



House of Commons  
Committee of Public Accounts

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# Welfare to work: tackling the barriers to the employment of older people

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Tenth Report of  
Session 2004–05

*Report, together with formal minutes,  
oral and written evidence*

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## The Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No 148).

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### Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/pac>. A list of Reports of the Committee in the present Session is at the back of this volume.

### Committee staff

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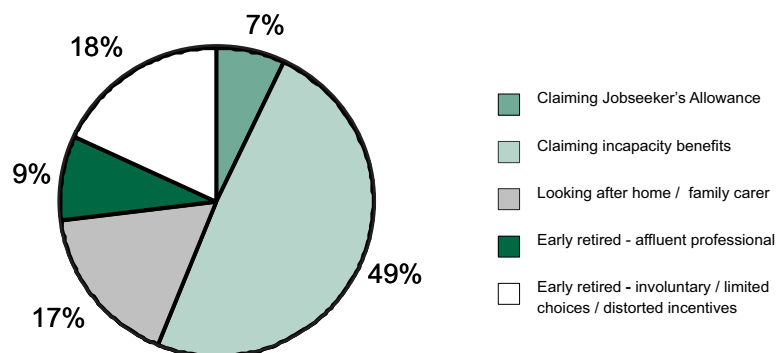
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## Summary

The Government aims to help a broad range of people to overcome barriers to their finding work and since 1998 has spent over £800 million on helping one group – the over-50s. There are around 2.7 million people between 50 and state pension age who are not working. This is a very diverse group (**Figure 1**). Between 700,000 and 1 million would like to work, and of these, some 200,000 are actively seeking employment. The barriers to work include age discrimination, lack of qualifications and skills, and health conditions or disability.

**Figure 1: Those between 50 and state pension age are a very diverse group**



Source: Labour Force Survey

There are significant benefits for individuals, businesses and the economy in older people being able to work. Unemployment may result in poverty and social exclusion. Benefits from employers arise, for example, from the proven reliability of many older workers which can lead to lower staff turnover, greater productivity and skills retention. The loss of skills and experience is wasteful and the cost to the economy of the relatively lower levels of employment amongst older workers has been variously estimated at between £19 billion and £31 billion a year.

As well as being able to take advantage of employment programmes and training opportunities aimed at the wider adult population, the Government has introduced or supported initiatives to address specifically the problems faced by older workers. These include:

- the New Deal 50 Plus, to help people aged 50 and over who have been unemployed for six months or more return to work, by providing access to a Personal Adviser, as well as an in-work financial incentive and a training grant;
- the Age Positive campaign to encourage an end to age discrimination in the workplace; and
- support for the PRIME initiative to help people over 50 interested in self-employment.

By September 2004, the New Deal 50 Plus programme had helped an estimated 158,000 into work at a cost of £250 million. Compared with other programmes, performance data

is limited and a full economic evaluation has not been undertaken. Older workers can also benefit from other programmes such as New Deal for Disabled People and New Deal 25 Plus. Services to help older people into work are delivered locally and so need to be influenced by local circumstances and individual customer needs. Jobcentre Plus is seeking to increase the flexibility within its programmes to assess and meet individual needs.

Around 1.3 million people aged between 50 and 64 are on incapacity benefits, almost half of whom have been claiming for at least five years. The Department is trialling new ways of helping claimants off incapacity benefits and will evaluate their success by 2006. It does not currently have the resources to roll out the pilots nationally.

There are a number of other barriers to employment for older people. For example, they often have lower levels of qualifications and skills. Local Learning and Skills Councils offer a range of programmes but only seven out of 47 Councils have specifically addressed issues relating to older learners in their strategies. The Department for Education and Skills is currently examining how Councils are helping older workers and learners. Regional Development Agencies also have a role, although the extent to which they are focusing on older workers varies. Age discrimination remains a significant barrier to employment, and the Government is committed to introducing legislation to combat age discrimination by the end of 2006. In addition, a range of measures to promote flexible retirement and help extend working life are also being introduced between 2005 and 2010.

On the basis of a Report by the Comptroller and Auditor General,<sup>1</sup> the Committee took evidence from the Department for Work and Pensions and the Department for Education and Skills on progress in tackling the barriers to the employment of older people.

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1 C&AG's Report, *Welfare to work: tackling the barriers to the employment of older people* (HC 1026, Session 2003–04)

## Conclusions and recommendations

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1. **Too many people in the over-50 age group are unemployed or inactive, which is a waste of skills and experience and a loss to the economy.** The Department's more active role through the New Deal 50 Plus, other training programmes and collaboration with employers has helped increase the numbers in work. But between 700,000 and 1 million people in this age group, who are currently inactive, would like to work.
2. **The Department assured us it did not intend to change significantly the number of staff working in the role of Personal Advisers as it reduces its staffing by 30,000 by 2008.** It would be a false economy to cut back on Personal Advisers if, as is likely, the effect was to delay return to work and increase benefit expenditure.
3. **Although the growth in the number on incapacity benefits has slowed significantly, the figure for those claiming is still twice as high as in the late 1980s.** Helping those closest to returning to work may require only limited financial assistance or rehabilitation services. Subject to the outcome of the current pilots and a thorough analysis of the likely costs and savings, the Department should exploit this major invest to save opportunity which could lead to significant net savings to the taxpayer.
4. **Jobcentre Plus and the Learning and Skills Council both contract for employment and training services from the same local providers.** At local level, the two organisations should harmonise their contracting with local service providers to make efficiencies and share knowledge about which providers deliver the best quality service for customers.
5. **To encourage staff to sustain and develop their efforts and monitor progress in assisting the most disadvantaged, better use should be made of performance targets.** In particular:
  - To incentivise staff to focus on the hardest to help customers, Jobcentre Plus should develop performance measures to acknowledge improvements in employability of those who have participated in programmes but are not yet ready for work.
  - Regional Development Agencies should build on the pioneering work of the East Midlands Development Agency by setting targets for the number of older workers receiving advice and guidance as part of their regional strategies.
6. **Compared with some other New Deals, performance information for New Deal 50 Plus is poor.** The Department should ensure it collects basic data from the outset, including outcomes and costs, so that it can better monitor success.
7. **All major employment programmes should be evaluated to determine, as far as possible, their net economic effect, and their continuing value for money.** The New Deal 50 Plus is the Department's main employment initiative for this age group, but the number who would have found work anyway has not been assessed. A full

economic evaluation, like that for the New Deal for Young People, should estimate the full impact of the programme on the public purse and on the economy.

# 1 The importance of helping older people to find employment

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1. Around 2.7 million people aged between 50 and state pension age do not work. This represents an inactivity rate of around 31%, which is higher than the overall average of 25% for all ages. Around 1.3 million (nearly half) are on incapacity benefits (**Figure 1**). There are significant regional and local variations in the number out of work, with a high proportion on incapacity benefits in the North East and Wales and relatively high proportion of those early retired in the South East.<sup>2</sup>

2. There are individual, business and economic benefits from the employment of older people. Working can help to combat poverty, insecurity and social exclusion. Benefits for employers arise, for example, from the proven reliability of many older workers which can lead to lower staff turnover, greater productivity and skills retention. Research by the Cabinet Office, Employers Forum on Age and Age Concern suggests that the relatively low level of employment among older workers costs the economy £19–£31 billion a year in lost output and taxes and increased welfare payments.<sup>3</sup>

3. Of the 2.7 million not working, between 700,000 to 1 million people would like to work, with 200,000 actively seeking a job. People over 50 can experience a wide range of barriers to work, some of which are age related, whilst others such as low skills levels can be experienced by people of all ages. Increasing employment in recent years has meant that those relatively easy to place have found jobs. Thus, an increasing proportion of those remaining out of work are the harder to help who face a number of barriers. In the Department's view the most significant barriers are long-term health problems, lack of qualifications and, for women, caring responsibilities. In some cases, people suffer from more than one of these obstacles and there are additional barriers such as language difficulties and lower levels of qualifications for many from ethnic minorities.<sup>4</sup>

4. Improving the position of the over 50s in the labour market and tackling age discrimination in the workplace are key parts of the Government's Welfare to Work strategy. The Department for Work and Pensions has lead responsibility for improving the employment position of older people and other disadvantaged groups, and has taken a more active approach to assisting people into work than was the case in the past. The Department has developed and implemented a number of initiatives either on its own or with a range of other public, private and voluntary sector organisations. Those other government bodies involved include the Learning and Skills Council, the Department for Trade and Industry and the Regional Development Agencies. The networks are often complex, particularly at local level where they may also include local colleges, voluntary and community-based organisations and recruitment agencies, although the Department does not consider them unmanageable.<sup>5</sup>

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2 C&AG's Report, para 1.5 and Figure 11

