



House of Commons
Work and Pensions Committee

Full employment and world class skills: Responding to the challenges

Eighth Report of Session 2006–07

*Report, together with formal minutes and oral
evidence*

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The Work and Pensions Committee

The Work and Pensions Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Work and Pensions and its associated public bodies.

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1 Introduction

1. In July 2007 the Government published two documents: a Green Paper, *In work, better off: next steps to full employment*,¹ setting out the next stages of its plans for welfare reform; and *World Class Skills: Implementing the Leitch Review of Skills in England*.² These documents are not mutually exclusive. They set out the Government's plans to improve the co-ordination of employment and skills policies so that people who are low-skilled and out of work have a better chance of finding and keeping employment.

2. This report examines these two key policy statements, assessing the DWP's plans for future reform and how the Department will fulfil its role in improving the skill levels of people entering work. It draws heavily on a series of inquiries which we have made into matters related to welfare reform, on *The Efficiency Savings Programme in Jobcentre Plus*,³ *Incapacity Benefits and Pathways to Work*,⁴ *the Government's Employment Strategy*⁵ and *Benefits Simplification*.⁶

3. We also took oral evidence from Caroline Flint MP, newly appointed Minister for Employment and Welfare Reform (which is printed with this report) and the new Secretary of State for Work and Pensions, the Rt Hon Peter Hain MP,⁷ immediately before the summer recess.

4. We welcome the *In work, better off* Green Paper but are disappointed that it does not cover the breadth of issues we had anticipated. For example, there is no response to David Freud's proposals for benefit reform and no exploration of the impact the proposals might have on lone parents with disabled children.

5. We have advocated the introduction of a more personalised programme of support for jobseekers, following the principles of *Building on New Deal*, in a number of our reports and so the announcement of a new, flexible New Deal is encouraging. However, we urge DWP to ensure that the combined strategies are coherent and transparent for customers, staff and contractors alike.

¹ Department for Work and Pensions (DWP), Cm 7130, July 2007

² Department for Innovation, Universities and Skills (DIUS), Cm 7181, July 2007

³ Second Report of Session 2005-06, HC 834-I

⁴ Third Report of Session 2005-06, HC 616-I

⁵ Third Report of Session 2006-07, HC 63-I

⁶ Seventh Report of Session 2006-07, HC 463-I

⁷ Oral evidence taken before the Committee on 25 July 2007, HC (2006-07) 940-i

2 The purpose and timescales of the Green Paper proposals

Purpose

6. The Green Paper *In work, better off: next steps to full employment* sets out the Government's plans for the next stages of welfare reform, incorporating both its response to David Freud's report *Reducing Dependency, increasing opportunity: options for the future of welfare to work*⁸ and Lord Leitch's recommendations⁹ on the role of Jobcentre Plus in improving skills in the UK.

7. It is the latest in a series of broad policy statements by DWP, most notably including the DWP's five-year strategy in 2005¹⁰ and the 2006 Green Paper, *A new deal for welfare: empowering people to work*.¹¹ We asked the Minister, Caroline Flint MP, why another document was required; she replied:

“a number of the issues in our Green Paper are building on other things which have been said before, hopefully trying to get them into a more coherent way in which we can move forward, whether that is in contracting, whether it is on a different type of New Deal programme, whether it is trying to get to the people who are at the moment inactive and support them into work.”¹²

A response to Freud?

8. In his report, David Freud made a number of recommendations including:

- a) Contracting out support for the hardest to help
- b) Modelling outcome-based contracting for long-term worklessness
- c) Extending conditionality for lone parents
- d) Moving towards a single system of working age benefits (the report includes a chapter on this area and concludes “There is a strong case for moving towards a single system of working age benefits, ideally a single benefit, in order to better support the Government's ambition of work for those who can and support for those who cannot.”¹³)

9. During our recent inquiry into Benefits Simplification we examined Freud's proposals for a single working age benefit and sought the Government's response to his recommendations on the future of the benefits system. Parliamentary Under-Secretary of

⁸ David Freud: *Reducing dependency, increasing opportunity: options for the future of welfare to work*, Independent report to the DWP, March 2007

⁹ HM Treasury, *Prosperity for all in the global economy – world class skills*, December 2006

¹⁰ DWP, *Employment Opportunity for All: Five Year Strategy*, Cm 6447, February 2005

¹¹ DWP, *A new deal for welfare: empowering people to work*, Cm 6730, January 2006

¹² Q 1

¹³ *Reducing dependency, increasing opportunity: options for the future of welfare to work*, p 9

State at the DWP, James Plaskitt MP, repeatedly told us that we would need to wait for the Government's response to Freud:

“Clearly, there is more work for us to do across the whole range of benefits. That is why I have suggested that an important document, I think, for your Committee to read will be our response to the Freud report.”¹⁴

And:

“**Natascha Engel:** The proposal which I am interested in is the single working-age benefit which Freud has outlined; will the DWP response to Freud also include that, or will it talk about just the idea of a single system?

“**Mr Plaskitt:** The response to Freud will answer the questions that you are asking.”¹⁵

10. However, while the Green Paper addresses Freud's recommendations on contracting and conditionality, it does not include any comments on benefits simplification.

11. We were told by a DWP Minister repeatedly in oral evidence that the Green Paper *In work, better off: next steps to full employment* would include a response from the Government to David Freud's proposals for benefits reform. It does not, which means that a key opportunity to consult on these proposals has been lost. We ask the DWP why the Committee was given misleading information, and what changed between Mr Plaskitt giving evidence to us on 18 June and the publication of the Green Paper on 18 July.

Timescales

12. In our report earlier this year into the Government's Employment Strategy, we acknowledged DWP's plans to review its welfare-to-work policies and cautioned against proceeding with reforms without a clear strategy, including timescales and consultation:

“Given the importance of welfare to work policy, we are concerned at the lack of clarity around the timetable for the [Freud] review [...] and the fact that there seem to be no formal consultation arrangements. Such a crucial process must not be rushed and should be – and be seen to be – transparent and actively engaging all those who have an interest.”¹⁶

13. We are pleased that the Government is now consulting on its proposals for welfare reform, but proper scrutiny demands clear and sufficient information. We were therefore disappointed that the Green Paper did not propose a timetable for implementation, unlike the Government's response to the Leitch review, which set out clearly the timescales and responsibilities of different departments.¹⁷ We asked the Minister about this and she said:

¹⁴ Seventh Report of Session 2006-07, HC 463-I, Q 369. The Government response to the Committee's Report was published as the Committee's Third Special Report of Session 2006-07, HC 1054, on 16 October 2007

¹⁵ Seventh Report of Session 2006-07, HC 463-I, Q 382

¹⁶ Third Report of Session 2006-07, HC 63, para 342

¹⁷ DIUS, Cm 7181, Annex A

“I am happy to look to see, if that would be helpful, whether some timelines about some things which are currently going to happen run alongside some of our proposals to give all of us a better idea about how this is going to look over the next year to 18 months.”¹⁸

14. We welcome the Minister’s offer to provide a 12-18 month timeline for the proposals outlined in the Green Paper and how they sit alongside existing initiatives. We recommend that the Government makes this additional document available before the consultation process ends on 31 October 2007.

¹⁸ Q 42

3 Improving the employment rate of disadvantaged groups

15. As we acknowledged in our report on the Government's Employment Strategy, "the DWP's 80% [employment rate] aim is a challenging one."¹⁹ The *In work, better off* Green Paper sets out the Government's plans which include:

- a) engaging more lone parents in the labour market;
- b) increasing the numbers of people from ethnic minorities in work; and
- c) building upon Pathways to Work and increasing the employment rate among disabled people.

Lone parents

16. The Green Paper sets out the case for introducing more work 'conditionality' for lone parents:

"The Harker report maintained that if a strong package of support was in place for lone parents, including guaranteed access to affordable and suitable childcare and work that fitted with family commitments, there would be grounds for 'strengthening lone parents' responsibility to look for work as the logical next step'. The Freud report also considered that the time was right for a move in this direction. Similarly, the Organisation for Economic Co-operation and Development (OECD) has recommended that, with the right support in place, the UK should consider further extending work tests for lone parents. Indeed, the UK is rare amongst the OCED countries in having a specific benefit for lone parents with no worksearch conditionality attached. Most countries have moved, or are moving, towards tougher work obligations on lone parents."²⁰

17. In our Employment Strategy report, we found a consensus among witnesses that there would need to be further development of policies aimed at engaging lone parents in the labour market if the target of moving 70% of lone parents into work was to be reached. The Centre for Economic and Social Inclusion (*Inclusion*) argued:

"Reaching a 70% employment rate by 2010 looks difficult unless there is something to cause a change in trend. The more rapid increases from 2000 and again from 2004 can be attributed to the development of New Deal for Lone Parents and the introduction of Tax Credits. This would suggest that further improvements in programmes and incentives will be needed."²¹

¹⁹ Third Report of Session 2006-07, para 16

²⁰ DWP, Cm 7130, July 2007, p 43

²¹ Third Report of Session 2006-07, para 230

18. The Government had already announced that it considered as “the right direction of travel” David Freud’s proposal that, from 2008, lone parents with a youngest child aged 12 or over should no longer be entitled to claim Income Support solely on the grounds of being a lone parent.²² The Green Paper extends this requirement, reasoning:

“on its own, this will only affect around one in seven lone parents on benefit. Correspondingly, the impact on child poverty, while important, will be small. We therefore also propose that this age should be brought down to a youngest child of seven years old from October 2010. Over time, this will affect nearly 40% of lone parents currently on Income Support. By October 2010 the aspiration is that all schools in England will be extended schools providing a range of activities between 8am and 6pm on weekdays for 48 weeks of the year.”²³

19. This policy change was met by strong criticism from the voluntary sector. Chris Pond, Chief Executive of One Parent Families / Gingerbread said:

"Most single parents are already working and those who are not either want to, but can't find affordable childcare or a job that fits with school hours, or have very good reasons for deciding that their children need a parent at home to guide them for a time.

“One quarter are caring for a disabled child. Children of all ages can need a parent at home for a period, especially in the aftermath of divorce or separation. A punitive approach would only impact badly on youngsters in one parent families - many of whom have already lost one parent - while alienating work-ready lone parents from the voluntary New Deal scheme which is doubling parents' chances of finding work. It is extremely worrying that the Government is imposing new requirements on parents without detailing any additional form of support. The Government has repeatedly emphasised that parents know best when it comes to making choices about how to combine work and family life.”²⁴

20. A 2003 report by the National Employment Panel questioned the effectiveness of the increased use of compulsory Work Focussed Interviews (WFIs), concluding that they risked “becoming simply a ‘box ticking’ exercise for overburdened staff.” Instead, the NEP concluded, “we think it makes more sense to retain an element of discretion and to place greater focus on the content and quality of the interaction between Personal Adviser and lone parent.”²⁵

21. The Committee concluded in its Employment Strategy Report:

“We recommend that any changes to the system of benefits for lone parents take account of the fact that paid work may not be the best option for a lone parent, even if they have children of secondary school age. There may be a range of reasons why a lone parent does not wish to work. We recommend that the DWP concentrate its

²² *Working for Children – Child Poverty Strategy*, March 2007

²³ DWP, Cm 7130, July 2007, p 44

²⁴ One Parent Families / Gingerbread press release, July 2007

²⁵ National Employment Panel, *Work, works: Final Report of the Steering Group on Lone Parents*, April 2003, p 12

efforts on providing better support for the majority of lone parents who do want to work, as discussed in the chapter on lone parents above.

We recommend that the Government continue to improve the provision of suitable, affordable childcare in all areas, which will be essential in order to improve the ability of lone parents to enter and keep paid work.”²⁶

22. Questioned about the rationale behind extending conditionality to lone parents whose youngest child is aged seven or over, the Minister told us:

“We have to think about how we engage with a larger number of lone parents in order to support them into work. Part of the way to do that is to think about reducing it incrementally to a lower age. There is the international evidence that we are out of kilter with a lot of support programmes around lone parents and the point at which conditionality is part of that support, but also, in terms of our ambitions to tackle child poverty and meet our full-employment provision, we will not really do that unless we have policies which are about engagement in a much more upfront way whilst recognising that with that conditionality there comes a responsibility on us to recognise how we support [lone parents].”²⁷

23. Given that increases in the scope of conditionality are being considered, it is worrying that recent figures show that the number of sanctions applied to lone parents who fail to attend a work focused interview has increased, with 40,300 lone parents sanctioned in 2005-06.²⁸

Lone parent work focused interview (WFI) benefit sanctions			
Year WFI was first booked	Number of WFIs booked	Number of sanctions applied	Percentage of booked WFIs sanctioned
April 2002-March 2003	338,800	5,600	1.7
April 2003-March 2004	603,100	14,300	2.4
April 2004-March 2005	770,100	31,800	4.1
April 2005-March 2006	908,300	40,300	4.4
<p><i>Note:</i> Data exclude quarterly WFIs which were introduced nationally from October 2005 for lone parents whose youngest child is aged 14 and over as this administrative data are not yet available for analysis. Source: Labour Market Service evaluation databases.</p>			

²⁶ Third Report of Session 2005-07, para 345

²⁷ Q 22

²⁸ HC Deb, 19 April 2007, col 784W

24. We feel that the Government has yet to prove that increasing conditionality for lone parents is the best way to help them to get back into the labour market. We therefore recommend that DWP sets out the evidence base for its proposals, demonstrating the significantly positive impact this policy will have on the lone parent employment rate and on lone parents themselves, and explaining on what grounds the age of seven has been chosen.

