The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

WELFARE REFORM COMMITTEE

Tuesday 3 November 2015

Session 4

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WELFARE REFORM COMMITTEE
19th Meeting 2015, Session 4

CONVENER

*Hugh Henry (Renfrewshire South) (Lab)

DEPUTY CONVENER

*Clare Adamson (Central Scotland) (SNP)

COMMITTEE MEMBERS

*Neil Findlay (Lothian) (Lab)
*John Lamont (Ettrick, Roxburgh and Berwickshire) (Con)
*Joan McAlpine (South Scotland) (SNP)
*Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP)
*Kevin Stewart (Aberdeen Central) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Stephen Boyd (Scottish Trades Union Congress)
Paul de Pellette (Ingeus)
John Downie (Scottish Council for Voluntary Organisations)
Tanya Gilchrist (Shaw Trust)
Andy Hirst (Cambridge Policy Consultants Ltd)
Alistair Kerr (Momentum Scotland and British Association for Supported Employment)
Dr Jim McCormick (Joseph Rowntree Foundation)
Satwat Rehman (One Parent Families Scotland)
Anna Ritchie Allan (Close the Gap)
Bill Scott (Inclusion Scotland)
Pamela Smith (Scottish Local Authorities Economic Development Group)
Rachel Stewart (Scottish Association for Mental Health)
Kate Still (Employment Support Scotland)
Nicholas Young (Working Links Ltd)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Welfare Reform Committee

Tuesday 3 November 2015

[The Convener opened the meeting at 10:01]

Future Delivery of Social Security in Scotland

The Convener (Hugh Henry): Good morning and welcome to the 19th meeting in 2015 of the Welfare Reform Committee. Everyone should ensure that mobile phones and other electronic devices are switched to aeroplane mode.

Agenda item 1 is an evidence-taking session on employment support as part of the committee's inquiry into the future delivery of social security in Scotland. The session will be split into two parts. First, we will take evidence from a panel of employment support providers and, secondly, we will have a round-table discussion with organisations that support clients in employment projects.

I welcome to the meeting Tanya Gilchrist, head of operations in Scotland for the Shaw Trust, a work choice contractor; Alistair Kerr, head of quality and contract compliance at Momentum Scotland, which is another work choice contractor; Paul de Pellette, director of Ingeus; Kate Still, co-chair of employment support Scotland; and Nicholas Young, director of Working Links, a work programme prime contractor.

Would any of you like to make an opening contribution before we go to questions?

Kate Still (Employment Support Scotland): I would, if you do not mind.

I want to give the committee some background on employment support Scotland, of which I am co-chair along with Laurie Russell. It represents the private sector, third sector, voluntary sector and public sector provider base in Scotland—in other words, it is a broad church. In my day job, I work for the youth charity Rathbone Training, which is obviously involved in employment support Scotland as it offers skills and employment services. We think that this is a great opportunity to respond to the committee's questions and explain what we think might be important to committee members in thinking about the future and the opportunities that the devolution of programmes offers to Scotland and a Scotland solution.

I just wanted to make those points clear.

Nicholas Young (Working Links Ltd): I will give a brief introduction to Working Links for those of you who are not familiar with it. We are a public, private and voluntary sector organisation that for 15 years has supported long-term unemployed people in Scotland through a range of contracts from small, community-based programmes right through to the current work programme that we are delivering through six key partners, two of which are from the third sector, two of which are local authorities and the final two of which are private sector partners.

Paul de Pellette (Ingeus): I will give the committee a quick bit of background. We deliver the work programme across Scotland and a number of areas in England. In the eight years that we have been operating in Scotland, we have helped to support 44,000 people on long-term unemployment benefits and health and disability benefits into work. Like Working Links, we deliver the work programme in partnership with a range of other organisations from the private and voluntary sectors in Scotland.

The Convener: I do not know whether any of you have read the witnesses' contributions at or watched last week's committee meeting, but those witnesses told us that one of the features that they had to contend with was essentially cold calling. In other words, people trying to get back into work were told that they had to contact a number of companies to determine whether there were any vacancies.

At the time, it struck me that if people were not being given a list of vacancies to inquire about and if a number of unemployed people from one area were phoning around small companies in their area, those calls could become real nuisance phone calls for some of those companies. After all, there could well be a whole succession of unemployed people phoning up to inquire about non-existent vacancies, because that was required as part of the work programme. Would any of you like to comment on that?

Nicholas Young: I had the pleasure of sitting in on last week's evidence session and I have to say that I did not quite recognise the way in which that was presented. Jake said that she was asked to cold call employers between 9 am and 5 pm. That has certainly not been nor will it be a feature of how we approach employers. We have a very robust employer engagement strategy, and cold calling plays no part in it.

The Convener: Are you saying that people on the programme will not be asked to phone employers to ask about vacancies and will be directed only to where there are vacancies?

Nicholas Young: They will certainly not be asked to do so in the manner that was suggested

last week. We have a range of approaches, and speculative approaches are to be encouraged, particularly when someone has been supported to the point at which they are able to speak to local employers. However, we would support people in taking a very targeted approach; it would not involve speculative cold calls, as was suggested last week.

The Convener: So speculative calls are to be encouraged, but not speculative cold calls. What is the difference?

Nicholas Young: The calls would be targeted at areas and employers that the individual had suggested and we would work with our employer team to identify who to call. We would then either work with the individual or get them to the point where they were engaged enough to make those calls on their own. It represents a very small proportion of our employer engagement strategy.

The Convener: If someone is unemployed in the east end of Glasgow, where there is significant unemployment and where there are not many large employers left, they have to rely on city centre jobs, on some of the small companies or on jobs in the retail park. Everyone will therefore be chasing the same small number of vacancies. How do you filter that out to ensure that the individual who is looking for a job uses their time productively and that making these calls is not like some challenge or test to prove that they are really looking for work?

Paul de Pellette: When someone has been out of work for a very long time, as is the case for everyone on the work programme, the task of getting back into work and rebuilding confidence and skills is not easy. A wide range of different support needs to be available in recognition of the fact that people have different attributes and skills, and we have some cold calling as part of our service offering. One of our 30-odd workshops that people can choose to go on involves spending an hour and a half being trained in what to do if they take up that option; it covers how to go about calling and how to identify employers that might be useful in that respect. There would then be an hour and a half practical session. However, that is one of the 30-odd options that we make available to people if they so choose. Other options include things such as embracing change, interview skills and preparing for group-based assessments.

Speculative calling will be suitable for some people and not for others, but it represents a fairly small proportion of the number of things that people do, overall, on the work programme. It operates hand in hand with a huge range of other methods of identifying jobs. Sadly, the days of jobs being advertised are long gone. Less than 30 per cent of the jobs that we find for our clients or that they find for themselves are advertised in any way, so a lot of the work that we do involves working in partnership with local and national employers to encourage them and to convince them that we have the ability to support them in getting staff who will help them build and grow their businesses.

The Convener: So cold calling is not suitable for everyone. Does that mean that not everyone is asked to do cold calling?

Paul de Pellette: Absolutely.

The Convener: Do you follow up to find out whether the employers who are called object to receiving a succession of calls? That might well be the case if the company concerned is a small or medium-sized company whose capacity is already stretched.

Paul de Pellette: The feedback that we get is that, quite often, people pick up leads through such activity. Small and medium-sized companies do not always have the time or the money to actively recruit.

As I have said, such activity does not form a big part of what we do; we probably run one or two sessions on it every few weeks. The benefit of doing it is partly to do with the identification of vacancies, but as a committee member said last week in relation to cold calling from a political perspective, when it goes well, it can feel really good. That builds people's confidence and can empower them, which is another part of what we look to get from that experience. I assure you that a very small proportion of the 70,000-odd clients who have started work as a result of the work programme would ever have done any cold calling.

The Convener: But that was not what I asked you about. I asked whether you have done any follow-up with the companies that receive the cold calls to find out whether they are happy for that to continue.

Paul de Pellette: We do not follow up with those companies directly, because the individuals who make the calls identify which companies to contact. We do not have a list of companies that people bash through, as was suggested last week. We have some technological solutions for identifying all the vacancies that are advertised on the thousands of local and national job boards, and we use that information to build a better and more intelligent picture of what types of companies are recruiting and when.

We also do other things. If people want to work, say, in retail, which a reasonable number do, one of the best ways of getting a job in a retail environment is just to pop into shops. Supported by one of our advisers, small groups of clients might traipse up and down the local high street to

identify whether anyone is recruiting. Being there at the right time can sometimes be very important and can be a good way of equalising the odds for people who might otherwise feel that they are quite far away from work.

The Convener: Do your staff work on the basis of targets?

Paul de Pellette: Yes.

The Convener: What are those targets?

Paul de Pellette: There are many different types of target that operate within our business. Fundamentally, the target structure is about making sure that the service and the contract are successful, so the targets can relate to anything from the proportion of people on someone's case load who have a CV or a forward appointment—that is a way of encouraging our staff to work actively with everyone and to convince people to come in—to the number of referrals to workshops and other types of intervention.

The targets are largely about getting people into sustained work. The point of the work programme—and this is what differentiates it from most of the other employment programmes over the past 20 years—is to get people to a stage at which they not only move into work but stay in a job for six months. I think that that is what drives the behaviour of our advisers.

The Convener: What are your success rates?

Paul de Pellette: Our success rates are very good in some cases and are improving in others. We are exceeding all the contractual measures set by the Department for Work and Pensions for the work programme. It is worth mentioning that the work programme is the latest in a long line of programmes that goes back to the new deals and the employment zones. Given that the work programme targets are based on the best that any programme has delivered in the past, with an additional uplift, the fact that we are exceeding those targets suggests that we are doing well. However, as long as there are people whom we are not moving into work, we need to think about how we do more and do better.

The Convener: Forgive my ignorance, but I do not know what "very well" means. Can you help me understand that?

Paul de Pellette: As you would expect with any Government programme, there is external analysis and audit of it, and the National Audit Office and the Work and Pensions Select Committee at Westminster recently noted that the work programme is working at least as well if not better than all the previous programmes that have been commissioned by the United Kingdom Government and is doing so at a significantly reduced cost. I should point out that there are nine different payment groups in the work programme and 24 different performance measures, so it is not easy to say that there is one single measure that the programme is measured on.

10:15

The Convener: It is hardly a ringing endorsement to say that it is doing better than previous programmes. In order to help me understand how successful you are, can you tell me your success rates?

Paul de Pellette: The success rates are shown by the fact that, as I have said, the programme is exceeding its contractual measures, which are based on the proportion of people from each of those nine payment groups who, at the end of the two-year period, have progressed into sustained work.

The Convener: Do you publish any figures on that?

Paul de Pellette: The figures are widely published by DWP via the National Audit Office every three months. A significant amount of data, down to local ward level, shows the number of people who have been referred, the number who have been attached—that is, who have joined the programme—the number who achieve a job outcome at six months and the number who continue sustained employment for an additional 12 months after that.

Clare Adamson (Central Scotland) (SNP): You have partly answered the questions that I was going to ask, but I note that you mentioned that 70,000 people had been helped into work through the programme. Is that a Scottish figure?

Paul de Pellette: Yes. That is the figure in Scotland between both the organisations.

Clare Adamson: Is that the figure for people who have exceeded the 12-month period of sustained employment, or is it just for those who have been able to get employment?

Nicholas Young: It is the figure for those who have entered a job.

Clare Adamson: Do we have figures for how many of those 70,000 are still in a job six months later?

Paul de Pellette: There is a kind of delay in reporting. Essentially, the way in which the programme is measured involves considering the number of people who have been referred, the number who have been attached and the number who have achieved a job outcome. The latest NAO figures, which go up to the middle of this year, show that, at that stage, more than 41,000 people had achieved a job outcome—in other words, they had stayed in a job for a minimum of

six months. That is positively evidenced through proof from an employer and off-benefit checks with Her Majesty's Revenue and Customs.

Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP): I welcome Nicholas Young to the committee—it is nice to see you again. I remember visiting your organisation in Hamilton a while back.

Last week, you might have heard me quote some astonishing figures from the DWP. For a start, an overall sum of £1.89 billion has been spent on the scheme since it began in 2011. However, the figures up to March this year show that, a year after going through the work programme, only 9 per cent of sick and disabled people had found employment lasting three months. Overall, the figure was only 24 per cent and, of those on employment and support allowance, 4.3 per cent had found a job. That is actually down on the 2011 figure, which was 7.1 per cent. Can anyone explain that to me?

