sectors. That indicates that not enough quality employers engaged with the programme, especially from the private sector. Do you wish to comment on that?

**Mrs Bell:**

That was one of the reasons for the introduction of an employers' strategy. We have a very small team of employer liaison officers who work directly with employers, not only, as Patricia said, to provide vacancies to the employment service but to take people off the unemployment register. That is why we give support to the employers if they are willing to take someone off the register, particularly someone who has suffered illness or has a disability.

**Mr Hilditch:**

Are you happy that the situation is far better now than it was under New Deal 25+?

**Mrs Bell:**

Yes, but it is incredibly challenging, because the jobs are not there and the employers are not willing to take people on work placements.

**Mr Hilditch:**

The employers' survey outlined at paragraph 3.49 and in appendix 5 of the Audit Office report notes deficiencies in the contact details that were provided to the Audit Office by the Department and by the consortia. Approximately 300 of the employers that were listed could not be contacted or were unaware of New Deal 25+ or their participation in it. Can you explain that?

**Mrs Bell:**

The report also states that the level of non-contact is consistent with that in other surveys. However, some of the employers may have gone out of business or participated in New Deal some time back. The employer survey was done at the end of the five-year period. We have now amended the Department's computer system so that we have the employer details ourselves. As I said earlier, the inspectorate, under its new framework, will examine the appropriateness of the employers.

**The Chairperson:**

You will be glad to hear that I have only one brief final question to ask. Have any interim evaluations of the new programme been carried out, and if so, how do they compare with New Deal 25+?

**Mrs Bell:**

There have been three part 1 inspections of the Steps to Work programme. It was a new programme, so the inspectorate agreed that it would inspect an organisation twice in the early years so that the programme would have an opportunity to bed down. Secondly, we have had an early evaluation, in that we have brought the providers together to tell us their views of the programme and let us know whether we have to change anything. In both cases, although there are still weaknesses, the inspections have proved to be positive in the three organisations. The work that we have done directly with the providers has resulted in positive responses to the Steps to Work programme in all cases.

**The Chairperson:**

OK; I appreciate that. You said that you will send us additional information, and we may also have more questions, which we may put to you in writing. You will be glad to hear that that concludes today's evidence session. There are important issues to be drawn from today's discussion, and in the face of the economic downturn, it is important that we get things right.

Thank you for your time today.