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Department for  
**Employment  
and Learning**  
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# **STEPS 2 SUCCESS(NI): RESPONSE TO CONSULTATION**

April 2013



## **Foreword by Minister for Employment and Learning**

I am pleased to present the Department for Employment and Learning's formal response to the recent consultation exercise in relation to the development of a proposed new employment programme.

On 20 July 2012, my Department published the public consultation document "Proposed new Employment Programme for Northern Ireland – Steps 2 Success(NI)".

The consultation exercise which ended on 12 October 2012, resulted in over 80 responses being received. The number of responses and the level of thought and consideration that clearly went into the responses was very encouraging. The exercise demonstrates a genuine interest in engaging and working with the Department to develop a new employment programme which meets the needs of the people of Northern Ireland.

The formal consultation process has been a vital part of the development process for Steps 2 Success(NI). It has given officials the opportunity to take account of the views of those with expertise and experience in the delivery of employment programmes both locally and further afield.

When commencing the consultation process, I stated that I was committed to developing a new employment programme for Northern Ireland. Through everyone working together, we can ensure that Northern Ireland has a programme which focuses on employment outcomes for the unemployed, including those most in need of assistance.

## Steps 2 Success(NI): Response to Consultation

This document summarises the responses to the consultation. I trust that it also indicates the commitment by the Department to ensure that the new Steps 2 Success(NI) programme is a positive development to meet the needs of the unemployed in Northern Ireland.

I would like to take this opportunity to thank all those who have taken the time to respond to the consultation. Your input to this important area of the Department's work is very much appreciated.

A handwritten signature in black ink that reads "Stephen Farry". The signature is written in a cursive style with a large initial 'S'.

**DR STEPHEN FARRY MLA**  
**Minister for Employment and Learning**

### **Acknowledgement**

The Department for Employment and Learning wishes to thank KPMG for carrying out an independent review of the Department's analysis of the consultation responses received. This review confirmed that the Department's analysis and report accurately reflected the responses received. Four recommendations were made to improve presentation. These were all accepted and implemented. The report produced by KPMG can be viewed in the Steps2Success (NI) consultation section of the Department's website.

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## 1. INTRODUCTION

- 1.1 Steps to Work is the Department for Employment and Learning's (DEL) current adult return to work programme. It was introduced in September 2008 to address the needs of people who were unemployed, and replaced the previous New Deal programmes which had been delivered nationally since 1998.
- 1.2 The Steps to Work programme significantly widened eligibility for all clients who were out of work, particularly those who were in receipt of health related benefits. It offered more flexibility for both participants and contracted providers in the form of a menu of provision, to which clients could be referred for help to find and sustain work.
- 1.3 With the expiry of the Steps to Work contracts, the increased rise in the number of unemployed, the high level of economic inactivity and the introduction of Universal Credit, the Department considers it to be the right time to introduce a new employment intervention which will build on the performance of current employment programmes and help more people to find and sustain employment.
- 1.4 To begin the process of developing a new programme, the Department commissioned a feasibility study which was carried out by The Centre for Economic and Social Inclusion (Inclusion). Inclusion entered into discussions with a range of stakeholders to assist them in the preparation of a potential delivery model for a new employment programme for Northern Ireland. The Department used the feasibility study as the basis for the initial high level design of the new programme, Steps 2 Success(NI).

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- 1.5 This initial design formed the basis of a formal consultation document which was published on 20 July 2012. The consultation period ended on 12 October 2012.
- 1.6 Alongside the consultation document, the Department hosted a series of information events throughout August 2012. The information events were held in Adelaide House, Belfast, NICVA Headquarters, Belfast, the ECOS Centre, Ballymena, Ballybot House, Newry and the Millennium Forum in Derry/Londonderry. A total of 175 people representing 83 organisations attended the events. Departmental officials from the Employment Service Division and Research and Evaluation Branch, along with guest speaker Tony Wilson from Inclusion, delivered the events. The events proved to be very successful with participants raising a number of key issues about the proposed programme.
- 1.7 A total of 83 written responses from a wide range of interested stakeholders were received during the consultation period. (Appendix 1) A small number of responses which were received after the closing date were read and considered to ensure that all relevant comments were taken into account.
- 1.8 In some cases the responses received were not easily analysed. Some of the reasons for this were:
  - the response was not in the format requested. For example, some responses were purely narrative in nature and while in some cases the answer to the question was clear, in many other cases it was not;
  - the Yes/No box (to gauge agreement or otherwise with the Department's proposals) was not completed and the response had to be assessed from the narrative, which was not always possible because the narrative did not explicitly answer the question; and



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- the Yes/No response did not concur with the response in the narrative box. In these cases, the qualitative response superseded the Yes/No response.

### **Conclusion**

1.9 The development of the Steps 2 Success(NI) programme is a major undertaking for the Department and the richness of the feedback received from stakeholders will be used to inform the final design of the programme. This report is therefore primarily aimed at those who responded to the consultation but may be of interest to others involved in the design of similar programmes.

## 2. SUMMARY OF CONSULTATION RESPONSES

### Introduction

2.1 This section of the report provides an overview of the analysis of the 83 responses to the consultation questions. Section 3 provides detailed analysis in relation to each individual question.

### The consultation

2.2 The scope of the consultation was covered by a series of questions covering eight key areas:

- Objectives of the programme
- Programme eligibility
- Programme content
- Duration of the programme
- Contract area and duration
- Supply chain management
- Funding model
- Support fund contract

### Responses received

2.3 To assist with the analysis, the 83 responses received were placed into one of four groups as follows:

- **Group One** – Current Delivery Partners;
- **Group Two** – Organisations involved in the delivery of Employment Programmes elsewhere;
- **Group Three** – Other Interested Organisations; and
- **Group Four** – Members of the Public.