25. In 2005-06 40,300 lone parents were sanctioned for not attending a work focused interview (WFI). We are concerned that so many lone parents are failing to attend, particularly when conditionality is only attached to attending the WFI rather than on finding employment. We recommend that the Government undertakes close analysis of why such high numbers of lone parents are prepared to face sanctions rather than attend a work focused interview.

Making work pay

26. The *In work, better off* Green Paper sets out the Government's aim of ensuring that lone parents are financially better off in work:

“And we want to make work pay. We do not wish to repeat the US experience, where welfare reform resulted in many lone parents moving into work, but remaining mired in poverty. We want to support lone parents into employment that reduces poverty for them and for their children as much as possible. In Australia, for example, reforms introduced in 2006 mean that parents with a youngest child over six are only obliged to accept an offer of employment which makes them financially better off than on benefit. We are attracted to this idea. We would like to be able to make clear to lone parents that the job vacancies that they are offered through Jobcentre Plus will indeed make them, and their children, better off. Also, in addition to the tax credit system which is there to try to ensure that work pays, we will consider the experience of the In-Work Credit pilots to determine what role such direct financial incentives can play.”²⁹

27. In order to ensure that lone parents will be better off in work, a valuable tool is the Better Off Calculation, which is undertaken by Jobcentre Plus to determine the income a person needs to be financially better off working than they would be on benefits. DWP research has shown that a Better Off Calculation (BOC) can provide the necessary incentive to encourage lone parents among others into the labour market:

“Discussing better-off calculations with advisers or working out financial projections at home led some to discover that they could afford to work fewer hours, which would suit their condition or their family circumstances better. Some realised that they could take lower paid jobs which would suit them rather than searching longer for the higher paid work they had previously thought they needed to meet living expenses.”³⁰

²⁹ DWP, Cm 7130, July 2007, p 45

³⁰ DWP, *Pathways to Work from Incapacity Benefits: A study of experience and use of Return to Work Credit*, Research Report 353, May 2006

28. Despite the positive impact the calculation can have on the incentive to work, the national target for the delivery of BOCs is just 20%.³¹ The Secretary of State emphasised the need for more lone parents to receive them:

Michael Jabez Foster: “Would you have an ambition or perhaps a requirement that this better-off interview takes place when we are discussing plans for single parents in every case?”

Mr Hain: “Yes, certainly that would be the objective and that has become increasingly so in recent times, and I would want to see it as an essential part of the interview because if people do not know that they are going to be better off, what is the incentive to work?”³²

29. We welcome the DWP’s emphasis on ensuring that lone parents going back to work are better off than they were on benefits. It is not right – and it is ultimately unsustainable - to push people off benefits but leave them mired in poverty. However, to translate this laudable aim into reality lone parents must know how much they need to earn to ensure that they are better off in employment. If the Government is to follow the Australian model where lone parents are only obliged to accept an offer of employment which makes them financially better off working, the number of Better-Off Calculations conducted must be increased and DWP must make the necessary resources available to Jobcentre Plus for this.

Lone parents with disabled children

30. The measures proposed in the Green Paper are intended to support all lone parents including those whose children are disabled. The employment rates for parents with disabled children are astonishingly low. Every Disabled Child Matters reported that only 16% of mothers of disabled children work, compared to over 60% of mothers generally.³³

31. Following the publication of David Freud’s report in March 2007 the Disability Rights Commission (DRC) warned that lone parents with disabled children would need extra help to take up work. The DRC identified a lack of affordable childcare and after school activities for disabled children as key concerns.³⁴

32. In September 2006, Every Disabled Child Matters highlighted the growth in evidence to suggest that lone parents with disabled children face particular barriers to returning to work because they cannot access appropriate childcare:

“There are a number of reasons for this failure [including]:

- a lack of inspection of the supply of childcare places for disabled children
- no funding stream to increase the volume of childcare for disabled children

³¹ Government Response to the Work and Pensions Committee’s Seventh Report of Session 2006-07, published as the Committee’s Third Special Report, HC 1054, para 21

³² Oral evidence taken before the Committee on 25 July 2007, HC (2006-07) 940-I, Q 25

³³ Every Disabled Child Matters, *Between a rock and a hard place*, September 2006

³⁴ Taken from the DRC press release responding to Freud, March 2007

- a lack of coordination between the national and local childcare strategies with other legislation and initiatives aimed at supporting disabled children and their families

[...] Parents of disabled children report that some professionals act as if it would suit 'the system' better if they remained at home as carers of their children. In this way parents attend hospital appointments at times that suit the professionals."³⁵

33. DRC chairman Sir Bert Massie said:

"The general flow of traffic in these proposals is on the right track: to reach the most disadvantaged and build incentives for private and voluntary agencies to support them into work. But before extending conditions for lone parents receiving benefit we have to be confident that all support is and will be provided to make work a palpable reality for them."³⁶

34. He warned that without support lone parents will continue to "occupy the lonely planet of exclusion, poverty and distance from work because of continuing failures to ensure a sound platform for their participation".³⁷

35. The Green Paper seeks views on how conditionality might affect lone parents with disabled children but there is no evidence that the impact of the proposals on this group has been assessed.

36. DWP's own research has shown that current interventions aimed at supporting lone parents with disabled children into work may not be having sufficient impact. Its report *The lone parents pilots: A qualitative evaluation of Quarterly Work Focused Interviews (12+), Work Search Premium and In Work Credit*, found:

"Broadly, customers' attitudes towards the Quarterly Work Focused Interviews differed for those who had subsequently entered work, who were mostly positive, and those who had not, who were more negative [...] Those who were negative tended to be less receptive towards the idea of working and/or to have more severe barriers, such as a disabled child. Nonetheless, the majority expressed a desire to work and many felt that their needs were not addressed. They referred to repetitive and unconstructive meetings and sometimes to advisers who were unsympathetic and did not respond to their needs."³⁸

37. We were told by Adam Sharples, Director General, Work, Welfare and Equality Group, DWP, that lone parents of severely disabled children may be able to stay on Income Support, as if their child receives the higher level (care) component of Disability Living Allowance, they can qualify for Carer's Allowance and thus not have to move onto Jobseeker's Allowance.³⁹ However, for those lone parents with disabled children who do

³⁵ Every Disabled Child Matters, *Between a rock and a hard place*, September 2006

³⁶ Taken from the DRC press release responding to Freud, March 2007

³⁷ As above

³⁸ DWP, Research Report 423, 2007, p 23

³⁹ Q 26

not qualify for Carer's Allowance, the situation is less clear. Contact a Family raised their concerns that these lone parents may be disadvantaged by the Green Paper's proposals. Director of External Affairs Jill Harrison said:

“there will be families who will not qualify for DLA but whose circumstances mean that they need to be exempted from the requirement to work and we will be calling on Ministers and officials to recognise this in their final proposals.”⁴⁰

38. The Green Paper does not explore how the Government's proposals will impact upon lone parents with disabled children but does seek views on this as part of the consultation process. We urge the Government to assess fully the impact of increased conditionality on lone parents with disabled children and ensure that appropriate and flexible employment support and opportunities are developed for them.

Ethnic minority groups

39. The disadvantages faced by some ethnic minority groups have been acknowledged in previous research and policy reviews. Research by the Joseph Rowntree Foundation highlighted some of the issues faced by ethnic minority groups in the UK labour market, looking at the relative positions of ethnic groups between 1991 and 2001. It reported that:

“Employment rates increased most for Black African, Pakistani and Bangladeshi men, largely due to improvements in their educational attainment. However, substantial employment gaps remain for Black African, Black Caribbean, Pakistani and Bangladeshi men. Women from ethnic minority backgrounds did not close the employment gap with white women to the same extent as ethnic minority men and the employment rates of Pakistani and Bangladeshi women remain very low, at less than 30%.”⁴¹

40. Given the academic and political consensus on this issue, we are disappointed that the Green Paper did not attempt to set out a coherent strategy to tackle the disproportionately low employment rate of ethnic minorities. It states:

“We [...] need to tailor new approaches in the localities where ethnic minorities live, including through the Deprived Areas Fund and the City Strategy. We have learnt a lot about outreach and support from both talking to ethnic minority people themselves through our research, and through a range of innovative programmes including Jobcentre Plus outreach programmes, the ‘Fair Cities’ pilots which link training to job opportunities in Bradford, Birmingham and Brent, and other local pilots run through the private and voluntary sectors. We also want to absorb the lessons from these programmes in our plans to integrate employment and skills provision.”⁴²

41. We welcome the assurance that local employment strategies will target ethnic minorities but it is crucial that local programmes are able to duplicate the successes of the

⁴⁰ Every Disabled Child Matters Press Release, 19 July 2007

⁴¹ Joseph Rowntree Foundation, *Ethnic Minorities in the labour market: dynamics and diversity*, April 2007

⁴² DWP, Cm 7130, July 2007, p 51

DWP's discontinued Ethnic Minority Outreach project. In our report on the Government's Employment Strategy we said that:

“Evidence suggests that the Ethnic Minority Outreach programme was working well at improving employment opportunities for people from ethnic minorities, using small local organisations. Since this is to be replaced by the Deprived Areas Fund, we will want to see evidence that organisations contracted to administer the Deprived Areas Fund are working with small local groups to reach the same clientele as the Ethnic Minority Outreach programme did. It is important that the focus on offering employment services to people from ethnic minorities should not be lost, either in Cities Strategy areas or other areas.”⁴³

42. We pressed the Minister on this recommendation and she told us:

“What I want to look at is how we make sure, whether it is people from ethnic minority communities, particularly those who are most distant from the opportunities we think are present, whether it is others, that we find a way that the contract can have rigour and be paid on outcomes and is mindful of those particular needs in those communities.”⁴⁴

43. We urge the Government to ensure that local employment strategies include appropriate support for those from ethnic minorities who are not in work to access labour market opportunities, ensure that work is done with local employers to achieve this, and include specific targets for achieving this objective. It is important that the successes of the Ethnic Minority Outreach Programme are sustained in broader local strategies.

Disabled people

44. The focus of the Green Paper is on jobseekers and lone parents. We accept that the previous welfare reform Green Paper, published in 2006 (and on which we reported in our *Incapacity Benefits and Pathways to Work* inquiry) set out the Government's proposals for employment support for sick and disabled people.⁴⁵ We emphasise, however, the fact that disabled people are not only generally more likely to be out of work, but they are also more likely to leave work and, once out of work, they are less likely to move back into employment than non-disabled people and other groups.⁴⁶

45. We asked the Minister what the Government is doing to address the specific challenges that disabled people, particularly those with mental health difficulties, may face in work and she told us:

“There is some work between DWP and the Department of Health on health and wellbeing and there are various employer/stakeholder forums - I have attended a few - to talk about this issue around occupational health, how better partnerships can

⁴³ Third Report of Session 2006-07, HC 63, para 281

⁴⁴ Q 31

⁴⁵ DWP, *A New Deal for Welfare: empowering people to work*, Cm 6730, January 2006

⁴⁶ *Fairness and Freedom: The Final Report of the Equalities Review*, February 2007

support people. There is a Treasury review into issues around those who have mental health conditions but who work too. That is an area which we need to explore about where DWP as a department plays a role but other departments play a role in that too.”⁴⁷

46. We agree with the Minister that the DWP needs to explore ways to assist disabled people, particularly those with mental health difficulties, to find and sustain work. We agree that local partnership working is vital and ask DWP to clarify its role and responsibilities in brokering local relationships, and set out which Department is taking the lead in the various cross-government initiatives which are underway.

4 The strategy: a personalised New Deal and Local Employment Partnerships

A personalised New Deal

47. The *In work, better off* Green Paper outlines the Government's plans to introduce more "personalised, responsive support for jobseekers":

"Evidence from the Employment Zones has demonstrated the effectiveness of a more tailored approach to support, and the success of the New Deal has demonstrated the effectiveness of a strong focus on rights and responsibilities. The proposal here contains both elements.

