



Northern Ireland  
Assembly

Committee for Employment and Learning

# OFFICIAL REPORT (Hansard)

Economic Inactivity Strategic Framework:  
DEL Briefing

11 December 2013



published focuses on what we might do or how we might organise ourselves to help those groups to return to work.

The key point about economic inactivity is that it is not cyclical or sensitive to economic cycles. The crisis of 2008 did not impact on economic inactivity at all, either to increase or decrease it. The danger is that, when we come out of the current difficult economic conditions, we will still not see any improvement in the rate of economic inactivity unless we produce additional interventions.

There are economic and social arguments for intervention. Economically, we need to think about rebalancing the dependency ratio. Figure 2.1 on page 33 of the document tries to illustrate what we are talking about. The dependency ratio is the ratio of those who are working to those who are not and who are dependent on pensions, welfare and so forth. The diagram tries to illustrate that a person's level of dependency can change within their life cycle. When you are young and at school you are not working, and so you are dependent; when you are old and retired and receiving your pension, you are also dependent. However, when you are in the working-age range of 16- to 64-year-olds, you are less dependent and are contributing. It is your taxes that pay for the services that everybody else uses. You also use those services when you are working. The health service and the roads service, for example are all paid for from taxation. We want to move from the current scenario in which we have a certain level of dependency and up the dotted line on the diagram — the aspirational scenario — and reduce dependency in the working-age range. There is an economic argument.

I want to highlight a couple of the many social arguments in the strategy.

Paragraph 2.9 points up research that suggests that mental health problems among 5- to 15-year-olds in workless households are double those of children in the same age group whose parents are in low-skilled work. Economic inactivity is not just about being out of work and not earning; it also affects people's health and well-being. Paragraph 2.10 highlights the concentration of economic inactivity in particular locations, which also has a community impact. There are social and economic arguments for addressing the issue.

Another feature of the document is that a great deal of work is being done. There is a lot of work as far as the policy context is concerned in the Northern Ireland economic strategy and in Delivering Social Change, which look at the economy and society. What we are trying to do with the strategy is link the two, make the connections between them and help people to help themselves socially and economically.

What are the big, headline issues in the document that we need to think about? The first is probably strategic management and coordination. As this work cuts across the work of many Departments and agencies, we need to put in place a strategic management or coordination body that will have the authority to take decisions and work on this problem for the long term — not deal with it on the basis of a three-year plan or a five-year plan, but over 10 years — and the authority to require Departments to behave in a particular way and do particular things. The document refers to the creation of a "taskforce". It does not have to be a task force — we can call it whatever we want — but it has to have the authority to make decisions and make things happen.

We also need to gather more data — much more data — to help the oversight body to take control. In the document you will see a reference to further work on mapping the provision that exists for people. We want to do work on labour mobility, and we need to understand the current baseline position a bit better. We need to do a lot of work on research and data gathering to help us not only to know where we are but to enable us to measure any progress that we make.

As to the actions that we might take, the framework has four key themes, which are recorded on page 47. They are as follows: increasing engagement and support; increasing opportunities; addressing wider barriers; and breaking the cycle. There is a section on each of them in the document. The format for each theme in the document is simple: it starts off with what exists in the area; it details what we might think about doing; and it gives a summary of proposals at the end.

I want to look at each of the themes in turn. As far as increasing engagement and support is concerned, the key message is that there is a lot of provision that is delivered by the Department for Employment and Learning, the Department for Social Development and a whole range of agencies. That work is successful up to a point in what it tries to do; however, the data shows that none of the work, either individually or collectively, has really cracked the problem. That 27% has not moved at all over a number of years. We propose a new way of looking at this, and we are thinking about an

approach that will competitively test-pilot ideas. Our approach comes from work done by the National Endowment for Science Technology and the Arts (NESTA), which is a charitable body that looks at and analyses government policy and other work.

It says that the problems that we have with the way we have worked before are the large, centrally designed programmes in which government people like me sit in a room somewhere, think something up and implement it on a large scale. There is huge political capital resting on that, so it must succeed. It is never given time to bed down or to show what it can deliver, and the policy thinking moves on before you can gather the evidence to prove whether the thing worked or not. There is never really an effective evaluation of whether it did or did not work. We want to get away from that approach, because it does not deliver.

