



House of Commons
Committee of Public Accounts

Jobskills

**Tenth Report of
Session 2005–06**



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Summary

Jobskills is the Department for Employment and Learning's largest training programme. Introduced in 1995, it aims to raise the skills levels of participants and their employability. Focusing on people for whom an academic education is inappropriate, Jobskills provides an alternative route to qualifications, through the attainment of National Vocational Qualifications (NVQs). The programme is delivered by around 100 recognised 'Training Organisations', who provide formal training and organize work placements with employers. By March 2003, Jobskills had catered for some 76,000 young people and 17,000 adults at a total cost of £485 million. Since 1998, Jobskills has focused solely on unemployed young persons from 16 to 24 years of age.

The programme has a number of key objectives. These include the provision of quality training for young people entering the labour market; improvement of their skills and competence through the attainment of NVQs; the tailoring of training to the needs of trainees through individual training plans; and addressing priority skills needs.

On the basis of a Report by the Comptroller and Auditor General¹ the Committee took evidence from the Department on four main issues: the quality of training; the effectiveness of the programme; the targeting of skills needs; and financial monitoring and control.

The Committee draws the following main conclusions from our examination:

- Our overall impression is that Jobskills is one of the worst-run programmes that this Committee has examined in recent years. We noted a quite astonishing catalogue of failures and control weaknesses, all of which pointed to a disturbing level of complacency within the Department. While we readily acknowledge that it has to deal with some very difficult groups of young people, this does not explain the widespread shortcomings in supervision and control that existed.²
- It is clear that Jobskills has not received the senior management attention that it deserves. One of the most damning aspects of the Department's handling is the extent to which a number of the most fundamental weaknesses – such as poor quality training and high levels of early leaving from the scheme – persisted over many years. We saw little evidence of the Department having tackled these problems with any great vigour, prior to the C&AG's review. This points towards a disturbing degree of incompetence, indifference or both.
- At half a billion pounds, the funding provided to this programme, since 1995, has been enormous. Given the serious and ongoing concerns about the quality of training, the poor performance of a number of training providers, the limited employment impact of the programme and the substantial 'skills mismatch'

¹ C&AG's Report, *Jobskills* (NIA 47/03, HC 762, Session 2003–04)

² Qq 37, 82

between Jobskills and the needs of the Northern Ireland economy, we can only conclude that, in far too many respects, Jobskills has provided poor value for money.³

- One of the most unsatisfactory aspects of our review was the poor quality of the Department's answers to a number of our questions. Too many responses either failed to properly address the question or sought to defend what was clearly indefensible. We wish to make it clear that this is not acceptable and we would ask the Department of Finance and Personnel to emphasise to all Northern Ireland Departments the importance which this Committee attaches to accurate and unambiguous responses to our enquiries.
- The Committee welcomes the Accounting Officer's assurance that he has accepted all of the recommendations in the C&AG's Report. The Department should be in no doubt, however, that we want to see a much improved performance when the C&AG next examines this or any other scheme for which it is responsible.⁴

3 Qq 2, 113

4 Qq 96-97

Conclusions and recommendations

The quality of Jobskills training

1. Based on the Education and Training Inspectorate (ETI) inspection results, it appears to us that the Department's contracting process with Training Organisations has not been very effective. We also noted that the Department authorised a one year 'blanket' renewal of all existing contracts, without any review of performance. This is poor practice. Failure to link contract renewal to performance achievement sends out the wrong signal to Training Organisations and provides no incentive to improve standards.
2. We were astonished to find that '1 in 3' trainees on Jobskills – some 4,000 young people – were in an organization or occupational area where the quality of training was below-standard. While recent data showed that the proportion has changed to '1 in 4', a below-standard training provision in 25% of training areas inspected is still much too high. The Department needs to get a grip on this and raise the standard of training in these organisations as a matter of urgency.
3. While the Department said that it would not allow Training Organisations to persistently deliver a below-standard quality of training, the evidence overwhelmingly suggests otherwise. Despite serious shortcomings, we saw no evidence of any financial penalties or sanctions having been applied and no contracts had been terminated.
4. One of the most damning aspects of the Department's monitoring of training quality was the extent to which there were recurrent weaknesses. Time and time again, inspections showed that the Department was being 'taken for a ride' and yet it had done virtually nothing about it. The Department must respond quickly and effectively to cases of below-standard training and send out a clear message that this will no longer be tolerated.

The effectiveness of the programme

5. The Department's range of performance measures needs to be enhanced. It looks to us as though targets have been altered to avoid reporting poor performance. The Department must set uniform targets across each strand of the programme and ensure that all key aspects of performance are assessed and reported.
6. We found it astonishing that the Department had not carried out regular benchmarking with similar schemes in Great Britain. We have seen this weakness before with Northern Ireland Departments and it is not acceptable. The citizens of Northern Ireland are entitled to know how the standard and cost of their public services compare with elsewhere in the United Kingdom and it is the job of the Department to facilitate this. Subtle differences between schemes is not a justification for failing to benchmark. We expect the Department to initiate a process of formal benchmarking with other regions in Great Britain, both to assess relative performance and to keep abreast of best practice, and to publish the results.

7. The performance outcomes of a substantial proportion of Training Organisations fall significantly below the average. The Department needs to be a lot more proactive and agree action plans for improvements with individual training providers. Where targets are not met, the Department must be prepared to terminate contracts.
8. NVQ attainment within Jobskills has been falling, following the introduction, in 1999, of six 'Key Skills'. Because the Department had not been monitoring individual Key Skills, it had not identified the main difficulties and how these might be overcome. This was a lack of basic, common sense administration. We look forward to a considerable improvement in Key Skills attainment levels in the future.
9. One of our main areas of concern was the cost per job created by Jobskills. The evidence would suggest that the actual cost per job may be of the order of £22,000. In our view, this is excessive and represents poor value for money. We would like the Department to look closely at this issue, with a view to establishing, and subsequently reducing, the unit cost per job created.
10. We found it disturbing that, over the life of the programme, only 40% of Access trainees—young people with a particular disadvantage—had progressed to Mainstream training. However, we note that the interim results of a pilot scheme to improve the position are encouraging. We expect to see a marked improvement across the Access strand as a whole and would like the Department to set itself a challenging target in this regard.
11. One of the most disappointing outcomes of Jobskills is the extremely low net employment impact of the programme, which may be as little as 14%. The Department has to secure a much better return for the taxpayer. Procedures should be put in place to periodically estimate the net employment effect of Jobskills and set targets for reductions in the levels of deadweight, substitution and displacement.
12. Almost half of all trainees who start Jobskills leave early. This is particularly undesirable in that resources are wasted and the employability of leavers is not enhanced without a qualification. We note that a preliminary review, by the Audit Office, considered that the actual cost of early leaving may be around £6 million per year. It is important that the Department establishes a reliable estimate and we have asked the C&AG to review the outcome.
13. The high level of early leaving has seriously undermined the overall effectiveness of Jobskills and a huge amount of taxpayers' money has effectively 'gone down the drain'. What we find particularly worrying is that the level has remained relatively constant over the life of the programme. The Department must adopt a specific programme objective to tackle premature leaving and set targets for a radical reduction. We want to see a marked improvement in this area and expect the Department to attach a high priority to doing so.

The targeting of skills needs

14. We were surprised to find that, when Jobskills was set up, job attainment was not a formally-stated objective, nor was there an objective to match training provision with the skills needs of the Northern Ireland economy. Setting appropriate objectives,

with measurable targets, at the outset is essential to ensuring that a programme is focused on the key outcomes.

15. Although, in 2000, the Department had established new objectives to align Jobskills more closely with the skills needs of the economy, it had not developed specific, measurable and time-bounded targets against which to monitor and report progress. In our view, this is the sort of fundamental good practice that any responsible body would be applying as a matter of course
16. We found it incredible that, during the 1990s, the Department had no comprehensive data on the skills needs of the Northern Ireland economy and no clear system for forecasting and analysing those needs. This was despite the fact that it was spending over £65 million each year on Jobskills. The failure to set up an effective system to forecast and analyse skills needs was a serious omission and one that has proved detrimental to many Jobskills trainees and Northern Ireland employers.
17. A large proportion of the skills attained by trainees have not been used in the workplace. Overall, the Audit Office estimated a potential 'skills mismatch' of 36%. In addition, some 45% of trainees were not subsequently employed, studying or training in the occupational area in which they trained in Jobskills. This represents poor value for taxpayers' money.
18. The vast majority of trainees in designated priority skills areas lie within the construction and engineering sectors. The Department must make special efforts to increase numbers in the three remaining priority areas of Tourism and Hospitality, Electronics and Information Technology.
19. We expect the Department, as a matter of urgency, to set specific, measurable and time-bounded targets for a reduction in the level of skills mismatch. Similarly, targets should be set for increasing the extent to which trainees are subsequently employed in the occupational area in which they trained in Jobskills.
20. We were concerned that around one-quarter of employers seemed to be using Jobskills on a 'rolling' basis, as a source of low cost labour for unskilled positions. We expect the Department to take firm action with employers and training providers to deal with the problem.

Financial monitoring and control

21. We are disturbed by the growing evidence from this and other reports that some Northern Ireland Departments are unacceptably lax in identifying and tackling fraud. We found it astonishing that, in such a massive programme which has been running for 10 years, no fraud has been detected. We were particularly concerned that the Department has deemed recoveries of £566,000 in respect of so-called 'incorrect, ineligible and unsubstantiated' claims to be due to error – none were considered to have been attempted fraud. Based on our experience of other, similar schemes, we are not at all convinced.

22. Our concerns are heightened by a case where payments had been claimed for periods when trainees were not actually engaged in training. Despite suspecting fraud, the Department appeared to turn a 'blind eye'. We are in no doubt that this organisation should not have been allowed to continue operating within the programme. This would have sent a clear signal to other organisations that improper claims will not be tolerated.
23. Overall, it is our view that the Department's checking procedures are not detecting irregularities in the programme. It must reconsider whether its checks are sufficiently rigorous and how they could reasonably be strengthened.

General conclusions

24. Our overall impression is that Jobskills is one of the worst-run programmes that this Committee has examined in recent years. We noted a quite astonishing catalogue of failures and control weaknesses, all of which pointed to a disturbing level of complacency within the Department. While we readily acknowledge that it has to deal with some very difficult groups of young people, this does not explain the widespread shortcomings in supervision and control that existed.
25. It is clear that Jobskills has not received the senior management attention that it deserves. One of the most damning aspects of the Department's handling is the extent to which a number of the most fundamental weaknesses—such as poor quality training and high levels of early leaving from the scheme—persisted over many years. We saw little evidence of the Department having tackled these problems with any great vigour, prior to the C&AG's review. This points towards an appalling degree of incompetence, indifference or both.

1 The quality of Jobskills training

1. The Department contracts with Training Organisations to deliver accredited training and sets annual targets for their performance. It has sought to assure the quality of training in two ways – first, through its ‘Jobskills Quality Management System’, by formally accrediting each Training Organisation every three years against a set of standards; and second, through an annual programme of sample inspections undertaken by the Education and Training Inspectorate (ETI), part of the Department of Education for Northern Ireland.