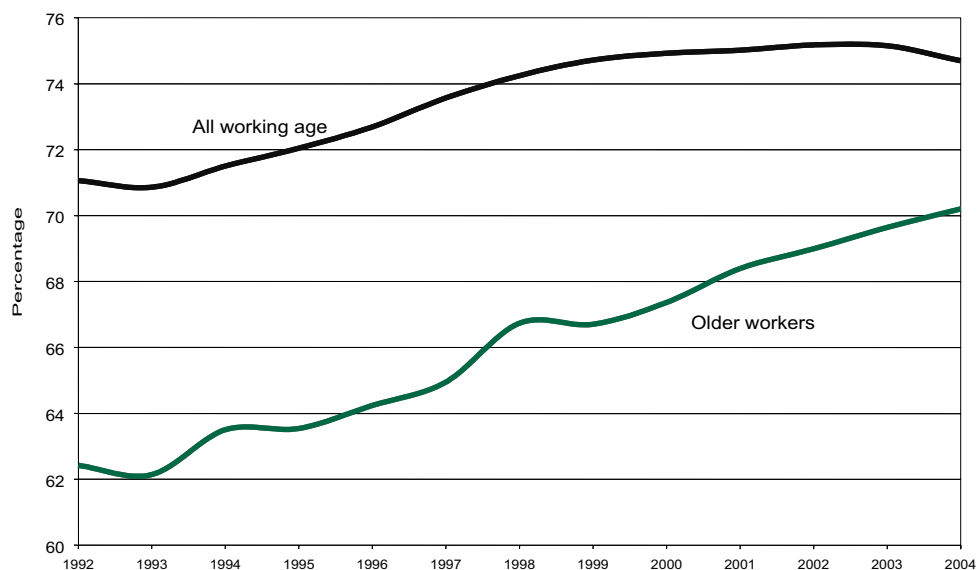
3 *ibid*, paras 1.11–1.15, Figure 18

4 *ibid*, paras 1.9–1.10; Qq 104, 116–117, 200

5 C&AG's Report, Figure 4; Qq 15–16, 108

5. Progress has been made against the Department for Work and Pensions' Public Service Agreement targets to increase the employment rate of people aged 50 and over, taking account of the economic cycle, and to reduce the difference between their employment rate and the overall employment rate of working age people, over the three years to 2004. In this period, the Labour Force Survey shows that the employment rate of people between 50 and state pension age has risen by 2%<sup>6</sup> and the gap has narrowed by 1.7% (Figure 2). However, the Department are unable to estimate the impact of the economic cycle.<sup>7</sup> Although government programmes are helping some people into work, the full extent of their contribution is unclear.<sup>8</sup> The buoyant economy will have had some effect and demographic changes, for example, the increase in women in work, are also driving up employment rates.

**Figure 2: The proportion of older people in work is lower than that of working age people in general but has grown steadily for over a decade**



Source: Labour Force Survey

6. Between April 1998 and September 2004, the Department for Work and Pensions' estimated expenditure on programmes to help the over 50s into employment was £823 million. Over this period, the Department estimates it has helped around 250,000 people into work (Figure 3).

6 C&AG's Report, paras 1.16–1.17; Q 137

7 C&AG's Report, paras 1.18–1.20; Qq 137–140

8 Q 29

**Figure 3: The Department for Work and Pensions spent £823 million on helping up to 250,000 over 50s into employment between April 1998 and September 2004**

<b>Programme/Initiative</b>	<b>Launch year</b>	<b>Expenditure on over 50s (£million)<sup>(i)</sup></b>	<b>Estimated job outcomes for the over 50s<sup>(ii)</sup></b>
New Deal 50 Plus <sup>(iii)</sup>	2000	246.5	158,000
New Deal 25 Plus	1998	238.5	42,100 <sup>(iv)</sup>
Help for disabled people	2002	199.4	–
Work Based Learning for Adults	1998	62.4	21,200
New Deal for Disabled People	2001	45.1	14,400
Action Teams	2000	13.5	7,900
New Deal for Lone Parents	2001	8.4	5,100
Age Positive Campaign	1999	3.6	–
New Deal for Partners	2000	4.5	100
Research	N/A	1.2	–
<b>Total</b>		<b>823.1</b>	<b>248,800</b>

Notes:

<sup>(i)</sup> Programme expenditure for the over 50s is calculated by multiplying total programme expenditure by the percentage of over 50s starters on the programme. Expenditure was outturn except for April to September 2004 which was planned. Expenditure figures do not include the Disabled Person's Tax Credit, Family Tax Credits or the new Working Tax Credits, all of which acted as financial incentives to work similar to the New Deal 50 Plus Employment Credit.

<sup>(ii)</sup> For some programmes, data was not available for the whole period. Where this is the case available figures have been used to produce an estimate for the period.

<sup>(iii)</sup> Expenditure on New Deal 50 Plus includes payment of the programme's Employment Credit which was superseded by the 50 Plus element of the Working Tax Credit for new claimants from April 2003.

<sup>(iv)</sup> Includes job outcomes from Employment Zones.

Source: National Audit Office analysis of Department for Work and Pensions data

## 2 The impact of labour market programmes to assist older people

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7. In intervening in the labour market, the Department seeks to strike a balance between offering people early help and not assisting those who would find work anyway.<sup>9</sup> Jobcentre Plus and its contractors deliver programmes to improve the employability of working age people, including those aged over 50. These include New Deal programmes to help jobseekers into work through information, advice and support, and Work Based Learning for Adults, the Government's main training programme for adults.

8. New Deal 50 Plus is the Government's main employment initiative to help return to work people aged 50 and over who have been without a job for six months or more.<sup>10</sup> The programme is voluntary and has three main elements: access to a Personal Adviser, who provides one-to-one guidance about finding work, an in-work financial incentive and an in-work training grant. By September 2004, the programme had helped an estimated 158,000 older people into work at a cost of £250 million.

9. Compared with other New Deal programmes, performance data for this programme is limited, and a full economic evaluation of its effectiveness in increasing employment among older people has not been undertaken. The Department said that it had focused its evaluation efforts on what makes the programme work and what people thought of the programme.<sup>11</sup> Consequently, it has limited knowledge of how many might have found work anyway, without the programme's assistance.<sup>12</sup> The Department accepted that awareness of the New Deal 50 Plus was low, believing this was probably due to its voluntary nature. Increased emphasis is being given to this client group.<sup>13</sup>

10. In 2003, the in-work financial incentive under New Deal 50 Plus changed from an Employment Credit to a payment made as part of the Working Tax Credit. The Employment Credit had been paid directly to the individual and was highly visible, whereas the Tax Credit is made in arrears by an adjustment to pay packets and based on household not individual income. Data on the take up of the Tax Credit is not available because secondary legislation has not yet been introduced to allow the Department for Work and Pensions access to this data for the purpose of evaluating employment programmes. However, anecdotal evidence suggests that this change has had a detrimental effect on participation in the programme.<sup>14</sup>

11. Local labour markets and the skills needs of local employers vary across the country. The barriers to employment faced by older people also differ from one individual to the next. However, Jobcentre Plus staff, customers and third parties interviewed for the National Audit Office's Report all felt that services for older people, in particular New Deal

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9 Qq 2-3

10 C&AG's Report, paras 2.14-2.20

11 Q 18

12 C&AG's Report, paras 2.15-2.19; Qq 17-19

13 Q 55

14 C&AG's Report, paras 2.19-2.20 and Figure 22; Qq 33-35

50 Plus, were still too inflexible to meet the needs of all customers.<sup>15</sup> Specifically cited were the lack of access to help under New Deal 50 Plus until customers have been out of work, and in receipt of a qualifying benefit, for at least six months, and the lack of sufficient opportunity or resources to refer customers to specialist providers to address specific needs. In recognition of these differences, Jobcentre Plus is moving towards more varied provision of local services. The Department believes that proposals set out in *Building on New Deal*, which will be piloted from 2005, should help address these issues.<sup>16</sup> Under the proposals, advisers will be able to choose from a range of services such as job-search assistance, help to improve motivation or employability skills, and skills training appropriate to the needs of the local labour market. Services will be available immediately to everyone on benefits, except those on Jobseeker's Allowance, who generally will be not eligible for the first six months of a claim. There will be local discretion to offer help earlier. **Figure 4** summarises some of the key elements of support that older people say they require.