We think that we should put out a call for ideas so that people and organisations, in and outside government, could put forward ideas that we could test through pilot exercises. The principles that we would apply when considering supporting such an approach would be that the test should prove its effectiveness, should be efficient — in other words, it should be value for money — and it should be scalable, which means that, if it works on a small scale, we want to see things that we can replicate on a larger scale to deliver larger results. For example, some of our current programmes work on a small scale, but when you scale them up you run into problems with efficiency and effectiveness. Annex E includes examples of work that has been done internationally that might provoke thinking among people about what they might propose if, after consultation, that approach is accepted. That is increasing engagement support.

The next section is about increasing opportunity. That is more about the demand side of the equation and is focused on what we can do to encourage employers to employ from inactive groups. We know that employer subsidies work. We have employer subsidies in the Steps to Work programme and the youth employment scheme. We need to think about how we can incentivise employers to give other excluded groups an opportunity and what other support we might give employers to help them, once they have recruited those people, to keep them in work so that they stay there for the longer term. That is more about creating a demand for that particular type of individual.

The third key theme is addressing the wider barriers. You will see from the document that there are eight strategies listed that already exist as well as other, smaller-scale, initiatives trying to do that type of thing. It is about changing attitudes and people's thinking about some of the target group. We propose two initiatives to highlight and reward positive practices in the workplace to help older workers and individuals with mental health issues, because we think, or research suggests, that, not to put too fine a point on it, those groups are particularly disadvantaged when looking for work. I would not like to go so far as to say that there is actual overt discrimination, but older people and those with mental health issues find it harder to get jobs.

The document points to work by the Equality Commission that looked at attitudes to people in the various section-75 groups. Unfortunately, it showed that attitudes to people with mental health problems had actually hardened between 2008 and 2011, while, at the same time, attitudes to all the other groups were improving and becoming more positive. It is about changing mindsets and people's thinking about people who are older and people who have mental health problems. That will be a long-term initiative. It is like the campaign to improve road safety: you work at it over a long period to change the thinking slowly and gradually.

The last area of interest is breaking the cycle so that we stop people coming into worklessness in the first place. The big thinking here is how Departments and organisations are structured to address that problem. At the moment, DEL, DSD, the Department of Health, and the Department of Enterprise, Trade and Investment (DETI), through the Health and Safety Executive, each has an interest. However, there is no co-ordinated approach as in other jurisdictions. We need to sit down with experts in the field and think about how we structure it so that we offer people who are out of work due to ill health or disability a clear, consistent and effective route back to work and offer a service to employers that will mean that, when people become ill in the workplace, they do not fall out of their job. They must get help quickly to keep them at work rather than allow them to fall out. That is the big thinking on that.

What I should also say is that, in the Together: Building a United Community strategy, a lot of work is being done on the breaking the cycle theme, particularly with young people and people who are regarded as NEETs. That is not the whole story on breaking the cycle; work is going on elsewhere that will contribute to it. However, the big-ticket item that we are thinking about is something that

addresses health issues in particular, and that should be considered. All the work and all the thinking in here is backed up by evidence from around the world on what works, which is detailed in annex H.

In January, we will formally launch a 12-week public consultation exercise and will hold consultation events at various places around the country to which Committee members will be invited. We will also target organisations for their views. I suspect that the Committee will want to take evidence from people other than those in the Department before it comes up with a firm response on how it views the proposal or the proposed approach that we have set out. None of this is set in stone, and none of what it is in the paper will necessarily be done. We want to hear what people genuinely think about it: whether they think that it is the right direction of travel; whether there are things that we have missed; and whether there are other approaches that we might adopt.

One thing is absolutely clear: we will not address the problem unless we have buy-in politically, in the community, socially and interdepartmentally. If we do not get that buy-in, in 10 years' time we will be where we are now. Ten years ago, the Executive put together a task force on employability and long-term unemployment, which did good sound work. It introduced new measures that started off with much enthusiasm but which, over time, ran into the sand because they were not driven to their proper conclusion. We need to avoid a repeat of that if we are to make this work. People have to be signed up and content that we are trying to do the right things. If we trial things that do not work, we can stop them and start other interventions that perhaps will work. This is an approach, a framework and a potential way forward, and we want to hear views on it. I am glad that I could talk about it today, because for a long time I could not do so.

**The Chairperson:** We are glad that you got that through, Jim. Thank you very much. One of the things that you keep mentioning is the interdepartmental aspect and the interdepartmental buy-in. One of the reasons why it took us so long to get to this stage was the delay in getting the four Departments to sign off on it. Are you now confident that you have commitment from the four Departments, or is it simply to be at the signing-off stage?

