



Northern Ireland
Assembly

Committee for Employment and Learning

OFFICIAL REPORT (Hansard)

Steps 2 Success: Ministerial Briefing

14 November 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Basil McCrea (Chairperson)
Mr Thomas Buchanan (Deputy Chairperson)
Mr Jim Allister
Mr Sydney Anderson
Mr Phil Flanagan
Mr David Hilditch
Mr Chris Lyttle
Mr Pat Ramsey
Mr Alastair Ross

Witnesses:

Dr Stephen Farry	Minister for Employment and Learning
Mr Colum Boyle	Department for Employment and Learning
Mr Brendan McCann	Department for Employment and Learning

The Chairperson: We now have another session with the Minister. Colum Boyle and Brendan McCann will join him at the Table.

Dr Stephen Farry (The Minister for Employment and Learning): Thank you, Chair. This is largely an opportunity for us to update the Committee on the current position of the Steps 2 Success programme and for Committee members to ask further questions about its development. I appreciate that this has become an area of significant interest for the Committee.

I think that there was a concern that we were pressing on at a very rapid pace on this matter without taking views on board. I want to reassure you that that is not the case. In a moment, I will set out where we are with the timetable. There have been some changes in that regard, and there is still plenty of opportunity for views to be given.

We went out to consultation in early July. At that stage, we envisaged the procurement exercise being conducted during November and December, contracts being awarded in April 2013 and the programme going live in October 2013. The timeline has now changed. The key changes are that the Department is seeking to commence the procurement exercise in February 2013, with contracts being awarded at the end of July 2013 and the programme going live at the beginning of February 2014.

The primary reason for the revision of the timeline is simply because of the volume of responses received during the consultation exercise. More than 80 responses were received. We need to consider those fully so that we can build a programme that is responsive to the needs of participants,

reflects the wider priorities of the Executive, provides good value for money and, ultimately, is successful in helping people find and sustain employment.

You will appreciate that we were always going to have to create a new employment programme in Northern Ireland as a successor to Steps to Work. In that respect, this is a free-standing piece of work. Nevertheless, it is worth noting that the introduction date for universal credit in Northern Ireland has been announced by the Social Development Minister as April 2014. Obviously, there is a read-across between an employment programme and the social security system, most notably with the new universal credit system.

During the consultation, we received excellent feedback from a large range of stakeholders, including current delivery partners, organisations involved in the delivery of similar programmes in other jurisdictions and others. However, there are three areas that I want to address briefly this morning: the programme objectives, the key programme design features, and provider and delivery issues.

Indications are that we have got the programme objectives right, with the vast majority of respondents considering our objectives to be realistic and achievable. Some useful suggestions included the need to recognise the challenging economic climate and the continuing rise in unemployment, the need to include the employer's perspective and the need to recognise client progress, rather than focusing exclusively on sustained employment as an outcome. We will want to give full consideration to all the additional suggestions over the coming weeks.

Again, there was strong support for the proposals for the programme's key design features. The entry points to the programme will allow for earlier entry to provision than is available through Steps to Work. For example, older jobseekers — the 25-plus group — will get access to the programme six months earlier. Younger jobseekers — those in the 18- to 24-year-old group — will also have access to the youth employment scheme. We are also providing a longer period of support than is available under Steps to Work. Everyone will get a minimum of 12 months, and those considered as being harder to help or further from the labour market will get 18 months' support. For many of the harder-to-reach clients, that will be at least 12 months longer than they would have received through Steps to Work.

There was also strong support for the concept of provider flexibility. That will allow providers to develop and tailor innovative support solutions to address individuals' barriers to employment, without the need for participants to attend on a pre-prescribed number of hours or days. We are confident that that flexibility will see a significant rise in the numbers who actively participate, including those who are in receipt of employment and support allowance.

The third issue identified was provider and delivery issues. The consultation covered a number of those, such as the proposed contract area, funding arrangements and the supply chain arrangements. A number of different views were expressed on the contract area. It received a considerable degree of interest, and it is a complex area that we will want to give proper consideration to. Consultation responses were also mixed on our proposals to provide 40% of the funding upfront and 60% based on outcomes. We will also have to give further consideration to that. Finally, there was overwhelming support for our proposal for a code of conduct on supply chain management, which will protect smaller providers in the supply chain. Some respondents commented on the importance of the Department overseeing the arrangements effectively. There was also strong support for the proposal that bids should be assessed on the breadth and depth of their supply chain.