### **Group One - Current Delivery Partners**

2.4 A total of 34 (41%) of the responses received were from Current Delivery Partners, either as main programme deliverers, sub contractors or other DEL programme providers e.g. Pathways and LEMIS. Eight were Steps to Work (StW) lead contractors, 19 were StW sub contractors and seven were involved in the delivery of other DEL programmes.

### **Group Two - Organisations involved in the delivery of Employment Programmes elsewhere.**

2.5 A total of 14 (17%) of the responses received were from Organisations involved in the Delivery of Employment Programmes elsewhere 12 from Work Programme Prime Contractors and two from Sub Contractors.

### **Group Three - Other Interested Organisations**

2.6 A total of 32 (38%) of the responses received were from a variety of other organisations, e.g. charities, trade unions and voluntary and community organisations not currently involved in the delivery of departmental programmes.

### **Group Four - Members of the Public**

2.7 A total of three (4%) of the responses received were from members of the general public.

Figure 1 below shows a breakdown of the consultation responses received from each category.

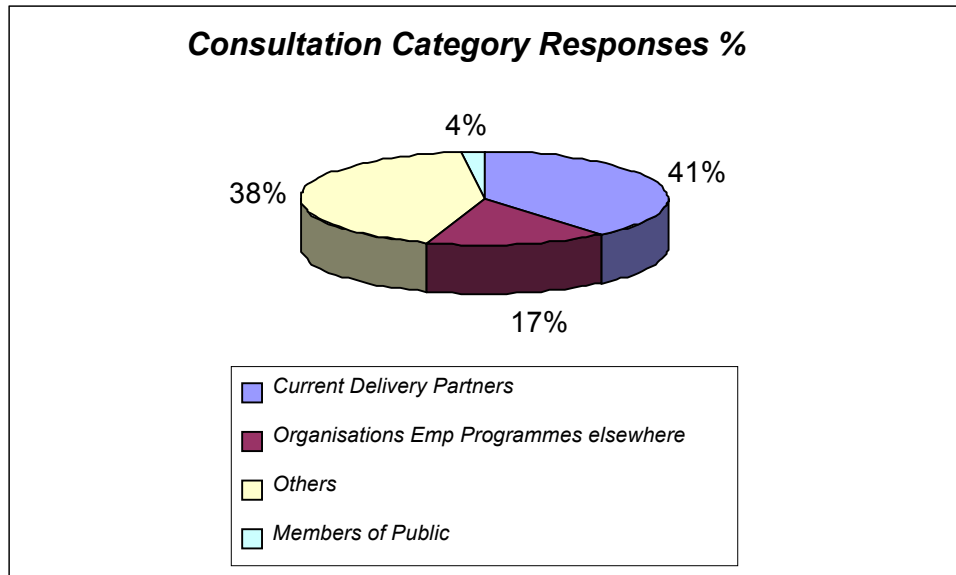


Fig.1

### Overall analysis of responses

2.8 The responses provided the Department with a lot of information to consider and, as might be expected there was a variation in the numbers agreeing and disagreeing with the Department's proposals. A number of respondents also chose not to answer particular questions. In summary there was majority support for the following proposals:

Question 1, objectives realistic and achievable (60% agreed);

Question 3, flexibility of approach (81% agreed);

Question 4a, not a specified number of hours of attendance (63% agreed);

Question 4b, proposed programme length (64% agreed);

Question 6a, assessment of breadth and depth of supply chain (66% agreed);

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Question 6b, lead contractor's demonstrate support for smaller organisations (75% agreed);

Question 6c, production of a Code of Conduct (70% agreed); and

Question 7b, higher payments for higher performance (71% agreed)

2.9 The responses to the following questions showed less support for the proposals consulted on:.

Question 2c, automatic ESA and IB entry (46% agreed);

Question 5a, one contract area (42% agreed);

Question 5b, contract length, 3 years + two 1 year extensions (41% agreed);

Question 5c, random allocation of clients (43% agreed); and

Question 7a, 60/40 split as proportion of provider income (35% agreed)

### 3. ANALYSIS OF INDIVIDUAL QUESTIONS

#### Introduction

3.1 This section analyses the responses to each individual question and draws out some of the main points made by respondents.

#### QUESTION 1- OBJECTIVES FOR THE PROGRAMME

##### Question 1a - Do you consider the objectives realistic and achievable?

**Table 1**

	Agree	Disagree	Did not answer	Total
Group 1	20	7	7	34
Group 2	14	0	0	14
Group 3	14	8	10	32
Group 4	2	1	0	3
Total	50	16	17	83

3.2 The majority of respondents 50 (60%) agreed that the objectives set for the proposed new programme were realistic and achievable. A total of 16 (19%) disagreed and 17 (21%) opted not to answer.

3.3 With respect to those who agreed, Organisations involved in the delivery of Employment Programmes elsewhere and Members of the Public were largely in support, while Current Delivery Partners were more guarded with only 20 endorsing the objectives. A small number of respondents also stated that while they were broadly in agreement with the objectives more clarity was required before they could come to a final view.

3.4 Of those who disagreed, a number of respondents raised concerns about the focus on employment outcomes, particularly in the current economic climate. The targets and anticipated funding raised concerns amongst many local organisations, with a general view that a funding model should reflect

both the high level of support required to make “the harder to reach” job ready and to support them once in work to sustain employment.

- 3.5 In addition, a number of respondents stated that there is a real risk of providers “parking those most in need” as it will be more difficult to achieve employment outcomes with this group.