**Mr Russell:** We need to do more work on making sure that we keep the buy-in and that it is there for delivery. We have had good input and support from the Departments to get to this stage. However, it is only a document; what is important is what we deliver in the long run. That is why we need a new oversight body with the authority to require people to do certain things.

**The Chairperson:** An oversight body over four Departments with authority. Where do you see the authority lying? Who does it come from? What does it have the authority to do?

**Mr Russell:** I am not trying to pre-empt the consultation, but, going back to breaking a cycle, I think that we need a new organisation comprised of bits of the four Departments that I mentioned to deal specifically with health and work. That organisation would belong to a particular Department. Which Department that should be is a matter for discussion and debate, but we need an organisation that has a specific remit to deal with health and work, whether health in the workplace or the health of people who are out of work, with the focus on occupational health and helping people who are ill to move back to work if and when they can.

**The Chairperson:** Is that straying into welfare reform?

**Mr Russell:** We have had changes in the welfare system since 1984. Jobseeker's allowance came in in 1996, and other reforms have happened since. None of it has nailed the economic inactivity rate in Northern Ireland; none of it has made a difference. If you wanted me to pick the bits that I think might help with that from the existing welfare reform proposals, universal credit would be one, because the theory behind universal credit is that it is supposed to make work pay. The most important thing for anyone moving to work is — does it pay me? If it does not, why would I do it, and why would we expect people to do it? Work must pay, and if universal credit can help to make work pay, that is a good thing; however, of itself it will not solve the problem. Much of what we have talked about here and what we are trying to achieve with this will hopefully have a bigger impact on addressing the issue than anything that we have done before.

**The Chairperson:** Finally, under your four headings are new initiatives; new pilot projects; new support and incentives for employers to hire inactive individuals; new measures designed to help specific groups to overcome disadvantage; and greater integration of health and work outcomes. Are there strategies and protocols already in the Department that are failing or have to go if those new ones are necessary?

**Mr Russell:** Part of what we need is a thorough audit of what already exists, not just in DEL but in other Departments, because there are a lot of things going on. What we find is that when we go out with our schemes and initiatives and implement them in an area we bump into other organisations in other Departments that are competing for the same people and trying to do the same things. That cannot be good. It is not efficient, never mind effective. We need to understand where we are and what is out there. What is the landscape? Are those things appropriate? Would the resource be better spent in another way? What way would that be?

Another thing in the document that I think we should focus on is helping people to navigate the support that is already there so that they get what is appropriate for them. There is nothing worse than people being put through the same programme two or three times. If it did not work the first time, why would you expect it to work the second time? There may be something else out there that may be more appropriate for that individual in those circumstances, and maybe it would be better if we directed them to that. It may not even be a DEL programme; it could be a DSD programme or a Health programme. Understanding what is there, navigating that and recording what people have done, to see what the outcomes were for them, will also be important.

In annex H to the framework, there is a reference to an initiative called Glasgow Works. There is a lot of good work in that that I think would be worth having a detailed look at. It is certainly something that I intend to look at in more detail. It managed to reduce the economic inactivity rate in Glasgow from 19% to 12% over a number of years. A lot of good lessons and good work came out of that initiative that we could perhaps pick up on and try here. However, again, that is just me thinking. The whole purpose of public consultation is to hear what other people think of some of the stuff that is out there and whether they think it would work — and work where they are. Just because it works in Glasgow does not mean that it will work in Belfast, Derry or wherever.

**Mr Flanagan:** Jim, thanks for the presentation. Can I ask you to tell me, in about a minute, what you propose to do?

**Mr Russell:** We propose to consult on the thoughts and ideas in this document. When we have received the views of whoever wants to put a view in, we will consider those and report them to Ministers. From that, we will draw up an action plan for implementation.

**Mr Flanagan:** You spoke about the difficulty of getting buy-in from other Departments. Has there been any reason why there has been a problem getting buy-in?

**Mr Russell:** It is a question of priority for other Departments. For example, if you were in the Department of Health, this would probably be of a lower priority than primary care or the other issues that they have to deal with. It is not that it is not important, but it is not high on the agenda.

Those in DETI are thinking big about the economy. In support of that, we need to think about skills development and employment services to help the economy grow. It is all important. None of the work that other Departments are doing is unimportant; it all contributes. It is about how we focus specifically and in detail on particular issues that this work has thrown up.