In summary, the consultation exercise has been very valuable to the Department. At times, people can be very cynical about these exercises. They feel that these are simply tick-box exercises, that our minds are made up in advance and that we are just going through the motions. I assure the Committee and the wider public that that is not the case at any stage, and it was certainly not the case with this consultation. I am very pleased that we undertook the consultation because it gave us a lot of invaluable feedback. We will give further consideration to the programme, and I anticipate a number of changes being made to the initial design model that we went out to public consultation on. That work is ongoing.

We are happy to come back to the Committee, and I think that we are scheduled to do so at the beginning of January to give a more formal read out on how we see this moving forward. For now, and as always, we are happy to receive questions and comments from members of the Committee.

The Chairperson: Thank you, Minister. Colleagues, we only have pages 76 and 77 of the papers. We do not have a copy of the statement that you have been reading from, Minister. Do you intend to make a statement to the Assembly?

Dr Farry: Yes, I imagine that we will want to make a statement on the final policy.

The Chairperson: In line with what we talked about earlier when we discussed employment legislation, the information that you have just given us in your oral presentation is very welcome. However, we want to start thinking about this and it would have been useful to have had that statement in advance. Perhaps we could have a copy.

Dr Farry: Sure. In large part, I was speaking from notes. We —

The Chairperson: It would be most impressive if you could convince me that you were reading from notes.

Dr Farry: We will give you a copy of the essence of what I said this morning and the key points raised. You will have that for your meeting next week.

The Chairperson: We understand that this is still in review and that you have things going on. That is fine. However, given the importance of the issue and the discussion that is ongoing, it would be useful if we had a heads-up. We would certainly be supportive.

You indicated that officials will come back to the Committee on 9 January. However, you may wish to make a statement to the House before that.

Dr Farry: I do not anticipate that being the case.

The Chairperson: You must have your Christmas holidays booked. *[Laughter.]*

Mr Flanagan: That's him off the Christmas card list.

Dr Farry: You will have first bite of the cherry in January.

The Chairperson: I am just trying to work out how we are going to do it. It is correct that this issue will concern all the House, particularly with its link to universal credit. However, it would be useful if we could have that statement. We will look at 9 January, and we can then perhaps have a motion or a ministerial statement to let people know what is going on.

Dr Farry: I think probably the best way of handling this is that, on 9 January, we will want to have a much more advanced discussion on where our thinking is at that stage. That will not be the formal announcement on the way forward, which, in turn, will be made in a statement to the Assembly. I stress that today will not be the last opportunity for the Committee to give its views on various aspects of the new programme before we finalise the policy and go out to procurement. You will have the opportunity to have a second bite of the cherry at the meeting on 9 January.

The Chairperson: I appreciate that. I will finish by saying that as well as doing innovative stuff with employment law, we might want to do innovative stuff on ministerial statements and on how we can make them useful. There are points that we will want to pull out. It is up to you what you say, but it would be helpful if we had an understanding of the issues. We could then try to bring forward certain issues through questioning.

Dr Farry: Given that there have been a number of sessions and you are familiar with some of the key themes, you will be in a slightly different position when the statement is made.

The Chairperson: You mentioned in this letter, and we are sensitive to it — I will tell you that when this discussion was originally asked for, in closed session and delayed, the reason why we wanted to bring it forward was that we were under the impression that you were going out to tender before Christmas. We thought that we would not have sufficient time. In your letter of 6 November, you stated:

"This plan is considered commercially sensitive and has not been communicated to any external party to date... respectfully request that it is not shared beyond the Committee."

What is the status of our discussions now? Where are you on those?

Dr Farry: Sure. We are keen to reassure the Committee that we are not moving at quicker pace than you thought and that we were not leaving you behind and not fully briefing members. We are here today to give that assurance, but you will appreciate that it is still very much a work in progress.

Like you and, I suspect, all the other members, I am very reluctant to have closed sessions on matters that are of public interest. I am happy to progress on the basis that today's session is in open session. On 9 January, again, we can do things in open session. However, I would request that if we delve into particular areas where there is a danger of compromising commercial matters, we highlight that. We will request that that question is parked, and maybe go into a closed session for part of the meeting.