**Question 1b – Which objectives do you consider the most important?**

- 3.6 Respondents were invited to indicate which of the objectives suggested by the Department, were, in their view, most important. Figure 2 below shows the results in rank order:

**FIGURE 2 RANK ORDER OF OBJECTIVES**

<b>RANK</b>	<b>OBJECTIVE</b>
1	To target those most in need
2	To ensure that participants get the support they need
3	To focus on employment outcomes rather than prescribed processes
4	To significantly reduce prescription for providers
5	To create stronger incentives for helping those participants who are further from work
6	To deliver value for money for the taxpayer
7	To build the right market for the future – with long-term investment, competition and a market that is inclusive, fair and open to specialist organisations
8	To demonstrate resilience to future changes – including Universal Credit

- 3.7 As can be seen from the above, the objectives ‘targeting those most in need’ and ‘ensuring participants get the support they need’ were considered to be the most important. These were very well supported by Current Delivery Partners and those responding from Other Interested Organisations. Organisations involved in the delivery of employment

programmes elsewhere, endorsed the focus on employment outcomes rather than prescribed processes and while a number of current local providers also agreed with this, many pointed out that job outcomes were dependent on sound processes. There were again concerns expressed about how payment by results/job outcomes might lead to “creaming and parking”, resulting in those who needed help most not getting it. The importance of having clear measures for each of the objectives was also stressed.

- 3.8 The objectives which dealt with the reduction in prescription for providers, the creation of stronger incentives (again for providers) and value for money (for the tax payer) received support across all groups, while the objectives of building the right market and demonstrating resilience to future changes, were significantly less well supported by all groups.

**Question 1c - Are there any other objectives the Department should consider in the design of a new programme?**

- 3.9 The two most frequently suggested additional objectives were ‘engagement with employers’ and the desire to have outcomes other than ‘into employment’ recognised. In relation to employers, the view was expressed that the support of employers is essential in returning participants to employment and sustaining that employment. The need for a self employment strand was proposed, and the recommendation made that consideration be given to support for economic growth and job creation. There was a clear desire to include an objective that would support education, skills, training and client progression and to view these as outcomes for Steps 2 Success(NI) in addition to employment.



## Conclusion – Objectives of the programme

3.10 While it is clear that there is broad support for the objectives consulted upon, some of the comments received identified risks such as ‘creaming and parking’ that need to be considered further by the Department. The suggestions that the objectives need to be widened to support employers and the economy also need further consideration.

## QUESTION 2 - PROGRAMME ELIGIBILITY

**Question 2a - Do you feel that the automatic entry points are right for JSA claimants?**

**Table 2**

	Agree	Disagree	Did not answer	Total
Group 1	12	19	3	34
Group 2	10	4	0	14
Group 3	8	10	14	32
Group 4	1	2	0	3
Total	31	35	17	83

3.11 A total of 31 (37%) of respondents agreed that the automatic entry points were right for JSA claimants with 35 (42%) disagreeing and 17 (20%) opting not to answer.

3.12 A few respondents, while endorsing the entry points commented, that 12 months on JSA before entry may be too long for some of the older client group and people with disabilities. Some respondents also stressed the importance of a consistent approach by Employment Service advisers in identifying people with multiple barriers to employment and ensuring that they are referred to Steps 2 Success(NI) promptly under the early entry arrangement.

3.13 The overwhelming view of the 35 respondents who disagreed was that early intervention is best. Several felt that to address the risk of demotivation, all

clients should be eligible after 6 months on JSA with some stating that 3 months was more appropriate. Some responses highlighted the positive outcomes from self-employment in existing Steps to Work provision, particularly for people who had been made redundant and who were highly motivated with some available capital by way of a redundancy payment to help set up their business. It was suggested that these successes would be lost with the proposed entry points. A small number of responses also stated that participation on Steps 2 Success(NI) should be purely on a voluntary basis and that no-one should be mandated to participate on an employment programme.

**Question 2b - In what cases do you feel individuals on JSA should be able to volunteer for 'early access' to the programme?**

3.14 There were a variety of suggestions as to the clients who should receive early access to Steps 2 Success(NI). The more common included:

- those with multiple barriers to employment;
- lone parents;
- ex-offenders;
- drug/alcohol abusers;
- those with physical/mental health issues;
- those with a language barrier; and
- redundant job seekers.

3.15 Additionally, others suggested were:

- those with no work history;
- people living in areas of high unemployment/disadvantage; and
- people living in hostel accommodation.

3.16 A number of those who had answered ‘no’ to question 2 (a) on entry points suggested that anyone, JSA clients or otherwise, including those not receiving any benefits, should be able to ‘volunteer’ for early entry at any stage from day one onwards. 12 providers involved in delivering self-employment support stated that early entry should be available to any JSA client who wished to establish a self-employed business. A recurring theme in the responses received was the view that volunteers tend to be more motivated and enthusiastic.

**Question 2c - Do you feel that the proposals for those on ESA or IB are right?**

**Table 3**

	Agree	Disagree	Did not answer	Total
Group 1	19	10	5	34
Group 2	11	2	1	14
Group 3	7	9	16	32
Group 4	1	1	1	3
Total	38	22	23	83

3.17 Of the 83 responses received, 38 (46%) agreed that the proposals for those on ESA and IB are right while 22 (27%) disagreed and 23 (27%) of responses opted not to answer.

3.18 A clear majority of respondents who answered this question agreed that the automatic entry points for ESA or IB claimants were correct although a few qualified their agreement by stating that the programme needed to acknowledge and address the needs of the individual. Both Current Delivery Partners (Group 1) and those involved in the delivery of employment programmes elsewhere were in favour of the proposals and these groups include a number of disability organisations.