Contracting with Training Organisations

2. We asked the Department what assessments it makes of Training Organisations before letting them participate in Jobskills. The Department said that each contract is let for three years, after a check to make sure that the organisation has the right systems. Based on the ETI inspection results, it appears to us that this initial assessment process has not been very effective. Weak initial assessments of standards undermine the training system and will inevitably cause problems in the future. We also noted that, at one stage, the Department had authorised a one year ‘blanket’ renewal of all existing contracts, without any review of performance. This is poor practice. Failure to link contract renewal to performance achievement sends out the wrong signal to Training Organisations and provides no incentive to improve standards.⁵

Weaknesses in the quality of training

3. The C&AG’s Report noted that, based on the results of ETI inspections, it is possible that ‘1 in 3’ trainees currently on Jobskills – that is, some 4,000 young people – are in an organisation or occupational area where the quality of training is below-standard. We asked the Accounting Officer how he could justify this astonishing statistic. We were told that the Department has quality improvement systems whereby, following an adverse inspection, a training provider would have to produce an improvement report. The provider would then be subject to re-inspection within two years.⁶

4. Subsequent to the hearing, the Department submitted evidence that the quality of training had improved since the C&AG’s review. More recent data from ETI showed that the proportion of training areas inspected in which there were significant weaknesses, or where weaknesses were greater than strengths, had fallen from ‘1 in 3’ to ‘1 in 4’. While we welcome this improvement, a below-standard training provision in 25% of training areas inspected is still much too high – this equates to some 3,000 trainees still at risk of receiving sub-standard tuition. The Department needs to get a grip on this and raise the standard of training in these organisations as a matter of urgency.⁷

5 Qq 83, 85, 87; C&AG’s Report, para 3.48

6 Qq 3–5; C&AG’s Report, para 2.36

7 Ev 13

Poor monitoring and control of training

5. While the Department said that it would not allow Training Organisations to persistently deliver a below-standard quality of training, the evidence overwhelmingly suggests otherwise. The case studies in the C&AG's Report, highlighting examples from ETI inspection reports of poor quality training, make particularly grim reading. Despite the shortcomings, none of the funding provided to these organisations had been clawed back. We saw no evidence of any financial penalties or sanctions having been applied and no contracts had been terminated (see also paragraph 11 below).⁸

6. One of the most damning aspects of the Department's monitoring of training quality was the extent to which there were recurrent weaknesses – many of those noted by the C&AG had previously featured in ETI's reports. The degree of incidence was staggering. For example:

- 'Deficiencies in the quality of directed training within Training Organisations' – noted in 23 (88%) out of 26 inspections
- 'Poor development and ineffective incorporation of Key Skills within training' – in 23 (88%) out of 26 inspections
- 'Poor quality of work placements' – in 15 (58%) out of 26 inspections.

Time and time again, inspections showed that the Department was being 'taken for a ride' and yet it had done virtually nothing about it. The Department provided no explanation as to why it had failed to address these weaknesses when they were first highlighted by ETI.⁹

7. It is hard to know whether the Department's lack of an effective response to the weaknesses repeatedly reported by ETI was down to incompetence or indifference. The result, however, is that substantial numbers of young people on the scheme have been let down. The Department must respond quickly and effectively to cases of below-standard training. For those organisations that fall substantially short of the mark, there should be a system of sanctions and penalties, while those who persistently fail to meet the standard should have their contracts terminated. The Department needs to send a clear message to underperforming Training Organisations that sub-standard training will no longer be tolerated.

⁸ Qq 19, 78–80, 85; C&AG's Report, paras 2.22 (Figure 5), 2.35

⁹ Qq 84, 87; C&AG's Report, paras 2.20 (Figure 4), 2.24, 2.26

2 The effectiveness of the programme

Performance measurement

8. Key measures used to determine the effectiveness of Jobskills include NVQ achievement, progression between NVQ levels and labour market outcomes. The C&AG drew attention in his report to the need for improved timeliness of performance reporting and greater consistency and comparability in targets. In our view also, the Department's range of performance measures needs to be enhanced. We noted, for example, that it no longer has targets on training outcomes for Access level trainees, or for progression into employment by Jobskills leavers. It looks to us as though targets have been altered to avoid reporting poor performance. The Department must set uniform targets across each strand of the programme and ensure that all key aspects of performance are assessed and reported.¹⁰

9. Another area of concern which we noted was the absence of performance benchmarking. This is a well-established process that should be firmly embedded within any well-run organisation. We found it astonishing, therefore, that the Department had not carried out regular benchmarking with similar schemes in Great Britain. We were told that this was due to differences between Jobskills and the schemes which operated in other regions. We do not accept this explanation. Subtle differences between schemes is not a justification for failing to benchmark. We have seen this weakness before with Northern Ireland Departments and it is not acceptable. The citizens of Northern Ireland are entitled to know how the standard and cost of their public services compare with elsewhere in the United Kingdom and it is the job of the Department to facilitate this. We expect the Department to initiate a process of formal benchmarking with other regions in Great Britain, both to assess relative performance and to keep abreast of best practice, and to publish the results.¹¹

The performance of Training Organisations

10. There is a considerable differential in the performance outcomes achieved by Training Organisations. The C&AG's report showed that, in comparisons of data on NVQ achievement and labour market outcomes, the performance of a substantial proportion of providers fell significantly below the average for each measure. More worryingly, there were significant numbers of providers who had very low success rates, with a small number even recording nil achievements for NVQ attainment and leavers entering employment. Data provided by the Department after the hearing showed that, of the poorest performing 20% of providers on each measure, around one quarter featured on both.¹²

11. We were particularly interested to know whether any of the poorest performers had had their Jobskills contracts renewed and, more tellingly, how many had been sacked. We

¹⁰ Qq 86, 88; C&AG's Report, para 3.5

¹¹ Qq 104–107; C&AG's Report, paras 3.18–3.19; 27th Report from the Committee of Public Accounts, *The management of substitution cover for teachers* (HC 473, Session 2002–03)

¹² Qq 89–95; C&AG's Report, paras 3.50–3.52 and Figure 13; Ev 16–17

were told that one organisation had been “indirectly sacked”, which, it transpired, meant the non-renewal of vocational training areas with this body. The reality is that no provider has been sacked. It seems to us that the Department is not doing enough to raise the standards of the poorest performers. In our view, it needs to be a lot more proactive and agree action plans for improvements with individual training providers. Where targets are not met, the Department must be prepared to terminate contracts.¹³

Key skills

12. The level of NVQ attainment within Jobskills has been falling for some years. The Department said that this was due to the introduction, in 1999, of ‘Key Skills’ as a mandatory element in the programme. This is a range of six generic skills, such as communication and numeracy, required in most occupations. According to the Department, this has had a negative effect because many of the participants had left full-time education to avoid this type of classroom-based training. We found, however, that the Department had not been monitoring the achievement of individual Key Skills. Consequently, it had not identified where the main difficulties lay and how these might be overcome. This was yet another example of the Department failing to apply basic, common sense administration. The Department has said that, following the C&AG’s recommendation, it has amended its management information system so that the requisite monitoring data can now be collected. We look forward to a considerable improvement in Key Skills attainment levels in the future.¹⁴

Cost per job

13. One of our main areas of concern was the cost per job created by Jobskills. Since its inception, the programme has catered for some 76,000 young persons, at a total cost of £405 million. With an average of 46% of leavers gaining employment, this suggests a cost per job of around £11,600. However, we noted that that many of those leaving the programme to enter employment do so without completing their NVQ qualification and almost half of all leavers take up a job in a different occupational area from that within which they trained in Jobskills. That suggests to us that Jobskills has had little to do with the securing of those jobs. This is further supported by the Audit Office’s estimate of ‘deadweight’ in the programme (where the jobs would have been gained even without Jobskills) of some 48%.¹⁵

14. The evidence would suggest, therefore, that the actual cost per job created by Jobskills may be closer to twice the figure of £11,600. In our view, a unit cost of the order of £22,000 is excessive and represents poor value for money. We would like the Department to look closely at this issue, with a view to establishing, and subsequently reducing, the unit cost per job created.

13 Qq 53–55, 59, 72–74

14 Q 113; C&AG’s Report, paras 1.7, 3.11–3.13 and Figure 8; Ev 17

15 Qq 20–36; C&AG’s Report, paras 3.26–3.27 and Figure 10, 3.64 and Figure 15, 4.17

Progression of Access level trainees

15. The purpose of the Access (Jobskills Level 1) strand is to prepare young people with a particular disadvantage to undertake training in the 'Mainstream' (Level 2) strand. Given that this is the grouping with the greatest problems, we found it disturbing that, over the life of the programme, only 40% of Access trainees had progressed to Level 2 and the rate had been falling for some years. The Department told us that it is running a pilot programme aimed at reversing this trend. It said that an interim evaluation has shown a significant increase in the progression rate to 68%. Following a full evaluation later this year, the Department hopes to roll the pilot out across the whole programme.¹⁶

16. We are very disappointed that almost two-thirds of this particularly disadvantaged grouping has not completed the course, gained a qualification and progressed into mainstream Jobskills training. Nevertheless, the interim results of the pilot scheme are encouraging. We expect to see a marked improvement across the Access strand as a whole and would like the Department to set itself a challenging target in this regard.

Net employment impact of Jobskills

17. One of the most disappointing outcomes of Jobskills is the extremely low net employment impact of the programme. An analysis carried out by the Audit Office estimated that it may be as low as 14%, after allowing for the effects of 'deadweight', 'substitution' and 'displacement'. The Accounting Officer pointed out that the figure for a similar scheme in Scotland was estimated at 12%. This is no defence. The Department has to accept full responsibility for its own scheme and take steps to secure a much better return for the taxpayer. To help achieve this, it should put procedures in place to periodically estimate the net employment effect of Jobskills and set targets for reductions in the levels of deadweight, substitution and displacement.¹⁷

Early leaving

18. Almost half of all trainees who start Jobskills leave early. The proportion that leaves within four weeks has remained relatively constant over the life of the programme, at around 10% of total starts. Some 40% of the remainder leave after completing more than four weeks but without achieving their NVQ qualification. This is a particularly undesirable outcome in that resources are wasted and the employability of leavers is not enhanced without a qualification.¹⁸

19. We asked the Department to put a cost on early leaving. It estimated that approximately 4% of programme expenditure (currently £2 million per year) is spent on young people who leave the programme early and do not move to what it describes as a 'positive outcome' (employment, further education or other training opportunities). Given

16 Q 6; C&AG's Report, paras 3.22 and Figure 9, 3.44

17 Qq 37–39; C&AG's Report, paras 3.59–3.64 and Figure 15

18 C&AG's Report, paras 3.34–3.37 and Figure 12

that almost half of all trainees starting Jobskills leave early, this estimate seems very low. We note that a preliminary review by the Audit Office, following the hearing, considered that the actual figure may be substantially higher and possibly around £6 million per year. It is important that the Department establishes a reliable estimate and we have asked the C&AG to review the outcome.¹⁹

20. We asked why so many trainees leave early. The Department explained that many young people take time to settle into the system and may change their minds about what they want to do. The introduction of Key Skills (paragraph 12 above) had also had a negative impact. The Department was optimistic that around 90% of those who left within the first four weeks were subsequently picked up by the Careers Service and re-integrated into Jobskills. It did admit, however, that it had no formal tracking system. We put it to the Department that the problem did not lie solely with trainees – the Audit Office survey had noted several reasons for early leaving that lay within the Department’s own control; for example, the pace of the course was inappropriate and work-placements were of poor quality. The Department accepted this. We were also told that a number of early leavers go to take up a job, although the Department conceded that this was not ideal as the people involved left Jobskills without a qualification.²⁰

21. In terms of tackling the problem, the Department said that it worked closely with its colleagues in Great Britain and had learned a lot from their experience. It again referred to the ongoing pilot scheme with Access trainees (paragraph 15 above) which had seen improved retention rates. In addition, it wanted to better focus its Careers Service on making progress in this area.²¹

22. The high level of early leaving has seriously undermined the overall effectiveness of Jobskills. What we find particularly worrying is that the level has remained relatively constant over the life of the programme. This is simply not good enough given that, since 1995, a huge amount of taxpayers’ money has effectively ‘gone down the drain’. The Department must adopt a specific programme objective to tackle premature leaving and set targets for a radical reduction in the incidence. We want to see a marked improvement in this area and expect the Department to attach a high priority to doing so.