Nicholas Young: I can talk about the published figures that we have—and I am pleased to say that they are in advance of the figures that you have just quoted. Of our ESA customers in Scotland, we have supported just over 2,000 into a job, and 1,485 of them have sustained a job outcome, which is a 72 per cent success rate with regard to the number who are able to remain in employment.

Christina McKelvie: Is that after a year?

Nicholas Young: After six months.

Christina McKelvie: Okay. What percentage is that of the overall number of people with whom you are working?

Nicholas Young: With regard to the ESA group, it is important to note the way in which the contract has changed in Scotland. Initially, the programme was designed for about 70 per cent jobseekers and 30 per cent ESA customers. That situation now is almost the inverse of that, with more ESA customers than jobseekers allowance customers coming through. It is important to note the changing characteristics and changing needs of customers as the programme has developed.

It is also important to note the change in the scale of the work programme since it started. In the first year, around 60,000 people were referred; this year, we are expecting around 16,000.

Christina McKelvie: How do you account for the ESA figure being 4.3 per cent, given that in 2011 it was 7.1 per cent?

Nicholas Young: I do not recognise those figures. I have only our own figures.

Christina McKelvie: They are the figures that were released by the DWP.

Nicholas Young: Okay—they are the DWP's figures, but they are not our organisation's figures.

Christina McKelvie: How do you report to the DWP, then? Obviously the DWP must report the figures that you report to it.

Nicholas Young: The figures are reported automatically through the system. I believe that you are quoting the overall UK figures. We can report only the Working Links figures in Scotland.

Christina McKelvie: You said that there were slight changes in the contract. Has it changed over the years? You are now saying that there are 16,000 people—16,000 too many, in my opinion—going through the system.

Nicholas Young: The contract has changed, but I was speaking specifically about its nature and scale. It is much smaller than it was when it was started, and the characteristics of the individuals who are coming through for support have changed significantly. The different payment groups have changed quite a lot.

Christina McKelvie: Are you getting individuals with more complex needs?

Nicholas Young: Absolutely—there is no doubt about that. As Paul de Pellette has rightly said, individuals who come on to the work programme are a small proportion of the overall cohort of those who become unemployed. For every 100 people who present at Jobcentre Plus today as unemployed, less than 10 per cent will find their way on to a programme such as the work programme. Those people have been unemployed for a considerable amount of time and, as you would expect, the challenges that they come with do not sit in isolation—there are usually multiple barriers. The key challenges relate to functional maths and English, educational qualifications and a range of health conditions. Those elements all compete and usually mean that the individual is significantly far from the labour market at the point when they enter the work programme.

Christina McKelvie: Going back to the ESA group that I mentioned in my opening question, I have seen the work that Working Links does in Hamilton. Have you changed or adapted that or made it more flexible to meet the more complex needs of some of the clients who are coming through the door?

Nicholas Young: Absolutely. We constantly change and evolve our delivery model and approach based on the needs of the individuals whom we serve. That is an absolute given. The programme has been changed, refined and continuously improved since we started.

We collect a huge amount of data on the customers whom we serve, and we drill down and analyse that information to drive future

performance. The more we learn about the needs of customers, the more we tailor our interventions to support them.

Christina McKelvie: How much profit have you made this year?

Nicholas Young: I do not have that figure in front of me. Roughly, in the past three years, we have probably broken even. If my accountant was here, he might well be able to tell me.

The Convener: Before I bring in Neil Findlay, Kevin Stewart and Joan McAlpine, do any of the other panel members want to say anything at this stage about what we have been discussing?

Tanya Gilchrist (Shaw Trust): I have a comment on your question about cold calling, convener, with regard to some of the comments that colleagues have made. The Shaw Trust in Scotland has supported 3,500 disabled people into work in the past four or five years. Although cold calling is part of our learning experience, it is not necessarily the be-all and end-all in finding work.

I support some of the comments that have been made in response to the questions that have been asked. When you are supporting someone who faces numerous barriers to employment, it is important, in order to encourage them to become—in a sense—armed and dangerous in the employment field, to allow them to experience the hardest experiences, which include cold calling. I do not think that anyone in this room would want to cold call an employer and say, "Have you got a job?" as it is an extremely difficult thing to do, but it provides a learning experience for individuals.

From what I am hearing, this is all about people out there who need to find work. I know that we are talking about statistics and funds and so on, but there seems to be an argument that a person-centred approach offers a full range of support and delivery services, rather than just that one particular workstream, to the people who walk through the door.

Kate Still: Touching on the point that Tanya Gilchrist made, I think that the ambition of all the providers is to provide that personalised support. Some individuals may not have experienced that approach, as I took from the evidence that was given to the committee last week, but the ambition is to offer that support to individuals to give them the opportunity to try out new things that will help them.

The characteristics of the ESA group have changed. People are dealing with more complex issues, they have been on programmes for longer and there are some deep-rooted issues.

We have an opportunity to look at how we can bring in other resources now that the work programme is going to be devolved—other resources that can provide wrap-around and holistic support to those individuals on health, housing and debt. Although it was within the remit of the work programme and work choice providers to work with partners, one set of programmes was reserved and one set was local; there is now an opportunity to integrate them far better.

Neil Findlay (Lothian) (Lab): I find it odd that cold calling is deemed to be a learning experience. Whacking your thumb very hard with a hammer is a learning experience—it is not necessarily something that you would choose to do again. I find that a strange justification for doing that.

To go back to the companies that are providing the service, you mentioned that there is a target system. Is there a system of bonuses for meeting targets? Do advisers or others who are working with individuals get a target to meet and is part of their salary or a bonus based on meeting that target?

Paul de Pellette: Not in our organisation. I have worked in employability for 20-odd years in the voluntary sector and the private sector. The reality is that, when you are trying to achieve a specific milestone, there is a natural attraction to having a target-based approach. In creating a target-based approach, it is important to think about what should be incentivised and what behaviours should not be. It is important to build a system that hits not only the target but the point of the target. If the point of the target is to engage with the maximum number of people possible, to connect them to the support that they need and to get as many as possible to a point where they move into work, you can build an effective target system around that.

We do not go down the road of paying financial bonuses to our staff.

Nicholas Young: We have a bonus system, but it is built around three pillars of performance. The metrics for that are around the quality and the compliance that we need to ensure.

Neil Findlay: If I was a front-line adviser working with clients for your business and I met my target, what would that mean for me financially?

Nicholas Young: It could mean a financial incentive—it varies at different quarters of the year.

Neil Findlay: From what to what?

Nicholas Young: I would need to come back to you on that.

Neil Findlay: It would be helpful if you could provide the committee with that.

Nicholas Young: Yes.

Neil Findlay: Is the situation the same at the next level in both organisations? The front-line advisers who do X, Y or Z in Mr de Pellette's organisation do not get a financial reward, but something must happen if they meet or do not meet the target or why have it in the first place? Maybe you could explain that.

At the next levels, management and senior management—directors and whoever else—is there a system of bonuses going up the chain? If someone's department, section or responsibility meets the targets, do those people get an award? Is that how the system works?

Paul de Pellette: That does not represent our organisation. That is not how we work.

Neil Findlay: Does no one in the hierarchy receive a bonus based on the targets being met?

Paul de Pellette: No.

Neil Findlay: That is very helpful.

Paul de Pellette: Can I talk about the other parts of the question?

Neil Findlay: Yes.

Paul de Pellette: We need people who thrive and survive in an environment in which we are delivering what Tanya Gilchrist called really good person-centred services to people who in many cases—and this is definitely the case for the ESA group—have not had support from previous programmes. That is an important point to make—there are two substantial customer groups in the programme who were not supported in programmes prior to the work programme. It is a very difficult job to do; it takes exceptional individuals to do that.

We are lucky to have an incredibly good team of individuals and we spend a lot of time and effort investing in them, supporting them and giving them the skills that they need to do the job. We also make sure that we have the right people in the right place at the right time.

We have a support process that comes into play if people are struggling with particular aspects of the job. That involves providing additional support to the individual and identifying what they are struggling with at that point in time—whether it is prioritisation of their workload or working with particular types of individuals. We would use the collective skills and knowledge in the broader team to support that individual.

A huge array of knowledge is required, and it is difficult for people to deal with a broad group of individuals and to know absolutely everything that they need to know. We have a culture in which the adviser might not always know the answer to the question but somebody nearby will. We encourage people to make use of that and to make use of the local experts who are there.

10:30

Nicholas Young: We have a range of incentive schemes to drive performance into reward and to recognise the contributions of our staff throughout the organisation.

Neil Findlay: Inclusion Scotland has said in its evidence that 5 per cent of long-term sick and disabled people successfully go through the work programme, as opposed to a 24 per cent success rate for all referrals. Do you recognise those figures? The submission says:

> "The job outcome rate for long-term sick and disabled people on the Work Programme is only 5%, approximately one-fifth of the success rate for all referrals (24.7%)."

If I was to ask you to replace those figures with ones that you recognise, what would they be? I am not asking for thousands—I am not asking for anything other than the percentages, so that we can get a similar understanding.

Nicholas Young: For us at this stage, 13 per cent of people in our ESA customer groups move into and secure work.

Paul de Pellette: The contractual targets are set by DWP based on previous programmes. In order to allow that contractual target to be measured, the cohort needs to be allowed the full 24 months on the programme, with a further period of up to 18 months of being supported.

There are three main customer groups on the work programme who represent about 75 per cent of the overall volumes that go through. The first group is 18 to 24-year-olds. The minimum performance expectation for that group is that 33 per cent will achieve a job outcome—they will move into a job and stay in it for six months; some people will drop out during that period. For 25-plus clients, the expectation is 27.5 per cent. For ESA claimants who have made a recent claim and who are in the work-related activity group, the target is 18.5 per cent.

For the past couple of years, the figures that the DWP publishes show that all providers are exceeding those targets. The figures that Inclusion Scotland has given will be from the very early stages of the work programme. They refer to the individuals who have been right through the journey in the early months of the programme.

Neil Findlay: You have broken people down into three categories, but the DWP has not done that.

Paul de Pellette: No, it has not.

Neil Findlay: This is only for simplicity—no other reason. If we were to use the same

methodology as the DWP has applied, what would the two figures be?

Paul de Pellette: It is slightly difficult to say without misleading you, because it depends quite a lot on the time periods and so on. What I can say to you now is that, in this year of the work programme, the last year of the work programme and the year before that, we are exceeding the contractual measures for all customer groups. We are measured on the 33, 27.5 and 18.5 per cent expectations here and now, on a day-to-day basis, by the DWP.

Neil Findlay: You would contend that the outcome rate is higher than 5 per cent, and that you are more successful than the 24.7 per cent success rate for all referrals.

Paul de Pellette: Yes. In fairness, there is a long lag time to those figures. You are talking about people who started the programme in 2011, but we have obviously moved on quite a bit since then.

Kevin Stewart (Aberdeen Central) (SNP): Did you watch last week's evidence session, or did you read the *Official Report* of the meeting?

Paul de Pellette: I did not watch the session, but I read the *Official Report* yesterday, when it was published.

Kevin Stewart: Did that give you an idea of what the two folks who were previously on the work programme were about?

Paul de Pellette: It gave me an idea of what those individuals were about. There were some things that they said that were familiar, and there were some things that they said that I did not recognise.

Kevin Stewart: What was familiar to you and what was not?

Paul de Pellette: I do not want to get into talking about individual sets of circumstances because I do not know either of those individuals and I have not had the opportunity to talk to them. However, I can say more broadly that I certainly did not recognise what was said about people cold calling from 9 o'clock to 5 o'clock. That is not something that I see when I walk through any of my offices, and it is not a feature of what we do.

Nick Young alluded to the fact that customer insight is incredibly important, not just from the point of view of knowing whether people are happy with the experience that they are getting but also from the point of view of identifying the things that work well for certain individuals and ensuring that we do more of them.