"We want to move away from the rigid distinctions of the current New Deals between age groups and introduce a new, flexible, personalised approach for longer-term, more disadvantaged customers. We also want to tap into the experience and expertise, not only of Jobcentre Plus, but also private and third sector organisations as well as other public bodies"⁴⁸

48. The principles of the personalised New Deal appear to reflect those of Building on New Deal (BoND), announced in 2004. This was confirmed by the Minister:

"Some of the principles of BoND are present in the flexible New Deal. Aspects of opportunities to customise can exist in relation to the City Strategy, more localised programmes which meet the needs of the groups we are most trying to reach, but that varies enormously. Within ethnic minorities, looking at the statistics of those out of work amongst the Pakistani and Bangladeshi community, I have to say their needs stand out starkly compared with other ethnic minority groups. The flexibility, the customisation there, that part of BoND is already being taken forward as part of the City Strategy."⁴⁹

49. In June 2004 DWP announced that it would launch BoND as a pilot programme aimed at providing Jobcentre Plus customers with flexible, tailored packages of employment support. However, BoND was not piloted. In our inquiry into the Government's Employment Strategy we heard from a number of witnesses who suggested that the flexibility proposed for BoND would help more people back into work. We therefore concluded:

"there would be clear advantages in allowing greater flexibility in employment programmes to respond to individual needs and local labour market conditions. We recommend that the DWP pilot BoND, or a programme based on the same principles, as soon as possible, and also incorporate those principles into the Cities Strategy."⁵⁰

⁴⁸ DWP, Cm 7130, July 2007, p 49

⁴⁹ Q 6

⁵⁰ Third Report of Session 2006-07, para 77

50. We welcome the introduction of the personalised New Deal, as advocated by this Committee in a number of our reports, particularly given that this programme will incorporate the principles of Building on New Deal, the flexible employment support programme that, despite initial intentions, was never piloted.

The fate of existing programmes

51. As indicated above, the *In work, better off* Green Paper details the Government's intention to move away from the rigid distinctions of the existing New Deal programmes. This means that existing programmes will be replaced, but the Green Paper does not outline when these programmes will be wound up, nor does it consult on the impact of this move. Adam Sharples, Director General, Work, Welfare and Equality Group, DWP, told us:

“Part of the objective here is to rationalise and simplify, to make the offer more uniform across the country and to give that extra flexibility for advisers to work with individuals. The idea is that the new flexible New Deal will replace the two mandatory New Deals, the young people of 25-plus and in time the Employment Zones, although that will take a little bit longer, and the private-sector-led New Deals. All four of those programmes will be wrapped up into the new programme.”⁵¹

52. It is crucial that the transition between the existing New Deals and the new personalised programme occurs as smoothly as possible, particularly as delays and uncertainty amongst Jobcentre Plus contractors have been reported to this Committee in a previous inquiry. In our report on the Efficiency Savings Programme in Jobcentre Plus, we recommended that “DWP works as a matter of urgency to review further its contracting procedures for all employment and training programmes to ensure that accountability is achieved without compromising provider flexibility, so that higher quality and more efficient outcomes are achieved.”⁵²

53. We welcome the introduction of the personalised New Deal but we urge the Government to ensure that the rationalisation of existing programmes is carefully planned, ensuring that there are no gaps or overlaps.

54. We are concerned that there remain a number of unanswered questions about what will happen to existing contracts for the New Deal programmes. We ask the Government to clarify the transitional arrangements and how they will impact upon customers, contractors and Jobcentre Plus staff as a matter of urgency, particularly given DWP's troubled history in this area. We reiterate the importance of ensuring that contracting procedures are transparent and encourage efficiency and accountability amongst programme providers.

⁵¹ Q 10

⁵² Second Report of Session 2005-06, HC 834-I, para 278

Retention and progression

55. The Green Paper rightly emphasises the fact that finding employment is just the first hurdle for some people: sustaining a job is the next and often most crucial challenge. It explains that a guiding principle of welfare reform will be:

“**retention and progression, not just job entry:** the system must do more to help people stay in work and move up the ladder through better in-work support – through advice, financial incentives and training.”⁵³

56. In our report on the Government’s Employment Strategy we examined the extent to which the UK’s current welfare-to-work strategy focuses on retention:

“Jobcentre Plus focuses on placing people into jobs. However, it is our view that not enough attention is being paid either to ensuring that those jobs offer reasonable prospects, or to helping people remain in those jobs in the long term. In particular, the absence of targets for sustained job placements in Jobcentre Plus provision, and the definition of a sustained job placement as one lasting 13 weeks in contracted out provision, need to be re-examined.”⁵⁴

57. We reiterate this recommendation, particularly in light of the fact that whilst the Green Paper states the importance of retention and progression it does not give any indication of how Jobcentre Plus and contractors will be encouraged to support customers into sustained work. Given the absence of any proposals in this area, we were particularly alarmed that the Government is not consulting about retention and progression in the Green Paper. We asked the Minister about this, who told us:

“we should maybe have had a question in there on that [...] we are thinking about [...] the contract side. What outcomes do we want in terms of the contracts which will be developed? Part of the outcomes we want are not just job entry but where we should be in terms of retention for those people who go into jobs and how we do actually provide the framework to incentivise that but also assess that and get value for money. Those are some of the areas we are exploring as well as markers which might be appropriate to show our success rate for people staying on in work. We have more of a focus on that area now.”⁵⁵

58. We welcome a focus on retention and progression in the Government’s welfare-to-work policy but there is little evidence that the DWP has considered in any detail how this will be reflected in providers’ contracts or in the type of support available on employment programmes. There are no consultation questions in the Green Paper on this issue and we believe that the Government has missed a key opportunity to canvass the views of experts and stakeholders.

⁵³ DWP, Cm 7130, July 2007, p 31

⁵⁴ Third Report of Session 2006-07, para 108

⁵⁵ Q 8

5 Co-ordinating the employment and skills strategies

59. Both the *In work, better off* Green Paper and the Government's response to Leitch acknowledge the need to integrate employment and skills policies. The latter states:

“The DIUS and DWP are committed to ensuring that the skills and employment systems work together more effectively for the benefit of the customer. That will be reflected in the priorities for Jobcentre Plus, the Learning and Skills Council and the new universal adult careers service, within the resources available. Our aim is that in future customers of the employment and skills service will face no discontinuities. There will be no point where ‘job-search’ ends and ‘up-skilling’ begins. Instead there will be a single customer journey, from poor skills or worklessness to sustainable employment and the skills to progress. Support for the individual – both financial and human – will be accessible and sustained.”⁵⁶

60. In our report on the Government's Employment Strategy, we urged Ministers to adopt Lord Leitch's recommendations for a more coherent dual strategy for employment and skills:

“The Leitch report sets out a compelling argument for an overhaul of the UK's skills strategy. Better skills provision is essential if the DWP is to achieve its employment rate aspiration; increasing workplace training, and the relevance of qualifications to the needs of employers, will improve in-work advancement and make an important contribution to job sustainability and retention. We are concerned that, as yet, there has been no commitment to financing the implementation of Lord Leitch's proposals. The Government should be prepared to make a significant early investment in skills provision, in order to reap these rewards.”⁵⁷

61. We welcome the Government's commitment to co-ordinating employment and skills strategies. We repeat the conclusion in our report on the Government's Employment Strategy that assisting people who are out of work and have low skills to undertake education or training is crucial to improving their ability to sustain employment in a competitive labour market.

Adults Careers Service

62. As part of its strategy for employment and skills, the Government will launch a new adult careers service. The response to Lord Leitch's review outlines the plans for the new service, which will merge the information and advice services of learndirect and nextstep providers. Jobcentre Plus will have a distinct role in this process:

“We envisage that jobseekers identified by their Jobcentre Plus Personal Adviser as requiring further skills support will be referred to a careers adviser for a skills health

⁵⁶ DIUS, Cm 7181, July 2007, p 25

⁵⁷ Third Report of Session 2006-07, para 123

check. This will help careers advisers make a detailed assessment of customer need, building confidence by identifying existing skills as part of the process of identifying areas for further development, and ensuring that realistic goals are set. This would be followed by personal careers advice on labour market conditions, employers' requirements, skills and earnings potential, future skills needs, availability of publicly funded programmes and courses, child care provision and so on."⁵⁸

63. We asked the Government how the adult careers service will link and add value to the existing Personal Adviser model. The Minister told us that:

“At the moment the idea is that where it is still practicable the adults careers service will be co-located in Jobcentre Plus offices. Jobcentre Plus then identify jobseekers who have basic skills or employability needs and the adult careers service will be able to be on hand to provide a more in-depth assessment of their skill needs.”⁵⁹

64. We welcome the introduction of an adult careers service to support jobseekers in returning to the labour market. We recommend that the Government ensures that this service adds value to the role of Jobcentre Plus Personal Advisers and that joint-working strategies are developed early so that customers have easy access to high quality careers and employment advice.

Skills and disabled people

65. One issue where we saw a lack of co-ordination between the employment and skills strategies was in addressing the number of disabled people without formal qualifications. Speaking at the launch of a report by the Social Market Foundation, ‘Disability, Skills and Work: Raising our ambitions’ on 11 June 2007, the then Secretary of State, the Rt Hon John Hutton MP, said:

“Today there are 4.6 million people without qualifications and a further 1.5 million with qualifications below level 2. Disabled people account for a third of all those without formal qualifications. They are twice as likely as non-disabled people to have no qualifications; and twice as likely to be living in poverty. And as incomes have risen across the working age population, so the relative position of disabled people has struggled to keep pace. While a quarter of all children living in poverty now have long-term sick or disabled parents.

“While disabled people and those with long term health conditions have lower employment rates than the non-disabled population at all levels of qualifications – the magnitude of that employment rate gap for those with no qualifications is almost double that for those with level 2 qualifications.

⁵⁸ DIUS, Cm 7181, July 2007, p 31

⁵⁹ Q 38

“And with the demand for low skills likely to continue falling - with Leitch predicting some 850,000 fewer low skilled jobs by 2020 - the impetus for change could not be greater.”⁶⁰

66. We were therefore surprised that the Government’s response to the Leitch review did not set out specific measures to tackle this problem. When questioned on this point, the Secretary of State replied “I am not sure why that is but it is clearly an issue that I need to check out.”⁶¹

67. We ask the Government to set out the specific measures it plans to introduce to tackle the issue that disabled people account for a third of all those without formal qualifications; and to explain why this was not covered in its response to the Leitch review.

⁶⁰ John Hutton, Secretary of State for Work and Pensions speaking at the launch of ‘Disability, Skills and Work: Raising our ambitions’ at the Social Market Foundation on 11 June 2007

⁶¹ Oral evidence taken before the Committee on 25 July 2007, HC (2006-07) 940-I, Q 37

Conclusions and recommendations

1. We were told by a DWP Minister repeatedly in oral evidence that the Green Paper *In work, better off: next steps to full employment* would include a response from the Government to David Freud's proposals for benefits reform. It does not, which means that a key opportunity to consult on these proposals has been lost. We ask the DWP why the Committee was given misleading information, and what changed between Mr Plaskitt giving evidence to us on 18 June and the publication of the Green Paper on 18 July. (Paragraph 11)
2. We welcome the Minister's offer to provide a 12-18 month timeline for the proposals outlined in the Green Paper and how they sit alongside existing initiatives. We recommend that the Government makes this additional document available before the consultation process ends on 31 October 2007. (Paragraph 14)
3. We feel that the Government has yet to prove that increasing conditionality for lone parents is the best way to help them to get back into the labour market. We therefore recommend that DWP sets out the evidence base for its proposals, demonstrating the significantly positive impact this policy will have on the lone parent employment rate and on lone parents themselves, and explaining on what grounds the age of seven has been chosen. (Paragraph 24)
4. In 2005-06 40,300 lone parents were sanctioned for not attending a work focused interview (WFI). We are concerned that so many lone parents are failing to attend, particularly when conditionality is only attached to attending the WFI rather than on finding employment. We recommend that the Government undertakes close analysis of why such high numbers of lone parents are prepared to face sanctions rather than attend a work focused interview. (Paragraph 25)
5. We welcome the DWP's emphasis on ensuring that lone parents going back to work are better off than they were on benefits. It is not right – and it is ultimately unsustainable – to push people off benefits but leave them mired in poverty. However, to translate this laudable aim into reality lone parents must know how much they need to earn to ensure that they are better off in employment. If the Government is to follow the Australian model where lone parents are only obliged to accept an offer of employment which makes them financially better off working, the number of Better-Off Calculations conducted must be increased and DWP must make the necessary resources available to Jobcentre Plus for this. (Paragraph 29)
6. The Green Paper does not explore how the Government's proposals will impact upon lone parents with disabled children but does seek views on this as part of the consultation process. We urge the Government to assess fully the impact of increased conditionality on lone parents with disabled children and ensure that appropriate and flexible employment support and opportunities are developed for them. (Paragraph 38)
7. We urge the Government to ensure that local employment strategies include appropriate support for those from ethnic minorities who are not in work to access

labour market opportunities, ensure that work is done with local employers to achieve this, and include specific targets for achieving this objective. It is important that the successes of the Ethnic Minority Outreach Programme are sustained in broader local strategies. (Paragraph 43)