As I said, the baseline study threw up the two groups that we want to target — those who are not working due to ill health or disability, and those with family commitments, particularly lone parents. What we do for those two groups might be different. However, when we dig into it — I think that the document digs into it in a bit more detail — and break it out, you find that there are issues that are not just about health but attitudes to older people.

There are issues in here about skills. The economically inactive tend to be people who have low skills or no skills. On the face of it, it might look like, "I am not working because I am ill", but there could be a whole lot of reasons why I got to where I am now. I could have found it difficult to find a job because I had no skills or did not have the right skills that employers were looking for and, over time, as I lose heart and motivation, my health deteriorates. I have a health condition now, and I am thinking, "That is why I cannot work", whereas when I lost my job the situation was different. There are dynamics at work here, as well. That is why we want to do the research on labour mobility, and that is what Rory is doing today. We need to establish how people find themselves in the situations they are in and what complex issues we need to address to try to move them back again.

**Mr Flanagan:** Jim, I do not understand how that is relevant to other Departments not buying into the strategy.

**Mr Russell:** Well, they have bought into and signed off on this document. As I said to the Chair earlier, as we move forward we will see whether we still have the commitment to the actions that will flow from it.

**Mr Flanagan:** What, according to you or the Department, is the biggest issue that is stopping economically inactive people moving into employment?

**Mr Russell:** I think that if there was one single issue — one answer to this — someone would have found it by now. I do not think that there is a single issue.

**Mr Flanagan:** What about the biggest one?

**Mr Russell:** If you look at the basic numbers, the biggest one is health and disability. That is the biggest one from the data that you see here. However, as I said, when you break it down and start to look at it in an increasing level of detail, you find that there are all sorts of issues in and around it that have an impact on it. It is not just about the attitude or the beliefs of individuals who are out of work. It is also about the attitudes and beliefs of employers. When you start to dig into it in more depth, there are two sides to this.

**Mr Flanagan:** What about the fact that there are very few jobs out there? Has the Department factored that in at all? I have seen a document that your Department has given the Committee that says that the single biggest issue facing people moving into employment is self-confidence. That is not the biggest issue at all. The biggest issue is a lack of jobs.

**Mr Russell:** There is always turnover in the market. There is always turnover in unemployment and the people who are unemployed. The reason why I go back to the point about labour market mobility and the dynamics of this is that the 318,000 people who are economically inactive in Northern Ireland are not the same 318,000 that we had a year or 18 months ago, and they will not be the same 318,000 next year or the year after. There is movement in and out all the time. It is about understanding that movement and the dynamics. That will help us to better decide how we intervene to ensure that we move people into work as quickly as we can and do not leave them trapped there for long periods of time.

**Mr F McCann:** I will try to be brief. Jim, thanks for the presentation. I have to say that, throughout the presentation, you touched on a number of matters that usually fall outside of what you hear from departmental officials. It is about how you pull that together.

There are a couple of things. First of all, on the consultation, although I think you need to do a lot of consultation, I have not been a big fan. It is about the process, because usually when people get a consultation document, they are directed to a number of preset questions. What we need to do is to ask people what the problems are and how they believe they should address them. It also needs to be kept short, or it puts off the type of people who we want to answer it. That is crucial.

I do not disagree that trying to get a number of Departments to work together on this will be difficult. I remember when neighbourhood renewal was created. I believe that it was a great programme, but it was let down because of a lack of buy-in from other Departments. Therein lay the problem. DSD had the lead, and the rest of the Departments paid lip service to the thing. Unless you can crack that, it is going nowhere. That is also crucial.

I agree with Phil. I understand what you are saying: that it is not always the same 300,000-odd people. But that, in itself, is a problem, because it is saying that you are not advancing the creation of employment in any way. There was an announcement yesterday of 180 jobs in Derry, but, to match that, we will maybe lose 180 jobs elsewhere. It is about trying to crack the nut that allows you to start to effectively deal with the unemployment that is there. I have to say again that a big lot of the unemployment — you said that in 1984 it was 28%, and that today it is 27.4%. If you look at it, you see that the areas that were affected in 1984 are the same areas that are affected today. So, it has not worked, whatever it is. What you need is something to allow you to deal with that.

I also agree with you that Glasgow Works offers an opportunity. A lot of it was to do with health, but it is trying to branch out. It offers a coordinated approach to the creation of employment and trying to deal with some of the long-term problems that exist. We could probably talk all day about it, but it is about how we shape something that allows all that to work. I know that it is not an easy task, and I know that there needs to be a different culture within Departments to make them deal with some of the stuff that is going on.