By way of an example, I add that one thing that we have changed over time in the work programme, bearing in mind that people are with us for two years, is that we now have a delivery model whereby people spend less time transitioning from one individual to another. One of the features of our delivery model was that we had people going from a particular employment adviser to a different type of support stream, perhaps with a different—

Kevin Stewart: Let me stop you there, because I think that this is particularly important. All of this should be about building confidence and knocking down those multiple barriers, yet it seems that, in the cases that we heard about last week and many of the cases that I have dealt with as a constituency MSP, rather than folks' confidence and motivation being built up, we have seen their confidence take a hit and their motivation disappear such that they are then completely demotivated by the experience that they have gone through. What would you say to that?

Paul de Pellette: Clearly, we do not want people to go through any of our programmes and not feel supported. I said that I did not recognise what many of those individuals said last week, and it does not reflect what we hear and see on a day-to-day basis. You will all acknowledge that we have extended invitations to all members of the committee to come and spend time in our offices, talk to our clients and staff and see at first hand what—

Kevin Stewart: I will stop you there. We go on lots of visits—we heard Ms McKelvie mention one—but often on those visits we do not see the true scenarios that are going on in offices on a day-to-day basis. That always troubles me a little.

It is quite obvious from last week and from the evidence that I have from my neck of the woods that the approach works sometimes—that is probably down to the personalities that are involved, including the advisers—but it does not work in the majority of cases. We had two folk here last week and there were a number of other folk who could have come but felt too afraid. Is it the case that some of the folks who are on the work programme would be too afraid to complain about the level of service that they are getting from you or your competitors because they might face sanctioning if they complained too much?

Paul de Pellette: No. That is not the case at all, for a few reasons. First, we do not sanction people on the work programme—

Kevin Stewart: You do not, but the DWP does. How much advice does it take from you before it takes a decision to sanction?

Paul de Pellette: It is not a question of taking advice. Let me be very clear. For an employment adviser who works on the work programme, one of the most important things is to build trust and rapport with the people who come through the

door. In some respects, the sanctions regime could be viewed as a disincentive to that, because we want to build trust and rapport and to have people attending appointments.

We will mandate people to do certain things but, in the vast majority of cases, that is to attend an appointment. People are given due notice to attend an appointment and, if they want to change it, they can do that. It is not in any adviser's interests to sit and wait for a client to show up for an appointment and for them not to show up.

Kevin Stewart: Trust and rapport would be great things to have but, from what we heard last week and from my experience and that of my colleagues, what we actually have is fear.

Mr Young, you were at the back of the room last week listening to what was said. Does the evidence that the two ladies gave last week reflect your knowledge of your business?

Nicholas Young: It certainly reflected their experience of it. It is important to acknowledge that. I think that it was Donna who had been with us, and she said that one relationship with an adviser was not what she was expecting. We are disappointed by that. On the other hand, she said that the next adviser she got could not have been more helpful. They had an excellent relationship and the adviser helped her to progress to where she wanted to be.

That is the type of relationship that characterises and reflects the experience that we have. It is certainly what comes through from our customer service surveys, both our internal ones and the independent ones that we have collected every six months. Levels of satisfaction are very high. It is disappointing to hear about anyone who has not had a positive experience, as we heard last week. However, the reality, based on tens of thousands of experiences, is that, in the vast majority of cases, customers are very satisfied with the support that they get.

Kevin Stewart: Are people afraid to complain?

Nicholas Young: No—not that I am aware of. We have an independent survey in which 1,000 customers are spoken to by an independent organisation—

Kevin Stewart: But we are talking about folks who are often deeply suspicious. Do they think that it is an independent survey?

Nicholas Young: I cannot speak on their behalf, but I am sure that it is pointed out to them clearly that it is an independent survey.

Kevin Stewart: You were unable to answer an earlier question about profitability. Can you give us an idea of how much the work programme contract that you have is worth to Working Links in Scotland? What is the value of the contract?

Nicholas Young: There is the contract value, which is what we bid for, but there is also how much it will cost, which is based on how it is delivered, so that varies.

Kevin Stewart: Just tell me the contract value.

Nicholas Young: I believe that it is about £167 million.

Kevin Stewart: So you get £167 million from the DWP to deliver the service.

Nicholas Young: That is the total contract value. How much we realise of that is dependent on how well we deliver it.

Kevin Stewart: You have already told us that you do not know what the profitability is.

Mr de Pellette, how much is the DWP contract for Scotland worth to Ingeus?

Paul de Pellette: The situation will be fairly similar, because we are delivering half of the contract and Working Links is delivering half. That is over a nine-year period.

Kevin Stewart: So it is £167 million.

Paul de Pellette: Over nine years.

Kevin Stewart: And you have no idea of profitability for your organisation.

Paul de Pellette: To be perfectly honest, you will need to look at the profitability at the end of the nine years. It is a payment-by-results programme. We get paid when we move people into work and keep them there for six months. With a reasonable number of individuals, we will spend a lot of time, effort and money on them—we do so gladly—but not get paid for that. That is the nature of a payment-by-results contract.

Kevin Stewart: Does that payment-by-results contract often lead to situations in which folk are put into employment that you know will be absolutely, completely and utterly unsuitable for them in order for you to realise that payment from the DWP?

Paul de Pellette: No, it does not at all. If you look at the dynamic of getting someone into a job that lasts for six months and if you think about the day-to-day process of getting someone to a stage at which they are ready to move into a job and stay there for six months, you will see that it is simply not the case that we can somehow coerce people into jobs. In fact, because of the reluctance of the committee to come and see us, we hired an independent company to do some focus groups with our clients. One feature that came through from that was that people said that they felt that

we were genuinely interested in getting them the right job for them and not just any job.

Kevin Stewart: I move on to my final question. Obviously, vast swathes of the area are to be devolved, but vast swathes are to remain reserved, including programmes such as access to work. Of course, the sanctions regime will also remain reserved. Is it wise to devolve the bulk of the work programme but leave the sanctioning element with the Department for Work and Pensions?

Tanya Gilchrist: I certainly think that it will cause confusion. We are talking about people who are already dissatisfied with the current service delivery. As we know from last week's meeting, people are making noises about what their needs might be and saying that they probably need support. If we have reserved and devolved rules potentially affecting such people, that could ultimately cause confusion and more dissatisfaction.

Kevin Stewart: So there could be confusion and lack of cohesion.

Tanya Gilchrist: Yes.

Kevin Stewart: It is a bit nonsensical.

Tanya Gilchrist: That is your view.

Kevin Stewart: I was hoping for yours.

Mr Kerr, what is your view?

Alistair Kerr (Momentum Scotland and British Association for Supported Employment): I agree with Tanya Gilchrist. Any performance contracts need to have elements of conditionality attached to them but, if that is to the detriment of people who are probably the most vulnerable in the UK, surely the Scottish Government should not adopt that model.

Kate Still: Employment Support Scotland and the Employment Related Services Association were clear on that. We advocated the devolution to Scotland of Jobcentre Plus and all the related levers, because we think that that would work better. Given that that is not the UK Government's position in its response to the Smith commission, we want to work with the Scottish Government to ensure that the impact of the sanctions regime on individuals is mitigated so that it does not create fear, concern and distress for them. We want an impact that supports those individuals.

10:45

Kevin Stewart: What kind of things need to be put in place to deal with that?

Kate Still: There is a continuing discussion with the provider network because we work to the guidelines of the work programme and work choice that the DWP sets down. In the new commissioning and procurement process, we can consider what we can do to mitigate the impact. Sanctions and conditionality are still reserved, but we can consider how we implement and ameliorate them so that the impact on individuals is lessened. It was distressing to read the evidence of the individuals who were at the committee last week, but their experience is not the case for the majority of individuals who go through the programmes because the vast majority of the staff whom I meet daily came into the industry because they wanted to help individuals.

Kevin Stewart: However, the lack of cohesion—the illogicality of that element being reserved—leads to more confusion, does it not?

Kate Still: I do not disagree. We have stated our position.

Nicholas Young: I am more interested in the powers that we have and how we can make the most of the powers that are coming to us. It is important to put the work programme, work choice and any other DWP provision in Scotland in a bit of context: I think that they equate to about 10 per cent of the overall spend on employment and skills in Scotland.

I am really interested in how we make the whole system as integrated as possible. With the addition of new powers, we have a fantastic opportunity. We need to take the evidence base for what has worked well, take the lessons from what could be done better and build those into the design and commissioning of future services.

Kevin Stewart: We could have the most amazing service ever, with all the bells and whistles and the personalisation that we all want—the whole shebang—but at the end of the day, the DWP would decide whether somebody was to be sanctioned. Is that right?

Nicholas Young: Sanctioning is for the DWP to decide, not Working Links. I would be very happy if we ended up with the programme that you described.

Kevin Stewart: Will it cause problems for the folk who deliver the service if they deal with one agency—whatever it is in Scotland—but the DWP comes along and says that something is not right and that the person will be sanctioned?

Nicholas Young: We would find a way to work alongside whoever had responsibility for the various powers.

Kevin Stewart: As long as there was money in it.

Nicholas Young: No—as long as it provided a service that we felt was valuable.

Paul de Pellette: I will pick up on a couple of those points. Where there is any crossover from one organisation or authority to another, there is a danger that the approach will not be seamless. If we are honest, that happens quite a lot with matters that we already control. We have an opportunity to line that up better in the future.

To go back to the question about what changes could be made, one simple change that often comes up when I talk to employment advisers is that their being given the ability to give good cause would make life much easier. That would mean that if a client was booked for a mandatory appointment, did not phone us in advance, did not turn up but phoned us a couple of days afterwards to tell us that something that had come up, we would be able to say that that was okay. At the moment, we do not have that ability; we have to notify the DWP that the person has not kept up with their jobseeker agreement.

The Convener: Does Kate Still, Alistair Kerr or Tanya Gilchrist have any comments on the general discussion, rather than the specific question?

Tanya Gilchrist: I will respond to Mr Findlay's comment on cold calling. To clarify the matter, so that it is not taken out of context, when we deliver cold calling to our customers, it is a training exercise. They have an adviser with them and they do not call an actual employer, but another member of staff who pretends to be an employer. It is a learning experience. That is what I was trying to explain.

I will say something about sanctions. The Shaw Trust is keen to avoid undue stress and financial hardship being placed on the people whom we support. We advocate an early-warning system in relation to sanctions. It is about prevention, communication and treating people like human beings. If we give people forewarning that behaviours might result in something, that is a learning experience.

Kate Still: Another area that could be improved is the assessment process. We need to join up the assessment process and share information more widely. Sometimes the feedback has been that the circumstances of individuals who have been sanctioned have not been taken into consideration, principally because information regarding their mental health issue or childcare responsibilities, for example, has not passed from one organisation or agency to another. The individual's circumstances must be taken into consideration. The issue is about information flow.

Joan McAlpine (South Scotland) (SNP): The disability charity Inclusion Scotland provided us with figures on moving disabled people out of worklessness via the work programme. It said:

"up to 31 March 2014, whilst there were 14,110 Employment Support Allowance (ESA) Work Programme job outcomes there were also 41,721 ESA Work Related Activity sanctions during the same period. Thus a disabled person on the Work Programme was three times as likely to be sanctioned as to be found a job."

That is absolutely shameful, is it not?

Nicholas Young: Sanctions are the responsibility of DWP, so it may be better to put that question to it.

Joan McAlpine: I am struggling to see how you can unlink the two things. A disabled person in the work programme is three times as likely to be sanctioned as they are to find a job. That is a terrible reflection on the work programme.

Nicholas Young: Our responsibility in the work programme is to move those people into work. We have no responsibility for the sanctions regime.

Joan McAlpine: Do you agree with that, Mr de Pellette?

Paul de Pellette: As Nicholas Young said, we are responsible for providing employment support for individuals. We will mandate people to attend appointments, on occasion. That does not happen all the time, but it happens for a significant number of individuals when they are referred through.

We want people to attend, but if people do not attend we are required—we have no choice—to notify the DWP, which then commences the process of identifying whether the person had good cause for not attending. It is absolutely not in our interests for people not to attend appointments.

Joan McAlpine: I will say this just for the sake of members of the public who do not know. People who are on ESA will have some barrier to being in employment—a disability or an illness. Those people are vulnerable, yet they are three times more likely to be sanctioned than they are to be found a job through your programmes. That suggests to me that your programmes are not working at all and that the people who find jobs do so under a terrible threat. The committee has taken a lot of evidence on the threat of sanctions and the effect that they have on people, including on their mental health. Many people on ESA have mental health issues. You seem to be completely unmoved, if you do not mind my saying so.