3.19 Some respondents stated that clients on ESA should have no compulsory requirement to participate on an employment programme and should only ever be voluntary, whilst a few suggested that all new **and existing** ESA **and IB** clients should be mandated on to the programme.

### **Conclusion – Programme Eligibility**

3.20 Overall while there was broad support for the Department’s proposals, the endorsement was not as strong as for some of the other proposals. In considering the way forward and taking the views expressed into account, the Department also needs to be mindful of the ‘conditionality’ that will attach to claimant groups when Universal Credit is introduced.

### **QUESTION 3 – PROGRAMME APPROACH**

**Question 3a - Do you agree with the principle of providers being given the flexibility to determine what will work best for the client, with the safeguard of a minimum service guarantee for clients?**

**Table 4**

	Agree	Disagree	Did not answer	Total
Group 1	30	2	2	34
Group 2	14	0	0	14
Group 3	20	1	11	32
Group 4	3	0	0	3
Total	67	3	13	83

3.21 Of the 83 responses received, a total of 67 (81%) supported the principle of providers being given the flexibility to determine what will work best for the client, with the safeguard of a minimum service guarantee. Only three (4%) disagreed with the proposal and 13 (16%) opted not to answer. The majority

of those who chose not to answer were from group 3 (Other Interested Organisations).

3.22 Some respondents described flexibility as being “excellent”, “sensible”, and “critical”. It was felt that flexibility should allow for the more effective targeting of resources, encourage innovation when used alongside strong incentives and deliver focused support to improve employment outcomes. There was enthusiasm for the departure from a ‘one size fits all approach’ as that would potentially help prevent returners being put through more of the same. There was also the view that the opportunity to trial new innovative solutions would help in the process of continuous quality and performance improvement.

3.23 Some respondents also suggested that the key to a successful intervention is to ensure that the initial assessment of a client’s needs is correct and that a client should receive a full personal action plan which should stipulate the interventions required.

3.24 A very small number of respondents disagreed with the proposal for flexibility. Some stated that the approach needed to be based on proven methodologies rather than what is cheapest and needed to be monitored from both a qualitative and quantitative perspective. Some also pointed out that the Department needed to consider the need for the funding model to reflect the value of innovative, tailored solutions. It was felt that the level of travel cost would be significant in rural areas and that there was a need to bear in mind the additional time, support and cost, those with disabilities and specialist needs required.

### **Minimum Service Guarantee**

- 3.25 The majority of respondents were in favour of flexibility and a Minimum Service Guarantee, with agreements/guarantees tailored to specific groups.
- 3.26 Monitoring and management were seen as important safeguards as was client feedback and the need to have the process open to scrutiny. Some stressed the need for clarity on the application of benefit sanctions for non compliance with arrangements put in place for participants. It was felt that aspects of the agreement could be used to develop meaningful key performance indicators e.g. minimum hours of attendance. It was also suggested that the Minimum Service Guarantee document should be incorporated into the tender evaluation process.
- 3.27 A number of respondents highlighted that there was a risk that the Minimum Service Guarantee could result in prescription. It was also suggested that the Department and providers should work closely in designing and testing the guarantees with the various client groups to ensure that this was an effective tool.

### **Conclusion – Programme Approach**

- 3.28 It is encouraging that there was strong support for flexibility for providers and Minimum Service Guarantees for participants across all respondent groups. Including the Minimum Service Guarantee as part of the tender evaluation process will be considered further, as will the risk of prescription.

## QUESTION 4 – DURATION OF THE PROGRAMME

**Question 4a - Do you agree that clients should not be required to do a specific number of hours on the programme and that this should be agreed between the provider and client?**

**Table 5**

	Agree	Disagree	Did not answer	Total
Group 1	22	7	5	34
Group 2	12	2	0	14
Group 3	15	3	14	32
Group 4	3	0	0	3
Total	52	12	19	83

3.29 The majority, 52 (63%) of the responses received agreed that clients should not be required to do a specific number of hours on the programme and that attendance should be agreed between the provider and client. A total of 12 (14%) disagreed and 19 (23%) of respondents opted not to answer. The strongest support for this proposal came from Group 1, Current Delivery Partners. A high percentage of Other Interested Organisations opted not to answer the question.

3.30 While the majority of responses agreed that the client should not have to do a specific number of hours, many of the comments had a caveat such as hours being linked to individual needs, or not exceeding the individual's work capability. The requirement for a stringent assessment of the client's needs was noted. A number of respondents suggested that hours should be agreed with the client according to activities being undertaken and included in the client's action plan. Once agreed it was suggested that the hours

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should be made mandatory and if not adhered to by the client sanctions should apply.

3.31 Of those who disagreed, some considered it important to promote a normal working week for those seeking full time work. It was pointed out that clients need, and indeed respond positively to, a structured routine as it cultivates effective habits. It was suggested that a regime that was too relaxed was unlikely to be successful. In this respect it was indicated that providers and clients need to commit to a specific level of service – the Minimum Service Guarantee.

3.32 Concern was also expressed that providers may limit time with clients in order to reduce their costs even if it is not in the client's interest. On the other hand it was stated that specifying hours could result in providers spending considerable administrative time collecting evidence.