**Mr Russell:** Absolutely.

**The Chairperson:** Jim, do you want to come back there?

**Mr Russell:** The important thing here is that there is a will to make this happen. Glasgow Works is a great scheme. For a Glasgow Works initiative to work here, Ministers, the Executive, the Assembly — everybody — has to want to make it work, has to be determined to make it work and has to be committed to it. You are right that it is crucial.

**Mr F McCann:** To go back to the point that you made, Chair, it is where this rests that will decide whether it will work or not. There are too many irons in the fire, and it will fall somewhere along the line, unless there is a commitment, whether it is done with the First Minister and deputy First Minister or whether it is done by the Executive. You mentioned similar schemes 10 years ago. We will be sitting here in 10 years' time — if we are lucky enough to get elected again — discussing the same thing, unless there is a change in mindset.

**Mr Russell:** There has to be a drive to make this work. There is enough material out there, there is enough research and there is enough evidence from around the world that shows that there are things here that can make a difference. We have to want to make them happen.

**Mr P Ramsey:** Good morning, Jim. You are very welcome. I have a number of questions. You talked about some of the marginalised groups, such as those with childcare and family responsibilities. Those in our community who have learning difficulties are four times less likely to secure work than anyone else. What is your thinking on that?

**Mr Russell:** In respect of people with learning difficulties, we need to recognise that there will always be people who, unfortunately, because of their circumstances, may not be able to work in full-time or even part-time employment in the way that we think.

**Mr P Ramsey:** Sorry, I have to challenge that. Why would they not be able to work full-time because they have a learning disability?

**Mr Russell:** It would depend on what they are able to do.

**Mr P Ramsey:** You cannot make that judgement call.

**Mr Russell:** I am not making the judgement call. What I am saying is that, in the Disability Employment Service, occupational psychology services (OPS) will assess people's capability and functionality, and we have schemes that will support people in work.

**Mr P Ramsey:** There is this negative attitude towards one of the most vulnerable groups. That is why this Committee is looking at an inquiry into the post-16 or 18 lottery. It is because of those issues that departmental officials are not taking them seriously. This is a very real issue facing many parents in the community. They feel that their sons and daughters are abandoned when they get to a certain stage. That epitomises the answers that I am getting here today, but I am moving on because I am not satisfied with your responses.

You made specific reference to — you did not use the terminology, but I will use it — regional variances, specific locations where there is a higher level of economic inactivity. In my constituency, there is a much higher level of economic inactivity. What are you telling the people in my community, who are part of those 300,000 people that you spoke about who have not just been on last year or the year before; they have been historically economically inactive because of the unavailability of work. How are you going to give hope to those people for the future?

**Mr Russell:** We have started a process of taking views on what might work and what we might do. As I said earlier, once we have completed that process, we will put together a plan — a strategy — and we will bring that back to Ministers and to the Committee to see what people think of it.

**Mr P Ramsey:** Do you not respect some opinions that might say that the mere fact that the Departments have got together — and I have to commend them for that — to look holistically, including educational attainment, where the Department of Education clearly has a role as well, to ensure that, when people become available for work, they have achievement levels that enable them to progress? You talked about making a difference. Given all of that, how much money has the Department set aside to fund the projects, the pilot programmes or the programmes coming out of this exercise?

**Mr Russell:** There is no budget at the moment for any of this. That will come when we know what it is we are actually going to do.

**Mr P Ramsey:** So, you have no indicative plans or projects in mind to target those specific areas that you have repeatedly stated as priorities. There is nothing indicative against those and the targeting of those.

**Mr Russell:** No, but that is not the approach. As I said, the approach is not of the Department coming along with, "Here is the answer". The approach is giving people, communities and organisations the opportunity to come to us and bid to us with their ideas that we could test.

**Mr P Ramsey:** Are you saying that you do not know, and that you are asking people where they should be going? If you were saying that in good faith, I would respect and accept that, but I do not think that that is the case. I take Fra's point. A lot of these consultations are just academic processes that enable the Department, or any Department, to progress. I am not sensing from you the dynamism that is required to deliver what you are telling us about today. You are not telling us what the projects are. You talk about pilot projects. What do you mean by pilot projects, for example?