Nicholas Young: I am absolutely not unmoved at all. The plight and the personal circumstances of our customers are incredibly important to us. I will reiterate what Paul de Pellette said: our responsibility is to move someone into work, in order to try to help them to have a better life, essentially. We are not responsible for issuing sanctions. I will reiterate that: the responsibility for sanctions lies elsewhere.

Joan McAlpine: Okay. You are unmoved by what the disability charity said.

I will move on to what One Parent Families Scotland said about the work programme. It said:

"Many single parents' experiences of the Work Programme are very negative, both in terms of how well the scheme supports them to find sustainable work which fits with their caring responsibilities and in relation to the attitudes of staff. Often, staff appear to completely disregard the fact that parents have responsibilities for children and make completely unreasonable demands on them."

Are you moved by that at all?

Nicholas Young: I am always moved when we receive feedback of that sort. I worked across the lone-parent sector for a considerable time; I used to run Working Links' lone-parent contracts and I am very aware of the success that we have had with lone parents and the very positive impact that that has on their lives and their children's lives.

I would be very interested to speak to One Parent Families Scotland, which has been one of our partners throughout our journey with lone parents, and get some further details on that feedback.

Joan McAlpine: Do you support sanctions? Do you support the principle of sanctions?

Nicholas Young: I support the principle of conditionality.

Joan McAlpine: To what extent do you support sanctions on one-parent families?

Nicholas Young: I did not say that I support sanctions on one-parent families. I said that I support the principle of conditionality.

Joan McAlpine: Surely we are talking about semantics here. Sanctions are conditionality; it is just a matter of degree. Do you support the withdrawal of income from single-parent families?

Nicholas Young: Again, that is not a decision for me to make. We support the principle of conditionality as a way of encouraging active participation.

Joan McAlpine: Does that include single parents?

Nicholas Young: Single parents have long had conditionality attached to their benefits regime.

Joan McAlpine: Do you support that?

Nicholas Young: I think that it has had a really positive impact over the years that it has been—

Joan McAlpine: You do support it. Right.

Nicholas Young: I support conditionality.

Joan McAlpine: Do you support it for disabled people?

Nicholas Young: Some disabled people will have conditionality attached to their benefits regime. Some will be participating in programmes on a voluntary—

Joan McAlpine: You support that.

Nicholas Young: I support the role of conditionality. I believe that it has—

Joan McAlpine: Okay. Thanks very much.

The Convener: I will bring Tanya Gilchrist in on that.

Tanya Gilchrist: Your questions have raised some thoughts. It certainly flags up the important need for a specialist disability programme that is targeted at individuals who need specialised support. The Shaw Trust would endorse a needs-led assessment at the benefits stage to identify barriers, whether childcare, debt management or housing, and to focus support on those particular issues. It is possible that mainstream delivery does not always address that.

John Lamont (Ettrick, Roxburgh and Berwickshire) (Con): Good morning panel. My first question picks up on what Kate Still, from Employment Support Scotland, said earlier and in the ESS submission about how information is shared, in particular with Jobcentre Plus, and how it is not particularly good and could be improved. Could you expand on that a little bit?

Kate Still: Part of the disproportionate sanctioning of lone parents, disabled people and young people is related to the fact that information about individual circumstances is not necessarily passed on to the provider in good time; there can be lengthy gaps in information being processed or provided. The Employment Related Services Association—ERSA—is calling for better initial assessment of individuals' circumstances, skills, attributes and ambitions so that working around that, a more supportive package can be put in place earlier. Sometimes issues are not revealed to the provider—the first-line staff—for several weeks, so there may be a difficulty in putting in place such an holistic package.

John Lamont: Is the problem that sharing of information is just being delayed, or is it that the permission of the jobseeker is required in some cases?

Kate Still: Permission would be required, but if we worked towards a system in which there was information that the individual owned and agreed to share with providers, we could design a much better system. If people know that their information is being shared so that the right package of support can be put in place, they will be supportive of that.

John Lamont: Do the providers have a view on the sharing of information?

Paul de Pellette: Yes. Sharing of information is a broader issue than conditionality and sanctions. Before people come to the work programme, they will have been unemployed for at least a year, during which time they will have been supported by Jobcentre Plus and perhaps Skills Development Scotland, local authorities and third sector organisations. Within that process, they may well have had to answer the same questions on a number of occasions. There is sometimes a tendency to allow the need to protect personal information to prevent effective delivery of services to individuals.

One of the people from whom you will shortly hear evidence did some work for the Scottish Government on employability and skills. One of the key findings was that we spend quite a lot of money on employment and skills, but it is not always easy to determine what we get for it. That is partly down to having multiple agencies running different systems and not being comfortable or confident about sharing that information for the betterment of individuals.

John Lamont: Employment support for people who are pursuing self-employment came up last week. There was also a reference in the Employment Support Scotland submission to there being a disincentive for people to use self-employment as a possible pathway towards employment. Will you expand on what you said in your submission about the need to give more consideration to self-employment as an option, in the context of the support that the employment support scheme offers?

11:00

Kate Still: I reiterate that we think that self-employment should be a valid option, but it is not always easy for an individual to get the support that they need. It is about providing joined-up support so that self-employment becomes a realistic option for individuals.

John Lamont: What are the barriers in that regard? Can you expand a bit on that?

Kate Still: I do not think that I have much detail on that.

Paul de Pellette: One of the challenges, which came up in the evidence at last week's meeting, is to do with people being able to access support at some times but not at others. A person on a particular programme might be regarded as being too long-term unemployed to access skills provision and so might not be able to access provision that would meet their needs.

There is a significant evidence base about what works, but we must bear it in mind that we will not always be able to map that exactly. We should not create disincentives and stop people getting what they need just because at that point they happen to be on the wrong benefit or are no longer eligible. That is not an approach that provides the right support to individuals.

Kate Still: I think that that is the point. There have been programmes that people could access at a particular time, with access tied by eligibility conditions such as how long the person has been unemployed and what type of business they want to set up.

Clare Adamson: The word "customer" has been used quite a lot in this morning's discussion. In reality, is not your customer the DWP, given that you are the service providers?

Nicholas Young: We are the DWP's customer, and we view the individuals who access our services as our customers. That is the terminology that we use.

Clare Adamson: They are not customers in the true sense of the word, in that your responsibility for what you do is to the DWP.

Paul de Pellette: We are responsible to the DWP for the performance of the contract and contractual compliance, but for our front-line staff and managers, day to day, the people who come through the door are our customers.

Clare Adamson: You said that you do surveys of the clients. An issue that came through in last week's meeting was that people feel that they have no ability to complain or to make their voices heard in the process. What percentage of your customers—I will use that word—return your surveys? What proportion returned the independent survey that you mentioned?

Paul de Pellette: Each organisation does different things; we have done a number of things over the piece. On your point about feedback and complaints, that is a day-to-day issue, so over and above our annual survey we have a complaints policy. The complaints policy is clearly positioned in our offices and a copy is given to people during their induction. There is an independent aspect to the policy, in that if people are not satisfied with what happens the complaint goes to an independent case examiner, who is external to our organisation.

Over and above that, we look for, evaluate and use the feedback that we get. Every office has a "You say, we did" board, where people can ask, for example, "Will you get this newspaper in so we can look for vacancies?" or "Can we have more workshops in this area?" It is just common sense

to listen to what people say about what they want, and to try to ensure that we deliver more of that.

Surveys are done in a number of ways. Some are for clients who are in the office searching for work—they can log on and complete the survey. Sometimes we use an independent company to do a telephone survey. Office managers also regularly run focus groups to get more qualitative information and dig beneath the questions about whether people like this or want more of that. Our return rates are pretty reasonable—they are pretty high. I do not have them in front of me, unfortunately.

Clare Adamson: Did you say that the current DWP target is a 33 per cent success rate?

Paul de Pellette: That is one of the targets.

Clare Adamson: What about the 77 per cent who are not successful? Obviously there will be a bit of variation in the rate, because you are exceeding the target, but what follow-up is done with those people to get feedback about why the work programme was not effective for them?

Paul de Pellette: For every client who goes through the work programme and does not achieve a job, there is a process at the end in which an exit report is completed for that individual. They are then referred back to Jobcentre Plus for whatever help and support they are going to get via the next stage of that regime. Jobcentre Plus also conducts initial appointments with individuals during that period.

When we do focus groups and surveys, we also look at different cohorts of individuals. One thing that we often look at—because we have to look at the counterfactual as well—is people who are not engaging with our service and who have infrequent attendance. We try to find out why; we try to get underneath that. It is fantastic to get good feedback, but getting feedback that is more balanced tells us what we are and are not doing well, then we can try to improve.

Clare Adamson: I think that you said that there is a variety of options, with about 30 available to people for different types of training. Are each of those 30 options assessed and monitored, and is feedback taken to see what is and is not successful?

Paul de Pellette: There are 30 workshops that people can volunteer for and be referred to. They are all voluntary, mainstream workshops in the broad area of employment support and are delivered by our group facilitators. In addition, we have a health and wellbeing team that includes physiotherapists and psychologists, and the psychologists deliver an additional suite of 12 workshops, all of which are, again, voluntary. At the end of all those interventions, we have an end-of-course survey in which we get people to talk about what they did or did not like and what they would do to improve the workshop.

Clare Adamson: Does the data that you collect from your surveys and your complaints process have any bearing on your contract with the DWP? Is that data—the number of complaints, for example—part of your success matrix?

Paul de Pellette: The final stage of the complaints process is review by the Independent Case Examiner, which is a DWP agency, and one of the metrics that it reports on is the number of complaints that are received and their resolution within the timelines of the complaints policy. Over and above that, the examiner comes out and talks to programme clients as part of its audit regime.

Clare Adamson: One thing that Jake mentioned last week was the lack of privacy in the whole process. Indeed, I think that that is what she found most difficult. Is that something that you have taken cognisance of?

Paul de Pellette: I am slightly disappointed to hear that comment. The front door on the way in to all our offices has a clear sign saying that anyone who needs a private room for an appointment should ask for one. Our advisers also remind people of that at their initial appointment. We know that people do not always feel comfortable asking for such things, so we often ask our advisers to re-prompt people in that respect. I know that the issue has come up selectively in complaints. People said that the signs were perhaps not obvious enough, and we acted on that feedback and made them more obvious.

When I am in our offices, which I am most days, I see advisers sitting one to one with clients in private rooms, so I know that it happens. The issue is to continue to make people feel comfortable about asking for privacy.

Clare Adamson: Finally, on sanctions, one of you talked about wanting the ability to go back to the DWP if there was good cause to do so. It is apparent from the visits that committee members have made with regard to universal credit that there is no flexibility for people to take time off from their conditionality regime—if I can use that term—for a holiday or family event. Indeed, we have all heard examples of people being sanctioned for attending family funerals, dealing with last-minute emergencies and things like that. We have also heard that people need to be treated like human beings. Do you think that a system that does not give people the flexibility to go to a family wedding is treating them like human beings? Will that cause you further problems with regard to the good cause argument that has been mentioned?

Paul de Pellette: As I have said, someone not showing up for an appointment is not a productive use of our advisers' time, and they find it demotivating. Under the current rules, we are able to rearrange appointments as long as we know about things in advance, and we do so regularly. You will probably find that on any given day an average of one appointment per adviser is changed for valid reasons such as last-minute emergencies, and we book those people in for another appointment. The issue is consistency of service. The point is that, like any organisation that delivers employment support services, we have to operate within the guidelines that are set as part of our contractual requirements.

Clare Adamson: Do you wish to comment, Mr Young?

Nicholas Young: I simply reiterate the point that this is common across our industry. When you are able to give your front-line advisers as much autonomy as they need to do their job, they will invariably do that to the best of their abilities.

As for training, we evaluate all the training that we offer. The training scores are incredibly high, which we are very pleased about. Our trainers are dedicated; the team is professional; and, overall, complaints about the work programme are quite low. Indeed, they account for only about 1 per cent of complaints right across the 60,000-odd people who have joined. That is still too much, but it is significantly less than 1 per cent.

Clare Adamson: If less than 1 per cent of people make a complaint but the success rate is only marginally more than 33 per cent—or whatever the target is—do you understand why the bulk of those people are not successful in the programme?