The Chairperson: We understand that and we will give you that assurance. In terms of protocols, if there are substantive areas, perhaps there could be discussion with the vice-chair and me before the request is made. We will then understand and will recommend how colleagues should do it. We will work with you on that.

Dr Farry: Colum, do you want to give an indication of the types of issues that we need to put a bit of a firewall around?

The Chairperson: As we are under pressure for time, we understand the issues and we are just saying here is the protocol for how we will work it out.

Colleagues, I want to bring you in to ask questions. As the Minister outlined, bear in mind that the real substantive bit of this discussion will be on 9 January. This is really just an update on where are on the process that has been outlined. It is up to you, but we do not need the whole investigation at this time because we are getting a briefing.

Mr Flanagan: When we discussed this on 26 September, there was some talk about a business case that had not been completed. Has that been completed? If not, when will it be completed?

Mr Colum Boyle (Department for Employment and Learning): The business case is under way. Brendan, what are the latest timings?

Mr Brendan McCann (Department for Employment and Learning): The business case is under way. We hope to have it finished by the end of December or early January. That will fit in quite neatly with the next meeting with the Committee. Obviously, we will want to have some more certainty about the design features so that we can cost our options, and so on, a little more assuredly. We hope to have the business case and outline by the end of December or early January.

Mr Flanagan: Are there any indications of how much the changes will save the Department?

Mr B McCann: We are still talking about spending the budget that has been allocated in the comprehensive spending review. The programme is not designed to save money for the Department; it is to try to increase the effectiveness of the intervention in getting people into work.

Mr Flanagan: We will perhaps discuss that on 9 January.

Dr Farry: Are you suggesting, Phil, that we have cuts in our provision?

Mr Flanagan: I will be honest, Minister. I am concerned that this is, effectively, the privatisation of a very important scheme by giving it to three large private contractors and farming out the management responsibility away from the Department to those three large contractors, who will then subcontract it. We saw at the start of the week the number of subcontractors that were in here from Patton that were affected by subcontracting, and how it is badly managed. If that were to be the case, I would like to see what protections your Department would put in place.

Dr Farry: It is useful to tease that out, to a certain extent. I reiterate what Brendan said: this is not an issue of us trying to find savings in what we do with work programmes and employment programmes. It is about seeking to have a more effective means of getting people into sustained employment. At present, we have our Steps to Work programme. It is effective in getting people into employment. However, we are still talking in the mid to high 20s in sustained employment outcomes. We need to improve our performance in that regard. Looking at all the regions across the UK — I appreciate that you are coming from a slightly different perspective on this — our performance is very much at the lower end of that spectrum. We, as a region, are not doing as well we could in getting people into employment. Fundamentally, it has to be about helping people to move from unemployment into sustained employment.

Mr Flanagan: Are you saying that the poor performance is a result of the training and how it is being delivered, or is there any chance that it is a result of the background or the type of people who are taking part in the Steps to Work programme?

Dr Farry: There is a range of factors. Some will be about the nature of the programme, and some will be a reflection of the area that we are dealing with and the particular socio-economic context. It will be a similar pattern to what you see elsewhere in the UK. That said, a good employment programme can raise performance even in very challenging circumstances. In no way, shape or form should we say that Northern Ireland is a more difficult and challenging area and that, therefore, we should accept a lower level of performance.

Steps to Work is already managed through private sector organisations through contracting. In that sense, there is no major shift in the principle of how that type of programme is delivered. However, I stress that we do not hand that over to the private sector. There is a very strong management in place. In GB, with the work programmes — and I stress that we are not seeking to replicate what happens there at all — they have a very clear black-box approach, which is essentially handing over the client to the provider and it is out of sight, out of mind until they come out the other side. That is not what we are going to have in Northern Ireland. That would not work; it is not appropriate to our circumstances. We will have very rigorous supervision of all the contracts. I will bring in Colum at this stage to —

The Chairperson: I tell you what —

Dr Farry: It is an important point, Chair.

The Chairperson: We have other sessions, Minister. I said at the start that I am more than happy for Colum to say his piece, but I have other colleagues to bring in. This is not the time for the debate; that is for 9 January.

Mr Flanagan: In my defence, I was going to let it go, but the Minister took it.

Dr Farry: That is OK.

Mr C Boyle: It is a very straightforward point. We have demonstrated really robust contract management with the Steps to Work providers, many of which perform extremely well. For those that have not performed well and have been given every opportunity to improve, we have dealt with those performance issues. On occasions, we have not extended those contracts, and we have changed those contractors. We will bring the same level of robust contract management to whatever programme replaces — whatever shape it is — Steps to Work. The same methodology will apply.