**Mr Russell:** They are tests. You bring an initiative and trial it, and we see if the initiative works. We have talked before about what the approach is. It is testing new approaches. With any proposal, there are three basic principles: is it effective, is it efficient, and is it scalable?

**Mr P Ramsey:** The only example that you have given on the record today is, "We are looking at a Glasgow model, and I might even get a wee nosy over and see what is happening over in Glasgow".

**Mr Russell:** We are not looking at a Glasgow model. That is an example. Annex H has large numbers of examples of work that has been done across the world on the whole range of issues that we have talked about here that may or may not work. Because it works somewhere does not mean that it works here.

**Mr P Ramsey:** I accept that. It is similar to employment training programmes. I had this conversation last week with Colum, and I repeatedly said that there are regional disparities in these. I have spoken to and questioned the Minister of Enterprise, Trade and Investment and the Minister for Employment and Learning, and I was given the commitment that specific projects would be aimed where there are these regional variances. So, can you tell me, in good faith, that projects or programmes will be aimed at addressing the higher levels of economic inactivity in the north-west?

**Mr Russell:** First of all, this is the agreed approach. You are saying to me that the consultation does not mean anything —

**Mr P Ramsey:** I did not say that.

**Mr Russell:** If, when we do this consultation exercise, people come back and roundly trash what we have done, we will go back to the start. You talk about commitment and dynamism. I can tell you that departmental officials and staff on the ground work really, really hard to try to make things happen. We need everybody wrapped around this. We need commitment: political commitment, community commitment, public and private sector commitment and voluntary and community sector commitment. We need everybody weighing in behind this. I am content that what we are proposing to do and how we proposing to tackle this is the right thing to do. We have to have that commitment, but not for three or four years. It is a 10-year-plus effort to turn this around. That is what we need. I am sorry, but I am

not going to come along here and say, "Here are a half a dozen pilot projects that we will try and see". I could do that. I could easily have done that. It is not the way to make this work.

**Mr P Ramsey:** You will accept that, if you want to target the most marginalised, it will be necessary to have a more enforced programme in those areas. Whether it is those with mental health issues or those with learning difficulties, you will have to focus on that.

The Chair made a point earlier on welfare reform. One can imagine, given this report, that the elephant in the room, in many regards, is that there will be an acceleration, if the welfare reforms kick in in Northern Ireland, of those who are economically active. Is this to pre-empt some of that as well?

**Mr Russell:** No. This is a Programme for Government commitment that was given to DEL and DETI jointly by the First Minister and the deputy First Minister; it came from them directly. It is not to do with, nor has it been influenced by, any other work being done in and around welfare reform. Had the Welfare Reform Bill not happened, we would still be doing this.

**The Chairperson:** Pat, I think your point regarding the north-west and special groups is about getting involved in the consultation.

**Ms McGahan:** Thank you for your presentation. The Minister reassures us that this strategy is about support and not compulsion. If it is tied in with claimant conditionality, how can DEL actually avoid compulsion? What additional safeguards, such as retraining lone parents and flexibilities, have the Department put in place?

I also want to ask you about the consultations. Do you have a breakdown of the areas in which they are going to take place?

Regarding annex F and rural proofing, the document talks about pilot testing. Can you provide more clarification on that?

**Mr Russell:** I am sorry; was the first question about conditionality?

**Ms McGahan:** Yes.

**Mr Russell:** If an individual is claiming any form of social security benefit, there is a certain amount of conditionality attached to that. That is as it is at the minute. For the groups that we are talking about — people with health conditions and disabilities, and lone parents — the conditionality regime is much less intensive than it is for people who, for example, are on jobseeker's allowance and are looking for work. That is not going to change very much, whether we keep the current system or move to the new universal credit approach at some point. People will be in particular conditionality groups. Most of the people that we are targeting will be either in the work-related activity group, which is the one below the full conditionality group, or the keeping-in-touch group, which comprises people who have caring commitments such as lone parents, or they will have no conditionality attached to the receipt of their benefits at all.

Everything that we will have in place here will be voluntary. We will be encouraging people to try to move closer to work. We might not get them straight into a job, but we can move them along a continuum towards that. It is always better to get people committed to making the change, rather than just forcing them to comply with some regime. It is the commitment that will work, not the compliance.

As for where we intend to go to consult, we will certainly go to locations around the countryside. Certainly, we will be in Belfast, and we will be in Derry. We are willing to go anywhere people want us to talk to them. I suspect that we will probably have about four public events in different locations. We will have other, smaller events that will be targeted at particular interest groups, for example employers, healthcare professionals and the voluntary and community sector. We will go round the country.