Nicholas Young: We have a huge amount of data on the challenges that individuals face and how likely they are to progress into work, given the timeframes and the restrictions on some of the services that they need.

The Convener: I know that Neil Findlay and Christina McKelvie want to come in, but I should say that if they do, they will eat into the session with the next panel.

Neil Findlay: I will be very brief, convener.

The Convener: Please be very brief.

Neil Findlay: The system assumes that the problem with not gaining a job lies with the individual and that if we only raise their confidence, give them a new suit, polish their shoes or something like that, they will get a job. Is that not the wrong assumption? Are the structural problems in our economy not the reason why people cannot accept a job, and does that not mean that there is a lack of jobs in the first place? Do we need to rethink the whole approach?

Nicholas Young: Confidence is incredibly important and a key feature of what we deliver, but when we look at the individuals on the work programme, we see that their functional skill levels, their maths and English levels and their health concerns play a significant factor in determining whether they move into work.

Ultimately, programmes do not give someone a job—that is the privilege of businesses. We certainly believe that there are a lot of vacancies, and we are filling a lot of those vacancies with our customers, but a more buoyant economy would obviously help to deliver—

Neil Findlay: But is it your view that, even if there were an excess of jobs in the economy, we would still require your services?

The Convener: Yes. Our services will always be required, because people will always need support as a bridge from where they are to the world of work.

Christina McKelvie: Paragraph 17 on page 8 of the National Audit Office report "The Work Programme", which was published in July 2014, says:

> "On average, prime contractors have reduced what they plan to spend on the hardest-to-help. The support for the Work Programme's harder-to-help participants is lower than for those with better employment prospects. Providers' own estimates show that they plan to spend 54 per cent less on each participant in harder-to-help groups".

A young constituent of mine, who is in that harder-to-help group, was bumped from work programme to work programme in retail outlets. They used her labour and then spat her out at the end of the six weeks or whatever the timescale was. After seeing a company's advert on a billboard, I phoned my constituent to tell her that the company was looking for staff—and I should declare an interest here as a founding member of the Scottish Union of Supported Employment. I gave her advice, and she secured a job. How much do you get when an individual stays in a job?

Nicholas Young: I am not sure what customer group the individual was in.

Christina McKelvie: She was in the ESA group.

Nicholas Young: There are sub-categories within that.

Christina McKelvie: She was a harder-to-help person.

Nicholas Young: We would not get paid when she got a job. That would only happen if she had achieved success and remained in the job for a

certain time. At that point, there would be a payment trigger.

Christina McKelvie: Let us say that that happened. What is the payment trigger? How much is it?

Nicholas Young: I have the published DWP payment triggers with me—let me just go through them. You will need to bear in mind that there are different categories for the nine different customer groups.

Christina McKelvie: She is 23 years of age, so she falls within the 19 to 24-year-old age range.

Nicholas Young: There are different tariffs for ESA groups, if we look at it in that way.

Christina McKelvie: Okay.

Nicholas Young: There is no payment when an individual moves into work, only when an individual remains in work for a set period, and then there are sustained payments thereafter. I have the DWP's published stats with me. We get a different amount, because we have a commercial arrangement with the DWP.

Christina McKelvie: If that person stays in work, what payment will you get? What is the price tag?

Nicholas Young: It depends on the customer group, and I do not know the specifics of that. It varies widely. If you could let me know the customer group, we could catch up and I would be happy to provide that information.

Christina McKelvie: Is it about £1,100?

Nicholas Young: For an individual remaining in work for a set period?

Christina McKelvie: Yes.

Nicholas Young: It varies from £1,200 up to £3,500 for an individual in the ex-incapacity benefits work-related group.

Christina McKelvie: If I support that young person to stay in her job, will the DWP pay me £3,500 for finding her that job?

Nicholas Young: That question is probably best asked of DWP.

Christina McKelvie: I might just do that. If it pays me, I will donate the money to my local food bank.

The Convener: I thank the panel—

Neil Findlay: Can I ask just one small question, convener?

The Convener: No, Neil. We have another panel of witnesses who have been sitting patiently waiting to come in. We need to respect them and give them the time that we can.

I thank the witnesses very much for their contributions. There were one or two issues that people might want to follow up on, and it would also be very helpful if the witnesses could provide the information that was asked for.

I suspend the meeting to allow the next panel to come in.

11:15

Meeting suspended.

11:22

On resuming—

The Convener: I welcome our next panel. They are Stephen Boyd, from the Scottish Trades Union Congress; Bill Scott, from Inclusion Scotland; Andy Hirst, from Cambridge Policy Consultants; John Downie, from the Scottish Council for Voluntary Organisations; Pamela Smith, from the Scottish local authorities economic development group; Anna Ritchie Allan, from Close the Gap; Satwat Rehman, from One Parent Families Scotland; Rachel Stewart from the Scottish Association for Mental Health; and Dr Jim McCormick, from the Joseph Rowntree Foundation. Does anyone on the panel want to make an opening statement on something that they have heard this morning or previously?

Pamela Smith (Scottish Local Authorities Economic Development Group): I represent the Scottish local government sector, and our interest in employability is mainly to do with its relationship with the wellbeing of our citizens. We know that people's quality of life and prosperity will be heavily influenced by the quality of their employment. We also see employment as a main route out of poverty, inequality and disadvantage, but we have witnessed a lot of our most vulnerable jobseekers being sidelined. It was interesting to hear the discussion on the work programme outcomes because, in our experience, there is no personalised provision or integrated assessment. Because of the parachuting in, there is a one-size-fits-all approach.

We in local government certainly welcome the consultation by the Scottish Government and the devolution of further powers. However, we are concerned about the jagged edges around the powers that will remain reserved and the extent to which we will have the freedom and flexibility to design truly person-centred approaches, given that conditionality and sanctions will still be reserved. We are interested in the whole debate about how we can adopt a more preventative approach, target the most vulnerable jobseekers and give them a weighted intervention instead of creaming off the most job-ready in a model that is based on outcomes and payment by results.

Rachel Stewart (Scottish Association for Mental Health): The Scottish Association for Mental Health is very keen for a specialist disability employment programme to remain in place, because for people with a mental health condition or other employment support allowance claimants, the main barrier is their actual condition. As a result, there needs to be a health-based instead of a generic employability-based response.

We also need an evidence-based approach. Some of the experience over the past five years demonstrates what works and what does not work; we know, for example, that individual placement and support work very well for people with mental health problems. We would also like current spending to be audited to ensure that we do not throw good money after bad.

Dr Jim McCormick (Joseph Rowntree Foundation): We are all aware of the limitations of what is being proposed, but that should not get in the way of our seeing the opportunity here, part of which is to reframe the purpose or goal of these employment programmes so that we can be more ambitious than we have been so far in the United Kingdom and go beyond sustained work as the objective to look at earnings progression and the reduction of in-work poverty. If we change the system's overarching objectives, we can change the culture and behaviour, and I think that Scotland has a big opportunity to be among the best in the Organisation for Economic Co-operation and Development, at least with regard to this type of provision.

John Downie (Scottish Council for Voluntary Organisations): The key proposition that resonated with us and our members in the discussions about employability and welfare that we had over the summer is what might be called a participation and contribution strategy. Jim McCormick talked about the opportunity that we have but, as he pointed out, it is not just about getting people into paid employment. After all, people contribute to society in many different ways; there are, for example, carers, volunteers, learners, activists and so on.

Pamela Smith mentioned personalisation, and I think that we need to expand self-directedness and put it at the heart of whatever we do with welfare and employability. We need to start thinking about how we give people much more choice in their own lives and base things on their needs and demands instead of having some black-box work programme-type approach that in the end does not work for anyone. We need to be much more personalised, think about self-directedness and, certainly as far as we are concerned, ensure that all this is embedded in and connected with drugs and alcohol policy, social care, justice and a range of areas in which at the moment the linkages are not as strong as they should be.

Bill Scott (Inclusion Scotland): I very much echo what John Downie has just said. We think that the aim should be to increase disabled people's participation in society. That could be through employment, but it could also be through volunteering, involvement in community groups or politics and so on. If we increase disabled people's social inclusion, we will improve their health and wellbeing, which will have knock-on benefits for the health and social care systems.

A one-size-fits-all approach that says that everyone can go to work just does not work for all disabled people. Some disabled people will never be able to work, but they should not be left to one side and abandoned, because they would be able to contribute in many other ways if they were supported in doing so. There is another group of disabled people who could work, possibly only part time, and they should be supported to do that instead of the expectation being that everyone will get a full-time job. We, too, think that there is a huge opportunity in aligning health and social care with employability and using the integration of those services to deliver a new programme that supports every citizen in achieving their full self-worth.

11:30

Anna Ritchie Allan (Close the Gap): We agree. We see the inquiry as an opportunity for meaningful change in women's experience of entering paid employment. We urge the committee to take a gendered approach in its findings in recognition of the fact that current employment services contribute to the concentration of women in low-paid and undervalued occupations, which contribute to women's and children's higher levels of poverty and affect their pay and progression over their lifetimes. In turn, that entrenches occupational segregation and widens the gender pay gap, which has an implication for Scotland's economy as well as for individual women.

Satwat Rehman (One Parent Families Scotland): We would like to see something that is person led, not programme based. Programme-based approaches are the current experience of many single parents whom we work with. The generic scatter-gun programmes do not work for many claimants with complex needs, those who require a more tailored response and those who have other caring responsibilities.

From talking to the parents whom we work with, we know that they would like to see further integration of skills, employability and employment support and further education at a local level, but

that should be linked to other key supports such as childcare. That is one of the biggest issues that many families talk to us about, as well as welfare rights and money advice. They want a holistic package of support that will enable them to enter or re-enter employment in a way that will be meaningful to them.

We ask for there not to be payment by results. That works against many of us in the charity sector or smaller community organisations and does not always allow the time that it takes to engage and support many of the parents whom we work with to get them to the point at which they can engage meaningfully with training and further education. The approach should not be prescriptive; rather, the package should be built around and with the person. An assets-based approach should be taken.

There are already examples of that in Scotland. A making it work programme is being run in five local authority areas to support single parents into work. That programme takes a very personalised, assets-based approach. The interim evaluation of it, which the Big Lottery Fund has commissioned, shows that it is getting significant employment outcomes.

The Convener: You said that you do not support payment by results. Do you support large providers being paid irrespective of how effective they are, how good a job they do and how caring they are about the service that they provide to the people whom they work with? Should they just be paid anyway?

Satwat Rehman: It is more about considering how to get around the table the partnership and providers that will be able to build a journey for the family. Some of us who would be part of that would not be able to sustain the support that we would like to give to families if there was a payment-by-results model. For example, a lot of the work that we do might be around engagement at the very beginning. That is time-consuming and resource-intensive work, but it will not give an outcome further along the pathway for a year or two years. If that sort of model is developed, the likes of us would not be able to do that on a payment-by-results basis.

The answer to your question about whether we should hand over money without there being any outcomes or accountability is no. I do not think that we should.

Stephen Boyd (Scottish Trades Union Congress): I would like to build on the comments by Jim McCormick, who stressed the scale of the opportunity that is before us as powers are devolved. We should recognise that neither Scotland nor the UK has traditionally excelled in active labour market programmes and that we have traditionally spent very little money on them, although they are commonly understood to be expensive. If we look at what the UK spends compared with what other European nations spend, we see that it is a tiny proportion. Denmark comes close to outspending us in cash terms, never mind as a percentage of gross domestic product.

We also have a very low participation rate for jobseekers who are engaged in active labour market programmes. Again, that is one of the lowest rates in the European Union. We have to learn from good practice elsewhere; good active labour market programmes tend to be rooted in the country's economic circumstances, institutions and culture. It is particularly important that any programme we design is intimately linked to current Scottish Government activity on economic development and fair work. As we seek to move away from the work first approach that has dominated recent UK approaches towards a model that invests much more in the individual for the longer term, aligning active labour market policy with the Scottish Government's fair work agenda will be particularly important.

The Convener: I will stick with the opportunity theme that Jim McCormick and Stephen Boyd mentioned. We want to look at what future delivery will look like once additional powers are devolved and the Scottish Government and Scottish Parliament have responsibility for setting up our own framework of welfare benefits. One of the things that we heard from the research that we asked Sheffield Hallam University to do is that, in its opinion, the single biggest influence in getting people into work is an economic upturn and the availability of jobs. Some of you—we have heard the same from others—deal with sections of the population that are always on the margins and find it difficult to get into work when employment is readily available. That becomes even more of a challenge when jobs are not available.