**Figure 4: To help them find and remain in work many over-50s say they need:**

- A skills assessment to help identify skills needs and preferred approaches to learning
- Accessible, personally relevant, up to date and sufficiently information to assist career choice
- Advisers (preferably of a similar age) who are prepared to listen and motivate
- Adviser continuity and feedback
- Help with personal presentation, writing CVs and interview technique
- Training opportunities to provide skills suitable for the local economy
- Work trials and experience to find out about different jobs and prove themselves to employers
- In-work support at the time of taking up work and moving off benefit

12. Since 1979, the number of working age people on incapacity benefits has nearly quadrupled and currently some 1.3 million people aged between 50 and 64 are on these benefits. The Department argued this growth was part of an international trend in advanced societies. Around 90% of people on the benefit expect to return to work, but currently almost half of claimants have been on the benefit for at least five years. Around 85% of the increase occurred before the mid-1990s, and, since then annual inflows have fallen by around 30% and growth in numbers has slowed significantly.<sup>17</sup> The Department attributed this to a tightening of the 'gateway' to the benefit from the mid-1990s.<sup>18</sup> However, the figure for those claiming incapacity benefits is still around twice as high as in the late 1980s, at a time when the general health of the nation has improved, underlining the importance of a proactive approach to helping those who are capable of work back into

15 C&AG's Report, paras 3.22–3.27

16 Q 4

17 C&AG's Report, paras 1.6, 2.26–2.27 and Figure 15; Qq 6, 118–119

18 Q 119

a job. We are alarmed by this very serious situation. There has not been, nor on current trends does there seem likely to be, any significant fall in the number claiming incapacity benefit.

13. The Department recognise that in the past little support had been provided to help people on these benefits to return to work and attempts to reduce the stock of claimants had had limited success.<sup>19</sup> The Department also consider that the name Incapacity Benefit is too negative and is a by-product of a system that has focused too much on what people cannot do, rather than what they can.<sup>20</sup> For those with the most severe conditions, work is often unlikely to be possible. For others, however, the Department considers work is possible with the right support and encouragement.<sup>21</sup> Since our hearing, it has announced proposals to reform Incapacity Benefit, distinguishing between those with potentially more manageable conditions and those with the most severe health conditions or impairments.<sup>22</sup>

14. To try to identify new ways of helping people off incapacity benefits, the Department are currently trialling “Pathways to work” pilots in a number of Jobcentre Plus districts. Measures include: Personal Adviser support with a new work-focused interview regime, a return-to-work Credit and access to rehabilitation services provided jointly by the NHS and Jobcentre Plus. The Department reports that preliminary evidence from the pilots is encouraging but it will not complete its evaluation of the pilots until 2006. Currently, the Department has not secured the resources to roll out the pilots right across the organisation, even if they are successful.<sup>23</sup>

15. The Department acknowledges that although it has had success in helping disadvantaged groups into employment, some of this may be due to placing those easiest to help.<sup>24</sup> Many of those left have multiple disadvantages and are furthest away from finding work. Jobcentre Plus has top level targets for placing people into work that reflect the priority attached to helping different client groups into work. The targets are intended to acknowledge the extra effort involved in helping clients requiring more support to find work. However, Jobcentre Plus has no top level targets to measure improvements in the employability of those people who have made progress but not found work, although it does have a number of key management indicators in this area. Creating a way of measuring progression may not be simple, but a number of models exist in the United Kingdom, the United States, and Europe from which a system could be drawn.<sup>25</sup>

16. Personal Advisers are available through all New Deal programmes and Pathways to Work pilots. They assess the needs of disadvantaged clients, provide advice, and where possible guide them into work. Jobcentre Plus currently employs around 10,000 Personal Advisers.<sup>26</sup> The Department for Work and Pensions – which employs staff in a wide range

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19 Qq 5, 75; C&AG’s Report, para 2.27

20 Qq 193–194, 204

21 Qq 128–133

22 Department for Work and Pensions Five Year Strategy (Cm 6447), February 2005

23 Qq 5, 21–24, 128–135; C&AG’s Report, paras 2.26–2.29

24 Q 127

25 C&AG’s Report, paras 2.10–2.11

26 *ibid*, para 3.18

of activities<sup>27</sup> – is currently undertaking a major job restructuring exercise to reduce the number of staff by 30,000 by 2008. Although at the time of the Committee hearing, the Department had not finalised its plans, which will bring its overall staff numbers to 100,000, it did expect the number of Personal Advisers to be around the same number following the exercise, which was designed to lead, for example, to better processing of benefits and streamlining of overheads.<sup>28</sup>

17. The National Audit Office found that, at local level, Jobcentre Plus and the Learning and Skills Council often have different objectives and priorities, even though they both provide services for older people with the common aim of improving employability.<sup>29</sup> They also often contract independently and in different ways, with the same local service providers, which is wasteful. Closer working is underway with the development of local co-ordinated service delivery plans by Jobcentre Plus offices and local Learning and Skills Councils, and the establishment of a joint working group at official level to take forward contracting issues.<sup>30</sup>

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27 Ev 19–25

28 Qq 11–14, 52, 76, 92–95, 182–186

29 C&AG's Report, paras 3.15–3.17

30 Q 201

### 3 Other measures to help older people overcome the barriers to employment

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18. Older people and others at a disadvantage in the labour market tend on average to have relatively low levels of qualifications and skills. Improving basic and vocational skills can therefore help to improve their employability. Training and education participation rates for the over 50s remain lower than those of younger age groups, despite an increase in recent years. The law requires the Department for Education and Skills to provide for people under 19 in a way that is not required for older people.<sup>31</sup> Local Learning and Skills Councils are required to address inequality in education and training by setting targets for under-represented or under-achieving groups in their Equality and Diversity Impact Measures. However, although the local Councils offer a range of programmes relevant to improving the employability of older people, only seven of the 47 Councils had specifically addressed issues relating to older learners.<sup>32</sup> The Department for Education and Skills is currently examining how each of the Councils is helping older workers and learners in the programmes they provide, with a view to identifying best practice that can be disseminated. It plans to finalise this work early in 2005.<sup>33</sup>

19. The statutory duties of Regional Development Agencies include promoting employment and enhancing the development and application of skills relevant to employment. They are well placed to assist in reducing regional and local variations in employment rates, but to date the extent to which they have focused on older workers has been mixed. It is up to Agencies and their regional partners to decide how far older age employment is a priority. Only East Midlands has so far set targets in this area, although some regions have been taken action in response to the state of their labour market.<sup>34</sup> The new Tasking Framework for Regional Development Agencies – to come into effect in April 2005 – requires them to demonstrate progress over the three years to Spring 2008 in increasing the employment rate amongst disadvantaged groups, including people aged 50 and over. A number of initiatives are under way in several areas.<sup>35</sup>

20. A relatively high proportion of over 50s (11%) are in self-employment and for those made redundant or who have retired early self-employment can be an attractive option. The Department of Trade and Industry's Small Business Service provides support services for business start-up, self-employment and small and medium-sized business growth. And the Government's Phoenix Fund is currently supporting The PRIME Initiative Ltd, a national organisation encouraging those over 50 to consider self-employment or starting a business. In its first three years, it has helped more than 7,000 people over 50 interested in working for themselves, although it does not appear to be very widely known. Phoenix Fund support for this initiative runs until March 2006.<sup>36</sup>

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31 C&AG's Report, para 2.29; Qq 48, 86–87

32 C&AG's Report, para 2.33

33 Qq 57–59

34 C&AG's Report, para 2.36–2.39; Q 202

35 Ev 18; Qq 202–203

36 Qq 64–65, 68, 108

21. Age discrimination in the workplace and negative perceptions about older workers are significant barriers to employment of older people, though many of these perceptions are not supported by evidence.<sup>37</sup> The Government has tried to increase awareness and influence attitudes in this area through its Age Positive campaign (established in 1999) and website ([www.agepositive.gov.uk](http://www.agepositive.gov.uk)), and by introducing a non-statutory Code of Practice on Age Diversity in Employment that set standards for “non-ageist” approaches to recruitment, training and development, promotion, redundancy and retirement. However, when asked, many employers were not aware of the Code and the Department said it had found it difficult to communicate with the large number of small and medium sized enterprises.<sup>38</sup> Although some of the publicity around this initiative appears to have been rather low key, the Department has been working with the National Employer Panel and employers to argue the case for employing older workers. It considers that efforts to change the views of employers has led, for example, to a decline in the proportion of employers using age as a criterion in recruitment.<sup>39</sup>

22. The Government is committed to introducing legislation to combat age discrimination in employment and vocational training by the end of 2006. Lead responsibility lies with the Department of Trade and Industry. Following two public consultation exercises, draft regulations for further consultation were due to be published in Spring 2004. The complex issues, and differing views on whether a mandatory retirement age should be allowed, have delayed the timetable.<sup>40</sup> Having consulted widely, the Government has now decided that the legislation will provide for a national default retirement age of 65 and a right for employees to request working beyond the set retirement age. Consultation on the draft regulation will now take place in summer 2005.<sup>41</sup>

23. Alongside age discrimination legislation, the Government has proposed a range of other measures to promote flexible retirement and help extend working life. These have different implementation dates and include: in Spring 2005 introducing more generous increases for deferring take up of state pensions; by April 2006 allowing people to continue working for their employer while drawing an occupational pension; by 2010 raising the earliest age from which an occupational pension may be taken from 50 to 55; and by the end of 2006 raising the normal pension age in public service pension schemes from 60 to 65 for new entrants.<sup>42</sup> The Department are pursuing these policies as part of their attempt to change attitudes about how long people expect to work as the average lifespan extends.<sup>43</sup>

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37 C&AG's Report, Figure 17; Q 47

38 Qq 141–156; C&AG's Report, para 2.43–2.45

39 Qq 136, 146–158

40 C&AG's Report, para 2.46–2.47; Qq 166–167

41 HC Deb 14 December 2004, Vol 428, cc 128–130 WS

42 C&AG's Report, paras 2.48–2.51; Qq 164–165

43 Q 115

# Formal minutes

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**Wednesday 9 March 2005**

Members present:

Mr Edward Leigh, in the Chair

Mr Ian Davidson  
Mr Brian Jenkins

Mr Gerry Steinberg  
Jon Trickett

The Committee deliberated.