**Ms McGahan:** You mentioned Belfast and Derry, but the document talks about higher rates of economic inactivity being in rural areas. Surely, that should be a priority there as well.

**Mr Russell:** We will be going to rural areas as well. If you have anywhere in particular that you would like us to come to, we will certainly do so.

**Ms McGahan:** And then just regarding clarification of annex F, rural proofing and the pilot schemes.

**Mr Russell:** Again, when we put out our call for ideas for potential pilots, we will be asking, specifically, for people to come forward with ideas for rural areas as well. All the points that have been made are right. There are concentrations in places like Derry and Belfast. In rural areas it is more dispersed, but the issues and potential solutions could be different, and probably will be, depending on where you meet the problem.

**Ms McGahan:** When do you intend to put out that call?

**Mr Russell:** Obviously, that will happen after we have had the public consultation exercise. It will probably be in the spring. I must be careful: if, as a result of the consultation, people think that that is the way to go, it will be in the spring. When we get it out and people start to think about it, they will come up with ideas. A local community group, a council or the people in your own office could come up with an idea.

**Ms McGahan:** Will you ensure that this Committee is informed when that call goes out?

**Mr Russell:** Absolutely. When we get to the stage where we have got in all the responses and analysed them, we will publish that. Just like today, we will probably come back to the Committee to talk about it. If, in the meantime, in your own consideration of it, you want any other information from us, by all means write to us and ask for it, and we will provide what we can.

**Mr F McCann:** Can we get an early sight of the consultation document before it goes out?

**Mr Russell:** If you want, yes.

**Mr Hilditch:** Thank you for the presentation, Jim. I do not envy the task that you have in front of you at all, because it is pretty huge. Obviously, the main work really comes after the consultation. That is the main discussion. We can bat it about here all day, but it is only when we get the outcomes and outworkings from that that the main conversation will take place.

Looking at the historical figures, there really is a deep-rooted problem that goes back over the years. There is no doubt that there are broken communities — low esteem, confidence lacking. There is absolutely no doubt about it. We also have to look at the money and resources that have been thrown at issues like this over the years. There has been money for schemes and projects from the likes of the European Peace I, II and III funds, neighbourhood renewal and all that sort of stuff — the good relations fund. It has all been thrown in. Massive resources have been thrown in, but it really has not made one iota of difference.

The same goes for jobs. The cry goes out that we need more jobs to solve the problem, but that is not doing it either. There is inactivity in certain areas and whatnot, but the reality is that an hour and a half will take you to anywhere in this country. I do not get this cry of localism sometimes, because everything but the kitchen sink has been thrown at these issues in the past. I do not want to get into that whole debate today.

Moving to the employer situation, how do you intend to get the employers on board with engagement? There is a lot of pressure in relation to social clauses in various contracts and things, and there are apprenticeships and all. If you are putting another one onto them, where do you get the enthusiasm from?

**Mr Russell:** That is a good point. I heard just last week that Tesco had reported to the Department that it had been approached by 300 different organisations for work placements. That is an awful lot of people asking for the same thing. The Department is already working, through its integrated customer focus project — again, it is in the document — to provide or work towards a situation where it has the same approach as Invest NI, which is to have a client executive, and you approach that one individual for all DEL-related issues to help you to navigate your way through.

The other thing that we learned about employer engagement when we were doing the youth employment scheme was that you have to consult with employers and listen to what it would take to make them step up to the mark. I talked about doing specific consultation; we will talk to people like

the Confederation of British Industry (CBI), the Institute of Directors and the Federation of Small Businesses. Again, just like today, we will lay this out for them, particularly the whole business around incentivisation, to see how they respond and see whether we can give them a sufficient incentive to take on some of this work. We will see how we get on, but certainly our experience on the youth employment scheme, as we have said before, is that employers have been very willing to step up and play their part.