**Question 4b - Do you agree with the proposed programme length of one year, with the possibility of this being extended to eighteen months for clients who are identified as needing additional support/assistance?**

**Table 6**

	Agree	Disagree	Did not answer	Total
Group 1	26	4	4	34
Group 2	14	0	0	14
Group 3	12	9	11	32
Group 4	1	2	0	3
Total	53	15	15	83

3.33 A total of 53 (64%) of responses received agreed with the question, while 15 (18%) disagreed and 15 (18%) opted not to answer. All of the responses received from Organisations involved in the delivery of Employment



Programmes elsewhere (Group 2) and the majority of responses from Current Delivery Partners (Group1) agreed with the question. Responses received from Other Interested Organisations (Group 3) showed that 12 (38%) agreed, nine (28%) disagreed and 11 (34%) opted not to answer.

3.34 Some of the comments received from those agreeing with the proposed length of programme were as follows:

- the majority of sustained job outcomes are achieved in the first year so the proposed duration of 12 months is sufficient; and
- the proposed length allows providers to target resources.

3.35 With respect to an extended period for those with additional barriers, it was felt that the suggested additional six months was fair and equitable. It was suggested that flexibility should be built in to review clients at the end of the first year and where necessary seek an extension. More clarity was sought on when extensions would be agreed, who would fund them and who would be eligible. Additionally, it was suggested that each client be assessed for the 18 months intervention period at their point of entry and providers should have discretion to extend the support period to 18/24 months.

3.36 Of those who disagreed with this proposal, some respondents were of the view that the proposed duration was not long enough to get clients into work, particularly those with complex needs. It was suggested that timescales should reflect individual needs, aspirations and circumstances and not have an arbitrary time limit. Some also felt that there was a need for clarity on who would be eligible for additional support and an expectation that there would be additional funding for those receiving 18 months support.

## Conclusion – Duration of the Programme

3.37 The majority of respondents were in favour of not specifying hours of attendance, agreeing that this should be determined by the provider and the participant. The service guarantee was seen as important in providing a safeguard for the client and assurance for the Department. There was also strong support for a 12 month programme with additional support for 18 months for clearly and carefully identified clients.

## QUESTION 5 - CONTRACTING

**Question 5a - Do you consider that treating Northern Ireland as one contract area offers both commercial benefits to providers and potentially enhanced service to clients/participants?**

**Table 7**

	Agree	Disagree	Did not answer	Total
Group 1	11	18	5	34
Group 2	14	0	0	14
Group 3	7	14	11	32
Group 4	3	0	0	3
Total	35	32	16	83

3.38 Of the 83 responses received, 35 (42%) agreed with the Contract Area proposal, 32 (39%) disagreed and 16 (19%) opted not to answer. Whilst overall the views expressed on this proposal were more or less evenly divided, all of the responses received from Organisations involved in the delivery of Employment Programmes elsewhere (Group 2) agreed with the proposal. In contrast, 18 (55%) of responses received from Current Delivery Partners (Group1) and 14 (41%) of responses received from Other Interested Organisations (Group 3) disagreed. Of the 16 responses that

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opted not to answer, 11 (70%) were received from Other Interested Organisations (Group 3) and five (30%) from Current Delivery Partners (Group1).

- 3.39 Many of the respondents who agreed that Northern Ireland should be one contract area felt that this would allow organisations to adopt a more strategic approach towards delivery. In particular, it would facilitate economies of scale, stimulate innovation, and result in an enhanced service to clients whilst maintaining the local supply chain infrastructure. Among the responses in favour, a number of respondents added the proviso that local providers must be involved in the process.
- 3.40 From a programme perspective, respondents in agreement also felt that one contract area would introduce a consistent single point of contact for each supply chain with the Department which would ease the administrative and contract management burden. This would lead to a fairer and more competitive market, bring transparent performance management improvement/benefits and increase quality and job outcomes.
- 3.41 However, some respondents felt that treating Northern Ireland as one contract area could result in delivery being dominated by larger organisations/managing agents from elsewhere and that this could be detrimental to Northern Ireland organisations.
- 3.42 Specifically some respondents felt that this proposal combined with the proposed funding model may exclude Voluntary & Community Sector organisations. Respondents felt that there was a danger that it would result in the loss of local involvement, knowledge and good practice. There was concern that competition could be limited, particularly in rural areas, where other issues such as access, transport and limited numbers of participants could emerge.

3.43 The view was also expressed that the Department appeared to be placing too much emphasis on price rather than quality. It was suggested that the Department needed to reconsider the proposed approach given that a number of voluntary and community sector organisations were currently very successful in delivering departmental programmes.

**Question 5b - The Department recommends contract lengths of three years with an option to extend for two periods of one year each. Do you feel that the proposed duration of contract is commercially attractive?**

**Table 8**

	Agree	Disagree	Did not answer	Total
Group 1	15	15	4	34
Group 2	8	6	0	14
Group 3	9	6	17	32
Group 4	2	1	0	3
Total	34	28	21	83

3.44 A total of 34 (41%) of the responses received agreed that the proposed duration of contract was commercially attractive, while 28 (34%) responses disagreed and 21 (25%) of responses opted not to answer.

3.45 Those who agreed with the proposal came from all groups. However, some were of the view that a contract length of five years would be more attractive given the major changes being proposed for the new programme e.g. risk transfer, cash flow, contract area, need for investment etc. It was felt that clearly stated extension criteria/performance measures should be set in advance of the contract award.

3.46 A slight majority of Current Delivery Partners disagreed with the proposed contract length. The majority of these respondents felt that the length was not sufficient given the scale of the change proposed. Again, it was respondents in Group 3, Other Interested Organisations, who chose not to answer.