Some of our members have talked about the pillars that should underpin a new system, including dignity and respect. In terms of opportunities to refashion a social security system, what values and principles should we be examining?

John Downie: The paper that the Scottish Government published a few weeks ago on creating a fairer social security system shows where it has got to. On pages 10, 11 and 12, the paper quotes from an engagement that SCVO had with a number of our members, including Bill Scott, who is here. We had a day with officials and about 45 grass-roots, small members who are at the front line and deal with people who have complex needs and are in the social security and employability system.

In the paper, the Government has reproduced a table containing the principles that the social security system that it is talking about is based on—for example, "dignity and respect", "Rights based", "Person-centred", "Simple but complex!" and "Flexible, responsive, sensitive". The principles are all there and they apply equally to employability. The principles of personalisation and self-directedness are key to how we want to operate. Some people will need light-touch support to help them to get into work. Others who have more complex needs will need more support, but the system needs to be flexible.

Currently there is a focus on youth unemployment. However, because the labour market is changing and because of the investment that national and local government have made in reducing youth unemployment, the situation is easing, although it is not solved by any means. The problem is that 25 to 32-year-olds are getting virtually no support from the current system, although the Scottish Government has extended its support to 29-year-olds.

The system needs to be flexible in looking at people's needs, but we can make investment choices at different times within budgets. It is important for national and local government to be able to change in response to local labour markets.

All that might not answer your question but, for us, those principles are key.

Dr McCormick: I would suggest a couple of principles, one of which is about trust among programme participants. That is at the heart of the issue of dignity and respect and how people are treated. The wider population's trust in the system is also important. We all contribute to paying for these programmes, so we need to have some confidence that what we invest in the future is effective. Employer trust in programmes is also critical. The last thing that employers want is lots of people who are poorly matched to the vacancies that they have advertised, or conscripts who just turn up because they have been forced to. That is a pretty important element, which is at the heart of the issue.

The international evidence is good, bad and ugly, but the evidence from well-designed programmes shows that substantially better outcomes and savings can be achieved in the long term if the focus is on getting a good match between the jobseeker and the vacancy. Stephen Boyd talked about a labour force attachment model whereby we are just chucking people at the wall until they stick. That is a very inefficient model; it costs a lot of money and produces lousy outcomes. As Satwat Rehman said, it might take longer to improve basic skills, put in place good-quality childcare and reduce barriers around confidence, transport or digital skills, but if we take a bit longer with some people we often get much better outcomes. I am not against paying by results, but I am in favour of measuring results over a much longer cycle than we tend to do at the moment.

Stephen Boyd: The last point that Jim McCormick made is crucial. I have in front of me a recent Eurostat survey of what works in active labour market policies, the first sentence of which states:

> "The primary goal of Active labour market policies (ALMPs) is to increase the employment opportunities for job seekers and to improve matching between jobs ... and workers".

Programmes in other countries have been designed in that way, but the UK has routinely overlooked the fact that that matching element is every bit as important as the first component, on increasing employment opportunities.

I return to the convener's point about the Sheffield Hallam University research. Fundamental to all this, but often overlooked, is our tendency to badge as employability issues things that are fundamentally about economic development. I sat in seminars with the Scotland Office at the height of the recession where we discussed employability and I asked what was the point of discussing employability while the labour market was tanking all around us. The debate that day should have been about how we generate sufficient demand to improve employment opportunities for everybody. While we are having this important discussion today, we have to understand the demarcation lines around what employability programmes can achieve and the role of wider economic development policy.

Neil Findlay: I said to our previous panel that the assumption in the system is that there is a problem with the individual, rather than structural problems in the economy. In Jim McCormick's submission he makes the telling point, which I have made repeatedly since becoming a member of the committee, that

> "The evidence suggests devolution may carry risks as well as rewards, especially where local delivery diverges from policy goals. There is no automatic relationship between decentralisation in employment and skills services and more effective/integrated delivery or improved user experience. Achieving these gains depends on managerial, fiscal and delivery capacities of lower tiers of government and/or local delivery partnerships."

If we devolve the work programme to local authorities or partners down the line while local authorities are being starved of funds, it will not necessarily be better just because we have devolved it. We have to keep that in mind when we think about how to design any system and the principles and values that are behind it.

Bill Scott: You talked about how employability is affected by the economic cycle. In the long boom between 1998 and 2008, the employment rate among disabled people in Scotland rose from 39 to 49 per cent. That was not fantastic, because the figure should have been higher and it should not have been starting from so low a base, but steady progress was made throughout that long boom. Since the recession, the employment rate among disabled people has fallen to as low as 41 per cent in Scotland; it is only now recovering to about 43 or 44 per cent, which is still well below what it was before the start of the recession—and yet the employment rate of non-disabled people has recovered.

Stephen Boyd: It has recovered, but it is not—

11:45

Bill Scott: I agree. Although that rate has recovered, there is more part-time work and more self-employment. However, about 80 per cent of the non-disabled population is in some form of employment. The non-disabled population have largely got back into jobs—albeit that they are lower paid and part time and so on—but the disabled part of the population has largely been excluded from that return to work.

There is a need for tailored services that match people to jobs. Along with Glasgow Centre for Inclusive Living, SAMH and everyone who has worked with disabled people to get them into jobs, we have found that, if we work with disabled people to identify the barriers and work with the employer to overcome those barriers, we can succeed at a high level. It is more expensive to do that, but it results in long-term benefits for individuals and employers, and it builds up the relationship of trust that is essential.

If an employer gets the wrong employee and none of the barriers is addressed, the employee will fail and the employer will not take another referral from us, which will be the end of the chance of that small or medium-sized employer being open to employing other disabled people. It is important that support is tailored, that matching goes on to identify barriers for the potential employee and the employer and that work takes place with both of them to overcome those barriers.

Kevin Stewart: We talked with the previous panel about the fact that the sanctions regime is not being devolved and will be retained by the DWP. In its evidence, One Parent Families Scotland said:

"As it stands, the Scotland Bill will devolve responsibility for the Work Programme to the Scottish Government whilst maintaining the current sanctioning regime, which underpins both referrals to, and the policing of the Work Programme by the DWP. This would seriously restrict Parliament's opportunities to develop effective employability services."

Will Satwat Rehman comment on that? Do other witnesses think that it is illogical to devolve the work programme but not let us deal with the sanctioning regime here and leave it for the DWP to come in as it wishes?

Satwat Rehman: Our submission to the Smith commission process argued that we wanted coherence across the system in policy and delivery. We wanted the policy to be devolved, as well as the work programme. That is not what has happened, as you know, so we are left with a disconnect between policy and practice, which concerns us.

We have significant numbers of cases of parents whom work programme providers are referring for sanctions on the basis that they cannot do something. Last night, two cases were emailed to me in which the parents involved had explained why they could not undertake a certain activity as part of their work programme and found themselves sanctioned. The provider did not inform the jobcentre of the reasons why those parents had said that they could not do those activities. I will not go into the details or name names.

We see an opportunity to improve things. Yes, the sanctions regime and conditionality are still with us and, ideally, we would like them not to be, but we hope that we can develop a more coherent programme, link it more closely to support and try to minimise referrals for sanctions by providers of the work programme, or whatever we will call it when it is devolved and we are responsible for it.

Kevin Stewart: We could set up the most coherent programme, with all the linkages to housing, justice and all the rest of it that John Downie spoke about but, at the end of the day, we will still not have a say in whether somebody faces a sanction. That level of incoherence and illogicality seems to be plain daft. The fact that we are getting incomplete powers yet again makes no sense to me. Do you feel the same way?

Satwat Rehman: We argued for coherence. In our submission to the Smith commission, we argued for the conditionality and sanctions regime to be devolved, as well as responsibility for Jobcentre Plus, so that we could control policy and create that coherence. However, the families that we work with are asking us, "What can you do to make the situation the best that it can be for us?" That is the starting point that we have to move forward from. How can we make the best of what we have?

Joan McAlpine: I do not know whether you had the chance to hear the earlier part of the session, when I quoted from your excellent briefing paper.

When I questioned the big companies that deliver the employability services about your submission and the suffering of single-parent families, they basically told me that sanctions are nothing to do with them and are a completely separate thing. Is that your experience of those companies?

Satwat Rehman: I will get my phone so that I can quote the two case studies that came through last night. I do not want to get the wording wrong. They are important because, in both cases, it was the provider that threatened the clients with a sanction. It was not a case of a referral being made, followed by a sanction; it was the provider that threatened people with the sanction.

I am not naming names, but the first case study reads as follows:

"We have a client who said he could not attend a training group because he felt unwell and would be going to his GP he was then informed by the DWP he was sanctioned as he did not attend a work focused activity and did not inform the trainer. It turned out that"

the training provider

"didn't tell the DWP he had phoned them."

Joan McAlpine: Can I ask you the name of the training provider?

Satwat Rehman: I would want to go back and verify it, but I would be happy to write to you with that information.

The Convener: Can you clarify whether the sanction was issued by the DWP because the provider did not supply the information or whether the sanction was determined by the provider?

Satwat Rehman: The provider would have made the referral to say that the person did not attend the course, but it had not explained—or the DWP claimed that it was not aware of—the reason.

The Convener: The sanction was levied by the DWP.

Satwat Rehman: The sanction was levied by the DWP—that is right.

The Convener: The failure is in the provider not supplying the proper information to the DWP.

Satwat Rehman: Absolutely. The second case study is about a client

"who was threatened with a sanction if she did not attend a computer course even though she had informed them that she could only sit for less than 30 mins due to arthritis. The computer course was for two hours. Again she was informed that if she didn't attend she would be sanctioned."

The feeling among caseworkers—the staff who work with One Parent Families Scotland—is that the providers appear to be acting as if they have the right to give out sanctions. There is a concern about the information that the providers give the DWP, which then enforces a sanction without taking into account the client's view of the situation. I think that we can improve that communication. There are things that I hope we can do to improve that situation.

The Convener: The issue might not just be communication; it is the lack of separation between the provider and the DWP. If the provider thinks that whatever it says will be agreed to by the DWP and the DWP will issue the sanction, there needs to be more separation in the decision-making process. It is clear that better information needs to go to the DWP because, from what you are saying, although the providers cannot impose a sanction, they seem to assume that the DWP will rubber-stamp whatever they say. That is wrong.

Anna Ritchie Allan: My point is about what we discussed before discussing sanctions—I am going back a bit. I agree with the points about matching and linking an employability policy with economic development, which Stephen Boyd mentioned. We know that women are being funnelled into low-paid, female-dominated occupations because of their propensity to be carers, whether for children, sick people, older people or disabled people. We know that a lack of flexible employment means that many women are working below their skill level. That underutilisation of women's skills has a significant impact on the economy. We need to address the fact that many women are in the wrong jobs for their skills and experience and reflect that fact in the design of new employability support.

Christina McKelvie: I asked the first panel questions about success, and John Downie might have recognised that I quoted what he wrote for *Third Force News*. Some of that was about success, and it ties in with what Bill Scott said about the difference in the number of people with disabilities and complex needs who are getting into employment. To cite a couple of figures, 4.3 per cent of ESA claimants are now finding a job, but that figure was 7.1 per cent in 2011.

I declare an interest, because I used to manage an employability project for people with learning disabilities and mental health issues, and I was a founding member of the Scottish Union of Supported Employment, so I have a bit of background in this area. From my experience, I know that some of the work programmes that are being delivered now were being delivered then by not-for-profit organisations or third sector organisations, which seemed to take a more holistic approach and have a better success rate. In one really good year in the project that I managed, we had a 71 per cent success rate, which the whole team was proud of.

What is the difference between the situation pre-2011 and that since 2011? I believe that many of you are subcontracted by the two private companies that are making a profit in this area. I know that a lot of the Wise Group workers who I worked with are now working for private companies. In my opinion, that is why they have some very good staff. I want to get a feeling from those around the table who represent different organisations of what they think the difference is between the pre-2011 and post-2011 situations.

The National Audit Office report suggests that providers are spending 54 per cent less on the hardest-to-employ groups: those with multiple disabilities and more challenges. Do you recognise that as part of your everyday work?