19 Qq 48–50

20 Qq 7–10, 44–47, 51–52, 60–61

21 Qq 49, 63–67

3 The targeting of skills needs

Setting corporate objectives and targets

23. We were surprised to find that, when Jobskills was set up, job attainment was not a formally-stated objective, nor was there an objective to match training provision with the skills needs of the Northern Ireland economy. Given the absence of such basic objectives, it is of no surprise to us that the programme has experienced difficulties in both these areas. Setting appropriate objectives, with measurable targets, at the outset is essential to ensuring that a programme is focused on the key outcomes.²²

24. The Department's failure to set proper targets was not isolated to the early days of the programme. We noted other instances where it had failed to apply the basics of good administration. For example, although, in 2000, the Department had established new objectives to align Jobskills more closely with the skills needs of the economy, it had not developed specific, measurable and time-bounded targets against which to monitor and report progress. In our view, this is the sort of fundamental good practice that any responsible body would be applying as a matter of course.²³

Forecasting of skills needs

25. We found it incredible that, during the 1990s, the Department had no comprehensive data on the skills needs of the Northern Ireland economy and no clear system for forecasting and analysing those needs. This was despite the fact that it was spending over £65 million each year on Jobskills. The Department said that, while initially, it had only been focusing on the broader skills needs of local industry, it subsequently set up its 'Skills Task Force' to assist in the better targeting of training. Not surprisingly, the Task Force reported its concern that the level of training provision supplied under the vocational system failed to meet the needs of employers. The failure to set up an effective system to forecast and analyse skills needs was a serious omission and one that has proved detrimental to many Jobskills trainees and Northern Ireland employers.²⁴

Skills mismatch between Jobskills and the needs of Northern Ireland employers

26. An Audit Office survey indicated that a large proportion of the skills attained by trainees have not been used in the workplace – 29% of those surveyed did not use the skills learnt “at all” and a further 20% indicated that they used the skills only “a little”. Overall, the Audit Office estimated a potential ‘skills mismatch’ of 36%. In addition, the survey

22 Qq 71, 107; C&AG's Report, para 4.1

23 Qq 98–102; C&AG's Report, para 4.11

24 Qq 68–70, 108; C&AG's Report, paras 4.1–4.2, 4.6

found that some 45% of trainees were not employed, studying or training in the occupational area in which they trained in Jobskills.²⁵

27. We asked why the Department had been providing training for the wrong jobs. The Accounting Officer accepted that a number of participants, particularly those in the lower skilled areas, were not necessarily going into the trade in which they had trained. However, he said that they were getting general skills, such as literacy and numeracy, so that they could broadly get into employment. While we accept that generic skills developed on Jobskills will be beneficial to trainees moving to employment, the fact remains that there is a significant level of mismatch in the occupational skills being provided by Jobskills. As such, a very substantial proportion of training delivered under the programme can be considered as nugatory. Not only does this represent poor value for taxpayers' money, it also highlights the extent to which Jobskills has failed to meet the needs of the Northern Ireland economy.²⁶

28. We were told that some two-thirds of young people on Jobskills are now in the designated priority skills areas. While this is encouraging, the vast majority of trainees in the designated areas lie within the construction and engineering sectors. The Department must make special efforts to increase the numbers of trainees in the three remaining priority areas of Tourism and Hospitality, Electronics and Information Technology.²⁷

29. It was not clear to us whether, having seen the results of the Audit Office survey, the Department had drawn any lessons from the analysis and made any changes in the way that Jobskills was structured. We asked whether we might see a dramatic improvement in the degree of skills mismatch. We also sought an indication as to what level of skills mismatch the Department would regard as acceptable, given that a 'perfect' match is not achievable. The Department failed to provide any indication. In a note submitted after the hearing, it merely said that it will review the survey questionnaire to gain a better indication of how skills developed through training are transferred to the workplace.²⁸

30. It comes as no surprise to learn that the Department had not analysed the findings of the Audit Office questionnaire at the earliest opportunity. As with many other aspects in its running of this programme, the Department has demonstrated a worrying degree of complacency in the face of compelling evidence that Jobskills is not properly meeting the needs of its client groups. It must take its responsibilities more seriously. We expect the Department, as a matter of urgency, to set specific, measurable and time-bounded targets for a reduction in the level of skills mismatch. Similarly, targets should be set for increasing the extent to which trainees are subsequently employed in the occupational area in which they trained in Jobskills.

25 C&AG's Report, paras 4.17–4.18 and Figure 19

26 Qq 11–12, 40

27 Qq12, 40; C&AG's Report, para 4.14 and Figure 17

28 Qq 109–112; Ev 17

Abuse of Jobskills as low cost labour

31. We were concerned to read in the C&AG's Report that around one-quarter of employers seemed to be using Jobskills on a 'rolling' basis, as a source of low cost labour for unskilled positions. In our view, the problem does not lie solely with employers. Given that Training Organisations are responsible for placement of trainees with employers, they too have a duty to prevent this type of abuse of the programme. We expect the Department to take firm action to deal with the problem.²⁹

29 Qq 56–58; C&AG's Report, para 4.4

4 Financial monitoring and control

32. The main financial risks associated with Jobskills are that payments will be made for trainees who are not in attendance on the programme, or for trainees who have not obtained their qualification or achieved their sustained employment outcome. The Department's control framework includes a system of administrative and claims checking procedures, together with post-payment inspections at Training Organisations, carried out by the Department's 'Financial Audit and Support Team' (FAST). FAST inspects some 3% of programme expenditure each year, on a sample basis.³⁰

Payment Controls

33. Given the risks of improper payment, we asked the Department how it verified trainee attendance, achievement of qualifications and the date of a trainee's departure from the programme. We note the Accounting Officer's assurance that the Department has robust systems of control in place. As well as a range of monitoring returns and reports, it also requires sight of qualifications and carries out checks with employers.³¹

Fraud

34. Notwithstanding those controls, we found it astonishing that, in such a massive programme which has been running for 10 years, no fraud has been detected. We are disturbed by the growing evidence from this and other reports that some Northern Ireland Departments are unacceptably lax in identifying and tackling fraud. The Department commented that it had built up a strong system of checks and said that 60% of Training Organisations are inspected each year in systems audits. While we note the Department's comments, our concerns are that:

- this is the type of scheme – like Individual Learning Accounts – which we have seen to be most liable to fraud
- following FAST inspections, recoveries of some £566,000 have been made from Training Organisations, in respect of so called 'incorrect, ineligible, or unsubstantiated' claims
- in a special exercise in 2000, the level of adjustment to claims following administrative checks equated to a sum of £1.3 million for the year as a whole.

Surprisingly, the Department has deemed all cases of incorrect, ineligible and unsubstantiated claims to be due to error. None were considered to have been attempted fraud. Based on our experience of other, similar schemes, we are not at all convinced.³²

30 C&AG's Report, paras 5.2–5.3, 5.20

31 Qq 75–77

32 Qq 13–18, 80; C&AG's Report, para 5.19; 3rd Report from the Committee of Public Accounts, *The Sheep Annual Premium Scheme* (HC 64, Session 2003–04)

35. Our concerns are heightened by the case highlighted in the C&AG's Report where information provided by a number of trainees on their attendance conflicted with records held at the organisation. It appeared that payments had been claimed for periods when trainees were not actually engaged in training. Despite suspecting fraud in this case, the Department allowed this organisation to continue operating under the programme. Indeed, it even re-accredited the organisation under its quality system while the police investigation was in progress. In our opinion, the Department's actions were poorly judged. Where we would have expected it take a firm line, it seems to us that the Department chose to turn a 'blind eye'. Based on the evidence, we are in no doubt that the organisation involved should not have been allowed to continue operating within the programme. This would have sent a clear signal to other organisations that improper claims will not be tolerated.³³

36. Shortly before our examination of Jobskills, both the Department and this Committee received allegations, from a former employee of the programme, of a fraud having been perpetrated at a Training Organisation. We note that, following a preliminary investigation, the Department has referred the case to the police. This is in keeping with best practice and we would ask the C&AG to monitor developments in this case. Should it transpire that a fraud has been committed, we expect the Department to take strong action.³⁴

37. Overall, it is our view that the Department's checking procedures are not detecting irregularities in the programme. It must reconsider whether its checks are sufficiently rigorous and how they could reasonably be strengthened.

33 Qq 13–14; C&AG's Report, para 5.21

34 Qq 13–14

Formal minutes

Monday 17 October 2005

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon

Jon Trickett

Mr Greg Clark

Kitty Ussher

Ms Diana R Johnson

Draft Report (Jobskills), proposed by the Chairman, brought up and read.

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

Paragraphs 1 to 37 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

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

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

Ordered, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

[Adjourned until Wednesday 19 October at 3.30 pm

Witnesses

Wednesday 2 March 2005

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Mr Will Haire, Mr Tom Scott, and Ms Heather Stevens, Northern Ireland
Department for Employment and Learning

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The reference number of the Treasury Minute to each Report will be printed in brackets after the HC printing number

Oral evidence

Taken before the Committee of Public Accounts on Wednesday 2 March 2005

Members present:

Mr Edward Leigh, in the Chair

Mr Ian Davidson
Mr Brian Jenkins
Mr Gerry Steinberg

Jon Trickett
Mr Alan Williams

Mr John Dowdall CB, Northern Ireland Comptroller and Auditor General, further examined.

Mr David Thomson, Northern Ireland Treasury Officer of Accounts, further examined.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

DEPARTMENT FOR EMPLOYMENT AND LEARNING: JOBSKILLS

(HC 762, SESSION 2003–04)

Witnesses: **Mr Will Haire**, Permanent Secretary, **Mr Tom Scott**, Director of Corporate Services, and **Ms Heather Stevens**, Director of Skills and Industry, Northern Ireland Department for Employment and Learning, examined.

Q1 Chairman: Good afternoon. Welcome to the Committee of Public Accounts where today we are taking Northern Ireland business because of the suspension of the Assembly and we are looking at Northern Ireland Department for Employment and Learning and the Jobskills programme and we are joined by Mr Will Haire, who is the Permanent Secretary. Would you like to introduce your two colleagues?

Mr Haire: Thank you very much, Chairman. May I introduce Heather Stevens, Head of the Skills and Industry Division and Tom Scott, Head of the Corporate Services Division.

Q2 Chairman: Thank you, you are all very welcome. I will start with a general question so that you can prepare yourself gently in, Mr Haire. Can you look at paragraph 1.12 on page 18 of the Comptroller and Auditor General's Report. You will see there it is a large training scheme and that £500 million has been spent on it to date. How satisfied are you that this programme is delivering value for money?

Mr Haire: As the Report emphasises, this scheme has been able to produce good results in relation to strategic objectives. It has provided vocational education to a large number of young people and made sure that we have been able to fulfil the Government's pledge of a training place for all 16 and 17-year-olds. 80% of the young people who are engaged in this scheme come to us with no qualifications which employers recognise. They will have at most one or two GCSEs at levels D to G and the scheme does produce for them vocational qualifications. They come out with a strong range and the achievement and the participation rate is comparable and higher in some areas than that of Great Britain. However, on value for money I am not satisfied in the fact that, as the Report also emphasises and as our recent statistics would

indicate, in a quarter of cases the training organisations inspected are seen to have more weaknesses than strengths, and that clearly is the key area where value for money—

Q3 Chairman: I will stop you there, if I may, and we will now look at some of those weaknesses so we can find ways of trying to improve this scheme. If you look at page 36, paragraph 2.36, you will see there that on inspection results it is possible that one in three trainees currently on Jobskills—that is some 4,000 young people—are in an organisation or occupational area where the quality of training is below standard. How do you justify this astonishing statistic, Mr Haire?

Mr Haire: Clearly that is what the regular inspections are telling us now about those areas. Our most recent work has indicated that from the time of this Report we have looked at the inspection reports and seen an encouraging move. We are seeing in 25% of vocational areas; in 1% there was a grade four, which is significant weaknesses; and in 24% there were weaknesses over strengths. The clear point is we now are working—

Q4 Chairman: Have you informed the Committee of these latest statistics?