**Question 5c - The Department proposes to allocate clients to contracted providers on a random basis. Do you agree that a random basis is the best way to allocate?**

**Table 9**

	Agree	Disagree	Did not answer	Total
Group 1	15	17	2	34
Group 2	13	0	1	14
Group 3	5	13	14	32
Group 4	3	0	0	3
Total	36	30	17	83

3.47 Out of the 83 responses received a total of 36 (43%) responses agreed that a random basis was the best way to allocate, 30 (36%) disagreed and 17 (21%) opted not to answer. Current Delivery Partners were broadly split in their responses and respondents in Other Interested Organisations were overwhelmingly opposed to this proposal.

3.48 All of the respondents involved in the delivery of employment programmes elsewhere agreed with random allocation and some stated that agreed random allocation would ensure a fair market share. Many felt that more information on the practical application of random allocation would have been useful. Whilst some agreed, they felt that breaking with random allocations could be considered for some clients e.g. voluntary participants from the ESA Support Group could choose specialist (local) sub contractors, and members of the same household should receive support from the same

provider to address the whole family's needs. All responses from Members of the Public agreed with the proposal.

3.49 The 30 respondents who disagreed were primarily in Groups one and three, Currently Delivery Partners and Other Interested Organisations. Some expressed concern over how the proposal would operate in practice and, the mechanism that would be used. It was suggested that participants should be allocated to a provider best placed to meet their goals/needs.

### **Conclusion – Contracting**

3.50 Opinion on the merits of treating Northern Ireland as one contract area was evenly divided. The divergence of opinion drew a wide variety of comments in favour of and against the proposed approach.

3.51 In relation to the proposed contract duration, there emerged a general view that a contract period of more than three years was more commercially viable. A number of the comments relating to the number of contract areas seemed to be strongly influenced by the proposed funding.

3.52 While a small majority of respondents agreed to random allocation, a number of these respondents voiced concerns over the practical implications of operating such a system..

3.53 Based on the responses received, contracting is an issue the Department needs to consider further.

## QUESTION 6 – SUPPLY CHAIN MANAGEMENT

**Question 6a - Do you agree that potential contractors should be assessed on the breadth and depth of their supply chains?**

**Table 10**

	Agree	Disagree	Did not answer	Total
Group 1	29	1	4	34
Group 2	8	5	1	14
Group 3	15	1	16	32
Group 4	3	0	0	3
Total	55	7	21	83

3.54 Of the 83 responses received 55 (66%) agreed that potential contractors should be assessed on the breadth and depth of their supply chains, while seven (8%) disagreed and 21 (25%) opted not to answer.

3.55 The majority of responses received from Current Delivery Partners (Group1) and all of the responses from Members of the Public (Group 4) agreed with the question. The opinion of those involved in the delivery of employment programmes elsewhere (Group 2) was divided with eight agreeing, five disagreeing and one not answering. Of the 32 responses received from Other Interested Organisations (Group 3), 15 (47%) agreed, one (3%) disagreed and 16 (50%) opted not to answer.

3.56 Overall, the majority of respondents agreed that potential contractors should be assessed on the breadth and depth of their supply chains and some respondents noted that quality and range of supply chain, geographical spread, specialist (disability) cover and meeting local labour market needs should be considered.

3.57 Of the small number who disagreed, some suggested alternative means of assessment:

- quality of service
- fit with client needs; and
- scope and scale of service delivery.

**Question 6b - Do you agree that they should be expected to demonstrate how smaller organisations are being supported?**

**Table 11**

	Agree	Disagree	Did not answer	Total
Group 1	30	0	4	34
Group 2	14	0	0	14
Group 3	14	0	18	32
Group 4	2	0	1	3
Total	60	0	23	83

3.58 Of the 83 responses received 60 (72%) agreed that potential contractors should be should be expected to demonstrate how smaller organisations are being supported, with 23 (28%) opting not to answer. From the 23 (28%) responses that opted not to answer, 18 (78%) were received from Other Interested Organisations, (Group 3), four (17%) from Current Delivery Partners (Group1) and one (4%) from Members of the Public (Group 4).

3.59 Respondents clearly agreed that organisations should be expected to demonstrate how smaller organisations are being supported. In addition, it was further suggested that the practical support being offered by lead contractors should be clearly identified in the bidding process.



**Question 6c - Do you feel that a Code of Conduct will provide safeguards to sub contractors delivering services within the programme?**

**Table 12**

	Agree	Disagree	Did not answer	Total
Group 1	29	0	5	34
Group 2	14	0	0	14
Group 3	14	3	15	32
Group 4	2	1	0	3
Total	59	4	20	83

3.60 Of the 83 responses received 59(71%) agreed that a Code of Conduct should provide safeguards to sub contractors delivering services within the programme, while four (5%) disagreed and 20 (24%) opted not to answer. Those who opted not to answer were again from Group 3.

3.61 Current Delivery Partners (Group 1) and Organisations involved in the delivery of Employment Programmes elsewhere (Group 2) all agreed with the proposal of a Code of Conduct. However, many of those respondents raised the issue of enforceability of the code and some suggested that there was a role for the Department. Some also stated that there should be a grievance and appeals process and some referred to the Merlin Standard as a useful starting point for the Department.

3.62 Of those who disagreed with the proposal for a Code of Conduct, the main concern was that it may not be legally enforceable. A concern was also raised about the cost and bureaucracy that could result from the imposition of a Code of Conduct, and one pointed out that the Merlin Standard was still in its infancy and there were some doubts about its effectiveness.

**Question 6d - What elements would you like to see in a Code of Conduct?**

(Question 6(d) did not ask for a positive or negative response).