Draft Report (Welfare to work: tackling the barriers to the employment of older people), proposed by the Chairman, brought up and read.

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

Paragraphs 1 to 23 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 Monday 21 March at 4.30 pm]

## Witnesses

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**Monday 15 November 2004**

*Page*

**Sir Richard Mottram KCB** and **Mr David Anderson**, Department for Work and Pensions, and **Mr Stephen Marston**, Department for Education and Skills

Ev 1

## List of written evidence

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Department for Work and Pensions

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## List of Reports from the Committee of Public Accounts Session 2004–05

First Report	The management of sickness absence in the Prison Service	HC 146	<i>(Cm 6496)</i>
Second Report	Tackling cancer in England: saving more lives	HC 166	<i>(Cm 6496)</i>
Third Report	The BBC's investment in Freeview	HC 237	
Fourth Report	Improving the speed and quality of asylum decisions	HC 238	<i>(Cm 6496)</i>
Fifth Report	Excess Votes 2003–04	HC 310	<i>(N/A)</i>
Sixth Report	Excess Votes (Northern Ireland) 2003–04	HC 311	<i>(N/A)</i>
Seventh Report	Foreign and Commonwealth Office: Visa entry to the United Kingdom: the entry clearance operation	HC 312	
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# Oral evidence

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## Taken before the Committee of Public Accounts

on Monday 15 November 2004

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Allan	Mr Brian Jenkins
Mr Richard Bacon	Jim Sheridan
Mr David Curry	Mr Gerry Steinberg
Mr Ian Davidson	Jon Trickett
Mr Frank Field	Mr Alan Williams

**Mr Tim Burr**, Deputy Comptroller and Auditor General, National Audit Office, further examined.

**Ms Paula Diggle**, Second Treasury Officer of Accounts, HM Treasury, further examined.

### REPORT BY THE COMPTROLLER AND AUDITOR GENERAL:

#### Welfare to Work: Tackling the Barriers to the Employment of Older People (HC 1026)

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*Witnesses:* **Sir Richard Mottram KCB**, Permanent Secretary, and **Mr David Anderson**, Chief Executive, Jobcentre Plus, Department for Work and Pensions; and **Mr Stephen Marston**, Director of the Adult Learning Group, Department for Education and Skills, examined.

**Q1 Chairman:** Good afternoon, ladies and gentlemen, and welcome to the Committee of Public Accounts where today we are looking at “Welfare to Work: Tackling the Barriers to the Employment of Older People” and we are joined by witnesses from the Department for Work and Pensions, Sir Richard Mottram, who is the Permanent Secretary, and Mr David Anderson who is the Chief Executive of Jobcentre Plus and, from the Department for Education and Skills, we are joined by Mr Stephen Marston, Director of the Adult Learning Group. You are all very welcome on what is clearly an important subject. Could I ask you, Sir Richard, to start this hearing by looking at page 33, paragraph 2.14 which says, “New Deal 50 Plus has helped at least 120,000 older people into work at a cost of £270 million” but it makes clear that a lot of these initiatives are available to people drawing benefits for six months; that is right, is it not?

**Sir Richard Mottram:** Yes, it is.

**Q2 Chairman:** Of course, we know that the longer you are out of work, the more difficult it becomes to get back into work. So, why are you forcing people to wait six months before they can access the programmes?

**Sir Richard Mottram:** Because, in all of these programmes, there is a trade-off between offering people early help and, if you offer too many people too much early help, you are actually helping into work people who can get into work anyway. So, all the while, you are trading these things off. What is striking about New Deal 50 Plus is that it does offer

this at the six month point whereas, if it were New Deal 25 Plus, it would actually be later. So, this is designed, in a sense, to take into account your point.

**Q3 Chairman:** But there would not be any harm having some more flexibility, would there?

**Sir Richard Mottram:** There would not.

**Q4 Chairman:** For instance, if somebody wanted to come and seek earlier, why not let them?

**Sir Richard Mottram:** There would be advantage in having more flexibility which is precisely why we are looking at introducing changes which go under the acronym of BOND which is Building on the New Deal and those changes we will be piloting from next year onwards.

**Q5 Chairman:** Can we now look at the take-up of Incapacity Benefit and we can find that at paragraph 1.6 on page 20. It tells us in that paragraph, “In particular, the number of older people claiming Incapacity Benefits has grown” and, if we look over the page at figure 14 which we can find on page 23 of the Auditor’s General Report, we see that there are approximately 1.3 million people over 50 who are on Incapacity Benefits. When do you expect there to be a significant fall in the number of people on Incapacity Benefits?

**Sir Richard Mottram:** That depends really on the work we have in hand now on piloting new approaches which goes under the name Pathways to Work. We are piloting new approaches. We think that the initial results are quite encouraging. Given the nature of this problem which is brought out very clearly in the Report, you have both an on-flow onto

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the benefit and then people who, if they do not get off it fairly quickly, stay on it for a very long time. Although we have actually been dealing with the problem of the rate of people coming on to it, since it is a very large stock, reducing that very large stock is in fact a long-term target.

**Q6 Chairman:** This is a very serious problem indeed. We read in paragraph 2.27 which you will find on page 37, “. . . almost half of claimants have been receiving the benefit for at least five years.” So, here we have 1.3 million people over 50 on Incapacity Benefits, half of those receiving it for at least five years. This is a very serious situation, is it not?

**Sir Richard Mottram:** It is indeed, Chairman. All I would say about it to put it into perspective is that I think this is not a UK unique problem, this is a problem that is found throughout advanced societies and all the evidence we have is that the approach we have been adopting is as rigorous as, or more rigorous than, almost any other country and we are certainly working actively to think about ways of reducing this number. I quite agree that it is very large and, as the Report brings out, this is the most significant group of people who are not working over 50.

**Q7 Chairman:** Do you have any idea of how many of these 1.3 million are incapacitated in reality?

**Sir Richard Mottram:** Well, all of them are incapacitated in reality, Chairman, since they have satisfied the conditions of the benefit.

**Q8 Chairman:** Thank you for that answer! If we are going to get some of these people back, we have to have that personal contact, do we not?

**Sir Richard Mottram:** Yes.

**Q9 Chairman:** I am looking at your expression which will not be broadcast, Sir Richard. It was a treat as you answered that last question. Can we look at Box 4, “Pathways to work pilot initiative”. It talks there about support from skilled personal advisors. A great deal of this work is very labour intensive on the part of your people, is it not?

**Sir Richard Mottram:** It is.

**Q10 Chairman:** You employ 130,000 people at present but you are going to be faced with 30,000 job reductions.

**Sir Richard Mottram:** We are.

**Q11 Chairman:** Are a number of these job reductions not going to hit you precisely in this area where you have labour intensive work trying to help people back into work?

**Sir Richard Mottram:** No because the approach we are taking to achieving the 30,000 reduction gives priority to those effective personal interventions like Work-Focused Interviews and a number of things that are described in this Report. So, as we change the organisation, what we are trying to do is to make reductions where they have least impact. For example, bringing together on a much larger scale some of our processing while, as far as we can,

preserving effort in these areas and indeed enhancing it. We are absolutely conscious that we need to have a differential approach to how we achieve these reductions. We are not simply scaling the whole organisation down.

**Q12 Chairman:** Is it right that you have 10,000 personal advisers?

**Sir Richard Mottram:** We have 10,000 personal advisers.

**Q13 Chairman:** Once you have had these 30,000 job reductions in your department, are they all going to still be there?

**Sir Richard Mottram:** That is something we are working on at the moment.

**Q14 Chairman:** So, contrary to what you just said, we have no idea whether we will still have the same number of people actually at the coalface helping ordinary people get back to work.

**Sir Richard Mottram:** The only reason why I hesitate is because, as we are still working it out, the precise detail is not something I can give you. My previous answer was designed to give you the sense of what it is we intend to achieve through this process.