The Chairperson: I have got the point. We will look at it, because the Minister highlighted it earlier. The management of contractors and subcontractors is not something that, in the totality of government, we do well. You, Colum, may be a leading advocate of it, but we will want to look at that. We are going to come back and do whatever.

Mr Flanagan: Chair, this is a slightly different issue, but it is very topical and it cannot wait until 9 January. The last paragraph of the Minister's letter to the Committee states:

"The overriding principle of helping people to move from benefits into work remains at the core of the Steps 2 Success programme".

I have been contacted by a number of people and businesses. There are a number of temporary seasonal employment opportunities in the likes of supermarkets and toy stores that people would like to take up. Businesses cannot get people into them; it is all down to the fact that if people come off benefits for a temporary employment position, they have to wait for months to get back on to benefits. That is a serious problem. It needs to be sorted out, particularly around this time of the year. I do not necessarily need a response, but it is something that needs sorted. I wanted to put it on your agenda.

Dr Farry: Yes.

Mr C Boyle: Some of the youth employment schemes can cover some of that. There are two- to eight-week work experience placements, where people are still on benefit. That can cover that. Also, in the longer term, six- to nine-month development placements can cover that. Hopefully, some of that will lead to real jobs that will last well beyond any Christmas period.

The Chairperson: The Committee will write to you about the point that was raised by Phil, and you can come back at that point. Would that be OK?

Dr Farry: Yes.

Mr P Ramsey: Minister, you were quite right to point that there was fairly good — you used the word "excellent" — feedback during the consultation from quite a number of those who made a response. Can you outline the more serious concerns of the respondents who were negative towards certain areas of the project?

Dr Farry: One of the main concerns that is coming across is about learning the lessons from what has happened in GB. We accept that there are flaws in GB, so we have the opportunity to do something that is suitable for Northern Ireland and to learn the positive lessons and avoid the negative lessons of what is happening elsewhere. There are concerns around how well these types of programmes can work in the current economic climate. That is something that we are conscious of. That then feeds into the funding model. We have to give active consideration to pitching it at the right level and making sure that contracts are viable for those that bid for them. We also have to ensure that people have the ability to deliver and follow through on those. Anything else, Colum?

Mr C Boyle: We did not perceive it as people being negative about it. It was more —

Mr P Ramsey: Maybe not negative, but they had concerns. For example, we do recall the meeting in the Titanic Quarter where I certainly raised a number of concerns. Phil has mentioned one of them: the three contractors. The point that I make again to the Minister is that there are regional and subregional differences. There is a need to have different programmes that are aimed at different areas. The constituency that I represent has such a low base in manufacturing and construction, so a different programme is going to be required than the one that is required in north Belfast, for example. I have to follow this through, Chair. We have the One Plan in the city. An interdepartmental group is looking at that. It has identified specific needs of training for the area. What recognition has been given to the work that is done at a subregional level to provide a bespoke service for each region's training programmes?

Mr C Boyle: There is a pick-up on a number of issues. Contract area is one of them. A number of respondents asked how that would work in practice. It picks up on the point that you made about how the local thing would apply. That has not fallen on deaf ears. We are listening, and we are having a serious look at that. As for whether we have moved anywhere with it yet, we are still genuinely considering that. As the Minister said earlier, this is not a sham consultation. We are genuinely embracing it, and we are working our way through that.

People raised concerns about the funding issue. The prime focus on employment outcomes was another. Premium parking was another factor that came out of the funding arrangement. There was also a wee bit of concern about dealing with the hardest to help; the clients with really severe health and disability issues, or other factors — if they were going on to the programme and they had no realistic prospects of coming out the other side of the 18 months, irrespective of being an early referral, would they be helped by the programme? I think that that is back to what happens when they come off the Atos work capability assessment and come on to our front line, where we carry out the assessments that we need to carry out. We have been doing those assessments, through our pathways advisers, extremely well for a long time.

Mr P Ramsey: Finally — this might be easy to answer — are the formal responses to the consultation available online? Can the Committee get access to those before the next meeting?