3.63 Potential elements identified included:

- prompt payment arrangements to sub-contractors;
- upfront funding for each participant referred;
- agreed mechanism for allocating clients to sub contractors;
- formal roles and responsibilities of lead and sub contractors identified;
- transparency in explaining fees and other costs for Steps 2 Success(NI);
- expected performance – expected number of referrals and targets for these, including key performance indicators;
- dispute resolution mechanism;
- nature and schedule of regular meetings;
- performance management structures, with appropriate support arrangements;
- management and administrative procedures;
- agreement around creaming and parking;
- not to be overly prescriptive, but to outline key principles;
- it is not a substitute for due diligence by sub contractors;
- outline support services delivered by lead contractor including management information systems;
- removal or substitution of sub contractors only when evidence based;
- performance improvement methodology with timescales and support measures.

**Conclusion - Supply Chain Management**

3.64 In relation to the question of potential contractors being assessed on the breadth and depth of their supply chains and being expected to demonstrate how smaller organisations are being supported, there was an

overwhelmingly positive response. However, a few respondents highlighted that quality and meeting client’s needs were more important than the nature of the actual supply chain.

3.65 A clear majority of respondents agreed that a Code of Conduct would provide safeguards to sub contractors. Many commented on the nature and enforceability of a Code of Conduct and the need for grievance and appeals procedures. The suggestions as to what elements should be included in a Code of Conduct were very helpful.

### **QUESTION 7 – BALANCE OF SERVICE AND OUTCOME FUNDING**

**Question 7a - Do you agree that the proposed 60/40 split between outcome and service payments, as a proportion of total provider income, is reasonable?**

**Table 13**

	Agree	Disagree	Did not answer	Total
Group 1	12	16	6	34
Group 2	14	0	0	14
Group 3	3	16	13	32
Group 4	0	2	1	3
Total	29	34	20	83

3.66 Of the 83 responses, 29 (35%) agreed that at baseline or counterfactual performance the proposed 60/40 split between outcome and service payments, as a proportion of total provider income, was reasonable, 34 (41%) disagreed and 20 (24%) did not answer. Those in Group 2 were overwhelmingly in support of the proposal while Current Delivery Partners

were divided, with the majority disagreeing. Group 3 respondents, Other Interested Organisations were very much in disagreement.

3.67 Of the respondents who agreed, many felt that the proposed 60/40 split would be a major incentive to providers to deliver higher levels of job outcomes and some believed that it would deliver greater value for the taxpayer. There were some suggestions from respondents who, while agreeing with the proposal, recommended alternative ways of achieving this rather than the method that had been put forward in the feasibility study. Some respondents believed that the 60/40 split would encourage investment in high quality service delivery infrastructure.

3.68 Of those who disagreed, the financial risk that the proposed 60/40 split would pose for providers and the risk of creaming and parking were of most concern. A number pointed out that rewarding providers on the basis of outcomes was not reasonable with rising unemployment in Northern Ireland. Other issues raised included costs of travel and childcare which were outside provider's control and had previously been paid for by the Department rather than providers.

**Question 7b - Do you agree that there should be higher payments for higher performance and higher payments for participant groups that have multiple barriers?**

**Table 14**

	Agree	Disagree	Did not answer	Total
Group 1	27	2	5	34
Group 2	13	0	1	14
Group 3	18	1	13	32
Group 4	1	2	0	3
Total	59	5	19	83

3.69 Of the 83 responses, 59 (72%) agreed that **there should be higher payments for higher performance and higher payments for participant groups that have multiple barriers**, five (6%) disagreed and 19 (23%) did not answer.

3.70 Of the 59 responses that agreed to the question, 27 (46%) were from Current Delivery Partners (Group1), 18 (31%) from Other Interested Organisations (Group 3), 13 (22%) from Organisations involved in the delivery of Employment Programmes elsewhere (Group 2) and one (1%) from a Member of the Public (Group 4). Of the 19 responses who did not answer the question, 13 (68%) were from Other Interested Organisations (Group 3), five (27%) were Current Delivery Partners (Group1) and one (5%) came from Organisations involved in the delivery of Employment Programmes elsewhere (Group 2).

3.71 Of those who agreed, many commented that higher payments for those with multiple barriers reflected the additional resources required to deliver a quality service to that group. Other respondents indicated that higher

payments for higher performance would be a significant motivator to drive high performance. An additional comment worth noting is that the proposed approach of higher payments for participant groups with multiple barriers was seen, in part, as a solution to the 'creaming and parking' of specific groups or clients.

3.72 Only five disagreed with the proposal that there should be higher payments for higher performance and higher payments for participant groups that have multiple barriers. Those respondents who disagreed raised concerns over the issue of 'creaming and parking' and the need for additional funding for those with multiple barriers..

### **Conclusion – Balance of Service and Output Funding**

3.73 The view of respondents was divided on the proposal that at baseline or counterfactual performance total provider income would be split 60/40 between outcome and service payments. Those who agreed believed that the proposed funding structure would be a major incentive to achieving high performance. Of those who disagreed, the financial risk that the proposed 60/40 split would pose for providers was of some concern. The suggested higher payments for higher performance and higher payments for participant groups that have multiple barriers was agreed overwhelmingly. The risk of 'creaming and parking' was a recurring theme in the responses to both questions.

## QUESTION 8 – SUPPORT FUND CONTRACT

**Question 8a - Do you agree with the proposal of three contract areas to match the Employment Services regional structure is used to deliver the Support Fund Contract?**

**Table 15**

	Agree	Disagree	Did not answer	Total
Group 1	13	14	7	34
Group 2	11	2	1	14
Group 3	11	0	21	32
Group 4	1	1	1	3
Total	36	17	30	83

3.74 Of the 83 responses received, 36 (43%) were in agreement with the proposal of three contract areas for a Support Fund contract, 17(20%) disagreed and 30 (36%) opted not to answer.