**Q15 Chairman:** If we look at figure 4 on page 5, we can see that there are a number of organisations involved in this. Can you personally co-ordinate such a large number of organisations or can somebody in government?

**Sir Richard Mottram:** I do not do this personally.

**Q16 Chairman:** We are talking about Treasury, Inland Revenue, Cabinet Office, Office of the Deputy Prime Minister, Department for Education and Skills, Department for Work and Pensions, Department for Trade and Industry and so it goes on.

**Sir Richard Mottram:** If you look at a number of issues which government deals with, they would have these many organisations involved. Basically, as the Report brings out, there is a Cabinet Committee which superintends all of this and then there is a lot of informal day-to-day working between me and my people and David and a number of the organisations here. I certainly do not think that this spread of organisations involved is in any way unmanageable.

**Q17 Chairman:** Mr Anderson, can I ask you to look at page 33 and at paragraph 2.15 which says there, “Also, a full evaluation of the effectiveness of the programme” this is New Deal 50 Plus “in increasing employment among older people has not been undertaken.” Why not?

**Mr Anderson:** There have been a number of evaluations but a full economic evaluation has not yet been undertaken.

**Q18 Chairman:** Why not?

**Mr Anderson:** That is largely on the grounds of the changing expectation right from the beginning of New Deal 50 Plus. When the New Deal 50 Plus was

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launched with its employment credit, it was always known that the employment credit was a temporary measure and would be removed and replaced by the working tax credit within a short period of time. So, the evaluation has been focused on what makes the activity work and what the people say about this programme. Economic evaluation is obviously something that we can look at down the track as we see the financial impact of the working tax credit.

**Q19 Chairman:** If you do not have this information, how do you know how many people would have got jobs anyway?

**Mr Anderson:** The research carried out has been by asking people what they think about the programme and we know that 40% of them say that they would not have got into employment, they would not have found a job, without the help of a personal adviser and a rather larger number say that they found the employment credit of significant benefit in helping them get into work. I think that takes the total to about 90% altogether.

**Q20 Mr Field:** Sir Richard, can I go back on a couple of questions which the Chairman has asked. You are being asked to cull 30,000 staff and the staff budget is less than 3% of the benefit budget, is it not?

**Sir Richard Mottram:** It is a little more actually; it is about £8 billion on £110 billion, so about 7%.

**Q21 Mr Field:** In preparing for this change, given that the Incapacity Benefit recipients now stand out as a very distinct and large group compared with other groups of recipients, did anybody in the department work out how many of your frontline staff would have to deliver people from Incapacity Benefit into work to save more money than is going to be saved by cutting staff by 30,000?

**Sir Richard Mottram:** The answer to that question is that we have yet to establish—that is precisely why we are doing the pilots—how effective we could be as an organisation in getting people on Incapacity Benefit back into work. When we complete the pilots, as the Report makes clear, then the Government can take a decision on whether they wish to invest further effort in dealing with people on Incapacity Benefit. At the moment, what we have is the provision for going forward and expanding work-focused interviews in relation to Incapacity Benefit claimants as we roll out the new Jobcentre Plus model. Our forward public expenditure provision does not include provision to roll out a Pathways to Work approach right across the organisation.

**Q22 Mr Field:** Again following on the Chairman's point to you, no one is owed a job by anybody else we now know in this world. Therefore, we cannot make a case for defending civil service posts because they have always been there, but one of the big changes that has occurred under the previous Government, much speeded up under this Government, is trying to develop a service which helps them from benefit into work. There is therefore a concern that when you have to make 30,000 cuts,

the change in culture that you are making to your service in moving from a passive one of paying out benefits to one which does that as well as helping people into work might be more difficult to achieve rather than less difficult to achieve. Would that be reasonable, Sir Richard?

**Sir Richard Mottram:** It could be that the whole basis on which we are planning to bring our numbers down to the 100,000 set for us by the Government is on an understanding that we intend to maintain the policy on the right balance between individual's rights and their responsibilities. What we are not talking about is moving away from a regime which had a very high expectation that the best solution to most problems is for people to be in work. We are not talking about moving away from that. Similarly, we are not talking about moving away from a strong focus on trying to improve, for example, our performance on fraud and error which we have discussed in this committee before. So, we are not talking about a change in the strategy of the department.

**Q23 Mr Field:** The news coming through from the pilots is very encouraging.

**Sir Richard Mottram:** The preliminary evidence is encouraging, yes.

**Q24 Mr Field:** But you have just told us that there are no plans to roll that out nationally, however successful they are yet.

**Sir Richard Mottram:** No.

**Q25 Mr Field:** Although we are cutting staff by 30,000.

**Sir Richard Mottram:** That is correct.

**Q26 Mr Field:** On the cutting of staff, given that this is a Report about making sure that older workers get their fair share of the job market, are you ensuring that the older workers are not chopped first when you have to make the 30,000 cuts in staff?

**Sir Richard Mottram:** The way in which the 30,000 cuts in staff are being made is very likely to be a combination of recruitment restrictions which are already in place and I do not see why they would impact differentially towards older people and a series of voluntary redundancy schemes and possibly, as a last resort, compulsory redundancy. The way in which we will frame those latter schemes is not designed to target our older workers.

**Q27 Mr Field:** If you have a policy of voluntary redundancy, given the culture about older people generally not working, you might have a flood of older people who apply, might you not?

**Sir Richard Mottram:** We might except that what we are not yet proposing to do is have a general departmental-wide voluntary redundancy scheme through which anyone can apply and some rules that would release the older people differentially.

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**Q28 Mr Field:** When you are further down the road and you have data, might you provide the Committee with just the age profile of those who are going of your 30,000?

**Sir Richard Mottram:** We could do that, yes. Obviously, people who come to retirement will be a part of this, that is normal age retirement, but even there we are taking a more flexible approach to that issue.

**Q29 Mr Field:** If you turn to page 3 and your graph—and these questions are coming from someone who supports totally the idea of moving to an active service—you could almost draw a straight line to the increase in the numbers of older workers in work and the increase starts generally speaking when we came out of the last recession under Norman Lamont and it continues today. Would you honestly be able that any one of those point to where you could say that is where the welfare to work measures kicked in which helped older people into work and, if so, can you tell us where they are?

**Sir Richard Mottram:** This is a very difficult thing, obviously. If you look at the trend line, I think it is quite encouraging. Once you get behind it, I think you can obviously see that there are a number of factors at work here. There is the general state of the economy.

**Q30 Mr Field:** Which is a big one, is it not?

**Sir Richard Mottram:** The general state of the economy is a big factor, yes. There is the changing level of female employment so that many more women are now employed and obviously that is having a significant effect and then what we would claim is that all the help that we provide helps that process along, but we are not claiming that it is all just us.

**Q31 Mr Field:** It would be not only not all of us, the truth is that the numbers of jobs in the economy are going up and, just as the number of single parents claiming benefit falls when that happens, so the number of older workers taking work increases and we would be hard pressed, would we not, on looking at that graph to say when particular welfare to work measures kicked in or contributed. That is not to say that we should not be doing that but we should not be looking particularly at people just claiming benefits. It would be difficult, would it not, Sir Richard?

**Sir Richard Mottram:** It is difficult precisely to prove the effect. So, what we have to do is go out and ask people what the impact of what we have done is and we always openly admit that, whatever activity we are engaged in, there is a significant group of people which have been given the rather odd title of “the deadweight” who would probably have done something anyway and I think that is the point which David was touching on.

**Q32 Mr Field:** When you say that you have gone out and asked people, could we have copies of any data that you have?

**Sir Richard Mottram:** The data that we have is the data referred to in the evaluations which are listed in appendix 2.

**Q33 Mr Field:** Could you to turn to 2.20. The Revenue have submitted that there are 450,000 claimant workers who have been messed about by one of their tax credits being wrong and they are paying the price of that. At the end of the paragraph, it says that you have anecdotal evidence from your staff which suggests that people have found it more difficult to engage in claiming working tax credits than the old employment credits. What evidence do you have and specifically what do they say on that and is it because the message has gone by word of mouth that it is quite risky thinking about moving into work and depending on the working tax credit because they might not arrive or you might be overpaid and they are asking for £3,000 back?

**Sir Richard Mottram:** I think the anecdotal evidence that is referred to there is essentially a feeling that the number of job outcomes we are achieving has reduced with the switch from the employment credit to the working tax credit.

**Q34 Mr Field:** The other one was simpler to claim, was it not?

**Sir Richard Mottram:** It was, yes. The only reason why I make that point is because—

**Q35 Mr Field:** There are 48 pages of it.

**Sir Richard Mottram:** It is not for me to speak about how people get tax credits. It was just a more direct way of getting the money and it was actually a higher sum. So, it could be that it had some positive incentives, it could be also that it had some incentives that did not add a lot inside the system, but I think that is what is being referred to there. As we moved to a less direct form of payment not in our control, it may have dulled the effect.