8. We agree with the Minister that the DWP needs to explore ways to assist disabled people, particularly those with mental health difficulties, to find and sustain work. We agree that local partnership working is vital and ask DWP to clarify its role and responsibilities in brokering local relationships, and set out which Department is taking the lead in the various cross-government initiatives which are underway. (Paragraph 46)
9. We welcome the introduction of the personalised New Deal, as advocated by this Committee in a number of our reports, particularly given that this programme will incorporate the principles of Building on New Deal, the flexible employment support programme that, despite initial intentions, was never piloted. (Paragraph 50)
10. We welcome the introduction of the personalised New Deal but we urge the Government to ensure that the rationalisation of existing programmes is carefully planned, ensuring that there are no gaps or overlaps. (Paragraph 53)
11. We are concerned that there remain a number of unanswered questions about what will happen to existing contracts for the New Deal programmes. We ask the Government to clarify the transitional arrangements and how they will impact upon customers, contractors and Jobcentre Plus staff as a matter of urgency, particularly given DWP's troubled history in this area. We reiterate the importance of ensuring that contracting procedures are transparent and encourage efficiency and accountability amongst programme providers. (Paragraph 54)
12. We welcome a focus on retention and progression in the Government's welfare-to-work policy but there is little evidence that the DWP has considered in any detail how this will be reflected in providers' contracts or in the type of support available on employment programmes. There are no consultation questions in the Green Paper on this issue and we believe that the Government has missed a key opportunity to canvass the views of experts and stakeholders. (Paragraph 58)
13. We welcome the Government's commitment to co-ordinating employment and skills strategies. We repeat the conclusion in our report on the Government's Employment Strategy that assisting people who are out of work and have low skills to undertake education or training is crucial to improving their ability to sustain employment in a competitive labour market. (Paragraph 61)
14. We welcome the introduction of an adult careers service to support jobseekers in returning to the labour market. We recommend that the Government ensures that this service adds value to the role of Jobcentre Plus Personal Advisers and that joint-working strategies are developed early so that customers have easy access to high quality careers and employment advice. (Paragraph 64)
15. We ask the Government to set out the specific measures it plans to introduce to tackle the issue that disabled people account for a third of all those without formal

qualifications; and to explain why this was not covered in its response to the Leitch review. (Paragraph 67)

Formal minutes

Wednesday 24 October 2007

Members present:

Mr Terry Rooney, in the Chair

Miss Anne Begg

Michael Jabez Foster

Oliver Heald

Joan Humble

John Penrose

Draft Report (*Full employment and world class skills: Responding to the challenges*), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 67 read and agreed to.

Resolved, That the Report be the Eighth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 7 November at 9.15am]

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Reports from the Work and Pensions Committee Session 2006-07

First Report	Power to incur expenditure under Section 82 of the Welfare Reform and Pensions Act 1999: new Employment and Support Allowance IT System – Further Report	HC 86
Second Report	The Work of the Committee in 2005-06	HC 215
Third Report	The Government's Employment Strategy	HC 63 (HC 492)
Fourth Report	Child Support Reform	HC 219
Fifth Report	Personal Accounts	HC 220
Sixth Report	The Social Fund	HC 464 (HC 941)
Seventh Report	Benefits Simplification	HC 463 (HC 1054)
Eight Report	Full employment and world class skills: Responding to the challenges	HC 939

Reports from the Work and Pensions Committee Session 2005-06

First Joint Report	Home Affairs and Work and Pensions Committee: Draft Corporate Manslaughter Bill	HC 540
First Special Report	Pension Credit and Delivery of Services to Ethnic Minority Clients: Government Response to the Committee's 3rd and 4th Reports of Session 2004-05	HC 297
Second Report	The Efficiency Savings Programme in Jobcentre Plus	HC 834 (HC 1187)
Third Report	Incapacity Benefits and Pathways to Work	HC 616
Fourth Report	Pension Reform	HC 1068
Fifth Report	Power to incur expenditure under Section 82 of the Welfare Reform and Pensions Act 1999: new Employment and Support Allowance IT System	HC 1648

Oral evidence

Taken before the Work and Pensions Committee

on Monday 23 July 2007

Members present:

Mr Terry Rooney, in the Chair

Miss Anne Begg
Harry Cohen

Michael Jabez Foster
Mrs Joan Humble

Witnesses: **Caroline Flint MP**, Minister for Employment and Welfare Reform and **Mr Adam Sharples**, Group Director, Department for Work and Pensions, gave evidence.

Q1 Chairman: Good afternoon everybody, welcome to this one-off evidence session with the new Minister for Employment and Welfare Reform. I should just like to offer the Committee's congratulations to you on your appointment. I am sure you are going to enjoy it; you come at a challenging time. The Department published a five-year strategy in 2005. We then got a Green Paper in 2006 on welfare reform followed by a Bill, most of which has not been enacted yet. Why is a Green Paper needed now following on from that?

Caroline Flint: Because this particular Green Paper is responding to a number of different reports which have come out in the meantime: not exclusively the Freud report but the Leitch skills report; your own report as well which raised a number of issues around how the New Deal works for different groups and in what ways it could be improved; the Harker report on child poverty too. I have only been in the Department a very short time but just taking into account where we are today it seems to me that the challenge we face is that we have had successes—no doubt about that—with the different programmes which have been provided in different ways to help people with disabilities who want to get into work and tackle some of the barriers, but there is more to be done there. We have had success in the New Deal for Lone Parents programme for those particular women who have come forward to take part in it. One of the problems for me, and I hope the Green Paper is going to try in different ways to address this, is that the numbers coming forward are not high enough. Alongside that is this ambition we have to have an 80% employment rate and tackle child poverty. The Secretary of State Peter Hain said last week that we will not be able to meet our child poverty targets unless we support in different ways more lone parents getting into work, not necessarily full time but at least part time to enable them, for their children and themselves, to tackle their poverty whilst they remain on benefits, which benefits on their own will never overcome. Several of those different factors have led to us needing to respond. To be honest with you, a number of the issues in our Green Paper are building on other things which have been said before, hopefully trying to get them into a more coherent way in which we can move forward, whether that is in contracting, whether it is on a

different type of New Deal programme, whether it is trying to get to the people who are at the moment inactive and support them into work.

Q2 Chairman: I am impressed that you have read our Select Committee report which was excellent and far better than Freud, if I may say so.

Caroline Flint: I have it here and we do mention the Select Committee in the Green Paper as well; I double-checked on that.

Q3 Chairman: How do you see this fitting in with the previous strategy statements, particularly the five-year plan? Is the five-year plan redundant in the light of events or is it still in there somewhere?

Caroline Flint: It is not redundant. It is certainly informing this consultation paper. It seems to me in my brief time in the Department that clearly, whether in relation to the five-year plan, whether in relation to the Building on New Deal strategy, BoND, some of the things people are trying to address are still there within the Green Paper. Do we have enough flexibility? Do we have too many titles for things under different names, New Deal for Young People, New Deal for Older Workers and all those which flexible New Deal is trying somehow to streamline? Do we have the balance right between what Jobcentre Plus can provide and do so admirably and what is out there in terms of the private and voluntary sector? Are we getting value for money out of our contracts currently with private, public and voluntary sector providers? Can that be improved? How do we get the actual throughput of more people to access the services there are? I was struck, particularly with lone parents, just as an MP but also in recent weeks being out at a couple of Jobcentres and asking people this question, how lone parents who take part seem very happy with the service which is being provided and have been supported in all sorts of ways, if not into work certainly with a whole number of other things which have improved their self-confidence, which is an important part of all this. We know that is the case but the voluntary schemes are not bringing the people forward at the moment and that is where we want to address some of the conditionality, not as a stick but to get better engagement amongst those groups. Likewise with the City Strategy work: we

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have 15 under way at the moment and 13 have been signed off in terms of their business plans. Reflected in the Green Paper is the understanding that for some areas great flexibility and devolution of decision making could work well, particularly for ethnic minority groups but also others for whom a national response is not really enough to provide the sort of understanding, identification and local development of schemes which may bring better outcomes. For me it is about what works and whether it gets us where we need to be, which is supporting more people into employment. Adam was around when the five-year strategy was being put together.

Mr Sharples: The consistent theme through all the documents has been full employment. The five-year strategy set out the ambition of getting employment up to 80% and the two Green Papers since then have explored the policies which will be most likely to get us there. The Green Paper last year focused very much on the sick and disabled and took us to the commitment to extend the pathways programme to the whole country and also provided the basis for legislation to introduce the Employment and Support Allowance. Now we have that legislation in place we are moving to implementation and this Green Paper moves on to focus particularly on lone parents and on the jobseekers, the unemployed. There is a very strong common theme between all the documents and I certainly would not say that the original five-year strategy was redundant; it was one of the cornerstones for the strategy we have been developing since then.

Q4 Chairman: Freud made great play on the need to reform the benefit system itself and ultimately he had this goal or dream of the single working age benefit. He made a number of recommendations, none of which has been carried forward into the Green Paper. Does that mean they have been dropped, they are not for today, they do not command support? What is the general feel?

Caroline Flint: I would not suggest that they are dropped. Certainly it would be fair to say that both Freud's report and the IPPR's recent report on a single benefit system as well—and you are also currently undertaking an inquiry which we shall be interested in looking at—identify how helpful it could be to simplify. I know the IPPR report I was looking at over the weekend in relation to having a core benefit and then add-ons depending on particular needs, which could be health or disability issues or others, questioned whether we can do this, whether solving one problem could present another set of problems. As soon as you add on you are creating another system in itself. What threshold do you set when you are unifying benefits in such a way that you get the threshold right, for example Jobseeker's allowance and other benefits? As with anything, when you simplify you can end up with losers and gainers and who is going to lose on that? If nobody is going to lose, where is the money to put it at a higher threshold? We are not ruling it out but we just think we need to have some more time to consider some of this and to consider some of the

recent developments. The Employment and Support Allowance in and of itself is a different benefit in the sense of a different way forward and the support which goes with it. The changes we will have from next year in relation to lone parents going onto Jobseeker's Allowance when their youngest child is 12 is a step change. In some respect, as well as Income Support, ESA, Jobseeker's Allowance, the other factor which plays into this—which I have to say I am not an expert on at the moment but which is important—is where those other benefits such as access to housing benefit support, access to council tax reduction benefits and other sorts of benefits play into this as well. We have not set our face against it but we would like to explore further just how this might happen and also where the current changes we are making might flow into something like that in the future, if that is possible.

Q5 Chairman: You mentioned the Employment and Support Allowance. When will you know the value of the support element?

Caroline Flint: Later in the year or possibly early next year.

Mr Sharples: The early part of next year is the last point at which the process can be started to set the allowance.

Q6 Miss Begg: You mentioned the New Deal. We have asked every minister in front of us whether BoND was still alive and kicking. They have always said it was but we have never found very much evidence of any life whatsoever. I was interested to hear you say that BoND is still about and it is in the Green Paper. Is it in the same form as you envisaged in the Green Paper or is it in the same form as the original BoND or will this be slightly different from the BoND which we were always promised but we never got?

Caroline Flint: Some of the principles of BoND are present in the flexible New Deal. Aspects of opportunities to customise can exist in relation to the City Strategy, more localised programmes which meet the needs of the groups we are most trying to reach, but that varies enormously. Within ethnic minorities, looking at the statistics of those out of work amongst the Pakistani and Bangladeshi community, I have to say their needs stand out starkly compared with other ethnic minority groups. The flexibility, the customisation there, that part of BoND is already being taken forward as part of the City Strategy. We have 15 City Strategy partnerships on the books with 13 of them having their business cases signed off; two to go in London which I hope are going to get resolved sooner rather than later. Also the flexible New Deal will allow personal advisers and local providers to have a bit more flexibility about how they approach the needs of the clients they are actually dealing with. That again was something which was recognised as part of BoND that was a good way forward. In terms of some differences, in terms of the JSA and the flexible New Deal, alongside flexibility support that can be defined by the person sitting in front of you, which is to be welcome, there is clearly a much more

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structured gateway in terms of something for something in return for some of these personalised services, what we expect from the individual in terms of their contribution. There are various gateways at three months, six months and then 12 months but alongside that goes a more clearly defined expression of what we expect from that individual, which was not so much the case, from what I understand, with Building on New Deal, which was to apply across the piece for all groups. Pathways to Work is separate from those on JSA, those who will be in receipt of the Employment Support Allowance. In many respects that also has the principles of BoND in it in terms of the sort of support which might be possible, some flexibility within, that but also trying to look at how we have a range of providers who can provide the specialist services that individuals need, which can vary enormously from one individual to another.