Mr B McCann: We have well over 80 responses in two lever-arch files. There would be no objection, I am sure. We asked the individuals whether they were willing to share their responses, and I think that the overwhelming majority said yes. So I do not think that there would be a problem with sharing those. They are not available online, but we could make them available to the Committee if that would be helpful.

Mr P Ramsey: That is fine. Thanks.

Dr Farry: Plus, we will do a formal summary of the responses to the consultation.

Mr Lyttle: Thank you for your update on the programme. I am fairly angry — this has absolutely nothing to do with the fact that you, Minister, are my party colleague — about the lack of attention that a lot of MLAs have given to the youth employment scheme (YES), as evidenced today by the fact that information is not quite getting out there. I am most angry because there are people who could massively benefit from accessing the scheme, including businesses that we are trying to recruit. Minister or officials, will you briefly outline what investment has been made in the scheme and the three strands available to young people?

Mr C Boyle: There has been a £31 million investment in YES. The first element is a work experience taster lasting two to eight weeks. That is for young people on benefits, and it allows them immediately to take advantage of work experience opportunities. The middle option runs for between six and nine months; there is a development programme attached to that. Young people on that option get paid a training allowance, which means that they are not on benefit during that period. The third one is the employer subsidy. Employers are paid a subsidy of £5,000, plus a £750 top-up for looking after any development issues.

Mr Lyttle: Is that for a 52-week paid placement?

Mr C Boyle: Yes. The idea is that after they get the subsidy, employers will hopefully go beyond that, because of their investment in an employee's learning and development, and so on.

Dr Farry: There is also a new strand that is part of the package that was announced last week. We will come to that briefly in our next mini-session.

Mr Lyttle: I am grateful for that. Obviously, the youth employment scheme is a vital link in the employment service and the employment programme offering. I think that it is a bit frustrating that the Assembly has got in the way of getting that information out there rather than helping to get it out there. I am grateful for that update.

Mr C Boyle: We are promoting that right across our regional network, as well. We are hammering on employers' doors every day of the week. Each time an eligible individual comes in to our office, we promote the scheme very heavily. It is voluntary.

Mr P Ramsey: MLAs are promoting it as well.

The Chairperson: In defence of the Assembly and the Committee, this was the launch at Titanic Belfast. The Committee, in an effort to make sure that it was fully informed, went down to the centre. We rearranged our meeting so that we were at it. So we were fully supportive of that and very keen to get the message out.

Mr Lyttle: Chair, can I come back on that briefly? To be honest, I was willing to leave it at that. A motion calling for a targeted youth employment initiative was brought to the Floor of the Assembly after you attended that launch. So that where is my reference came from about misleading rather than helping to inform the wider public about the scheme. Thanks for that opportunity.

The Chairperson: All I am saying to you, Chris, is that I specially asked the Committee whether it would mind moving the date of its meeting so that we could go down. We went to that and were fully

informed. Not only did we take on board what was said at that briefing but we then had the people who came in after that. We had a good discussion with Colum and his team about why we are going forward on a whole range of things. So the Committee is doing its level best.

Mr Lyttle: Why did you speak in support of a motion calling for a youth employment scheme, then?

The Chairperson: A whole range of things can be put out there. You have identified that, perhaps, the message is not getting across. I am deeply concerned about youth unemployment. I am not sure that we are actually at the races on that. As far as the Committee is concerned, it was there, and we are interested to hear what is going on. That is why we are trying to structure the engagement with the Minister. I will leave it at that.

Mr Buchanan: Steps 2 Success is going out to three main contractors. If a legal challenge is launched, will that put the commencement further back again? If so, what are the implications?

Dr Farry: That is very defeatist, Tom. In any procurement exercise, that is an ongoing risk in Northern Ireland, and, at times, we seem to be slightly more litigious than others. In the event that that happens, we will have to deal with it. It depends on exactly what the courts require us to do in relation to suspending or delaying whatever we are doing.

Mr C Boyle: We need to build a procurement strategy that takes the timing into account, and we will certainly do that. The other interesting point is that although we are not being driven here by universal credit, they have a dependency on us and are looking to this programme, particularly for the hardest to help, who will be subject to conditionality under universal credit. They will be looking at this programme to actually help those people. Steps to Work cannot do that other than on a voluntary basis, but people with health conditions would be mandated under this programme, and the programme needs to be responsive to that. If it is not responsive to that, the parity situation that relates to universal credit could be in jeopardy.

The Chairperson: Does anybody else want to say anything? Thank you very much.