**Q36 Mr Field:** Sir Richard, you are worth every penny of your salary!

**Sir Richard Mottram:** Could you record that.

**Chairman:** It has been!

**Q37 Jim Sheridan:** Sir Richard, I missed the figure you mentioned as to how many advisers you have.

**Sir Richard Mottram:** We said 10,000.

**Q38 Jim Sheridan:** What is the age profile of those advisers?

**Sir Richard Mottram:** I do not have that with me.

**Mr Anderson:** We do not have a national profile but, broadly speaking, they mirror the profile of the age group of all our employees. I am not aware that there is a particular skew. Certainly I have seen the profile for the three districts that were examined in this Report where special work was done and they were quite a range into the 30s, 40s and 50s, pretty much matching the population.

**Sir Richard Mottram:** We can give you the age profile of both Jobcentre Plus and the Department as a whole.

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**Q39 Jim Sheridan:** The rationale behind my question is when you are engaging advisors to try and advise and encouraging those over 50 to get back into this, surely it would make sense that the advisers themselves should be in that age bracket.

**Sir Richard Mottram:** I am afraid I do not know the answer but I will ask David if he would like to answer that.

**Mr Anderson:** We do not have statistics by the personal adviser job because our employment systems record statistics by the grade of staff rather than by the job purpose and therefore the national statistics that you have asked for are not available. Broadly speaking, as I say, when we looked at the specific areas that we looked at, we did actually match the population as a whole. There were a number of older advisers dealing with older people.

**Q40 Jim Sheridan:** How do you advertise for these advisers?

**Mr Anderson:** We advertise in the press and we ask for a certain set of skills.

**Q41 Jim Sheridan:** Do you ask for a particular age?

**Sir Richard Mottram:** We would not be allowed to do that.

**Q42 Jim Sheridan:** In the Executive Summary at page 3, it says here that between 700,000 and 1,000,000 people who are over 50 would like to work, of which 200,000 are looking actively. So, 200,000 out of 1,000,000 are looking actively for work. What has happened to the other 800,000?

**Sir Richard Mottram:** The other 800,000 would be a combination of people who are on Incapacity Benefit and perhaps some others who were retired and were thinking about coming out of retirement, for example.

**Q43 Jim Sheridan:** Of the 200,000 who are looking actively, do we know the age profile or the skills profile for them?

**Sir Richard Mottram:** We possibly do. My initial hunch about them is that they are going to be down the younger end of this band, so they are more likely to be people in their 50s rather than in their early 60s. We do know the skills profile of people who have left the labour market in this age group and they are less skilled on average than the working population as a whole which is precisely why one of the things we have focused on is how we can help people with their skills.

**Q44 Jim Sheridan:** The reason that I ask about those 200,000 is that, given that we have a skills shortage in the country of joiners, plumbers etc, I assume that none of these 200,000 fall into that category.

**Sir Richard Mottram:** I do not think that would be a safe assumption. The thrust of the Report is that there are all sorts of very good reasons to try and ensure that these 200,000 and many others of the 1,000,000 get into work because some of them have skills and, even if they are unskilled, the country has an interest in giving them the skills necessary for them to get into work.

**Q45 Jim Sheridan:** Can I just touch on a question that the Chairman asked earlier about Incapacity Benefit. There are an awful lot of people over 50 who are on Incapacity Benefit.

**Sir Richard Mottram:** Yes.

**Q46 Jim Sheridan:** If you look at industries like the construction industry, it is very, very unusual nowadays to find someone in the construction industry in their late 50s.

**Sir Richard Mottram:** Yes.

**Q47 Jim Sheridan:** Yet, when people try and get a joiner or plumber to work privately, they seem to get them easily. I notice a wry smile on your face.

**Sir Richard Mottram:** Yes, that is one of my faults! Yes, of course. What the Department is trying to do with things like the Age Positive Campaign and all sorts of other campaigns is to change the attitude in our society towards employing older people and, as is brought out in the Report and as is very familiar to all of us, there are a number of very farsighted employers—I probably should not start to name them but to mention one, B&Q for example—who have gone out of their way to recruit older people because they have found that they do a very good job and, as the Report brings out, most of the things which people use to argue against employing older people are myths. So, I suspect that ones which are stopping some people being employed in the construction industry are myths.

**Q48 Jim Sheridan:** I think you are right, B&Q are a perfect example of how employing more mature people does have its benefits. Mr Anderson, in terms of training and education, you say there has been an improvement in recent years with people over 50 becoming involved in training and education, but what are the figures for that?

**Sir Richard Mottram:** I think that is probably a question for Mr Marston.

**Mr Marston:** The best survey evidence that we have comes from a survey called the National Adult Learning Survey and the data from there suggests that those aged 50 to 59 participating in any form of learning over the past three years has gone up. It now stands at 74% in 2002–03. So, steadily and progressively, we think we are seeing an increase in participation in all forms of learning in that older age group.

**Q49 Jim Sheridan:** What are the main reasons given by people aged 50 or over for not getting involved in mainstream education and skills update? What are the main reasons they give for that?

**Mr Marston:** As the Report rightly identifies, there is a wide range of reasons. Some of them are concerns about simple lack of information and advice, not knowing quite where to go or what would be available. Some may well be confidence and motivation factors. I think there will be a range of different matters that are obstacles for different people.

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**Q50 Jim Sheridan:** There is mention in the Report of the outreach schemes we have that have been of benefit. What is the success rate of that and what type of groups are you taking these projects to?

**Mr Anderson:** These are in various parts of the country where we are working with voluntary sector organisations and we are working with other government departments to co-ordinate efforts to get at particular communities. They have not been brought together, if you like, in one national programme, they have been left to the discretion of local districts to work on themselves. The pilots are to be evaluated next year.

**Q51 Jim Sheridan:** My experience of people who have perhaps worked in industry and, for various reasons, have lost their job is that there are opportunities there but that they have to update their skills in terms of new technology, how to operate computers, *et cetera, et cetera* which an awful lot of people are somewhat concerned about. How do you overcome these concerns and these barriers?

**Mr Anderson:** I am sorry, I did not catch that as it is quite noisy.

**Q52 Jim Sheridan:** How do you overcome people who have a fear of computers? They may have worked in a factory all their life.

**Mr Anderson:** When individuals present themselves to our personal advisers, the personal adviser will first of all have a discussion with them about the particular issues that they see as being barriers to get into work and they have then a range of training provision that is available for reference over a whole list of things which may be basic skills, confidence raising or may be basic office activity, and that provision is available for advisers to recommend that people should go and have training.

**Q53 Jim Sheridan:** Are there any incentives for people to take these new skills up? Do you offer them incentives for them to do that?

**Mr Anderson:** The incentives particularly the New Deal 50 Plus are not actually for paying people to go into training, no. On the other hand, one would hope that with the aid of advisers to motivate them, they would be incentivised to take up the training in order to reach their objective of getting a job.

**Q54 Mr Steinberg:** Sir Richard, it is peculiar because, 10 years ago, we would not have been doing a Report like this, would we? We would be doing a report on how we could get 50 year olds out of work so that we could get young people into work.

**Sir Richard Mottram:** Yes. That could be part of the problem though, could it not?

**Mr Steinberg:** Yes. I am very shortly to become a member of this club.

**Chairman:** You are not going to get Incapacity Benefit!

**Q55 Mr Steinberg:** To get on to Incapacity Benefit would be quite nice! A lot of people surveyed have been incapacitated for a long time. Seriously, I am

going to become a member of this club very shortly and it seems to me that in fact we have not heard a great deal about New Deal 50 Plus. This is substantiated on page 44 at point 3.7 where it says, "The results of our customer research in the three locations suggest that they have a low awareness of the local services available to help improve their employment prospects, and how to access them. This includes Jobcentre Plus Programmes, information, advice and guidance services and other local services." In other words, presumably a lot of people did not know there was such a thing going. Why is that? It does not sound much of a successful scheme, Mr Anderson.

**Mr Anderson:** There are a number of reasons why awareness would be low. First of all, this is a voluntary programme and therefore these people are not forced to come into our offices and hear about it in contrast with other New Deal programmes. The district managers are given a budget to promote this programme and, in recognising the lack of awareness, there is actually an emphasis on guidance for this group being introduced as a result of last year's budget that will actually provide more guidance and more co-ordination.

*The Committee suspended from 5.06 pm to 5.13 pm for a division in the House*

**Q56 Mr Steinberg:** What you were saying is that you are basically just starting to do something about it now.

**Mr Anderson:** There was not a budget available last year but there is this year for marketing for this year. The use of it is at the discretion of district managers according to the priority that they give to their own client load in their own area but there clearly is more to do in making people aware of this.