Q7 Miss Begg: Can I be clear? The new flexible personalised New Deal will only come into play after 12 months. You talked there about different gateways. Will there be some allowance for flexibility before the 12-month cut-off? The reason why I ask that is that, speaking to the people who work in the Jobcentre Plus in Aberdeen, they say that the one thing which would make their life much easier in getting people into work is if they could have a flexibility outwith the quite rigid New Deals which already exist. You can correct me if I am wrong, but what I gather from the Green Paper is that the 12 months and stage four, which is the flexible New Deal, is only going to be delivered by the voluntary and private sectors not by Jobcentre Plus. Will there be flexibility up to that point? Am I right in assuming that after the 12 months it will only be the private and voluntary sector which will be involved and not the public sector?

Caroline Flint: We have not made it clear; I will make it clear. At the 12-month stage there are options for the private/voluntary sector but also the public sector to compete for some of the programmes, to develop and provide some of the programmes. It is not exclusively the private/voluntary sector. Before we get to the 12-month stage there is stage one up to three months, stage two to six months; six months is the gateway period. My understanding, and this is part of the consultation over the 15 weeks ahead of us, is that that is where there is also an opportunity for advisers to engage with what that person does need to refresh. Part of what it would provide at the very first stage, which is welcome, is that there should be an initial skills assessment in that first three-month period and therefore a greater link with those of our colleagues working through the Learning and Skills Councils, for example to identify earlier on what might be needed. Obviously we do not want to end up with a situation, as we know thankfully that an awful lot of people who go onto Jobseeker's Allowance go on it and come off it of their own accord, where we throw money at a situation which does not require it. There will be closer alignment in terms of employability and skills check at that first three months with the

option at the gateway stage of six months to ratchet that up in terms of looking for some particular support. The Secretary of State gave a statement to the House last week and we are interested in people's views on this. There will be flexibility over the 12-month period as to whether other support, either private/voluntary or public sector, should come in earlier and that could be because someone has been round the system a few times, maybe gone into work but not for a very long period of time and then they come back into the JSA regime. We need to be aware of that revolving door as much as job entry when tackling the situation, looking at why, having done all the work for someone, they were not retained in work and what went wrong there. For others who might have specific needs really an opportunity for a judgment to say we want to bring in some providers much earlier in the process. We are interested in views on that to define that more. The point about the whole programme is to try, within resources, to manage cohorts of people who come in and how best to put the resources. Once you get into the providers and more intensive work then it becomes more expensive. How to manage that and judge that is part of this gateway process but with sufficient flexibility I would hope that if it is totally obvious a person has a particular need which can be addressed earlier then you do not want to wait 12 months to try to address that.

Q8 Miss Begg: You talked about retention and the Green Paper mentions retention and progression in work and I raised the question with the Secretary of State and a statement was made in the chamber, but there are no questions in the document to explore the issue. How is progression and retention going to be built into the new personalised programme?

Caroline Flint: That is a good question and we should maybe have had a question in there on that. One thing we would be interested in hearing from you and others about is, for example, the employer partnerships which we are developing as part of the Green Paper work. Employer partnership already exist but the LEPs, the Local Employment Partnerships, want to try to effect a step change and within that we ourselves have a target of 250,000 jobs which we feel could provide real opportunities for people who are long-term claimants. Within that, one of the areas we will be interested in is about how to make sure that is done in such a way that there is a retention element for those people going to those jobs. It is why we are linking up not just with a jobs pledge but a skills pledge as well. That is again an important part of supporting people to retain a job they have gone for. The other side we are thinking about is the contract side. What outcomes do we want in terms of the contracts which will be developed? Part of the outcomes we want are not just job entry but where we should be in terms of retention for those people who go into jobs and how we do actually provide the framework to incentivise that but also assess that and get value for money. Those are some of the areas we are exploring as well as markers which might be appropriate to show our success rate for people staying on in work. We have

more of a focus on that area now. Certainly, having sat down in my first session with colleagues from Jobcentre Plus, looking at their performance, part of the work on that side has been much more to look not just at someone signing up for a job but job outcomes and holding them too. We would be interested in views on that particular aspect.

Q9 Miss Begg: There are two elements to retention: there is the revolving door with someone who never really gets into a proper job or is not able to sustain a job; but in terms of people with a mental health problem it is retention of the job they already have. I know the Green Paper does not in general deal with people with disabilities and concentrates more on the unemployed and lone parents, but there is an issue of retention in there. I do not believe it has ever been properly tackled and it has been quite a difficult one to do, so that is something I hope you will look at in more detail.

Caroline Flint: With my old public health hat on I have to say that I warmly receive those words. There is some work between DWP and the Department of Health on health and wellbeing and there are various employer/stakeholder forums—I have attended a few—to talk about this issue around occupational health, how better partnerships can support people. There is a Treasury review into issues around those who have mental health conditions but who work too. That is an area which we need to explore about where DWP as a Department plays a role but other departments play a role in that too.

Q10 Miss Begg: That is good news from my point of view. What is going to happen to existing New Deals and Employment Zones? Are they going to be phased out and, if so, over what timescale?

Caroline Flint: I certainly think that we should make sure that if we are moving to the flexible New Deal we are clear with everybody about what is changing. As part of the flexible New Deal the New Deal for the 18 to 24s and the ones for the over 25s will go and become the new flexible New Deal. We have to do some sorting out as a Department of the terminology we use. There is a host of different schemes and over the months ahead, particularly during this consultation period, it would be very nice to come out at the end with something very clear about Pathways to Work, the flexible New Deal, just where they fit in. With the Employment Zones, in many respects it would seem to me at this stage that we need to look at where the city strategies fit within that. In many respects my understanding is that the city strategies in some areas overlap with where the Employment Zones are anyway because they are in some of the most difficult areas in terms of recruitment into employment for different groups. I would hope, as part of our simplification process, to come out of this somehow with something which is clearer so people do not have ten New Deals in their head when they are trying to navigate their way through.

Mr Sharples: That is exactly right. Part of the objective here is to rationalise and simplify, to make the offer more uniform across the country and to

give that extra flexibility for advisers to work with individuals. The idea is that the new flexible New Deal will replace the two mandatory New Deals, the young people of 25-plus and in time the Employment Zones, although that will take a little bit longer, and the private-sector-led New Deals. All four of those programmes will be wrapped up into the new programme.

Q11 Miss Begg: Will it be your job as minister to make sure that rationalisation happens but also makes sense and there are no gaps left and no overlaps?

Caroline Flint: I hope so. I hope by rationalising them, as well as getting better outcomes you can get better value for money as well and better communication, not just with those who want to access the different services but also the wider public, about what we are doing. In many respects we are doing a very good job, but it is sometimes quite confusing for the public to realise what we are doing because, if they are not directly part of it, all of these different labels get lost in translation.

Q12 Miss Begg: Do you foresee then that the real aim is that it is almost irrelevant as to why someone is out of a job after 12 months, but after 12 months they will get a personalised, flexible approach to getting them a job, regardless of their background and the reason why they do not have a job? At the moment you have to fit into a category. You have to be under-25 or over 50 or a lone parent; you have to have a label.

Caroline Flint: At the same time, without losing sight of the need to have something much more personalised to the individual, understanding the individual and, I have to say, understanding not just the individual but the family context in which they find themselves as well, because that is very important here, we have to try to avoid different titles all the time for different groups. If we could find the right way through that and the right language to describe that without people feeling we are going to treat everyone the same—because that is certainly not what we are trying to do—that would be good.

Mr Sharples: There will still be a difference between different benefit regimes and the flexible New Deal is essentially a New Deal for people who are on Jobseeker's Allowance. The reason for having a scheme for people on Jobseeker's Allowance is that it has much higher levels of conditionality; to receive the benefit you have to demonstrate you are available for work and actively seeking work. There are mandatory requirements and participation in the flexible New Deal will be a mandatory requirement for people on Jobseeker's Allowance.

Q13 Mrs Humble: May I follow on from your answer to Anne's question about whether or not Jobcentre Plus staff will be involved after that 12-month period or whether it will be exclusively the private and voluntary sector? You said yes, there was a role for the public sector in this. As the Select Committee goes around the country and visits

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various Jobcentres one of the things which always impresses me is that members of staff want to be actively engaged in this process and come up with their own ideas. If they have a complaint, it is that they do not have the flexibility that some of the private and voluntary sector organisations to whom you contract services have. I am reassured when you say that there will be a role for Jobcentre Plus post the 12-month period but to what extent are you consulting staff about the opportunities for them in this new process and listening to what they have to say from their own experience about developing a more personalised service? Part of the enthusiasm was actually the Government inventing New Deal. For so many people who had worked in a system where the claimant was behind a screen and all of a sudden they were talking to them as a whole individual, they really enjoyed that and they just want more of it. Are you talking to them and consulting with them about the opportunities they might have and what they might add to this debate?

Caroline Flint: I certainly hope we are talking to them. In the couple of weeks I have been in the job I have visited two Jobcentres Plus myself; I also went to our summer school which was aimed at people working in our Jobcentres Plus. It is a school which is run as part of a staff development engagement. My session was on some of the proposals which are in the Green Paper and questions came up about input and what have you. I am happy to go away and look more at this. What is important here is essentially that with our Green Paper proposals, given some flexibility, the Jobcentres Plus are in the driving seat in terms of that first 12 months of engagement with the people who come through onto Jobseeker's Allowance. In that sense they have opportunities at different points in those 12 months. Some of our Jobcentres Plus in the City Strategy areas are in partnership with a whole number of different organisations locally. That is another aspect to this: the partnership which goes on at a local level with the local authority employers but also children's centres, health importantly too. If I overlay the map of health inequalities against the people we are most trying to support into work, they would often be the same people. It seems to me that there are real opportunities here for those working in our Jobcentres in partnership with others to be in that driving seat for those 12 months. It is recognised though and this is not new that already we have a number of different organisations large and small in different ways who are providing services which have been particularly developed because of the needs of the client group: people who have drug addiction problems or any addiction problems; support for people who have various health and disability condition which can be better provided by another organisation or group. There is a real opportunity here. I hope that the flexible New Deal can bring together some of the very best we have had in the other New Deal programmes and allow, whilst trying to have a quality assurance level, the sort of flexibility you are indicating and job satisfaction for the staff at a local level. Organisations always have to be mindful about just what are the opportunities

for the frontline people to put in their ideas and, importantly, that they are listened to. If they do not work you go back and say it is not going to work and why; if they do work, see how you can share that.

Q14 Michael Jabez Foster: I should like to ask you a few questions about the Local Employment Partnerships. This was something that our now Prime Minister announced in the Budget Statement 2007 and the Green Paper picks up on it when it says "We will create a new 'Jobs Pledge' under which we are aiming for major employers, in both private and public sectors, to offer a quarter of a million job opportunities". What do you define as a job opportunity? Is it an opportunity for an interview? Is it an actual vacancy? Does it mean a short-term placement? What does it mean?

Caroline Flint: The sort of areas we have been exploring are things like committing to work trials with a guaranteed job at the end if the individual proves suitable and they are ready to take the job—which might not be the case for everyone; the work trial might be important in itself but they might not be ready; looking at how we can arrange subsidised work trials so that we can be clear that there is a proper match for the job before they commit themselves. Sometimes it would be fair to say that we have put people on courses and they have never experienced the workplace that the course is attuned to. There can be a world of difference between doing a course in theory and then going out there into the workplace and doing it and suddenly realising that maybe retailing is not for them, not what they really wanted to do; trying to get the benefit on that. We are also looking, where we do secure someone a job—and when I say "secure someone a job", the individual secures the job for themselves through our support and the employer recognises the support they need to provide as well—at how we might develop ongoing mentoring for that individual to make sure that the job becomes something sustainable, going back to Anne's point about retention. The other area we are also looking at is the job application process to see whether we can develop some more inclusive recruitment practice. We do have this figure of 250,000 jobs that we are aiming to identify and at this stage we are hoping that they will lead to jobs being filled. We know the jobs are there—10,000 vacancies a day come through our Jobcentres Plus and there are 600,000 vacancies at any given time—but if we are going to make it a reality and sustainable we have to be realistic about the obstacles to people taking up those jobs and look at some excellent schemes which are around and how they have proved to be successful. Last week Carillion in Wolverhampton signed up to over 5,000 jobs which they are looking to identify within their organisation they will be particularly earmarked for those people who are on our books whom we want to give a fairer crack to see whether we can get them into work. We are looking for real commitment here but recognising that there are some particular different levels of support, not just before people go into work but whilst they are in work, which are going to make it a reality.

Q15 Michael Jabez Foster: Do you know what the number is to date? How many of that 250,000 have been identified?

Mr Sharples: I believe it is of the order of 10,000 but it is changing day by day as Jobcentres Plus sign up new employers who make these commitments.

Q16 Michael Jabez Foster: So it is early days.

Caroline Flint: It is early days.

Q17 Michael Jabez Foster: However, 250,000 from 10,000 is quite a long way to go yet.

Caroline Flint: It certainly is.

Q18 Michael Jabez Foster: What I would also ask about is the nature of these jobs. You say public and private but in the main the private sector tends to be the retail trade which of itself, research suggests, means short-term jobs. Is there any way of ensuring that that can be sustainable, if it is in that particular trade?