Andy Hirst (Cambridge Policy Consultants Ltd): A simple reason for that might be that the discounts have cut in on the contracts. All the contracts had the first two years at full price, then every provider negotiated a discount on their prices on a declining scale, so there has been less money around in the past three years.

John Downie: I will contrast the performance of the work programme post-2011 with the performance of community jobs Scotland, which the SCVO runs and which involves a consortium of 585 third sector organisations. Stephen Boyd made a point about the amount that we invest. Community jobs Scotland costs more than the work programme, but a recent evaluation by the University of Glasgow showed that our positive outcomes were at 66 per cent: 54 per cent of people went into jobs and others went into higher or further education. The work programme is sitting—although I am sure that the prime providers will present it slightly differently—at around 24 per cent, so it is patently not working.

Andy Hirst made a good point about the discounting. That kind of discounting cannot be allowed to influence whatever we do with the money next time. The financial settlement has been skewed because of the large discounts by the primes. Stephen Boyd's point about investing in people is relevant. For the past few years, the primes have been cherry picking those who can easily get into jobs and leaving the others.

In general, not many third sector organisations, compared with the number that work in employability and all the wraparound services that provide advice for people, work with the primes in Scotland. Most people decided not to work with them because of their approach.

The Convener: Rachel Stewart wanted to come in on something else, but she can come in now and I will come back to her later.

Rachel Stewart: To follow on from John Downie's remark about cherry picking in relation to the change following the incapacity benefit reassessments, I suggest that many more people with long-term conditions have been pushed through post 2011, so the demographic in the work programme has changed to include far more of them. A generalist approach to people with such conditions has meant that they have not been able to be supported into work. That could be one of the reasons why success rates have fallen.

12:00

Christina McKelvie: The 37 per cent cut in investment in those people is an additional element.

Rachel Stewart: Absolutely.

Pamela Smith: To pick up on what John Downie said, a lot of the poorer results have been down to the failure of the work programme providers to connect locally and to align with local services. Most of local government does not interact with or deliver on the work programme, so we have not managed to achieve a whole-person approach. Many of those who are in receipt of the work programme also receive local government support such as social rented housing or support from social work or community justice services, so an opportunity is lost there. To a degree, the work programme is being delivered in a silo locally, and those participants are being disadvantaged in relation to the other local support infrastructure.

A principled decision was taken—certainly in my authority in Falkirk—not to shore up the profits of private providers by delivering the outcomes for the services that they were paid to deliver. Unfortunately, that has been to the disadvantage of the more vulnerable jobseekers.

The Convener: Rachel Stewart wanted to come in on something else.

Rachel Stewart: I want to mention sanctions and the importance of the relationship between the employability adviser and the client. If you are trying to get an individual back to work and you apply sanctions to them, the relationship will break down, which will set back any attempts to get that person into work.

SAMH is a subcontractor in the work choice programme, in which people's participation is voluntary so sanctions are not applied. That is why we say in our submission that we feel that individuals with disabilities or long-term conditions—or even short-term conditions, if the person receives ESA—should, on the basis of their condition, be put through a voluntary programme in order to remove the threat of sanctions. We have been much more successful in placing in work clients who have better relationships with their advisers.

Dr McCormick: I have a point to make about sanctions, and a wider point. We can take different views on what should be devolved or decentralised, and on when and how, but whichever way we look at it there is incoherence at the heart of the settlement. It is probably unsustainable—although that does not give us any comfort in the short term—because of the divided accountabilities that providers will face, let alone the disruption to relationships on the front line that Rachel Stewart mentioned.

My other point relates to conditionality. In the UK we have defined conditionality in a really weird way in comparison with other countries, in terms of the penalties that apply if someone is perceived not to have met their responsibilities—for example, under the claimant commitment. In other countries, notably in Scandinavia but in the Netherlands, Germany and Austria too, conditionality is viewed more positively as being about the incentives—the carrots, if you like—that the country is willing to invest in people if they meet the conditions. It is about childcare guarantees and training guarantees, and saying that if someone loses their job, there is investment in place to help them to get the next job. We should not run away from conditionality and limit its definition to sanctions, because that involves our stepping outside the internationally understood way of going about an active labour market policy.

On a final forward-looking point, we should probably spend more of our time in the coming months and years considering questions such as, "What does 'best' look like?", "What does 'what works' look like?" and "What is the opportunity for Scotland?"

The Scottish Government is developing, for the first time in a long time, a labour market strategy for Scotland. Amen to that: it is long overdue. What we do in that space has to fit with what is happening elsewhere, especially at the bottom end of the jobs market, where there is in-work poverty and casualisation, with a revolving door of people moving in and out of work frequently. We need something in that space that is not for unemployed people only, but is also for people who are in very insecure positions in the jobs market, to enable them to progress.

We should have a programme that is good enough that it can invite people in on a voluntary basis, rather than one that just helps people who have no choice but to be there. That is a forward-looking point.

Bill Scott: I was just about to make a similar point about the disconnect. Our worry is that the Scottish Government and the other stakeholder partners in Scotland—local authorities, the health service and so on—could adopt a programme that is much more like work choice than it is like the work programme. Work choice is a voluntary programme: people put themselves forward for the help and then get tailored support. The problem is that the job centres will be driving people into that programme, which will make it non-voluntary, and that could destroy the basis of trust, which is what is needed.

I do not have the figures in front of me, but as far as I know, something like 60 per cent of referrals for sanctions are overturned either at review or appeal, which means that many initial decisions are plain wrong and are based on inadequate information, which goes back to some of the examples that Satwat Rehman provided. Decisions are being made that penalise people, potentially for long periods, based on completely inadequate information.

We need to move away from trying to drive people into work, and towards a much more carrot-focused approach, in which we say, "Here's the help that we can provide and if you take those steps, we'll reward you for that." That would result in much better outcomes—especially for people who face immense barriers to getting into the job market, not because of their unwillingness to work, but because of employers' unwillingness to employ them.

Andy Hirst: I presume that I was invited here because I did some work last year on mapping employability investment in Scotland. I am also a trustee of the Papworth Trust down south. We deliver the work programme, under contract to a prime provider.

There are two things that I want to bring into the discussion. First and foremost, having reached the end of the research process, I am convinced that Scotland needs to take a step towards identifying income, not jobs, as the objective of welfare for work. Jobs have never been more meaningless. When I first started doing this 25 years ago, when someone got a job it meant something; we could reliably assume that they would move from that job to a better job, but we cannot make that assumption any more. We know nothing about how well people stick work after six months, which is not a very long period. Would that make a difference on a CV to the next employer? I am not sure that it would, these days. Progression in the labour market is a real challenge, which goes alongside the lack of jobs that exists in the first place.

That said, the other thing that we learned from the review is that we do not know anything like as much as we thought we knew about programme performance. We cannot draw a blueprint for a programme. What should be the ratio of advisers to clients? We do not know. There is no evidence to tell us and there is nothing in the research about it. We have done work on that, but it was never

published because the DWP said that it was not the kind of thing that we should look at. However, if you go to the front line of any project or programme, you will find that it is about the amount of time that an adviser can spend with an individual.

From all the evidence that I have looked at over 25 years, for whatever design you come up with, I could find you a very good and supportive evaluation and a very bad and destructive evaluation—for the very same design. It is not what you do, but the way that you do it, so culture, understanding and working with clients is essential. We do not, however, evaluate that and it is not in the research.

I visited our local office, which happens to be in Cambridge, where there are a lot of jobs. The Papworth Trust achieves double the rate for ESA flow clients—13 per cent of them sustain jobs. That is twice the national rate—and that is from the start of our contract to today. During the first two years of the contract—I do not mind sharing this with you—our trust lost money, but we now earn a surplus.

We do not do as well with the long-term ESA clients because there is not sufficient money and time in the work programme. We need more time. We have, for example, an allotment in one centre and cultural and arts-based activities in another. The real issue is not necessarily training people but giving them activities that socialise them and bring them up to standard.

One thing that I know from talking to front-line workers in our organisation about sanctions is that most of the clients whom they work with would get sanctioned if they were under the orbit of the DWP and Jobcentre Plus on a daily basis. It is not in our interests to do that—we bend over backwards to avoid it—but the DWP would not want to lose the ability to have someone sanctioned if they felt that that person was not pulling their weight.

Clare Adamson: I do not know how many of you were here for the discussion earlier, but I find the way that the contracts are organised a bit strange. People on the work programme are talked about as "customers", and Jim McCormick used the word "conscripts". Do the people that you represent feel like customers or conscripts?

Bill Scott: "Conscripts": that is how disabled people think of the work programme, unfortunately. It has had very few positive outcomes. There is more support for work choice. I support what you said, but it depends who is providing the programme and how they are doing it. Those are really important issues.

Satwat Rehman: Many of the parents whom we work with would probably see themselves as conscripts. However, when I have been going around the country speaking to groups of parents I have heard very mixed experiences.

So much, it seems to boil down to who someone sees, which goes back to a point that was made earlier. I was in Dundee speaking to some parents and asking about their experience with the jobcentre. One said "I have a really good adviser. They understand me and my issues. They know what my own health issues are and about my concerns for my daughter. They look at something and say that they don't think it's right for me." Another parent, who sees a different adviser in the same jobcentre, had had a totally different experience.

I think that that goes back to culture. There is an issue around training—about the advisers themselves understanding what the regulations are, what is in the guidance and what flexibilities they can and cannot apply. There is also the fact that the system—the culture of the organisation—does not allow the advisers to do things in the way that they want to do them.

We were saying earlier that if the culture of the organisation is such that the default position is that it wants a number of people to be sanctioned, that works against the advisers being able to provide the more supportive service that we have spoken about and which Andy Hirst said exists at the Papworth Trust. We at One Parent Families Scotland do some work with Working Links, running a Marks & Start programme, but we ensure that all the parents who are on that are there voluntarily and that we are able to provide them with support and understanding. Many of those parents report a very positive experience and sustained employment outcomes.

Within the current system there are tiny pockets of good practice—but they are just pockets. We want coherence and a system in which such practice is the standard that everyone expects wherever they are.

The Convener: We certainly heard last week that the quality and attitude of the individual adviser is critical.

Neil Findlay: I am glad that we have got on to culture. We seem to have created a horrible culture in which there is no trust, or in which trust seems to be very limited. "Disrespect" is a word that keeps cropping up. If we are honest with each other, we will say that we felt that this morning in our questioning of some members of the previous panel. The impression that I got was that all of us—I certainly did—distrusted in some way what we were being told.

We seem to have created an atmosphere that revolves around distrust and a lack of respect. I do not know how we are going to overcome that, but it has to be fundamental to how we change the

system. We need a system that is based on mutual respect between claimants in the system—I despise the word "customer"—and, crucially, the folk who are in the front line and having to deliver the services. It must be bloody miserable for them at times, as well.

12:15

Joan McAlpine: I have a question about how we will deliver the services once we get the powers. We have touched on the pros and cons of localism, which were mentioned in the Joseph Rowntree Foundation's submission and have been touched on earlier and in previous discussions. One thing that comes across from our briefings is that the way that employability services are delivered is incredibly complex and a lot of people deliver them. In the light of that, questions have also been asked about how much of the money that is put into employability services actually gets to the people who need it to deliver quality services. How can we design services that meet people's very varied individual needs and at the same time get rid of that complexity, so that more of the money gets to the people who need it? Is there a way through that? Can we design a more streamlined system, or do we need to keep it complex?

Pamela Smith: Local government has submitted a position statement to the Scottish Government on that very subject. We are looking at the idea of "Local by default, national by agreement". We recognise that there must be a national framework and national standards, but we want to exploit the Community Empowerment (Scotland) Act 2015 and look at how to get local planning and local resourcing in place and take the services much closer to jobseekers and vulnerable clients.

We have also to consider taking a much more joined-up approach: we need an all-government approach for the Scottish Government and local government because there will be less money in the system, so we have to make the money that we have work better for us. We need to align services better locally for people who are in receipt of housing tenancy support, social work support, community development support and so on. That support must be tailored to individual circumstances and we must definitely move away from a one-size-fits-all approach. However, we must also develop national principles and consider national performance so that there is cohesion.

Equally important is how we deliver our social policy. We must examine the community benefits that can come from procurement, reserved contracts, supported business and supported employment.