Mr Haire: No, I am sorry.¹

Q5 Chairman: We deprecate Permanent Secretaries who come to Committee with recent information that has not been given to the Committee. The whole point of our work is based on the Comptroller and Auditor General's Report.

Mr Haire: I apologise. The key point is that we are working through the quality improvement systems and other systems with these organisations to ensure

¹ Ev 13

Northern Ireland Department for Employment and Learning

that we improve in these processes. Organisations judged in this way have to produce improvement reports rapidly for the Department. They are inspected in another 18–24 months and they have to ensure that improvement is gained. We have also put in place an improvement system similar to the systems used in Great Britain, the quality improvement system, where organisations are working through and improving their approaches to training. So while there are organisations with those weaknesses we are seeking to improve those as best we can.²

Q6 Chairman: Anyway, we know that a significant number of young people now are receiving a quality of training which is below standard. Let us look at how they progress through their training. If you look at page 46 and paragraph 3.22 that paragraph deals with youngsters with particular disadvantages. It says there that on average only 40% of Access trainees actually do progress and the rate has been falling for some years. That is figure 9B. This is obviously rather disturbing as these are some of the people with the greatest problems. What are you doing about that?

Mr Haire: As the Report notes, in this area we put in a pilot programme to try and deal with these young people to give them, many of whom face significant personal and social problems, training where training in the NVQ style has not been beneficial to them. We have put in a pilot initially in four organisations and now in 13 organisations. In our interim evaluation that has seen significant improvement with 65% of those young people seeing progression, to a positive outcome³, the inspectorate is advising us. That will be fully evaluated this autumn and our hope therefore is out of that next year we can spread that across the entire system. We have a new system trying to look at that area.

Q7 Chairman: Here we have a scheme where the quality of training is often inadequate, we have a scheme where people are not progressing adequately; now let us look at premature leavers. If you look at page 21, paragraph 34, it tells us there that around 50% of trainees leave early, including some 10% departing within the first four weeks. So why has this been happening and what are you doing to tackle it?

Mr Haire: These young people are picked up by our careers service and reintegrated into the system as soon as possible. The head of our careers service is optimistic that up to 90% of young people will be reintegrated back into the system and will get back into that process.

Q8 Chairman: But not into the Jobskills programme?

Mr Haire: Into the Jobskills programme.

Q9 Chairman: So they are coming and going, are they?

Mr Haire: About 10% of young people take time to settle into our system.

Q10 Chairman: It says around half of them leave early.

Mr Haire: Sorry, there is another group of people who do leave early, they do not complete their course. Often they will be working with employers and some of them will leave early for employment, so they are not fulfilling the qualification, which is obviously the ideal that we would like to see achieved, but they are getting into employment.

Q11 Chairman: That is the third point. The quality of training is low, their progression in training is not very good, and they are leaving early. Let's look at the next point, shall we. Page 70, paragraph 4.1, says that many Jobskills participants who leave the programme do not use the skills they have learned. 29% do not use the skills learned at all, almost half of all trainees are no longer active in the occupational area for which they trained. The Audit Office here estimates a potential skills mis-match of some 36%. So you are giving them the wrong training, are you not?

Mr Haire: This survey at the external evaluation⁴ carried out for us before indicated that 81% of the young people thought that they had been helped into employment by this training. Undoubtedly there are a number of young people, particularly those in the lower skilled areas where they are getting rather general skills where they are not necessarily going into the particular trade where they started. That is clearly one of the key features of the training. With the key skills we are trying to give them literacy and numeracy skills so that they can broadly get into employment. As the figure in 18B indicates, the young people who are moving into modern apprenticeships—

Q12 Chairman: I am sorry, all this is waffle. The fact is that the Report, which you have agreed here, says that 29% do not use the skills at all. This is a scheme which has cost £500 million up-to-date and a further 20% indicate they use the skills a little. This is a Report that you have agreed to, Mr Haire.

Mr Haire: That is undoubtedly what the survey of 400 young people did indicate as an issue. Since this time we have also emphasised strongly that two-thirds of young people are in our priority skills areas—construction, engineering, *et cetera*—and since this time there has been a strong flow towards those areas. With unemployment now at 10.6% in Northern Ireland, pretty much the same as the GB level, we are seeing a better flow into employment.

² Ev 14

³ Note by Witness: The ETI survey of the Access Pilot reported that almost 68% of pilot participants achieved a positive outcome, ie progressed to further training or employment.

⁴ Note by Witness: Training and Employment Agency, Evaluation of Jobskills, PWC, May 2000 referred to in the NIAO Report, paragraph 1.14.

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Q13 Chairman: Let's deal with fraud. If you look at paragraph 5.19 on page 82, that comes out with the astonishing statement that as far as you are concerned in this massive programme no frauds have been identified. That is simply not true, is it?

Mr Haire: Sorry, no suspected frauds have been identified by our team other than the one which is reported in 5.21, except since then on Friday I received another one and I have submitted it to the police for investigation.

Q14 Chairman: I know, Mr Haire, that there has been fraud because I have received a letter from someone dated 15 February who has written to me as Chairman of this Committee. You have got a copy of that, have you not?

Mr Haire: I have seen a copy of that.

Q15 Chairman: Even I know that there is fraud and it says here that over £350,000 has been recovered following financial inspection for incorrect, ineligible and unsubstantiated claims. Do you recall, or perhaps you have been told by your fellow Permanent Secretary that we looked at the Northern Ireland Sheep Premium Scheme recently? I would say that the link between that and this inquiry is that there was a weak inspection regime in Northern Ireland Departments and there is not sufficient emphasis placed on dealing with fraud. That was fraud on four legs; this is fraud on two legs.

Mr Haire: We have a dedicated team which focuses particularly on the youth training programmes. We work closely with the Audit Office in this area.

Q16 Chairman: You are turning a blind eye to fraud, are you not?

Mr Haire: Sorry, I am certainly not.

Q17 Chairman: How can you expect this Committee to believe that no frauds have been identified?

Mr Haire: Apart from the one referred to here in 5.21 and the one I mentioned to you before on which I straightaway took all action to make sure that all the material was put together and has gone to the police, I am not aware that our team has found another fraud but these organisations are inspected thoroughly. 60% of organisations are inspected each year in systems audits.⁵

Q18 Chairman: You know that this sort of scheme is precisely the sort of scheme that is most liable to fraud? You know the saga of Individual Learning Accounts, do you not?

Mr Haire: Indeed, I am aware of that issue and that is why we have built up a strong system—

Chairman: It is useless system if it has not discovered anything. Mr Trickett?

Q19 Jon Trickett: Thank you very much. I was reflecting whether it was fraud or incompetence since there is clearly something going seriously wrong in value for money. If it is not fraud you must have an incompetent operation, must you not?

Mr Haire: As I stressed, three-quarters of the training here is adjudged by the inspectorate to be good, some excellent. In a quarter of the cases there are weaknesses in aspects of the training, and that is clearly something that we have to, and we continue to, work on in a range of issues, not only by our use of contracts. One of the reasons we have improved significantly, may I say, in a number of areas in the last couple of years is because training organisations that fail to perform in vocational areas lose those parts of the contract, so part of the improvements come from that very strong use of the contract as is stated in the Report. We are also strengthening the support for these organisations. Some of these organisations are very small. We need those organisations because they work in inner city and urban areas, they have strong community backgrounds and they link well. We have to help them professionalise. One of the problems, and this Report and the Educational Inspectorate emphasises it, is that in small organisations a change of one or two people can destabilise those organisations so using the skills councils and using the Learning and Skills Development Agency, we have to help improve them. I believe that while, as we have indicated, this is a very important area because of the needs of these young people, we need to push up value for money. We are very aware of that issue. I do not believe—

Q20 Jon Trickett: I want to ask you about value for money because I believe ultimately the output that we expect, certainly speaking on behalf the taxpayer, is that people will gain skills and get into work. Now it is very hard to actually identify the number of jobs which have been produced by this scheme but it looks to me as though there are round about 93,000 people who have gone through the Jobskills scheme. Is that right? I have added together 17,000 adults with 76,000 young people. Is that about right?

Mr Haire: Yes, that is correct.

Q21 Jon Trickett: Then there are various percentage figures given of people either dropping out or failing to get employment. How many of those 93,000 people finished up with a job however relevant the skill was to the job which they got?

Mr Haire: The overall figure we are seeing is 25% unemployment coming out of the scheme at the present year.

Q22 Jon Trickett: There are drop-outs going all the way along. Are you measuring the people who stay to the end of the course? I want to know how many people out of the 93,000 who started course finished with a job.

⁵ Note by Witness: In any one year the Department's Financial Audit Support Team FAST visits 60% of training organisations and 95% of these are satisfactory. In addition there are in-built controls in the computer-based claims system, manual desks checks are carried out, and FAST's risk-based financial inspection is further supplemented by checks carried out by the Internal Audit Review team.

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Mr Haire: I cannot give a detailed figure⁶ but can I stress the point that unemployment has fallen significantly, especially youth unemployment in Northern Ireland.

Q23 Jon Trickett: So what you are saying is that the economy has taken up the jobs rather than the Jobskills programme helping those people get into work. Let me try to go through this stage-by-stage. When I read this Report it stated a 50%-ish drop-out rate while the course is on-going. Is that right?

Mr Haire: 50% do not complete their qualification.

Q24 Jon Trickett: Out of the 93,000 people none of those who fail to finish the course have been helped into work by the course itself, they have dropped out for one reason or another. Is that right?

Mr Haire: We would argue that many of them have got the basic employment skills which have helped them in working with employers and that has been of help but we would quite agree with you that—

Q25 Jon Trickett: They have not finished the course and they have not got the NVQ and many of them have disappeared; you do not know what has happened to them?

Mr Haire: We do not have records for 18% and clearly we are trying to—

Q26 Jon Trickett: I make it that 45,000 people finish your course out of the 93,000 that go through it. Is that about right?

Mr Haire: That would be about the right figure.

Q27 Jon Trickett: Okay, how many of those actually get work?

Mr Haire: Our figures would indicate that the overall figure is about 50% employment. Therefore 50% of the scheme we are talking about those people getting employment.

Q28 Jon Trickett: It says 46% here, less than half.

Mr Haire: Can you please give me the page reference?

Q29 Jon Trickett: I am looking at the brief. The figure is in the document. Do you not know the number of people who go into work?

Mr Haire: Excuse me while I find the table reference.

Q30 Jon Trickett: I am amazed you do not know the percentage of people who get a job.

Mr Haire: As I stressed, 50% of people are getting—

Q31 Jon Trickett: It says 46% here. Do you dispute that?

Mr Haire: I am looking at 3.26 and figure 10.

Q32 Jon Trickett: Let's ask the Auditor. I have got a briefing now here saying 46%; is that about right? I am asking the Auditor.

Mr Dowdall: Yes, 46%.

Q33 Jon Trickett: I am right that the 50% that you are quoting is not actually accurate. So out of the 45,000 people out of the 90-odd thousand starters who finish the course; of that less than half of those go into work. So I am being generous and saying a maximum of 20,000 people get jobs having finished the course out of the 93,000 who go through. Is that right?

Mr Haire: That would sound about right on the figures.⁷

Q34 Jon Trickett: We have spent £500 million to get 20,000 people jobs. What is the cost per job? Then I will tell you. It is £22,500 per job created, which is outrageous, is it not?

Mr Haire: We are saying looking at the figures here, looking at Audit Office Report here, we recognise that the 46% are the people getting their jobs very soon after they leave the scheme. Others are going into employment with those skills in due course and they are getting the training to get that quality of employment.