Caroline Flint: Of the 37 employers who have so far committed themselves to the local partnerships 11 are in the retail sector. I just wanted to say that because we have retail 11, hospitality six companies, security four companies, banking and finance three companies signed up. I am happy to provide the Committee with the names of these companies as well. In the public sector Somerset County Council are the only one at the moment who have signed up so full marks to Somerset County Council but we would like to see more coming from the public sector. On transport we have three organisations; contact centres one; facilities management four; logistics two and the others include Bird's Eye and Diageo as a group. The retail sector represents roughly less than one third of the employment partners we have. We are looking for diversity here in terms of the spread and the range, but your point is well made. Part of the issue of retention is how well the pre-employment support is going to be and that is where work trials are very important, ongoing employee mentoring as well and support; in signing up to this partnership a recognition by the companies who are signing up of how important it is not only to have the chief executives of organisations committed to this but the local people who are doing the hiring at a local level. That is where the partnerships are, that is going to be the delivery side of it: store managers, people who are managing these different workplaces. If it is really going to work it is the Local Employment Partnership with very strong direction corporately from these companies that is going to make the difference, so that it is not just people going in, coming out again and so forth. Having said that, what I would say is that all these issues were discussed, albeit briefly, at the breakfast we had the other week, including the issues around delivery on the ground by the local people who are doing the hiring, working in partnership with JCP and others. It is something we are going to be working on over this consultation period to see how we need to flesh that out.

Q19 Michael Jabez Foster: Can I ask you to say a little more about the public sector possibilities? With a reducing labour force, particularly in DWP and elsewhere, there is no room for recruitment there. When I was a lad, Ron, who was not quite like everyone else, worked in Parks and Gardens. I still look back at those days when society, through their local councils and organisations, actually did find homes and work for people who were not quite able to make the market. Is it not a shame that that possibility does not exist any more? With all the support in the world you need sympathetic employers. Is it ever possible to ask the private sector to be that sympathetic?

Caroline Flint: The proof is in what happens. There are some examples of where in some respects the private sector occasionally, with its human resource policies, can do better than the public sector and vice-versa. There is no sense that the private sector cannot deliver in these areas and there are often lessons which both can learn from each other. In terms of the public sector, yes there have been changes in our workforce in Jobcentre Plus, as there have been changes in other parts of the public sector. The Department of Health is a case in point on that. What we should be aware of is that whilst in some cases there have been reductions in numbers, in other areas public sector jobs have grown or they have changed. Within that situation there is still the possibility for good public sector employers to think about where they reach in terms of their employment opportunities beyond what often is a very small pool. I used to work in local government for a number of years and I worked in Lambeth. I remember working for the direct labour organisation many years ago and it used to be the case that effectively there was a cartel of families who ended up getting the jobs in terms of the trades; essentially white working class families. If you know Lambeth, you know the ethnic diversity and often those from a black Afro-Caribbean background did not get a look-in. They had to look at their employment possibilities, for example no longer have just word of mouth recruitment but open recruitment policies to give other groups a fair crack in order to break that. They did do that, to be fair, and the employment profile of Lambeth is probably very different to when I worked there a long time ago. It is engaging in some of these issues which is very important. Part of the City Strategy work, where some of the pathfinders are private sector led, some are being led by the Jobcentre Plus, others are being led by the local authority, is that all of them have to address who is missing out on work opportunities; it gives rights and responsibilities. We will give you more rights to decide what you are going to provide and the flexibility but you have a responsibility to reach into those groups who are currently excluded. It is going to be interesting to see how that can deliver, given that we have also given them a stretched target on top of the flexibilities.

Q20 Michael Jabez Foster: Who is going to do this? You talk about the Local Employment Partnership managers and it is unclear in the Green Paper

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whether you are going to be recruiting them from Jobcentre Plus or whether it is going to be from the private sector. How is that going to work?

Caroline Flint: Our idea is that it is going to be from Jobcentre Plus. They will act as a lynchpin, working with a range of employers and stakeholders locally but at this local level they will be holding this together, as well as what we can do at a national level and what we hope we can achieve at a regional level through other organisations like the RDAs to support this initiative and increase the numbers of employers taking part and firming up the number of jobs available.

Q21 Michael Jabez Foster: Will the continuing support be essentially through Jobcentre Plus or will that involve private sector partners?

Mr Sharples: In the first instance Jobcentre Plus. This is really a development of the continuing work the Jobcentre Plus does with employers, taking vacancies, talking to them about how to prepare people for filling those vacancies. It is a development of that. Of course we have a number of partners providing employment services through the different New Deal programmes and other programmes and where we can make links between those programmes and these employers we will be trying to do that. It would be crazy to have partnerships with local employers and then exclude the private sector employment service providers from accessing those vacancies. That would not be the case at all.

Caroline Flint: At the breakfast meeting we had the other week with the Prime Minister, as well as Peter Hain we also had John Denham. Part of making these Local Employment Partnerships work is how we can better align the skills agenda in terms of what employers need but also what happens when someone enters into work as well. Some of the areas we will be developing over the next couple of months will be our work between Jobcentres Plus and the Learning and Skills Councils in terms of things like Train to Gain, the in-work support, and looking at how we can get a better element of both the employment side and the skills side together to get the best possible outcomes.

Q22 Mrs Humble: May I ask you one or two questions on the lone parent section in the Green Paper and start off with the part of it which is perhaps the most controversial, namely asking parents to move from Income Support onto JSA when their youngest child is seven? There is some logic in 12, because moving to big school is seen as a momentous step for children and even those who think there can be problems with identifying suitable child care for secondary age children might see that at least there is some logic in picking the first year they are in secondary school. What research have you done to pick on seven-year-olds?

Caroline Flint: A number of factors. Firstly, in terms not only of the European level but the international level, the evidence would suggest that our system in relation to lone parents has the least number of conditions in it compared with other countries. Many other countries have work tests which

operate, in some cases, at the age of one, at three, five, six. Our present situation at 16 is completely out of kilter with a number of other countries which are trying to address these issues. That is where we fit. Certainly Lisa Harker in her report suggested that, given other support, child care, flexible working and what have you, it would not be a bad thing to introduce more conditionality, partly as a way of getting engagement. I mentioned earlier that we are just not getting the numbers coming through as we should be presently through the New Deal for Lone Parents, given the resources in there, given the training which has been provided for those advisers for New Deal for Lone Parents, to warrant that sort of programme in itself. The second point is around our aspirations in relation to child poverty. If we are really going to make inroads in supporting children out of poverty, we have to do something more about the number of households where there is no work at all and children are present. Certainly, if you look at the numbers of lone parents whose youngest child is 12—as has been said many lone parents already work when their child is over the age of 12—the figures on that are quite small but when you actually go down to the age of seven the numbers are higher. We have to think about how we engage with a larger number of lone parents in order to support them into work. Part of the way to do that is to think about reducing it incrementally to a lower age. There is the international evidence that we are out of kilter with a lot of support programmes around lone parents and the point at which conditionality is part of that support, but also, in terms of our ambitions to tackle child poverty and meet our full-employment provision, we will not really do that unless we have policies which are about engagement in a much more upfront way whilst recognising that with that conditionality there comes a responsibility on us to recognise how we support. The proposals are asking those lone parents in these circumstances to look for work; that is what we are seeking here. It sounds like common sense but all the evidence shows that if people are not looking for work, they are not going to find work. That is just the reality. What we do find, even amongst our inactive work groups, lone parents being one of them, is that when they are engaged and start looking for work many doors open up in a way that currently many are not coming forward to take advantage of.

Q23 Mrs Humble: May I press you a little further on the research? It is not enough just to say that some other countries do it at younger ages and therefore we have to because there are lots of other questions to be asked in that context. What support systems are in place in other countries? If we are comparing ourselves to many northern European countries, they have a much more extensive range of available child care provision so that parents of much younger children can access it. Secondly, there are questions to be asked about the success of any such programme. Does it actually work for the parents and if it does work, does it work at the level of them taking up fulltime employment or part-time employment? In making these international

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comparisons have you drilled a bit further down to ask those sorts of questions and others to see whether we are comparing like with like and whether it will be practicable for us to proceed?

Caroline Flint: There is no one system in any other country where conditionality exists which it is easy to say we can just take and implant it here. Before I was a Member of Parliament I was chair of a national child care organisation. I was involved for a number of years in the campaign against attacks on workplace nurseries. Whilst I would not say that we are at the ultimate point in terms of child care provision, we should not sell ourselves short on what is available and what is possible and what is coming down the road. By 2010—and this is not just down to DWP but other government departments and also local authorities—the expectation is that all secondary and all primary schools will offer wrap-around activities and care from eight until six, including through most weeks of the year. That would cover the summer holidays and what have you. There is a duty on local authorities to look at how they assure sufficient accessible child care at a local level. With the development of other services in terms of children's centres we know that child care has a real opportunity to expand. We also know that for many lone parents—and we have got more lone parents into work—where we can get the support right, part of that support is making sure all the other in-work benefits are understood, because that is a factor here. I was reading through a document on child care and often there does seem to be a perception about what does not exist as opposed to what does exist. I have to say that it is only when you get engagement that you suddenly find that there is more locally. I am not trying to say that there are no difficulties; certain areas, London in particular, have particular factors which need to be addressed. Clearly people will be asking questions as part of the consultation about the in-work benefits and premiums and what-have-you for the child care element, support, for example, in London where it is more expensive. I really do think we should at least open up our eyes to some of the opportunities which we know exist and are far away from what existed 10 or 15 years ago. Unless we have something which somehow forces this issue, we will end up constantly saying it is too difficult, we cannot do this. I met a woman the other week and she had got support through Jobcentre Plus. She had not worked for 10 years; she was seeing opportunities she had never seen before. She came in as part of a voluntary programme and I asked why we had not got to her five years earlier. Essentially if we do not do something more for more women—and they are mainly women—whose children are of primary school age and secondary school age to get them into work, part-time work in and of itself, the problems down the road in terms of poverty will be incredibly hard to overcome.

Q24 Mrs Humble: As the chair of the all-party child care group in this place—

Caroline Flint: Which I have to say I founded.

Q25 Mrs Humble: I remember it well. I very much welcome the huge improvements which have taken place over the past 10 years and also, through last year's Child Care Act, the new statutory requirement upon local authorities to have sufficient child care available for working parents. But—there is always a “but” I can only be nice for a certain amount of time—even though the Child Care Act does also specifically refer to families with children with disability, there are real concerns amongst those families about how these proposed changes will affect them. Even though there has been a big increase in the availability of child care and wrap-around care in mainstream schools, for families with disabilities there are still huge problems. It is much more difficult to have wrap-around care in a special school, because children travel far and wide to a special school and the transport arrangements mean that they cannot arrive early and stay late. How do you think what you have on offer here will actually apply to those families? Are you as optimistic for them as you are for the rest of the lone parents whose children do not have disabilities?

Caroline Flint: I would very much hope that whatever type of parent you are, whether you are a parent of a disabled child or not . . . Actually parents of disabled children often want to work as much as the next parent but there are all sorts of barriers in the way of that happening, because clearly, as you have outlined, the child care which is available is not suitable. I know that parents of disabled children have raised with me in the past having child care in their own home for which they could use the child care element of the tax credits. That was something which was being looked at by Government because your own home has the facilities you need and it might make it easier. That would apply to shift workers as well in many respects. I think two things. First of all, when someone walks through the door and sits down for their interview, how much are we going to have a process whereby we can really understand that individual's need and recognise the flexibilities needed within that? The Secretary of State has said and I have said that we cannot from Whitehall know exactly what is available in different parts of the country. That would be part of the work which would happen at local level. So when the jobseeker's agreement, which is part of the jobseeker process, takes place what would be looked at is what is available locally, what is possible here. That is what I am interested in: what is possible here? For some parents with disabled children those children may be in a special school or they may be in a mainstream school and therefore the opportunity to work within those hours and the flexibility within that—and we have provided a right to ask for flexible working up to the age of 18 for a parent of a disabled child—may provide some opportunities which have not been thought about before. We are really interested in hearing people's views on this because it is about treating someone as an individual and looking at the whole family, which is going to play an important part in whether it works or not. I have to say that it should also create a situation where locally in the different partnerships,

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particularly the local authorities I would hope, it would be an opportunity to raise the profile of some of the different needs of different families in the community, maybe in a way that has not been achieved before. When you actually have people in front of you for whom there may not be sufficient child care support, in particular for children with disabilities, then that becomes a talking point with our partners locally, the local authority particularly, about how they are going to address this and what could they do to improve the situation. I do not think that conversation happens as much as it should, because often we say we will not worry about a group because we think they do not want to work and that is not always the case. For some parents of disabled children the issues of work will present greater difficulties but it is about having that conversation and what the parent wants to get out of it and how we can fit around that.