How do we join all that up—including economic development and the Scottish business pledge—in a more coherent fashion? All those things play into the big picture, but currently they all operate in silos. It might not necessarily be about more money, but about how we approach the issue and how effective we can be in decluttering the bureaucracy and the landscape. Joan McAlpine is right: there are too many structures and programmes. The landscape is very complex and confusing, so we have to dismantle those structures and simplify the whole process and approach.

John Downie: If our premise is that we put people at the heart of the system, the key from the start will be high-quality assessment of people's needs and capabilities. Some young people—for example, young graduates—might not need much support or help compared with somebody who has complex needs. I agree with Pamela Smith that we need a system that has a national approach but which works locally.

I refer again to community jobs Scotland. We run it at national level and allocate jobs in every local authority area. From the overall target that we have for the number of jobs each year, a number are allocated to young care leavers and we work with the Scottish Throughcare and Aftercare Forum to support those young people. We also work with Inclusion Scotland on our disability interns programme. We niche provision within that, because some people will be on the programme for six months and other young disabled people, who might have long-term conditions, will be on it for 12 months. We can build up the personalised approach and support, so that if people need longer they can have it.

For us, it is about putting people at the heart of system. SCVO's submission to the Scottish Government on employability is about focusing the whole thing on tackling inequality, but Andy Hirst's point about income brings us to the wider point that Stephen Boyd and Jim McCormick have made about where we are going with the economy. It is a really interesting question.

Joan McAlpine: The point that I am getting at is that, if we have lots of niche programmes, we can argue that they are meeting people's complex and different needs, but it means that there are lots of different people administering those programmes, which takes money away from the people who we are trying to benefit in the first place. Is that a price worth paying? Is there any way round that?

John Downie: It depends. For example, community jobs Scotland has a memorandum of understanding with local authorities and we work closely with the DWP. We have had a DWP secondee to help to make it easier to get people into jobs through jobcentres. We have got the

DWP to agree that, with its advisers, we can start working with young prisoners who are going to come out prison. We have a national framework programme. The majority of young people go through the national programme, and they get the same service. They get a job and an opportunity.

We need to consider what the objectives are and what outcomes we want. Community jobs Scotland does two things: it gives young people an opportunity of a job and it builds capacity in the third sector. Therefore, we are getting a double hit for the money. We need to be clear about what we want. We will have a lot of niche programmes, because we have a lot of different people with complex needs in the system.

Dr McCormick: Joan McAlpine's question gets to the heart of the issue. The answer depends on which participants we are talking about. John Downie is right that some participants in the system could get by with less being spent on them and that others absolutely need more time, money and expertise. Without wanting to do violence to the evidence, the international evidence, certainly from some of the best examples, is that, for people who are stuck in low-paid jobs, have poor qualifications and very poor prospects over the next decade, we need more specialism and more diversity of provision. That does not mean that every local authority has to run its own programme; it means that people with particular predictable barriers will sink in mainstream standard programmes and they will keep cycling round and round.

We have to get the balance right between national standards and frameworks, a sufficient degree of localism and a sufficient degree of specialisation. Because this is new territory for us in many ways, we need to test, learn and adapt. We really need to understand about commissioning skills and commissioning capacity. We need to know where that best sits geographically in terms of sectors. We might not know all the answers, so we should be testing and evaluating.

My final point is about rights and responsibilities and empowering the system. John Downie is right about self-directedness. The evidence on that is promising rather than proven, but there are good examples from Australia, the Netherlands and elsewhere of jobseekers with certain characteristics being given a pot of money along with guidance and support to navigate what is often a complex landscape and to find the best type of provision that suits their needs. We might have to spend quite a bit more than we do at the moment on such participants, but that means that we are much more likely to get good outcomes and therefore to make savings, which is important if we are to make the approach financially viable. We are more likely to do that if we take a proportionate approach to people's needs in the system.

Bill Scott: One problem is that the complexity is going to increase, because there will still be DWP-delivered programmes as well as the Scottish programme, whatever it is. Therefore, the potential for disconnect will increase. Disconnect is bad for people who are looking for work and sometimes for the people who are helping them to look for work, because they need to know about all the individual niche programmes that we have talked about. There is still a place for niche provision, but we need to do better on the big programmes. I do not think that it is acceptable that, for example, women are being pushed into low-paid jobs rather than the higher-paid and higher-skilled jobs that they could go into. There has been a concentration on numbers rather than on overcoming inequality. That particularly disadvantages disabled people, because they tend to be left to one side.

As we said earlier, although the employment rate for non-disabled people—not, I should say, the employment rate in general—has returned to more or less the same level, the employment rate itself has not recovered completely, because more disabled people are unemployed. If we were to concentrate on overcoming inequalities in the mainstream programmes to ensure that they were judged not only on numbers but on gender outcomes, outcomes for disabled people and outcomes for young people—in relation to, say, reducing long-term unemployment among that age group—we would begin to see programmes that are more fit for purpose. It is not just about design; it is about the outcomes that we want to achieve, which in turn takes us back to the question of how we design a programme that achieves those outcomes.

Andy Hirst: I want to make a couple of points that follow on from what Jim McCormick said. One of the reasons why we do not know the cost effectiveness of programmes is that the work programme and many others rely on free services, which are not included in the calculations. I know that from how the Papworth Trust delivers services; we go after everything that is free and pay for what we can afford thereafter. However, although such things are vital, they are not included.

How do we manage that and deal with the overhead problem or the fragmentation issue? The fact is that not many programmes have addressed that question very well. I remember that in 2003-04, New York's human resources administration contracted a mix of prime and voluntary agency providers in 24 boroughs, but paid centrally, for drug and alcohol support, mental health support,

housing and other advisory services, which are paid-for services that work on the basis of volume. One-off contracts are very expensive. If a provider was only going to get one client from the work programme contract for, say, the next three months, it would not be able to afford to sustain the service. That is one way of looking of this. Collectively, you could use your purchasing power to buy big on services that, on a per-head basis, could be small, as long as they had scale. I do not know whether the approach ultimately worked in New York, because, unfortunately, the DWP did not allow me to go back there.

On Jim McCormick's point about investment in individuals, I note that the Dutch now ask 29 questions at the start of a claim. On the basis of those questions, they can predict with 70 per cent accuracy who will not get a job for 12 months, because they are about not just characteristics but attitudes. Such an approach could form the basis of a needs assessment and give you an understanding of the people whom you really need to invest in earlier and those whom you can save money on. If you do not do that, things are going to be too expensive.

Satwat Rehman: One of the reasons why the employability landscape is so complex is that, as has been said, many of the mainstream programmes were not meeting the needs of particular groups, such as those with additional needs. Many of us, including me, then went out and got bits of money to put together training programmes for black and minority ethnic communities, women, people with disabilities and so on, and that is why we have ended up with a diverse landscape, some of which is delivering well while other bits are not.

The landscape is also complex because of the complexity of people's lives. The question is how we make people feel comfortable enough to ask for support from the system that we are providing instead of their going to the local community group where they have relationships and know people and which then has to think about how it will provide them with employment training. That is the kind of developmental way in which many of these services have grown up. At the heart of anything that we design must be the quality of the experience for the individual and equality of access, experience and outcomes. That is where we need tailored and specialist programmes, because we have to recognise that not everyone is starting at the same point. We have to level the playing field.

We also need to strike the right balance between rights and responsibilities. At the moment, the families with whom we work will come to one of our programmes because there is an agreement, a trust and the kind of culture that was mentioned earlier, in which they know that if they give time and attend they will get something back of value that means something to them and which they see will help them and, indeed, is helping them.

However, in the mainstream work programme, all the responsibility is on the individual to do lots of things through the claimant commitment, and the individual's rights are constantly eroded. Whatever we design, we have to see how we can get back the right balance and the mutual respect and understanding that are needed.

12:30

One way of saving money in the system is to see how we can integrate with other support services. Many of us probably have pots of money attached to our programmes for childcare and other support. We want to develop a childcare infrastructure that provides continuity of care and experience and which has the best outcome for the child, so that we enable the parent to go into training feeling confident that the child will not be suffering and has not just been parked somewhere. We can look to bring together support services and the various bits of funding for them, to create greater coherence in the system.

Stephen Boyd: I make a general point about complexity and costs. Something that has always intrigued and frustrated me is that active labour market programmes seem to be judged on a different scale from the one on which other public policy interventions are judged when it comes to admin costs and, in particular, deadweight costs—that is, the costs that are accrued in achieving outcomes that would have been achieved anyway.

Whenever we propose a new active labour market intervention to government at any level, the potential deadweight costs are immediately flung in our faces. It is reasonable to have a discussion about the extent of dead weight in any programme, but when we look across the gamut of public policy we see programmes that are run at various levels of government that have deadweight costs of 100 per cent—a classic example is the patent box. Why is dead weight always the first thing that we discuss in the context of active labour market policy, when it is ignored in other big strands of policy making?

As a general point, what we spend on active labour market intervention in the UK is very low compared with other countries. We have to live with the fact that any effective programme will have an element of deadweight costs and that admin costs will increase every time we try to provide necessary support to particular client groups. We have to live with that. If we always tie ourselves up in knots about the potential costs,

people will go without the vital assistance that they need.

Yesterday I read about new research that suggests that information technology is extremely limited in what it can deliver as part of the employability process. Various countries have tried to introduce programmes that have a much more online element, but the outcomes do not appear to be very good. Some people might think that doing things online is an obvious way of reducing costs, but I suspect that that is not the case. We have to understand that as long as people are at the centre of delivering decent services, there will be a limited opportunity to reduce costs.

Kevin Stewart: We have talked about complexity, but we have heard in evidence that sometimes the easiest way to get someone into work is to do the simplest thing. Bill Scott and others have talked about the access to work programme—we heard about that last week from the support worker of the lass who did not feel that she could come before the committee. People have said that it is almost a hidden programme, but it is simple and delivers results. However, it is not being devolved, which seems inconsistent.

Maybe there are lessons that we can learn from such programmes—I am sure that other programmes that are being delivered locally or nationally were formulated because, for once, government has listened to people. One of the first things that we should do is carry out an audit to see what works, because I think that we will often find that the simplest things work much better than the more complex ones do.

The Convener: Time is pressing. Do any of the witnesses want to make a final point before we draw the meeting to a close?

Rachel Stewart: SAMH is very keen for more early intervention and an integrated approach in the future, whether that is by having referral pathways into employment from GPs, or by having a much more tailored approach through community mental health teams with individual placements and support. We know that one size does not fit all. We want to ensure that the 50 per cent of individuals who receive employment support allowance who have a mental health problem get the best opportunity to get into work or progress towards work.

Bill Scott: I echo what Rachel Stewart has said. The lack of flexibility—the 12 months before a person can get into the programme—is a real hindrance. A lot of disabled people who have been assessed are no longer classed as disabled people and have been placed on jobseekers allowance, and they will need earlier intervention.

We are also concerned about labour market churn, with people in and out of low-paid work all their lives. Again, there is no one point where we can intervene to address the issues, increase their skills and perhaps give them a chance to get higher-paid work. That has a particular impact on disabled people, because they are likely to earn less in the first place.

Dr McCormick: We need to work out what is effective for Scotland. Data sharing protocols between the Scottish Government, the DWP and HMRC will be important as they will allow us to properly link the programmes and interventions that we design in Scotland not just with job outcomes, but with wage levels and progression. It is really important that we are able to get more information about that.

My final point is on accountability and transparency. Irrespective of who ends up delivering support in Scotland in the future in whichever sector, we need to ensure that there are clear scrutiny and accountability guidelines that mean that providers have the same requirement to share information and the same audit responsibilities, and, ultimately, that participants have rights to switch provider, to appeal and so forth. We need to make sure that all that is taken care of in order to drive the system forward.

The Convener: Thank you very much for a fascinating evidence session. Some hugely interesting and challenging suggestions have been made. The main thing that I have taken from the evidence, notwithstanding some of the very specific and technical suggestions, comes from the comment at the beginning that, although there are challenges and problems, what we have ahead of us affords us an opportunity, and the question is how we seize that opportunity. I have no doubt that people such you and the organisations that you represent will be critical in ensuring that that opportunity is realised to its full potential.

12:38

Meeting continued in private until 12:52.

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