Q35 Jon Trickett: I am saying on the figures on this document—and you have signed it off, you have agreed to this document and I am being generous and doing mental arithmetic and I am surprised that you do not know the figures—roughly 20,000 people go into a job having finished the course and it has cost £500 million—£500 million—to help 20,000 people into work when the economy itself is taking much of slack of employment anyway. There are no circumstances under which you could say we have received value for money on behalf of the taxpayer. It is either fraud or incompetence, which is the question I started with.

Mr Haire: Value for money because people are getting a range of qualifications and experience into employment in that area. It is not creating jobs in that sense, but it is giving them those skills which are helping them into that area.

Q36 Jon Trickett: We are not training people for the sake of being trained or making them better human beings, which is an objective in itself. This is about getting people skilled for work and ready for work, and the fact is to get 20,000 people jobs has cost the taxpayer £500 million. There is no value for money there, unless my figures are wrong, and I am sure they are not wrong. It is either incompetence or fraud. There is no inspection regime in place to try to measure either fraud or competence, is there, frankly?

Mr Haire: As I indicated, there is a very strong regime for inspecting areas. Can I point you to figure 14 of the Audit Office Report looking at the whole

⁶ Note by Witness: Within Jobskills, management information is based on the number of starts during a cohort year ie it includes those who complete training and those who leave early but excludes those who leave within the first four weeks.

⁷ Note by Witness: Figure 14, pg 59 of the NIAO Report, cites a rate of 66% entering employment

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Jobskills programme and the emphasis there and the outcome for the whole Access programme in the third column there, which is 66 % into employment.

Jon Trickett: All I can say is the figures which are in front of me are saying 46%. It says 66% achieve an NVQ. In fact, there are 40,000 NVQs being produced for 20,000 jobs. It seems as if some people get more than one NVQ but you have no idea whether they are or they are not really. Anyway, my time is up.

Chairman: Thank you very much. Mr Steinberg?

Q37 Mr Steinberg: I had a certain amount of sympathy for you, Mr Haire, but I am gradually losing it because I would have had a lot more respect for you if you just held your hand up and said the scheme is rubbish, to be quite honest. It is a total failure. In fact, it is one of the worst Reports that I have read in the five years that I have been on this particular Committee. It is a catalogue of failures—failure by your Department, failure by the training providers and failure by the individual trainees themselves. If you had held your hands up and said, “I have been copped, guv, and we are going to scrap it or do something else about it,” I would have understood. For you to sit there and try to defend this is absolutely amazing. As Mr Trickett has said, you have virtually wasted half a billion pounds because if you look at the Report it says that the net employment impact of Jobskills may be as low as 14%. How can you defend that? If you had turned round to this Committee and said the scheme has been a failure, we have only got 14% of people into work and we could have done a lot better, that would have been one thing but you have not, you have tried to defend it. How can you defend that?

Mr Haire: The employment effect is the net overall impact on the economy. The growth of the economy comes from that process. It is not the number of people going into employment as such. As indicated there the Skillseeker system in Scotland, which is a comparable system, has a figure of 12% in this area.

Q38 Mr Steinberg: That is not brilliant. Because Scotland are useless does not mean to say you have got to be useless as well.

Mr Haire: It is the economic effect, the boost to the economy, the expansion of the economy produced by this form of training; it is not the direct number of people going into employment. As I say, the scheme has indicated the reference I made before.

Q39 Mr Steinberg: You still think the scheme is successful, do you?

Mr Haire: I think the scheme does provide for young people who had not got skills before to get not only a high level of access to vocational skills but a good transition to employment, and in paragraph 1.7 of the Report the NIAO notes this point and notes the general strength of the scheme in this way.

Q40 Mr Steinberg: I was not going to mention this because I was not going to go down this path at all. I remember when I read the Report that it actually said these fantastic skills you are telling us these

youngsters are going to get are not even the skills that are needed in Northern Ireland, if I remember. You are training them for the wrong jobs anyway. I seem to remember there were jobs in tourism and God knows what else and you do not have a training scheme that does that. So not only is it not successful but you have given them skills that really are not necessary. There are much more necessary skills wanted and you are not training them. I was not going to go down this path.

Mr Haire: That is not my reading of the Report. Two-thirds of the areas are priority areas, including hospitality and tourism, so section four on the targeting gives a good indication that we have developed skills in that area. I think we are unique in the UK in trying to choose areas of this sort. We have skilled a lot in the area of construction, in engineering where there is still strength in the Belfast area, as well as in administrative and other skills, so I think there is a strong connection there.

Q41 Mr Steinberg: I was not even going to go down that path anyway so I am not going to argue with that. Perhaps some of my colleagues might take that point up. If you look at page 52, paragraph 3.35 it says: “The proportion of young people leaving the programme within four weeks has remained relatively constant over the life of the programme, and in the four cohort years (1999–2000 to 2002–03) was running at approximately 10% of total trainee starts. Overall, some 7,200 of the 83,600 young people who commenced training between 1995–96 and 2002–03 left the programme within the first four weeks.” Why did they leave the programme within the first four weeks?

Mr Haire: This came from personal and other reasons and also choices and changes of what they wanted to do. As I said to the Chairman,—

Q42 Mr Steinberg: It is lot of people who change their mind.

Mr Haire: These are 16-year-olds who are experiencing jobs for the first time and undoubtedly there is a problem as they choose and decide different areas.

Q43 Mr Steinberg: What do they go into if they change their minds? Those who leave after four weeks, what do they do?

Mr Haire: They come back to the careers officer who will work with them and try and see if—

Q44 Mr Steinberg: That is not what the Report says, with great respect. The Report says in paragraph 3.36 that the Department does not track the destination of those who leave training within the first four weeks, so I get the impression that you do not know what they do.

Mr Haire: We do know. The careers officers are working with those young people. We have focused our careers service specifically on the 16 to 18 group.

Q45 Mr Steinberg: Wait a minute, no, I am sorry, you cannot say that. You are saying that the careers officers know what they are doing. The Report says

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that the Department does not track the destination of those who are leaving training within the first four weeks. Are you saying this Report is wrong? Are you saying that the careers officers do know where those 7,200 youngsters have gone to?

Mr Haire: We do not have a formal tracking system where we trace them but the career officers are working with those young people.

Q46 Mr Steinberg: So the Report is wrong?

Mr Haire: I am saying that—

Q47 Mr Steinberg: It is either right or it is wrong. It says the Department does not track the destination of those who leave training within the first four weeks. Just say to me, “We do not track them but the careers officers do.” Is that accurate?

Mr Haire: The careers officers do.

Q48 Mr Steinberg: Right, fine. How much does it cost the Department when these youngsters leave? What is the cost to the Department?

Mr Haire: I am sorry I would have to come back with a detailed note on that.⁸

Q49 Mr Steinberg: 7,200 youngsters leave this scheme within the first four weeks. That must be money down the drain?

Mr Haire: The careers officers are bringing them back into the scheme and trying to get them back and settled in that way. We have had difficulty with the churn at that stage but, as I say, with young people with no qualifications this is an issue which does happen at that stage. We clearly want to focus our careers service to help them make better progress in the area and one of the areas we have been successful with—

Q50 Mr Steinberg: Fair enough; that is a very good aim, but we have 7,200 leaving the scheme in the first four weeks, we have 3,600 who leave the scheme early because they have not got a qualification, so 50 % of those on the scheme have failed the scheme before we start. How much does that cost the taxpayer? Can I assume that a quarter of a billion pounds has been wasted?

Mr Haire: We have done some calculations. We see it at about 4% of expenditure for early leaving. Some of those will leave fairly close to the end of the scheme.

Q51 Mr Steinberg: The Northern Ireland Audit Office can work that out and that will be given out in our Report at later date. Why do so many leave the scheme? Is it because the training is useless?

Mr Haire: Undoubtedly some, according to the Report, indicated that they were not happy with the training.

Q52 Mr Steinberg: Why?

Mr Haire: They mentioned that in the Report. The key point is that a considerable number are getting jobs. They decide that they do not wish to complete because they have already secured employment. The other point is that we have brought Key Skills into a national scheme to try and make sure that numeracy, literacy and other key areas of training are given to young people to meet industry’s needs, and undoubtedly it has proved more difficult for young people to achieve those skills. We are now putting a pilot in to help them through that process but undoubtedly the figures on qualifications did go down.

Q53 Mr Steinberg: The questions we are asking sound very harsh but it is all in the Report. It is not as though it has been made up as we go along. On page 58 it says: “In our view, there is considerable scope to enhance the effectiveness of the overall Jobskills programme and reduce the current variability in outcomes. For example, as illustrated above in relation to the 1990–2000 cohort, if the Department could have raised the performance of the less effective TOs towards the average, there would have been significant positive effects in terms of increased NVQ achievement and movement into employment.” If you look at the graph you see that virtually half of the individual TOs are under-performing, or am I reading the graph wrong?

Mr Haire: Indeed the graph indicates that—

Q54 Mr Steinberg: 50% of the training organisations are either very useless or a little bit useless. Is that right?

Mr Haire: No. The inspection reports would indicate that we have a quarter of provision in which the inspectorate has said has more weaknesses than strengths.

Q55 Mr Steinberg: How many training organisations have you sacked?

Mr Haire: The number of organisations involved has gone down from 87 to 75 now, largely because we have taken away vocational areas which they have under-performed in.

Q56 Mr Steinberg: Have you sacked the ones that were using it as cheap labour?

Mr Haire: There is no claim that the training organisations are using this as cheap labour.

Q57 Mr Steinberg: That is not what I understand. My understanding is that some of these organisations are using this as a rolling programme of cheap labour. In other words, they are getting these youngsters to come in with the idea that they are going to get training and they are actually using them as cheap labour in menial tasks.

Mr Haire: The emphasis there was that some employers, not the training organisations—

Q58 Mr Steinberg: But the training organisations are responsible for the employers because that is where they put the placements.

⁸ Note by Witness: The Department has estimated that approximately £2 million (4% of the expenditure) is spent on young people who leave the Programme early and do not move to a positive outcome ie employment, further education or other training opportunities.

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Mr Haire: But that is hence why we have emphasised the importance of achieving qualifications, so that they are being skilled up. Clearly that is one of the areas where we must make sure—

Q59 Mr Steinberg: Have you sacked any? How many have you sacked? How many training organisations have been given the boot?

Mr Haire: The number of our contracts has gone down to 75 organisations from 87.

Mr Steinberg: So that is 12. I would suspect that 50% are not delivering the goods and you have sacked 12. I rest my case, Mr Haire.

Q60 Chairman: You said several times, indeed the whole purport of your response was, that you are dealing with very difficult youngsters who have never had any opportunity before but, as Mr Steinberg says, look at the Report. I am astonished in asking these questions that you do not accept that the sort of training you are giving is not appropriate. Look at page 53, paragraph 3.38, of this Report which you have agreed to: “Responses to NIAO’s survey [for people leaving] included reasons such as the allowance was not enough; trainees didn’t like the occupational area being studied; the pace of the course was inappropriate; and work-placement was of poor quality”. In other words the fault does not lie with these youngsters; it lies with your scheme.

Mr Haire: We certainly have to listen to the concerns of 16-year olds. The 16-year olds will have views about schemes which they will voice. One will have to judge the quality of some of those.

Q61 Chairman: So they are talking rubbish, are they?

Mr Haire: We have to listen to them. This is one of the key areas where they have had difficulties because these young people have not taken exams in other areas or had classroom experience. We have been piloting a scheme which helps them achieve the NVQs they need in a different way by processing the exams in more appropriate ways to achieve that using different techniques and that seems to be showing early signs that it will be of value, so we are trying to listen to their needs in this area. We clearly are using the inspectorate and the other processes I have put in place to try constantly to push up the quality of the work experience they are getting, but these are tough areas to achieve in a small business economy. Clearly that is the challenge which my department must fulfil.

Q62 Mr Jenkins: When you read the Report, Mr Haire, were you very disappointed with it or very pleased with it or indifferent?