Q26 Mrs Humble: At the risk of labouring this point, may I just ask, when the invitation is sent out to a lone parent and especially one whose child is disabled, that it be done in a sensitive manner and the appointment then is also conducted with sensitivity? Sadly DWP do not have a good record of sending out sensitively worded letters. Some of them are rather abrupt and it can cause huge worry. Just a simple request of you: please handle this with some sensitivity.

Caroline Flint: Yes, I totally agree with you. I can think of other scenarios as well where someone has just lost their partner or the relationship has broken up in difficult if not traumatic circumstances where sensitivity is going to be very important. I should be very interested in exploring with the Committee and other stakeholders what sort of form such letters and communications might take so we can try to get this right. I was looking at some other letters in the Department the other day which my predecessor Jim Murphy had a look at which had been informed by what some stakeholders had said. At the point where we are trying to discuss the formalities of this I would be very open to people providing some input to that.

Mr Sharples: Another reason for being particularly sensitive and careful about communications is that the lone parent of a more severely disabled child may in fact be able to stay on Income Support. If their child receives the higher levels of Disability Living Allowance, the care component, they can qualify for Carer's Allowance which in turn can allow them to stay on Income Support. Parents of more severely disabled children will not be affected by this age change.

Mrs Humble: There is even an issue there about parents being aware of their entitlement to DLA. I welcome that aspect of the Green Paper, but there is a take-up point, that some parents even now do not understand their entitlement. You are going to need to do something about that.

Q27 Chairman: A very quick anecdote on sensitivity which I know is true. Couple; man buries a hatchet in his wife's shoulder; he gets arrested and goes to

jail; she is in hospital. A letter comes from the Jobcentre because he has not signed on. Eldest child of about 16 gives it back to the postman saying he does not live there any more because he is in jail. They send a letter to his partner saying they understand the claimant no longer lives at the address therefore there is no money and she might need to make a claim. This was front page news. It was not an isolated incident. So sometimes they do press the wrong button without thinking.

Caroline Flint: I agree.

Q28 Mrs Humble: I want finally to talk about your comments in the Green Paper about wanting to learn from the Australian model, where parents with the youngest child over six are only obliged to accept an offer of employment which makes them financially better off than on benefit. A couple of questions linked to that. As the Committee have travelled around and visited Jobcentre Plus offices we have been surprised at how few claimants are offered a Better Off Calculation—something around 20%. We have asked questions about why that does not happen earlier in their claims so that they have a much clearer idea about whether they will be better off in work rather than on benefit. The second issue is that in evidence the Committee have received to earlier inquiries there is one group who are not better off: lone parents who take up part-time work and who then find themselves above income limits to get free school meals, travel to school even. There are all sorts of hidden costs in going back to work. Earlier you said parents of a child with a disability could work during those part-time school hours, but they could be caught in that trap of not being better off. Are you going to increase the number of better-off calculations so lone parents do have a much clearer idea whether they are going to be better off. If you are anticipating that some lone parents will only be working part time, how many of them will really be better off?

Caroline Flint: A good question. I was looking at the weekend at some of the Better Off Calculations. It has improved but it is still relatively low. That is something I want to have a closer look at. One of the things about selling this—for want of a better phrase—to lone parents and others is whether it is worth their while. Being in work has to be better than being on benefits. You are right that it is complicated, not so much because of the in-work benefits, because you can work that out, but some of the other add-on stuff you factor in when you have a family. You made the point about free school meals and so forth. I would be interested in responses to the consultation on that. It is something we want to work through because it would be not very helpful if, having gone through all this, we could not show that someone was actually on the road to a better standard of living, certainly better than anything they could have just relying on benefits. I will take that away. Some of these issues are about engagement early on. I was reading a child care briefing over the weekend and often there seemed to be a perception about what was not there rather than what was there but also, on working the

financial calculations out, most people, even any of us if we were in the same situation, would find quite hard and not as clear as it might be as an incentive for us to make that leap.

Mr Sharples: It is really important that we get much better at providing the information quickly for people. At the moment it is a slightly clunky process which involves you sitting down, going through quite a long discussion with the personal adviser to get the calculation. What we would like to move towards is a position where you can just answer a few questions on screen yourself, possibly do it at home on the Internet and to get the calculation instantly as to how much better off you would be in different circumstances.

Q29 Mrs Humble: Except it becomes very complicated for the claimant because it is not just looking at benefits and tax credits, it is also asking how much the school meals actually cost, how much the school uniform actually costs. There are costs which your officer in the DWP may be unaware of because he or she is simply looking at a computer screen which lists those benefits and perhaps tax credits as well.

Caroline Flint: And activities for children and things like this. Often if you are in receipt of a Jobseeker's Allowance or something you will get free activities at your local leisure centre and discounts and things like that. How do we work our way to making work pay?

Mr Sharples: There is also the plus side as well that sometimes people are not aware of the tax credits they could claim if they moved into a job or the fact that they could go on receiving housing benefit even when they are in work.

Chairman: Often Jobcentre Plus staff are not aware of that either. You cannot make it simpler when you have things like maintenance being disregarded in work credits and all these add-ons.

Q30 Harry Cohen: I should like to raise with you a number of questions regarding employment policy for ethnic minorities. I notice in the Green Paper there is a splendid picture of an ethnic minority woman on the front cover, several of black youths but not a particularly great deal of what there is in there is about ethnic minorities. We heard from an earlier report that there was a 15% gap in the employment rates between BME communities and white individuals. Indeed in the report on page 27 it says that overall many ethnic minorities "... are more than twice as likely to be unemployed as white people and one and a half times more likely than the overall working age population to be economically inactive. The employment rates for some groups are exceptionally low: the employment rates for Pakistani and Bangladeshi women are only 27.6% and 26.4% respectively". In that Green Paper you say that the Government "... needs to ensure that all programmes continue to deliver higher employment outcomes irrespective of ethnicity". Is that not really masking what has been a shift in policy? The DWP had a specific programme, a successful one actually, the Ethnic Minority

Outreach programme but it has got rid of it and put it into these general programmes, the Deprived Areas Fund and city strategies. It has gone from a specific programme to a more general approach and there has been research about New Deal, about the switch which says that when you go for a general approach it is less successful than when there is this specificity. So the switch to genuine employment is unlikely to work unless the Government ensure that there is something specific within these new programmes for BME. Are you planning anything like that?

Caroline Flint: I hope I can reassure you and the Committee that we have not lost sight by any means of the particular difficulties ethnic minorities face in terms of opportunities for employment and within ethnic minorities particular groups, Pakistani men and women and Bangladeshi men and women. It is quite stark in terms of how far behind they are in terms of access to work. Two things. The Deprived Areas Fund, which is a fund which does allow Jobcentre managers to have more flexibility over the use of that fund in partnership with others, is a way in which, at a much more local level, you can look at your employment statistics and your unemployment statistics and see who is active and who is not active and use that to target in a way we are not nationally best placed to do. The City Strategy also allows flexibility and the Deprived Areas Fund could be put into the pot for City Strategies and because it is led by a consortium of partners it has other pots of money which come together to use for specific needs, for certain needs. For example, the Birmingham pathfinder is developing a target to narrow the employment rate gap between ethnic minorities and the city region average. In west London they are developing plans to improve accessibility to services and they have a particularly dedicated funding pot to improve outreach towards ethnic minority women. In east London they are focusing on child poverty, but within that child poverty group those ethnic minority families are particularly present in terms of where they are in terms of being in poverty. That is happening there and the Liverpool pathfinder is also looking at their ability to measure progress on ethnic minority employment. What we have asked is that where City Strategy pathfinder areas have significant ethnic minority populations, local ethnic minority targets be developed. They may be different in one pathfinder area and another but they will be particularly localised and looking at who has the least access to the labour market and least support there. The other side of what we have raised in the Green Paper too is how we can better engage with couples and particularly by inviting in the non-working partner or the person who is dependent on the main benefit claimant on Jobseeker's Allowance. I believe in many respects, not entirely, that that will allow us an opportunity to reach women in particular from Bangladeshi and Pakistani communities, to engage with them in a way we have not really had the vehicle or the mechanism to do in the past. I was very pleased that in my first week in this job we had an event which was part of our contribution to the social exclusion

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agenda across Government, a seminar where the people taking part were people who were receiving benefits in one form or another. At that event were several women from within the Asian community who spoke to me about wanting there to be much closer links to them and routes for them to access the sort of services they might want. On that level, whether it is in DWP or across Government, we need to be very clear that when we are dealing with ethnic minority organisations we make sure we are reaching women as well as men. That is something we have to think about across Government and create the sort of environment where particularly women can come forward. Opportunities to learn English are not something only our Department are looking at but across Government because if we are talking about employability, whatever form that employment takes, English language is obviously important.

Q31 Harry Cohen: I agree with that; there was a lot in there and I am grateful for that answer. Before I come on to some of those point, may I come back to this specific point? By getting rid of the Ethnic Minority Outreach programme or absorbing it in the other programmes are you not spreading the pot more thinly and why can we not just have that Birmingham approach? If it is covering most of the wards where the ethnic minorities are, why can we not have that Birmingham approach in all of them, saying that they should have as a priority to close the employment gap between ethnic minorities and the rest of the community?

Caroline Flint: That is partly why we are asking for them to develop these local delivery targets. In a way those partnerships at a local level are both empowered and also expected to take more responsibility for the delivery outcome locally. This week I am going to be chairing the ethnic minority task force and I am listening as well, coming into the Department. I do think that part of what we really have to focus on here, whether it is at a national level or a regional local level, is having a much clearer sense of who is not active in the job market, work out why that is and if there is no good reason that they should not be active and other barriers of discrimination are in the way, what the challenge is for us to bear down on and do something different. It is also making sense often of lots of different projects, lots of different programmes, which may not be in and of themselves producing the outcomes we want. I am interested in our contractual process now that we have moved that to the centre in DWP. I am hoping that Adam and his team of people are going to have a much closer look at what outcomes we want. I am very keen that, where contracts are provided, which already exists in one form or another at the moment, even when they are to a prime contractor with sub-contracting under that, we create the situation where we do not have a preferred situation where the people who are easiest find employment, are the ones who are the beneficiaries. What I want to look at is how we make sure, whether it is people from ethnic minority communities, particularly those who are most

distant from the opportunities we think are present, whether it is others, that we find a way that the contract can have rigour and be paid on outcomes and is mindful of those particular needs in those communities. I should say as well that as part of the work with the Local Employment Partnerships I would hope part of the scoping would include who within a community from an ethnic minority is not currently getting access to the job market locally and how the Local Employment Partnerships will look at that alongside lone parents, alongside those with disabilities. Let us not forget you could be a lone parent from an ethnic minority and have a disability.

Q32 Harry Cohen: I hope that means there will be monitoring to ensure that the outcomes come about. May I move you on to page 51 of the Green Paper where it says “Employer discrimination is a major factor in explaining employment disadvantage for ethnic minorities”? What are you going to do about employer discrimination?

Caroline Flint: As the next line says “... the Chancellor commissioned the Business Commission on Race Equality in the Workplace ... to look at how best” we move forward on this. I am taking different advice at the moment about how we might move forward in this particular area. It is not just the DWP. It is a cross-government responsibility to tackle, whether it is in the private sector or the public sector, where those from different ethnic groups are getting the chance to get work and progress within work. Part of the move forward, the single equalities agenda, again across Government, is how we can better engage with employers on these issues. It does seem something that most employers should be mindful of, that they could have fantastic workplaces where the nearest local community does not reflect the people who work in the building up the road or what have you. That is something we need to work on.

Q33 Harry Cohen: Let me try to bowl you a soft ball in relation to this aspect and ask you not to rule out, to tell us that you will not rule out the Government coming back after this consultation about employer discrimination. Do not rule out perhaps legislating for a private duty not to discriminate, as there is in the public sector and report about that. You mentioned the new single equalities agenda, do not to rule out the new Commission for Equalities and Human Rights being able to investigate employers who have a bad record on discrimination.

Caroline Flint: I am very happy to look further into that and use the summer recess to make myself assured about where we are on this and what more is possible. I have to say again that it is an across-government issue which we need to address because part of it is what happens in our schools in terms of the opportunities for young boys and girls from different ethnic backgrounds to get the most out of schools so they can leave schools with the potential to take up training or education or work opportunities.

Q34 Harry Cohen: You mentioned contracts and I want to ask you about that. Page 61 of the Green Paper says "... there is real value to be gained by simplifying and rationalising our existing set of contracts over time and by taking a more strategic approach to the commissioning of employment programmes". Later on the seventh point is "How do we ensure that the outcome of our commissioning strategy is a narrowing of the gap between individuals, groups and localities and the average?". That only refers to the contracts you put out for employment programmes. You said a lot of these things run across Government. What about Government procurement contracts generally and indeed the sub-contracts which flow from the Government contracts? Is there not a role here at least for the Government to apply pressure through their buying policy to close this gap and get more ethnic minority people in?