**Q57 Mr Steinberg:** So, you have just started to do something about it but the Learning and Skills Council do not seem to be bothered about it at all because, if you have a look at the year end report, it is said that, out of 47 learning and skills councils, only seven of them actually take this very seriously at all and the other 40 do not. What are you going to do about that? That does not actually surprise me because my experience of skills councils is that they can always tell you why they cannot do something instead of how they should be able to do something.

**Mr Marston:** The Report rightly identifies the importance of a particular instrument that the LSC use, that is to say Equality and Diversity Impact Measures, and seven of the 47 use that instrument to identify older people as one of the aspects of equal opportunities that they want to pursue. The important point to register is that that does not mean that the other 40 therefore are not paying any attention to this. But you can come at it in different ways and the Learning and Skills Council are putting a lot of effort into trying to ensure that, across a whole range of these priorities, they have provision in place and they have programmes in place to support a wide range of skills and opportunities. The further progress that we are

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hoping to make comes through an exercise that has recently been commissioned to look at the way in which each of the 47 is currently addressing older workers and older learners within the range of programmes that they are offering. That will report back in the New Year as the basis for trying to take the best practice which may well be in those seven and make that more general across the piece.

**Q58 Mr Steinberg:** So, basically, what you are saying is that although seven of them only appear to put it in their strategy, only 40 are actually doing something but not so transparently.

**Mr Marston:** They are not using the particular instrument of the Equality and Diversity Impact Measures.

**Q59 Mr Steinberg:** Do you not think they should?

**Mr Marston:** The priority for older workers and older learners could be expressed in a number of different ways. It is an aspect of equality of opportunity but it works in a number of different respects. So, all of the learning and skills councils in one way or another will be offering a range of programmes. I would not want to over-cite this particular mechanism.

**Q60 Mr Steinberg:** Like country dancing?

**Mr Marston:** I am sorry to be slow, in what respect like country dancing?

**Q61 Mr Steinberg:** You will find the community centres in half the country, particularly in my constituency for example, have over 50s and 60s going to do country dancing and now we are told that only if it is regarded as educational can it qualify for a grant.

**Mr Marston:** There are two things going on at present. One is, if you take country dancing as an example of what traditionally—

**Q62 Mr Steinberg:** What I am trying to say is that you are wasting your time on not concentrating on where you should be and, frankly, where you are or where they are concentration is on something that it is a total waste of time and energy.

**Mr Marston:** That is why the LSC is doing a great amount of work in trying to match its resources to the priorities that we have. In the Skills Strategy that we published in July 2003, we made very clear the priorities that we have to guide investment of public funds. They include, for example, entitlement to a first full level two training which equates to five good GCSEs. The way the LSC are now going about this both for adult and community learning and for their mainstream training programmes in colleges is precisely, as I think you are implying, recognising the need to prioritise those programmes that will have most effect. So, we are developing skills training for older people and indeed across the adult age range as well as maintaining, which we promised we would do, a full range of personal development and leisure programmes because many people value those as well.

**Mr Steinberg:** I have been on this Committee now for about four or five years and, when I listen to some of the answers that I get, it is just pure flannel, is it not? It is pure flannel. Never mind, let us move on. After 30 years of being my own boss, I finish very soon and the last thing in the world that I want to do is to go and work for somebody. I could not do it now. I would not mind getting a job—I am being serious now—when I finish here. How do I go about doing that?

**Mr Bacon:** You set up a website, you advertise.

**Mr Steinberg:** What should I advertise?

**Mr Bacon:** You are unique!

**Chairman:** You could advertise skills in interrogating permanent secretaries!

**Q63 Mr Steinberg:** I could become a consultant for one and charge £700 a time.

**Sir Richard Mottram:** There are businesses of that kind.

**Q64 Mr Steinberg:** What provision is there for people like myself starting their own businesses?

**Sir Richard Mottram:** I do not think that we offer any provision of that kind.

**Mr Anderson:** There is the Prime initiative which is designed to give people support—

**Sir Richard Mottram:** That is the DTI initiative.

**Q65 Mr Steinberg:** I have never heard of it.

**Mr Anderson:** It is a DTI initiative that I think is time limited and is due to run out in March 2006.

**Sir Richard Mottram:** It is being looked at. You would go to the Small Business Service and ask them for advice.

**Q66 Mr Steinberg:** What advice would you give the over 50s or the over 60s for that matter who want to start a business? What advice do they offer me?

**Sir Richard Mottram:** What advice does Prime give to people? Basically, they will give you help.

**Q67 Mr Steinberg:** They will give me help!

**Sir Richard Mottram:** They will give you help. I do not know the detail because it is my direct responsibility but there are a number of—

**Q68 Mr Steinberg:** So, I have never heard of it and you have never heard of it. It does not give much chance for anybody else, does it?

**Sir Richard Mottram:** There are a number of such initiatives around the place and usually the advice you are given is about how to write a business plan, how to get finance and all those sorts of things. If you contact the Small Business Service, they have a whole range of advice. I am not an expert on it, it is not my department, but that is the sort of thing they do. We do it for younger people—it is not relevant here—and help younger people on things like the Prince's Trust which we help co-finance and that would be help on a business plan, a mentor and all sorts of things like that.

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**Q69 Mr Steinberg:** I should not say this but I am going to. Can you remember when you moved on from the Department of Transport?

**Sir Richard Mottram:** No, I do not recall that. Was that a significant event?

**Q70 Mr Steinberg:** You said something, if I remember rightly, a little phrase that appeared in the press.

**Sir Richard Mottram:** Yes.

**Q71 Mr Steinberg:** I think that is how you sum up over 50s, is it not?

**Sir Richard Mottram:** Not in the least, no.

**Q72 Mr Steinberg:** Good! Incapacity benefit has been touched on. If you have 50% of the over-50s on Incapacity Benefit, presumably they are supposed to—

**Sir Richard Mottram:** No, 50% of those over-50s who are not working are on Incapacity Benefit.

**Q73 Mr Steinberg:** You give a wry smile but, to be on Incapacity Benefit, you have to be incapacitated to do any job, have you not?

**Sir Richard Mottram:** You have.

**Q74 Mr Steinberg:** Otherwise, you should not be on it in the first place.

**Sir Richard Mottram:** Yes. You will have been for an assessment.

**Q75 Mr Steinberg:** What intrigues me is, if these people are incapacitated and cannot work, how are you going to find them jobs or how can they find jobs if they are supposedly incapacitated in the first place?

**Sir Richard Mottram:** One of the reasons why once people get on Incapacity Benefit and have been on it for a certain period of time and they stay on it for a long, long time is because there is no active help encouraging people to think about what they can do and there is no active help to them in, for example, coping with it. For example, if they have a medical problem, there is no targeted active help that supports them in coping with that medical problem while getting into work. What essentially we have created over a very long period of time is a structure where, once people are on this benefit, they have no contact other than to be given their benefit and we did not, in my view, have a sufficient focus on the contribution that work could make if people were given proper support to getting them back into good health, for example. So, it is essentially a problem of, once people have been through this test and they are on the benefit, there is a great risk, particularly in areas where they may believe that there are not employment opportunities suitable for their skills and so on, that they will stay on it and the State has done very little actively to target people to help them back into work and that is what we are testing, a different approach that gives people active support rather than asking them to show essentially what they cannot do and then signing them on to a benefit.

**Q76 Chairman:** Which is why the job reductions must not fall on the 10,000 personal advisers and I am sure you would agree.

**Sir Richard Mottram:** I do agree.

**Q77 Mr Allan:** Following on from that Incapacity Benefit point, if we look at the map which is down as figure 12 on page 22, it shows us the rate in different parts of the country and it is quite clear that places that have the highest rate of over-50s claiming Incapacity Benefit were former heavy industry areas, so it is the north-west, South Wales, Glasgow, Liverpool and South Yorkshire which I represent.

**Sir Richard Mottram:** Yes.

**Q78 Mr Allan:** There is a theory that Incapacity Benefit was used conveniently by the previous Government as a way of softening the blow for the massive redundancy that took place in the heavy industrial sector in the 1970s. How much would you give any credence to that concept that it was a deliberate policy?

**Sir Richard Mottram:** I am not in a position to comment on that.

**Q79 Mr Allan:** In terms of where we are now with the people on Incapacity Benefit, do you feel it is likely that the former industrial areas will always have a higher rate of people claiming at a higher rate because these people are knackered by the kind of work they have done? If you work in steel or mines, it is very different to be redundant from the mines at 50 than it is to be redundant from a nice office job in this kind of environment. Do you accept that there will always be a distinction?

**Sir Richard Mottram:** I think that the underlying composition of the workforce is changing. I do not have the numbers in front of me but the numbers of people who are now working in the heavy industries and the nature of the approach to things like occupational health, health and safety and all those things, will all impact. So, I would have thought that what we have is a changing underlying workforce and there is absolutely no reason why, in 10–20 years time, you should have a picture like this.