Mr Haire: Certainly not indifferent. When I joined the Department a year and a half ago, and I received this fairly early on, it did seem to me to demonstrate that there were good aspects to the scheme. It is a very important scheme, the outreach is important to this group, and also it is important for Northern Ireland to gain skills, but it did demonstrate to me the range of challenges we had to make sure that we get uniform quality.

Q63 Mr Jenkins: Let us take the scheme itself, shall we? When you have got a training scheme are you constantly breaking this scheme down, because you have mentioned that these are very difficult youngsters, and I accept that totally, and you have mentioned that you have been training them in two areas. There is a job training or an employee standard, if you like. We have done this in England and we had to buy alarm clocks and provide bikes to get the youngsters up in the morning, because they had come from very disruptive families, and get them into work. Just to clock on at eight o’clock in the morning and stop there for a day was in itself a success. I accept that programme in its entirety. It is a good, worthwhile programme that should be developing the basic skills of youngsters. Within the report, however, I cannot find the elements of the training organisations that take this on as a crucial basic task and the success rate they have with it. All I see in this Report is a combination of various training organisations which do not seem to have the ability to do this. We have gone through that in England many years ago and we have moved on. Have you learned from the English experience?

Mr Haire: In paragraph 1.7 the Report sets out the three levels of this scheme and what you have described is perhaps appropriate for this 15%, the ones with the least skills, the ones we are trying to get to level one, the Access scheme. A lot of the work in that scheme was done by working closely with all authorities in the British Isles. We have regular contacts and we learned a lot from the entry into employment schemes etc, and we have modelled a lot of this on that area.

Q64 Mr Jenkins: The first thing you do with a youngster when they walk through the door is a programme of assessment to assess where they are, to assess their learning capability, and then attach them to the right programme. Are all your young people assessed on entry or prior to entry into your schemes?

Mr Haire: Yes. The careers officers assess all young people before they come in and indicate which areas they should go to in the process.

Q65 Mr Jenkins: So we know what they are doing in the job area.

Mr Haire: And also the skill level which will be most appropriate.

Q66 Mr Jenkins: I have not got to the skill level yet. I am just looking at the basic entry requirements for these people. Do they undertake a contract with you to complete the process they need to get them up to a basic level?

Mr Haire: There is an individual training plan that is agreed with them.

Q67 Mr Jenkins: Why is the fall-out rate so high? Why did you say in response to some people, in fact in response to the Chairman, “We are listening to these 16-year olds and we will construct a

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programme maybe around their needs". Do you not feel that is a basic requirement which should be in place now?

Mr Haire: I described earlier a pilot scheme which we are trying very much on that basis to give young people, especially the ones coming in here, a broader training dealing with the social and other issues they have to get them to a level where wider training is appropriate, and that has been a very successful scheme. As I said, 65% of the young people seem to be benefiting from that scheme. We evaluate it this year and I hope then that we can roll it out more widely across that particular 15%.

Q68 Mr Jenkins: On page 65 in part 4, paragraph 4.2, it says, "The Department told us that . . . it had no clear system for analysing and forecasting skill needs".

Mr Haire: At the time that this Report was written—

Q69 Mr Jenkins: I can only work on this Report. Do not take me down that path please.

Mr Haire: Okay; I understand.

Q70 Mr Jenkins: So you had no system in place for analysing the skill needs, and in fact you did not even think it was your job, did you?

Mr Haire: Paragraph 4.6 on the next page indicates that a Skills Task Force would be set up to deal with those very issues which gave us the ability to choose the priority areas and at the same time to give clarity in outreach.

Q71 Mr Jenkins: But paragraph 4.1, which I go back to, says, "The attainment of jobs was not a formally-stated objective; nor was there an objective to match training provision with the skills needs of the Northern Ireland economy".

Mr Haire: At the stage that was written that was right. We then brought a job-focused approach into this area and I think the report notes that with approval, that we have taken that on board.

Q72 Mr Jenkins: I will not go through the figures because I do not think there is much point in throwing figures around about how many mismatched training schemes you have got, but obviously within that category, and it was quite a high category, you must have had trainers providing the mismatched skills, the skills that were not needed. When Mr Steinberg said, "How many trainers have you got now?", you said, quite carefully and guardedly, "Twelve no longer provide the training". Mr Steinberg's question was, "How many trainers did you have to finish the contract with?". How many in fact did you sack rather than that they just went out of the business?

Mr Haire: As I say, there is one organisation which we indirectly sacked⁹ but we took from other ones part of their contract. We emphasised output related funding. They only got funding if they achieved performance and they left the scheme.

Q73 Mr Jenkins: By "they achieved performance" do you mean that they achieved a throughput of so many NVQ Level 2's?

Mr Haire: Yes. If they did not achieve that clearly they would not get funding.

Q74 Mr Jenkins: What about the ones that failed to get NVQ Level 2 or failed to go through the course? Did the organisation still get paid for those people?

Mr Haire: Part of their payment related to that result. Clearly, if they did not get that result they did not get that payment.

Q75 Mr Jenkins: So how do you know when the person leaves the particular training course?

Mr Haire: Clearly we have monitoring returns which have to be returned very quickly to us. We have got a large range of systems which have to be filled in. Monthly reports come from the organisations to us and clearly, if they achieve qualifications, we have to sight up those qualifications and we have to check with the employers. We have strong systems there to check these points.

Q76 Mr Jenkins: You have strong systems to check that they have achieved the qualifications?

Mr Haire: We have.

Q77 Mr Jenkins: There is no case where a person could be enrolled on a course and then granted NVQ Level 1 and then you get paid for that even though the person may never have attended the training organisation?

Mr Haire: Our systems we believe are robust in that area because people have to produce the evidence that they have achieved these qualifications.

Q78 Mr Jenkins: I am searching here for the reference I made earlier on, on pages 30 and 32, where it makes fairly grim reading. You actually paid training organisations on their work and when asked about it they certainly were not up to scratch. The Report gives a figure. Is that £166,000? Does that figure come to mind?

Mr Haire: Sorry; I cannot identify that figure. If you give me the reference there.

Q79 Mr Jenkins: I would have to go back to the Report. In the report I think it says, Chairman, "We were in the process"—that was the word I was looking at; not, "We have achieved £166,000 of clawback from these people", but, "£166,000 has been identified to be clawed back from these people". How much has been clawed back from these training organisations?

Mr Haire: We identify areas where we can claw back. We certainly do pursue any areas in this process.

Q80 Mr Jenkins: If that is the case, we do claw it back, Chairman, I just want the figure please. How much have we clawed back?

⁹ Note by Witness: Through renewal of vocational areas for training schedules resulting in non-viability of the organisation.

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Mr Haire: This year, for example, £34,000 has been clawed back. I will send you a note with the overall figure on clawback.¹⁰

Chairman: You are sending us a lot of notes, so I hope your Department is keeping a track of them all.

Mr Jenkins: I have been there; I have done it; I have seen awful training schemes, I have seen good training schemes, and you have to have a rigorous inspection regime for these people. I have no doubt by reading this Report that that rigorous inspection regime is not there in your Department.

Q81 Chairman: No answer?

Mr Haire: I believe that we have very strong inspectorate levels on quality, finance and other administrative issues.

Q82 Mr Williams: I have to say that I have seen bad reports, pathetic reports and abysmal reports, but my vocabulary runs out on this one. I have never seen anything like it and I have been on this Committee since late 1989, early 1990. I have never seen such a poor Report as this. The taxpayer has been absolutely ripped off. The Department has sat back and let it happen. We can understand if it happened in the short term but it has happened long term. How on earth do you justify the role of your Department?

Mr Haire: I believe in my reading of this Report, which is why I indicated that there are areas of weakness that we need to address. It also emphasised that it felt we had achieved much of the value for money and pointed out where we were doing that. It pointed to areas where we needed to improve on quality and, as I have emphasised, we are working across all those areas to achieve quality of training for young people.

Q83 Mr Williams: When you look at the range of shortcomings what assessments do you make of the training organisations before you let them participate? It does not look as if you make any assessment at all. Has something been set up specially for this?

Mr Haire: When we let the contract, and the contract is let every three years, that gives us an opportunity to inspect them to make sure that they have the right systems. Our inspectorate goes in every four years to inspect these organisations and give us detailed reports. As I indicated, they are saying now that 75% of this provision is good or better. They are indicating areas where they want improvement in the other quarter of these organisations. We also are working with these organisations with a quality improvement system, training them and helping them develop. We are bringing in the LSDA to help bolster those organisations.

Q84 Mr Williams: You may be working with them but you are not doing much, are you? If you look at page 29, "Weaknesses Reported in ETI Reports", these are recurrent weaknesses, not just occasional

weaknesses: "Deficiencies in the quality of directed training within TOs", 88%, 23 out of 26 reports. That is pretty staggering. Look at the next one: "Poor development and ineffective incorporation of Key Skills within training", 88%, 23 out of 26 inspections, and so on: "Variable retention and success rates, 62%", "Poor quality of work-placements", 58%, 15 out of 26 inspections. Inspections come up time and time again showing that the department is being taken for a ride and you have done virtually nothing about it. The British taxpayer is paying for this.

Mr Haire: I am very conscious of that. In those areas we absolutely recognise that those are the areas where we are seeing recurrent issues of this sort. I have read all these reports in these areas and you have a reference to a subsection here of a particular group of staff, saying, "You are having a particular difficulty in that area". It comes back, as I say, to this 25% where we have got organisations which need more general improvement and we are focusing on those areas. At that time we focused strongly on areas such as induction and diagnostics and others and we have seen improvements in those areas.

Q85 Mr Williams: In paragraph 2.35 it states that you would not allow training organisations to persistently deliver a below-standard quality of training, but figure 4 shows that you obviously did. I saw somewhere that you made a blanket renewal at one stage of all contracts for a year. With records like this how can you justify blanket renewals?

Mr Haire: The organisations which we emphasise have failed to deliver, those ones that are the significant weaknesses which at the time of the Report was 5% of the 77 TO training areas inspected, those ones we are focusing on and those are clearly ones that unless they improve very rapidly must leave the system. These are areas where, as I say, in figure 4 they are seeing problems in small areas of organisations and they are rightly pointing out to them that this system must improve for all areas. This is not saying that 88% of the quality of training is bad within the system. That is not what my reading of the Report and my reading of all the inspection reports is telling me.

Q86 Mr Williams: Rather than raise the standards you have altered the standards and you have altered the standards to enable you to keep incompetent suppliers in operation. You no longer have targets on training outcomes and Access level trainees, nor for progression into employment by leavers. If you have not got those how can you judge whether people are persistently failing or not? The reality is that you are hiding from the fact that they are persistently failing or you just do not want to know.

Mr Haire: As I have stressed, we have a system where in vocational areas people are failing to get the performance and we take those contracts for those particular vocation areas away. We have taken a significant number away. We are monitoring the quality of outcome in this area. The inspectorate reports are key to our work and I think this Report

¹⁰ Note by Witness: The overall sum recovered from 1995 to date is £566,012.

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is very valuable for us in emphasising how we must use those reports in pushing up standards and we are totally committed to that.

Q87 Mr Williams: But, you see, with your inadequate monitoring, looking at that list of failures in figure 4, the same training organisations would be guilty not just of one of the shortcomings out of the 88%; they must be guilty of many or most of the shortcomings in figure 4, must they not? How do you renew contracts for them?

Mr Haire: Reading those reports, they will emphasise, as I say, in such an area and in such a group of staff for a small group of trainees that this has not been done and this must be improved. As I say, we put people back. They have to report in six months to get that sorted out. We inspect again in 18-24 months and all those inspections are seeing those issues being dealt with.