3.75 Current Delivery Partners category were almost equally divided in their view of the Department’s proposal. Organisations involved in the delivery of Employment Programmes elsewhere and Other Interested Organisations who responded to the question both favoured the three contract area approach.

3.76 Some respondents felt that the proposal of three contract areas to match the Employment Services regional structure was “a sensible approach” and an appropriate breakdown for contract areas. It was felt that this was the best way to disseminate funds and should build on the performance of the current employment service.

**Questions 8b - What type of support do you feel the Support Contract should cover?**

3.77 There were a variety of suggestions for inclusion in a Support Fund Contract including:

- Finding and keeping a job modules;
- CSCS cards;
- Self-employment;
- Personal protective equipment;
- Short accredited training courses;
- Work experience;
- Budgeting;
- Interview techniques;
- Mentoring;
- Behavioural courses;
- Customer service;
- Funding for interview clothes and travel;
- Counselling;
- ICT and Essential Skills.

**Conclusion – Support Fund Contract**

3.78 Overall more than twice the number of respondents agreed than disagreed with the proposal for the Support Contract to mirror the Employment Service regions. As one respondent aptly said ‘this was a sensible approach’. The suggestions received as to what should be covered by the Support Contract were comprehensive and valuable to the Department in the development of the programme design.



## **OTHER COMMENTS**

Not all respondents completed this section. In fact less than 50% did so. Of those who did respond the main points made were as follows:

- the need for the Department to ensure that self employment and entrepreneurship are encouraged;
- the value of the top up of £15.38 in maintaining client motivation;
- the need for alignment between employment and skills in employment programmes;
- the role of the contractors in recommending sanctions for participant non compliance;
- the need to consider further, the role of the Voluntary and Community sector in delivering Government programmes and the difficulty the proposed funding model will have on these organisations;
- the role of employers and the needs of the economy were not sufficiently stressed in the consultation document;

Most of these comments had been made by respondents elsewhere in their responses but were crystallised in this section and so were helpful.

#### **4. OVERALL CONCLUSION**

The feedback from the consultation exercise will inform the final design of Steps 2 Success(NI). Once the design has been agreed by the Minister, the Department will make the way forward known in a number of information sessions. The way forward will also be published on the Department's Steps 2 Success web page, as will the timeline for procurement.

The Department again wishes to thank all those who responded to the consultation document.

**LIST OF RESPONDENTS**

A4e

Action Mental Health

Action on Hearing Loss

Alderman George Robinson MLA

Antrim Enterprise Agency

Armstrong Learning

Avanta

Ballymena Business Centre

Belfast Metropolitan College

Belfast Unemployed Resource Centre

Bryson Future Skills

Business in the Community

Campbell Page Ltd

Carrickfergus Enterprise

Causeway Enterprise Agency

CBI NI

Colleges NI

Cookstown Enterprise Centre

CSV Media

David Gilmour

Derry Trade Union Council

Disability Action

Dungannon Enterprise Centre

East Belfast Enterprise

Elle Enterprises Ltd

Enterprise NI

## Steps 2 Success(NI): Response to Consultation

Enterprise NI – North East

Enterprising West

EOS

ESG

ETI

Fermanagh Enterprise

Fermanagh Rural Community Initiative

Fit NI

G4S

Gingerbread NI

Goals 14

Health and Social Care Trust

Homeseal

Ilex

Include Youth

Ingeus

Interserve

Irish Congress of Trade Unions

Limavady Borough Council

M. Carlisle

Maximum

Mencap

Network Personnel

NI Catholic Council on Social Affairs

NI Union of Supported Employment

NIACRO

NICVA

NIPSA

NUS-USI

Omagh District Council Consortium

Omagh Enterprise Company

## Steps 2 Success(NI): Response to Consultation

Opportunity Youth

People 1<sup>st</sup>

Pertemps

Peter McConalogue

Princes Trust

Prospects

PSNI

RNIB

Roe Valley Community Education Forum

Save the Children

SERC

Serco

South West College

Springvale Learning

Stepping Stones

Supported Employment Solutions

TWN

TWP Solutions

University and College Union

Upper Andersonstown Community Forum

USEL

Volunteer Now

Working Links

Workspace

WSN

### **Late Responses**

SDLP

NIAMH

NIIRTA

DSD

**GLOSSARY OF TERMS**

<b>DEL</b>	<b>Department for Employment and Learning</b>
<b>Inclusion</b>	<b>Centre for Economic and Social Inclusion</b>
<b>StW</b>	<b>Steps to Work</b>
<b>LEMIS</b>	<b>Local Employment Intermediary Service</b>
<b>ESA</b>	<b>Employment and Support Allowance</b>
<b>IB</b>	<b>Incapacity Benefit</b>
<b>JSA</b>	<b>Jobseeker's Allowance</b>



people:skills:jobs:



Department for  
**Employment  
and Learning**  
[www.delni.gov.uk](http://www.delni.gov.uk)



**THE DEPARTMENT:**

Our aim is to promote learning and skills, to prepare people for work and to support the economy.

This document is available in other formats upon request.

**Further information:**

Programme Management and  
Development Branch  
Department for Employment and Learning  
Adelaide House  
39/49 Adelaide Street  
Belfast  
BT2 8FD

telephone: 028 9025 7405

email: [steps2success-ni-consultation@delni.gov.uk](mailto:steps2success-ni-consultation@delni.gov.uk)

web: [www.delni.gov.uk/](http://www.delni.gov.uk/)

[steps2success-ni-consultation](http://www.delni.gov.uk/steps2success-ni-consultation)