**Mr Hilditch:** I will look forward to the feedback on that.

**Mr Ross:** Thank you for coming along. When you go into the details of the pilot, I can see that it is difficult sell. Some of the Committee members' concerns are around the fact that they do not know the detail. We do not know the detail of the budgets, but it is a fair assessment to say that many millions of pounds worth of taxpayers' money will be pumped into the scheme. On that basis, when we look at annex H and see what are deemed effective interventions elsewhere, effective interventions in many of those cases tend to be a subsidy or financial incentives to employers and financial incentives to GPs. However, as is documented, when those financial incentives are withdrawn, the problem almost returns again. Given that we are putting taxpayers' money into those schemes, how sustainable do you believe that it is to continue to do that? You are not really addressing the fundamental problems as such, if, once the incentives are withdrawn, the problem returns. Do you think that the pilots are short, snappy interventions to see whether you can change a culture or a mindset with employers and GPs but that it is not really a longer-term thing to look at?

**Mr Russell:** There are a number of things in there. As we said, we are already throwing large amounts of money at this. If we do a proper audit of what is out there and see what is being spent and where it is being spent, we might be able to spend that money a bit more effectively.

Pilots are about testing initiatives that are scalable: in other words, not only are they scalable, in that we can expand them to include larger numbers of people or different areas, but they will be sustainable in the long term. We need to keep the necessary level of support to make a pilot work in the long term.

You are right: you can get an early project effect of lots of enthusiasm and commitment, with everybody working hard to make the project work. Then there is a huge sigh of relief, people take their eye off the ball and the performance begins to deteriorate. That is why we need a body with teeth. We need a body that can call people to account, say that something worked five years ago and ask, because it is not delivering the same results now as it was when it started, what happened to it and why it lost its focus. We need to try to get something that will work in the long term.

You made the point about changing mindsets and thinking. If we can do that, we may not have to invest a lot of money in initiatives, because employers will automatically assume that it is sensible to employ older workers. A number of years ago, I spent some time with B&Q. It has a deliberate policy of employing older people, because it found that older people have skills that they acquired when they were younger, and they are much more empathetic with customers. Its business improved because it had a workforce that understood what customers needed and, as such, was able to help them. B&Q discovered that almost by accident, but it had the wisdom to see the impact and made it a policy. Therefore, if it can work for B&Q, it can work for others.

**Mr Ross:** That is the point. If it works for a business and its output is better, it will go for it. It should not rely on a government subsidy to do that. We need to make sure that we are not committing millions of pounds worth of taxpayers' money to a scheme that is going to be everlasting.

**Mr Russell:** The subsidy, however, may be the thing that you need to get it to start. The danger — this is highlighted in the document — with subsidies, and so on, is that you can create job substitution. In other words, I would have employed Mr X, but because Mr Y attracts a subsidy I will employ him. Even worse, it may cause displacement, which means that another business's ability to expand is restricted because mine is subsidised to employ people and, as such, has an unfair competitive edge. All those issues are in there, and they need to be thought through and carefully worked with.

**Mr Ross:** There are people out there who, on merit, should be given the job but are not because of subsidies, and that is a very complicated area.

I will ask one more question, although you may not have the answer to it. However, if you can find out, that would be useful. I have said that, once the financial incentive is withdrawn, schemes tend to

fall back to where they were previously. Has that happened with some of the other schemes that have operated around Europe and elsewhere in the world? Has any tracking been done of the individuals who have been in long-term unemployment but have managed to get employment through such schemes to see whether their mindset has been changed? Have they been given the confidence to apply for other jobs? Has their career development continued to the extent that they have moved up in a company or moved on to a better job with another?

**Mr Russell:** I do not have the direct evidence. However, I know that if you can get people into a job and keep them there for a year, and they subsequently lose their job, it is not because they have regressed to their previous situation but because some other economic force has happened that meant that the business had to make redundancies. Or they have moved to a better job. A big piece of this is about not only getting people into the job but keeping them there. There is therefore support in and around the employer for training and mentoring people. Again, the danger with all of this is that if you try to do too much and make it too complicated, employers will not work with you. There are a lot of things that need to be balanced to make this work. A lot of thinking and consultation needs to be done before we come up with ideas that we will try.

**The Chairperson:** Jim, thank you for your time. You can tell from the interest shown around the table that it is a subject that Committee members feel strongly about. It is not personally directed at you. You have been here enough and are thick-skinned enough to realise that. Members have a passion for the work that is trying to be done. We felt your frustration on the previous couple of occasions that you have been here for meetings, when you have been looking at the time delays that have happened because of buy-in from other Departments. That is why the Committee offered its support, at that stage, to the work that you and your team were doing. Please take that on board. On behalf of the Committee, I wish you a happy Christmas.

**Mr Russell:** And to you. No doubt we will come back to this before too long.

**The Chairperson:** Yes, I get that feeling. Thank you.