Q88 Mr Williams: But you have spent half a billion pounds getting to the stage where you are saying, "You have been naughty boys. You deserve dunces' hats. Go and stand in the corner. You have had this half a billion pounds. You can have some more money. Go away and try and do better, but we are not going to set targets to tell us whether you are doing better. Indeed, we are going to allow self-assessment in some cases". How on earth can you justify self-assessment with organisations with that sort of pathetic performance?

Mr Haire: The self-assessment system is following the line of approach that has been developed here with the Adult Learning Inspectorate. That is an exercise to help organisations to improve their own processes. Every fourth year the Education and Training Inspectorate goes in and assesses them. That is the ultimate test. Clearly we are not letting people judge themselves in that way. We are working with them to help them improve the quality and the feedback from the inspectorate is very positive.¹¹ In the first year of that process the people are taking it seriously, are working on improving outcomes in that way and, as I say, we wish to support them with the Learning and Skills Development Agency in other ways and we are focusing on their leadership, because leadership is key in this area, to help them improve that process. We are certainly not leaving assessment purely to them.

Q89 Mr Williams: Let us turn to pages 57 and 58. We have figure 13 with different charts. The first is on NVQ Achievement Rate. You look to the left hand side. Some have got none. A lot have got less than 10%. A considerable number have got less than 20%. The average is only 40%. What about those down at the bottom end, 20% and below? Did any of them have their contracts renewed?

Mr Haire: I have not been able to trace those particular ones.

Q90 Mr Williams: It did not occur to you to find out? Are you saying that the department never bothered to find out which of the organisations were covered by these returns? I just do not believe it.

Mr Haire: Sorry. We clearly have that data.¹² I do not have it to hand at the moment.

Q91 Mr Williams: In that case could you let us have a note?

Mr Haire: We certainly will.

Q92 Mr Williams: And will you identify them?

Mr Haire: We will identify them.

Q93 Mr Williams: If you are going to do that let us go then to Leavers in Employment, the next chart. Again we have the lowest delivering under 10%. There is a wedge of them delivering less than 20%. Will you provide the same information for them on employment?

Mr Haire: We will.¹³

Q94 Mr Williams: Do you happen to know off hand, if we take figure 1 and figure 2, whether those who would be the poorest performers in achievement would also be the poorest performers in employment? Would you know that?

Mr Haire: Sorry. It is logical that that is going to be the connection. Some of these areas are doing training with very small numbers of people, for example 10. They are very small organisations. It is one of the issues I mentioned before where we have to focus on them.

Q95 Mr Williams: If NVQ achievement is one of the main objectives and you cannot tell us how far the people who are bad at that are also bad at employment. Let us turn to the third chart, which is Leavers in Unemployment. Here you have some with 100% in unemployment. How on earth can anyone be so bad that they have 100% in unemployment, and they might accidentally take on someone who could manage without their destructive attendance?

Mr Haire: Some of these are very small, where we are focusing on areas of people who have difficulties or disabilities in other areas. I will come back with the data on this for you.¹⁴

Mr Williams: On this one as well. I think you can anticipate that you are going to get a blistering report on the basis of what we are looking at today.

Q96 Mr Davidson: Can I ask whether or not you accept all the recommendations that have been made in the Report?

Mr Haire: We do. At the end of the issues on the question of extrapolation we have a debate with the Audit Office about exactly how to extrapolate.

¹¹ Note by Witness: ETI assess the TO self-evaluation and have commented that 75% carry out the process well, and seminars are being held for those who have not. However, it will take the new system of self-evaluation a period of two-three years to bed in.

¹² Ev 16

¹³ Ev 16

¹⁴ Ev 16

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Q97 Mr Davidson: In general terms you accept it?

Mr Haire: In general terms, yes.

Q98 Mr Davidson: Have you seen other reports from the National Audit Office covering other areas?

Mr Haire: I have obviously looked at areas such as further education, etc.

Q99 Mr Davidson: I am just looking, for example, at the level of recommendation that has had to be made. If we look at 4.11 on page 67, it strikes me as such a basic recommendation that it should not need to be given to any responsible department because that is the sort of thing that they should be doing anyway. You should not have to have a recommendation that says that you should further develop your objectives, make them operational, set targets. Surely you should have been doing this anyway? It should not have needed the Audit Office to come in and tell you that these things were necessary.

Mr Haire: As I have emphasised, they welcomed the fact that we have introduced these and they suggest that we further develop this. By 1999 we had started this process with them.

Q100 Mr Davidson: No, that is not the case. It does not say that they welcome what you have done. It says that the NIAO welcomes the fact that you have got new objectives but that basically the way in which you are proposing to apply them is not adequate. What it says here is, "It should report on achievement against these objectives on an annual basis", which makes me assume that you had not been going to do that previously. Similarly, it says you should set associated targets which are "specific, measurable and time-bounded", which makes me assume that you were not going to do that anyway. Why were you not going to do that anyway when surely that is basic, fundamental management?

Mr Haire: We had a set of objectives before but the Report emphasised that we had moved in 1997-1998 to ones where we had some qualifications. We have now emphasised once more the employment area. We have a range of objectives in this area and clearly we have been refining them as the scheme has developed.

Q101 Mr Davidson: Yes, that is telling me what I knew already. Explain to me why, when you had these objectives, you had not already, before the Audit Office came along, set targets which were "specific, measurable and time-bounded". Why had you not done that before? What failing is there in your system that the Audit Office has to come and tell you to do such a basic part of management?

Mr Haire: We had objectives before this time and clearly the Audit Office will—

Q102 Mr Davidson: I know you had objectives but you did not have targets.

Mr Haire: We had targets in all these areas and they want us to continue to refine and develop those.

Q103 Mr Davidson: We will not get much further there. Can I ask the Northern Ireland Audit Office, and I think we have raised this point with you before, do you think that your Reports are sufficiently robust given the scale of difficulties you are facing? Would it be fair for me to say that it seems to me that you are pulling your punches in a number of areas here because you are taking into account just how poor the performance is and therefore being less robust than perhaps the department in the United Kingdom would be?

Mr Dowdall: I do not think we consciously pull our punches. We do tend to confine ourselves to putting the facts before you and maybe not pushing on to the judgement that you might make on those facts because, with a report like this, we know it is coming before the committee and I see my primary job as being to give you the facts and you are quite capable of making the judgement on value for money beyond that.

Q104 Mr Davidson: I think you understand the point that is being made. Mr Haire, if you look at paragraph 3.19, there has to be a recommendation made that you do benchmarking. I am quite frankly astonished that grown-ups in your position have not done some sort of benchmarking already. Presumably you are aware of benchmarking and the principle of seeking best practice elsewhere. Why have you not done any of it?

Mr Haire: We have. The external evaluation which was being carried out was indeed giving us good comparative data here. We meet regularly, as I say, with the other authorities to look at this.¹⁵

Q105 Mr Davidson: If you are doing all this why would the Audit Office have to make a recommendation saying that you carry out research to identify similar schemes and then benchmark? If you are doing all this you surely should have objected to the recommendation?

Mr Haire: They are asking us here to formally benchmark at the end of this process and we accept that we need to do this more formally.

Q106 Mr Davidson: Have you been doing it informally then? How do you informally benchmark?

Mr Haire: The schemes are all subtly different in the process here.

Q107 Mr Davidson: I can see where you are going. I used to chair education in Strathclyde and I was chair of further education and I used to get these reports about youth unemployment there, and I recognise the difference between an explanation and an alibi. The fact of subtle differences we accept, but I am not accepting that as a reason for not having done benchmarking. That type of response is inadequate. Could I turn to paragraph 4.1 about the objectives of the scheme originally? Can you clarify for me who it was that established the objectives of

¹⁵ Note by Witness: Quarterly meetings are held between officials in England, Wales, Scotland, N Ireland and Republic of Ireland.

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Jobskills originally? Why was it? Who was responsible for not having the attainment of jobs as an objective and who was it who was responsible for not having any objective to match training provision with the skills needs of the Northern Ireland economy? Was that done by yourselves?

Mr Haire: At this time the scheme was run by an executive agency of the former department and it was done by the board of the Training and Employment Agency.

Q108 Mr Davidson: Okay. I find it astonishing that the department in paragraph 4.2 says that you did not collect any data. Nobody in the governmental system in Northern Ireland collected any data apparently about the needs of the Northern Ireland economy in terms of future skills. How did something like that come to pass? What were people there doing? Did it never occur to anybody that that might have been a good idea?

Mr Haire: At that time of very high unemployment that agency was looking more at broader skills. By 1998–99 the agency started to invest heavily in the skills monitoring process which is referred to in the report and started to build the task force on skills to get exactly that sort of data and in the light of that we set priority skills areas for training to make sure that match was effective there.

Q109 Mr Davidson: That is a useful point. It does not actually respond to the question I asked but nonetheless is welcome in terms of clarification. If we can turn to paragraph 4.17 there is a useful point here, saying that 29% indicated that they did not use the skills learnt at all and a further 20% indicated that they only used the skills a little. When you had got that information did that cause changes to be made in the way in which the schemes were structured or were any lessons drawn from that analysis?

Mr Haire: We have two pilot areas here to try and help especially the low achievers, the people on the Access scheme, to get into programmes where there is more choice in that area and into other schemes to try and help people at a higher level. During the last year we have focused our career service on the quality of information given to young people to help them make choices more effectively. We have also worked with our colleagues in the Department of Education so that young people of 14–16 are experiencing—

Q110 Mr Davidson: I do not understand though how this relates to the question I asked you. What I actually asked you was that in paragraph 4.17 it says about halfway down, “29% indicated they did not use the skills learnt ‘at all’ and a further 20%

indicated they only used the skills ‘a little’”. What I asked you was that once you had that information did you take any action to try and amend or restructure your scheme in order to address those identified difficulties?

Mr Haire: The focus we had was to make sure that people who chose within the menu of that scheme were making informed decisions as they entered that scheme about the sorts of areas they wished to work in. At the same time, as I stressed before, the Key Skills in that area were giving broad generic skills which are relevant to a wide range of opportunities, including, obviously, dealing with the employers’ need for numeracy and literacy skills.

Q111 Mr Davidson: In those circumstances would I be right to think that if we get a report back from you in, say, another year or so, these figures should all be drastically improved because you will have corrected the imbalances?

Mr Haire: Clearly I wish to see a better meeting of young people’s expectations but on the other hand young people at this stage are changing their views on what they want and therefore a perfect match is unlikely.

Q112 Mr Davidson: I understand the perfect match point, but what would you regard as acceptable figures in that regard? I accept that you would not get either of them down to nothing.

Mr Haire: Clearly I would hope to see those below 20% in this process.

Mr Davidson: One is at 20 so it would not be hard.

Chairman: Mr Haire, do us a note.¹⁶

Q113 Mr Jenkins: Could you also give us a note on recommendation 3.13 because it says that the department failed to monitor the achievement of Key Skills. Can you tell me why you failed to monitor and how you intend to do so please?

Chairman: Do us a note on that, Mr Haire.¹⁷ This is a good opportunity as there is a division to call an end to this inquiry. May I say that we are not convinced that all your training providers are performing satisfactorily. We are not convinced you are performing this programme adequately for young people in Northern Ireland, or indeed for industry in Northern Ireland. We are not convinced you have a sufficient grip on reforming irregularities. You can expect a very robust report and just because Stormont is suspended let no-one in Northern Ireland departments think that the light of parliamentary scrutiny will not shine on them. Thank you very much.