Caroline Flint: It is worthwhile looking across Government at what we can do. As a health minister I knew that in the NHS we were very keen, as part of the corporate responsibility of NHS organisations, that as well as sustainability in the way they ran their organisations they look at sustainability in drawing from the local community for its workforce, which was an area I led on at the Department of Health. Yes, I am interested in looking at this area and what more we can do. We are certainly discussing where we can go on this. I did in another job work for the contract compliance unit at GLC many years ago so I have a little bit of background in that particular area.

Q35 Harry Cohen: That is very good to bring those skills to bear.

Mr Sharples: The Government are consulting at the moment on the basis for the single equality legislation and issues about procurement are being considered as part of that consultation.

Q36 Harry Cohen: May I raise the point about the Bangladeshi and the Pakistani women, which you were absolutely right to raise, and focus on the need for action? The EOC report pointed out that they were ahead of their cohort of the younger age coming out of school in terms of qualifications and eagerness to work and it all fell back from the mid-20s onwards. I mentioned this to a Bangladeshi organisation and they said it was about husbands and babies at that point. There is an argument to be had about what stage a woman wants to have husbands and babies but if they are going to go at that stage then there need to be routes back into work when they are ready to come into work. Indeed a lot of these communities have quite traditional family cultures, so if we want to get them into work surely the incentives have to be much greater to encourage them into work in that way. My last point on this is that we still have a very macho work culture with the longest working hours in Europe. It is surely not easy for a woman after having a family to get back into the workplace. Is this something you are thinking of working on?

Caroline Flint: First of all we need to make sure that, for example—I am not saying this is not happening but we just need to reassure ourselves that it is happening—where Jobcentres Plus are working in partnership with local authorities and others that they are in touch and not just in touch but they develop a relationship with some of the organisations in which a number of these women are often very well represented just to make sure on that. We are mindful that engagement with community organisations is about reaching women as well as men and they are not always the same organisations. Certainly when I have had the opportunity to meet with groups which represent Pakistani or Bangladeshi women and others for that matter, what I have always found is a real interest in services which are available locally and some very valid questions about why they have problems accessing some of these services. It is fair to say—I would not say it was exclusively this issue—that often within some groups there are concerns about what form child care will take. What values are being espoused? Does it fit in culturally with expectations? I have to say that often in groups there is a sense that child care is something you do within the family; you do not go outside the family. There are some real issues to address there. I was struck the other week, watching something on television about SureStart and children's centres. The very best SureStart and children's centres are the ones which have an active outreach policy in terms of what they do. There was one example of a SureStart centre where they had actively gone to recruit from within the local community and a young Muslim woman came as a volunteer and ended up working in SureStart. She was able then to provide part of the bridge to other women in that community. I am not saying it is that easy but I do think that those are some of the things we should be thinking about. It is not that there is no desire for the sort of services that are offered to everyone else. It is just that some people are not sure about them, are worried whether they are in tune with their sense of family and cultural belief and it is a better way to have a conversation. What you cannot do is develop those services unless you are actually talking directly to the women concerned in those communities and finding a way to do that. It is not because people do not want; sometimes it is quite intimidating, you are not quite sure and also there are other possible barriers there that women in all sorts of family situations might face in terms of being active. The other side of it as well is that we have high rates of women in this country doing part-time work. It is not about full time as the exclusive model for working. Given the work we have been doing on flexible working arrangements and what have you and some of the flexible working arrangements which do exist more than they have done before, it would be very sad if the problem was that people did not know it existed and therefore were not able to take advantage. Some of this is a real work in progress and we just have to be bold about being willing to engage in a much more proactive way.

Q37 Harry Cohen: That was a very thoughtful answer and I appreciate it. You again mentioned English. Earlier this year the Government got itself

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into a bit of a muddle when on the one hand your predecessors were talking about benefit penalties for ethnic minorities who did not learn English when they were given the opportunity and then the Government started to mess around a little bit with another department with ESOL packages and cutting back on them a bit. I think the subsequent package after representations was certainly better. May I ask you where we are with the idea of benefit penalties in relation to ethnic minorities who do not take up English? I note for example that there is going to be a consultation generally on the Bangladeshi and Pakistani women issue later in the year. Is this something you would expect to fall into that?

Caroline Flint: My immediate reaction to it is first of all whether we do accept that there is a need for someone in receipt of Jobseeker's Allowance who is actively looking for work to be able to speak English. Probably most of us would agree; yes. That is the first premise. If we agree that then that is good. Secondly then is what to do to support someone to acquire that skill to speak English. The third thing is if someone says they are just not going to learn that skill. These are really difficult questions but they need answers. If you start with the first question and we all accept that you are then faced with someone who turns round and says they are going to make themselves unemployable by not learning English, I would hope that where we need to get this right first and foremost is in how we support the person to learn English. This is one of the areas I am hoping to have a more detailed look at in terms of what we are offering at the point where someone needs to learn English or improve their English and how that fits with our colleagues in the Department for Innovation, Universities and Skills to make sure we have got that right. Certainly it would be something I would be interested to look at through our City Strategy areas, how they are looking at this and prioritising this in their consortium of work. To be honest, I think there is a crunch point if, all things being equal, support is given and it is available. If someone chooses not to learn English they are effectively putting themselves in a situation where it is very hard to imagine that in most jobs they would be able to get employment. That is something we have to deal with as best as possible in a proactive engagement way. We need to think about someone who excludes themselves from the labour market by doing that and we do not apply some sanctions and at the same time someone does something else to exclude themselves from the labour market and we do apply some sanctions. It is a complex area but it is about people's ability to be employed and take part. I have to say that if you cannot speak English—and I am not getting into the level at which that should be—it is not just about employment it is all sorts of other things which affect your ability to take part in your community: conversations with the teacher at your child's school; using your GP; accessing health services. This is something where it is very important for people to achieve equality and to be liberated.

Q38 Chairman: That was a perfect answer. I want to move on quickly to Leitch as it impacts on the Department, because we had the statement on the same day. One thing which was announced was this universal careers service which apparently is going to link closely with the employment service. How will that link in with and add value to the personal adviser service or is it too early to say?

Caroline Flint: At the moment the idea is that where it is still practicable the adult careers service will be co-located in Jobcentre Plus offices. Jobcentre Plus then identify jobseekers who have basic skills or employability needs and the adult careers service will be able to be on hand to provide a more in-depth assessment of their skill needs. One of the things we are looking at as part of the flexible New Deal is having some sort of skills check early on to identify some obvious gaps that that engagement hopefully can address and then, later down the road at about six months, at the gateway process, when there is a more intensive, refreshed skills analysis, the careers service might play a role in that. I met with David Lammy last week just to have an initial talk-through of some of the work which could be better aligned between Jobcentre Plus and the Learning and Skills Council in terms of pulling some of these issues together and trying to see where we can, across our two departments, be on the same page in relation to pre-work skills training, what is appropriate, in-work skills training, where qualifications fit into that and where other skills training, which may not have a paper qualification but is just as important at that point, can be better aligned and we can all be singing from the same hymn sheet.

Q39 Chairman: That neatly takes me onto the next question. The Green Paper had this wonderful phrase “no wrong door approach” to careers advice. Given the different priorities of learning providers as against employment providers, there is a conflict there depending on which door the individual actually knocks on. They might get some good advice but it might not be the best advice. The Department is particularly interested in getting jobseekers into work so how are you going to manage that?

Mr Sharples: If you have access to the report that was published by DIUS, the Department for Innovation, Universities and Skills, on the same day as our report, on page 34 of that report there is a diagram which shows the flow through the system for a typical benefit claimant. It explains the sequence which we envisage here which is that the benefit claimant would come in and as part of their first work-focused interview would have a very light touch assessment made by the employment adviser on their skills needs. Some would then be referred to the specialist skills assessment undertaken by the careers service, but they would then come back for a discussion with the employment adviser about how best to build their skills needs and their training into their back-to-work plan. At the heart of this approach is the idea that skills cannot be separated from the employment advice and the steer back into work. It has been a bit of a problem with skills

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provision in the past that sometimes people have been diverted away from job search into perhaps lengthy training courses which had not actually helped them get back into work. This approach, which really knits together almost for the first time the employment side and the skills side is really designed to address that issue and make sure the skills provision for jobseekers is very much focused on helping them to get skills which will allow them to fill vacancies which we know exist in the local labour market.

Q40 Chairman: Forgive me for being cynical, but I will believe it when I see it. We have been round this circle too many times and I hope you are very vigilant on this because frankly I do not believe that flow chart will work. We shall see. I appreciate you are not responsible for the Leitch Green Paper but, tellingly, there was an annex setting out various actions, who is responsible for them and a timetable for delivering them. That is absent from the Department's Green Paper. Do you think it would have been useful to have? We talk a lot about rights and responsibilities but the rights and responsibilities of Government tend to get left to one side.

Mr Sharples: The difference is that our paper is very much a Green Paper for consultation and we will obviously formulate an action plan in the light of that consultation. The skills paper is the Government's formal response to Lord Leitch's report and is therefore setting out the action.

Q41 Chairman: But the Green Paper is your informal response to Freud.

Mr Sharples: That is right, but it has a greener tinge to it.

Q42 Chairman: It was said to be the Government's response to Freud, but I think that is overstating it.

Caroline Flint: It was probably overstating it. In the Green Paper we have put some specific dates and timelines and some of the work which is going on in contracting at the moment is underway to improve that. We are also asking some particular questions about some of the proposals and the timelines we have. At the end of this process we will have a better idea of where that is happening. I am happy to look to see, if that would be helpful, whether some timelines about some things which are currently going to happen run alongside some of our proposals to give all of us a better idea about how this is going to look over the next year to 18 months.

Q43 Chairman: I want to try a couple of questions where hopefully a yes or no answer might suffice. Is it fair to say that the Government have ruled out this concept Freud had of regional monopolies on providers?

Caroline Flint: Certainly we were not predisposed in the Green Paper to the idea of one per region.

Q44 Chairman: That is nearly a yes. I will accept that. Are we still pro the prime contractor model, not a monopoly but just the prime contractor model?

Caroline Flint: Yes. I think I would say yes to that in the sense that what I am interested in here is how we can get capacity but also how we can ensure, where there is sub-contracting, that the need particularly of small organisations can be helped by the prime contractor. I met with some of our contracting people the other week and one of the questions I raised with them was that there are some small organisations which, in terms of their particular output and what they do, are very good. However, because they are small organisations they do not necessarily have the overarching IT or human resource capability to do a lot of the bureaucracy which is around contracting. One of the things I was interested in was how a prime contractor could assist those working within the area by providing services to do with that as part of the work we are trying to do across Government to recognise both the strengths of the third sector but sometimes the weaknesses when compared with bigger organisations. I still think there is a role in that, in terms of capacity and support, which a prime contractor could play. Likewise on that, I am interested in where the period of a contract might be enhanced by a longer period for the contract to run but also how you would build into that break points where, if delivery were not happening, the contract would not continue. Those are some of the discussions I am having in the Department to try to develop the capacity, but at the same time safeguard some very good services provided by small organisations and also giving time for a contract to develop whilst at the same time not allowing it to run on regardless of whether they are actually delivering. I am having a discussion around that. I hope the Green Paper reflects some of the things we are dealing with and we would welcome people's views on that.

Q45 Chairman: As you may know, the Cabinet Office are consulting widely with the third sector—horrible phrase—and the message which always comes back is that there are warm words going out but when it comes to pen-to-paper contracting it has become very price sensitive. That sector cannot cope with excessive financial risk; it cannot cope with constantly having to devote precious staff time to bidding. I know it is something of a different project, but on the Terminal Five project, written into the contract was effectively a code of conduct for dealing with sub-contractors. I am sure, with the skills which are in the Department, something could be done around that for the prime contractor model.

Caroline Flint: I am happy to look at that. There are some opportunities here for prime contractors to have some responsibility about where it is possible

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for them to relieve some of the burdens on some of the organisations which are relatively small; they produce a very good outcome in terms of their delivery, but they do not have the organisation and infrastructure to do some of the things which often come very easily to large organisations. I am happy to take that away and have a look at that.

Mr Sharples: We do have some experience of working with the prime contractor/sub-contractor model on New Deals. We went to that model last year. Interestingly, a high proportion of both the prime contracts and the sub-contracts are held by third sector organisations. Of the 94 prime contracts 29% are held by third sector organisations and of the 527 sub-contracts 36% are held by third sector organisations. We do feel we are getting quite a good mix of not-for-profit involvement in employment

service provision in the existing New Deal contracts. We would certainly want to continue that in the future contracting arrangements.

Q46 Chairman: I understand what you are saying and I take your point. It is probably not for a public arena but some really interesting things have been happening on the contracts for the roll-out of Pathways to Work. There are potentially some serious consequences around some of that.

Caroline Flint: I will have a look at that.

Chairman: I am interested that you are looking at it, you are concerned and you share the Committee's concern. May I thank you very much for today? It was very good of you to do this at short notice. I realise this is an ongoing agenda and I look forward to us exchanging views again.