¹⁶ Ev 17

¹⁷ Ev 17

Supplementary memorandum submitted by the Northern Ireland Department for Employment and Learning

Question 4 (Chairman):

Document No	NIAO Figure Ref	Report Pg No	
1.	4	29	Weaknesses Reported in ETI reports 2001–04
2.	6	35	ETI Gradings of Training Areas 2002–04
3.	10	49	Leavers Destinations as at December 2004

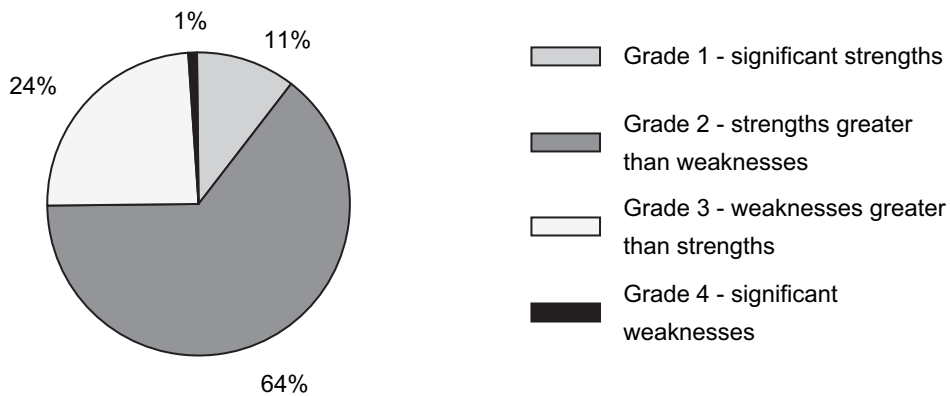
Reference NIAO Figure 4

WEAKNESSES REPORTED IN ETI REPORTS 2001 TO 2004

Recurrent Weakness	Frequency of Recurrence	
	NIAO Report (1998 to 2000)	ETI Update (2001 to 2004)
Deficiencies in the quality of directed training within TOs	88% (23 of 26 inspections)	70% (26 of 37 inspections)
Poor development and ineffective incorporation of Key Skills within training	88% (23 of 26 inspections)	70% (26 of 37 inspections)
Assessment, quality assurance arrangement and internal verification processes	69% (18 of 26 inspections)	60% (22 of 37 inspections)
Variable retention and success rates	62% (15 of 26 inspections)	60% (22 of 37 inspections)
Weaknesses in initial assessment arrangements and their effectiveness	58% (15 of 26 inspections)	20% (7 of 37 inspections)
Poor quality of work-placements	58% (15 of 26 inspections)	50% (18 of 37 inspections)
Employer understanding and involvement	50% (13 of 26 inspections)	40% (15 of 37 inspections)
Systems of management review and evaluation of training quality	42% (11 of 26 inspections)	35% (13 of 37 inspections)

Reference NIAO Figure 6

ETI Gradings of Training Areas Within Jobskills - 2002 to 2004



Reference NIAO Figure 10

Labour Market Outcomes/ Actual Leavers Destinations, as at Dec 2004



Figure incomplete for years 1999/00 - 2002/03 because a number of trainees still in training 35 309 665 1282

Question 5 (Chairman):

1. The Department takes very seriously the quality of provision for the young people who participate on Jobskills. Many have problems, some serious, including behavioural as well as weaknesses in literacy and numeracy. Consequently, they need and deserve the best possible provision.

2. The Education and Training Inspectorate (ETI) provides the Department with an evaluation of the quality of provision through:

- inspection of individual training organisations (now one in four year cycle);
- surveys of particular aspects of provision (this will mean inspections of this aspect in a number of organisations with one written report);
- regular visits to individual training organisations by specialist inspectors such as construction, administration, ICT etc (no written report);
- regular visits by the District Inspector to training organisations in their districts to assess issues relating to the whole organisation, for example, to discuss the introduction of the self-evaluation process “Improving Quality: Raising Standards” (no written report);
- meetings between ETI and Regional Managers.

3. After an inspection, the organisation is required to draw up an action plan setting out how they will address weaknesses. This is assessed by the Inspectorate to ensure that the plan is robust and will address the weaknesses. Within 18–24 months the Inspectorate undertakes a follow-up inspection. This report is also published. In the case of inspections identified in the NIAO report, all organisations have been or will be re-inspected. Those who have been re-inspected have, according to ETI, addressed satisfactorily the issues raised in the original inspection.

4. Training organisations are now, on a yearly basis, required to complete a self-evaluation of the quality of their provision based on the indicators of quality set out in the Inspectorate’s document “Improving Quality: Raising Standards”. Organisations are, along with the evaluations, required to produce an action plan setting out how they intend to address the weaknesses. This evaluation is assessed by the Regional Managers supported by the Inspectorate.

5. Awarding bodies and the Qualifications and Curriculum Authority (QCA) are responsible for ensuring that the standard and integrity of NVQs are maintained within the training organisations.

GENERAL ISSUES RELATING TO INSPECTION

6. The majority of inspections show that there are more organisations with significant strengths or more strengths than weaknesses (75%) than with more weaknesses than strengths (25%). This does not mean that the Department is complacent about dealing with poor practice.

7. Organisations which are assessed as having more weaknesses than strengths are not poor in every aspect of provision. In fact in the organisations covered by the NIAO report the Inspectorate found some significant strengths such as, among others:

- good retention rates;
- good progression rates for trainees completing successfully their training programmes;
- rigorous assessment and verification procedures;
- good quality workplace training;
- improved self-confidence and self-esteem of the majority of Access trainees.

If provision does not improve in those areas graded poor, the Department removes these areas from the contract.

DEPARTMENT'S SUPPORT FOR QUALITY

8. The Department takes seriously the need for quality provision and has taken a number of steps to improve the quality of training offered to young people and to address issues raised by ETI, especially in the area of literacy and numeracy.

- (i) all tutors who provide training in Essential Skills either meet the Tutor Education requirements set out in the Essential Skills Strategy or are currently being trained; this is a significant achievement;
- (ii) the Council for Curriculum, Examinations and Assessment (CCEA) has developed and is piloting a diagnostic test to assess the competence of young people in Essential Skills on entry to training in a number of training organisations;
- (iii) the Learning and Skills Development Agency (LSDA) provides support to all organisations, including Jobskills providers, for Essential Skills;
- (iv) the Department funds Key Skills Resource Centres to provide support for key skills;
- (v) the Department is piloting new provision for Access trainees to address specifically the significant multiple barriers that face these young people including drug and alcohol abuse; behavioural difficulties; low self-esteem; literacy and numeracy weaknesses; early findings show significant improvements.

9. In addition, the Department:

- (i) has discussed with the Centre for Excellence in Leadership the extension of its provision to Northern Ireland for managers in training organisations; this is currently operational in further education;
- (ii) is currently evaluating the curriculum and staff development support from LSDA for further education and has opened discussions to extend the contract to include Jobskills providers, specifically to provide support after inspection;
- (iii) supports the new Sector Skills Council for Lifelong Learning which includes training organisations and has committed to ensuring the staff are trained to the standards set by the SSC; these discussions have taken place already with the SSC;
- (iv) is discussing actively with the Department for Education and Skills (DfES) the extension of the remit for the recently announced Quality Improvement Agency to Northern Ireland.

10. Other areas relevant to quality:

- arrangements are in train to place ETI reports on the DEL web-site and add new reports as they become available;
- examples of good practice will be placed on the Department's web-site.

11. The Inspectorate is engaged in helping the Department to improve quality by:

- helping the Department to analyse the self evaluation reports and the attendant action plans on individual organisations;
- the organisation of conferences and seminars to share good practice;
- the training and use of highly skilled tutors from training organisations across Northern Ireland as Associate Assessors for use in inspections; this will help in the sharing of good practice.

12. Other major developments:

- the Department, in its draft Skills Strategy, launched in November 2004, is reconfiguring its Jobskills provision with a view to strengthening the Access strand and developing the Apprenticeship strand as the flagship training provision and alternative to full-time education;

- the Department is establishing a Policy and Improvement Unit which will have responsibility for:
- (i) ensuring that accredited professional training programmes are developed for staff to meet the standards set by the SSC for staff;
 - (ii) ensuring the weaknesses identified by the Inspectorate are addressed;
 - (iii) ensuring good practice is shared;
 - (iv) the contracts with the Learning and Skills Development Agency and the Centre for Excellence in Leadership;
 - (v) taking forward the work identified by the Quality Improvement Agency.

Question 90 (Mr Alan Williams):

The poorest performing Training Organisations (20%)—NVQ Achievement as at March 2002 is as follows, together with their current status:

<i>Training Organisation</i>	<i>Current Status</i>
Chatham House	Withdrawn
Desmond and Sons Ltd	Withdrawn
Federation of Retail Licensing Trade	Withdrawn
* Royal Mail	Withdrawn
Stylo Barratts	Withdrawn
CTRS Computer Training	Withdrawn
Sea Fish Industry	Withdrawn
* Melbourne Training and Employment	Withdrawn
MARI Group Ltd	Withdrawn
MARI Group Strabane	Withdrawn
Hospitality and Service	Withdrawn
* Worknet	Withdrawn
JTM Adult Employment Agency	Withdrawn
NIHCC	No longer involved in training
Springskills	Still operating
Advanced Training and Development	Still operating
* Derry Youth and Community Workshop Ltd	Still operating
Austins Quality Training Services (formerly A&D Training Services)	Still operating
* Dairy Farm People First	Still operating
North Down Training Organisation	Still operating
* H J O'Boyle	Still operating
Graham Training	Still operating
Cookstown Training	Still operating
* Department of Agriculture and Rural Development	Still operating

* Those marked with an asterisk are those also included in the Employment outcomes list (Question 93 supplementary note)

Question 93 (Mr Alan Williams):

The poorest performing Training Organisations (20%)—Employment Outcome as at March 2002 is as follows, together with their current status:

<i>Training Organisation</i>	<i>Current Status</i>
* Royal Mail	Withdrawn
Maydown Youth Training Project	Withdrawn
* Worknet	Withdrawn
* Melbourne Training & Employment	Withdrawn
Glenmount Training Services	Withdrawn
Wade Training Armagh	Withdrawn
Shantallow Training Services	Withdrawn
Springtown Training Centre	Subsumed within North West Institute
Maydown Training Centre	Subsumed within North West Institute
Felden Training Centre	Subsumed within East Antrim Institute
Construction Industry Training Board	Still operating
SX3 (NIE Powerteam)	Still operating
Department of Agriculture	Still operating
Training Direct	Still operating

<i>Training Organisation</i>	<i>Current Status</i>
JTM Youth & Adult Employment	Still operating
* H J O'Boyle Belfast	Still operating
* Department of Agriculture and Rural Development	Still operating
Wade Training Armagh	Still operating
JTM Youth & Adult Employment	Still operating
* Derry Youth and Community Workshop Ltd	Still operating
Bombardier—Shorts	Still operating
* Dairy Farm	Still operating
Tyrone Training	Still operating
North Down and Ards Institute	Still operating
Electrical Training (NI) Ltd	Still operating
JTM Youth & Adult Employment	Still operating
Springskills Belfast (Protocol)	Still operating

* Those marked with an asterisk are those included in the

Q112 (Mr Ian Davidson):

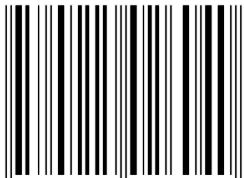
The figures quoted in the NIAO Report (29% and 20% respectively) are based on responses from a survey of young people. The Department feels that in using these surveys there needs to be caution. It is our view that there is a danger that some young people fail to recognise the broader aspects of Jobskills training, particularly regarding transferable skills, which can be successfully harnessed to meet the needs of an employer.

However, the Department accepts that young people's views are relevant to the process of improving quality. It will review the survey questionnaire so that in the forthcoming evaluation a wider range of questions are used to gain a better indication of how the skills developed through training are transferred to the workplace and will see how this assists in improving the relevant training.

Q113 (Mr Brian Jenkins):

The attainment of key skills became a mandatory requirement from April 1999. For training organisations to obtain output-related funding in respect of qualification achievement individual trainees had to attain the relevant NVQ and all the specified key skills. Consequently, organisations were not required to report the attainment of individual key skill awards. However, as recommended in the NIAO Report, the Jobskills management information system has been amended to allow data on the attainment of individual key skill awards to be collected.

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