**Q80 Mr Allan:** In terms of the relationship between health and Incapacity Benefit, do you do any monitoring of the health levels? For example, in places like Yorkshire, we have one Government Department, the DTI, paying out large amounts of money to people with lung disease, with vibration white finger and so on.

**Sir Richard Mottram:** I think we are paying that.

**Q81 Mr Allan:** The DTI are managing the programme. There are much more serious health needs in somewhere like South Yorkshire than, say, Suffolk, for example. Do you correlate the two when you look at the rate of Incapacity Benefit? Do you have indicators coming from the Department of Health to tell you what the long-term illness rates are so that you can have some idea of what the Incapacity Benefit claim rates will be?

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**Sir Richard Mottram:** Yes, we have a breakdown of the underlying medical conditions that relate to . . . I have to be slightly careful about this because Incapacity Benefit is not really paid in relation to underlying medical conditions, but we have knowledge of the reasons why people cannot meet the all work test related to underlying conditions, if you understand the distinction I am trying to make, and all I would say on that is, speaking from memory, the biggest category is actually around various forms of mental illness and we can obviously give you that breakdown. So, we should not think that this is a heavy industry benefit. This is a benefit which relates to all sorts of conditions that lead to people not being able to work and these conditions can be found right across the country. There is no reason why they will be concentrated in these areas. I am not disputing the point you make about what obviously some of this is about because, when you look at the map, it is obvious what it is about but, looking forward, one of the key issues for us is, can we find ways of helping people who have for example, various stress-related illnesses back into work and that will be just as important as worrying about people who have heavy-engineering related health problems.

**Q82 Mr Allan:** I think it is also correct to say that mental illness correlates quite well with overall levels of social deprivation. So, even if it is not heavy industry related, it is poverty related.

**Sir Richard Mottram:** Yes.

**Q83 Mr Allan:** I think I am perhaps slightly pushing the softie liberal approach but someone on the Committee has to. The fear out there is that the department is going to come along and try and cut Incapacity Benefit in a fairly crude way which does not actually protect the underlying need for Incapacity Benefit.

**Sir Richard Mottram:** Why would the department want to do that?

**Q84 Mr Allan:** Because everybody is talking about it and it is government policy to get people off of Incapacity Benefits.

**Sir Richard Mottram:** Yes, but the essence of the policy that we are pursuing on this is about giving people more active help. The emphasis is on help. There is nothing which the department is saying which is anyway seeking to stigmatise people on this benefit or to call into question why they are on it. What we are focusing on is, if we organised our intervention differently and if we worked in partnership with the National Health Service, could we produce a different set of outcomes for this group of people and we believe that it is probable that we could. There are some very interesting resource issues about how cost effective it might be etcetera, but that is our approach.

**Q85 Mr Allan:** But you have no targets for getting people off Incapacity Benefit as such?

**Sir Richard Mottram:** We do not, no.

**Q86 Mr Allan:** That is helpful to know. Can I move on to LSCs and, I guess, to Mr Marston. Again, following on from Mr Steinberg's point, the impression I get from my local LSC is that the whole thrust of policy is about young people and the LSC's priorities are all about training young people. It does not have any kind of focus on older people. Is that a reasonable judgment to make?

**Mr Marston:** I do not think it is fair to say that that is its sole focus, no. What is true is that the law requires us to provide for young people up to the age of 19 in a way that we are not required to do for older people. For example, each and every 16 to 19 year old in the population who wants to stay in education and training has an individual legal right to do so. So, we have to meet that priority. There is no way round it. Having met that—and it is worth noting that participation rates in school sixth forms and sixth-form colleges are going up all the time—then it is important to try to address skills needs, retraining and upskilling right across the whole age range including older people, yes.

**Q87 Mr Allan:** When we look at the Report which says that older people are not participating in the same way as younger people, we are doing that in the context of the system where the agents of delivery, the LSCs, have, as I think you would accept, as their first priority younger people and older people come in after that.

**Mr Marston:** Currently, that is what the law requires. We are saying that there is a legal entitlement from 16 to 19 which does not apply elsewhere, so we have to meet that first.

**Q88 Mr Allan:** In terms of the adult entitlements and level two entitlements, again is it fair to assume that a level three entitlement would be much more helpful to older people, the A level equivalent because, if it is a level two entitlement, it is likely to be the younger people who are going to take that up, if anyone is, whereas somebody who comes out of work at 40–45 probably has a level two skill and it is the level three that they need.

**Mr Marston:** No. Unfortunately, in a sense, it would be good if that were true but we have in the workforce of adults at large about 7,000,000 people who do not have the equivalent of a first full level two qualification, five good GCSEs. So, right across the age range, we have large numbers of people who do not have a first full level two and therefore the entitlement at level two applies throughout and it applies every bit as much for older people as it does for younger people.

**Q89 Mr Allan:** So, an old person coming out of work going to their LSC and saying, "I want skilling", if they do not have a level two, they are a priority.

**Mr Marston:** Yes.

**Q90 Mr Allan:** For my final set of questions I would like to come back to the personal advisers and address Sir Richard. We employ quite a lot of people

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in the Employment Service in Sheffield and they are very good jobs and they do a tremendously effective job, but people have come to me and said, “We don’t see how these job cuts can be made without affecting frontline services”, which is what we have been talking about here. Can we just go through it, please. You have 130,000 employees in DWP at the moment.

**Sir Richard Mottram:** Whole-Time Equivalents.

**Q91 Mr Allan:** And 10,000 are personal advisers.

**Sir Richard Mottram:** Yes, about that.

**Q92 Mr Allan:** You have been told that you must take 30,000 jobs out of that.

**Sir Richard Mottram:** Out of the whole 130,000.

**Q93 Mr Allan:** You cannot at this stage say whether some of those cut posts will come from the 10,000 personal advisers, can you?

**Sir Richard Mottram:** What I said earlier is that we were working on the detailed plan.

**Q94 Mr Allan:** In other words, you cannot say at this stage whether or not the 10,000 personal advisers will grow or shrink in five years’ time.

**Sir Richard Mottram:** It is in 2008, so less than four years’ time.

**Q95 Mr Allan:** Post that, you cannot say that we will have more or fewer personal advisers, whether there will be more than 10,000 personal advisers or fewer than 10,000 personal advisers.

**Sir Richard Mottram:** What I am trying to say is that we have, right across the department because obviously this 30,000 applies to the whole department, a number of approaches to how we think we can significantly improve our efficiency. I will not go through them all but a lot of them are to do with better processing, streamlining overheads and all those sorts of things. So, what we are trying to focus on all the time is how we can provide a responsive local service in the case of Jobcentre Plus through the network we are reshaping now. While for those things which can be delivered to a sort of national standard, we drive up performance and have a common approach.

**Q96 Mr Allan:** Aside from that, the whole Report points to the fact that where you have this new approach, you should be proud of it—Jobcentre Plus.

**Sir Richard Mottram:** We are proud of it.

**Q97 Mr Allan:** You have personal advisers to go in there and what the Report seems to be saying is that we want more of this, not less—more personal advisers helping older people, that is what they need to get back into work.

**Sir Richard Mottram:** Yes.

**Q98 Mr Allan:** We seem to be facing a situation where there is no certainty that because of the crude national target, that programme is not going to come.

**Sir Richard Mottram:** “Crude national target” are your words. We are saying that we think we can tackle this problem through a range of ways of improving our efficiency and end up with a Jobcentre Plus which will be significantly smaller but which will have a strong emphasis on providing frontline services. Just to be absolutely clear, what we are not saying is, to repeat the point that I think I made earlier and I apologise for doing that, we do not have a plan within the 100,000 to roll out a massive programme of help for people on Incapacity Benefit because, when our budgets were agreed in the last spending review, we had no basis for such a plan.

**Mr Allan:** A “significantly smaller Jobcentre Plus” which are your words does not inspire me with much confidence that we can live up to the recommendations in this Report.

**Q99 Mr Jenkins:** Sir Richard, when you read the Report, no doubt you were pleased with it.

**Sir Richard Mottram:** I thought the Report was fair. I would not say that I was pleased with it but I thought that what the Report recognised was that significant progress had been made and if you compare where we are in the UK with other countries, I think we have a good story to tell. Is what is said in the Report a satisfactory position? I think there is plenty of scope to do a lot better as we have been discussing.

**Q100 Mr Jenkins:** I thought it was a good Report. I thought there would be no problems today, that it would quite easy and we could nod this through and that we were going along the right lines. I do not intend to go through it, not in the same depth as yourself of course, but if there were any point in this Report that you were most pleased with, what would it be? Which part would you say gave you the most satisfaction?

**Sir Richard Mottram:** The part that gives me satisfaction is that the employment level of this group is rising.

**Q101 Mr Jenkins:** Which part of the scheme do you think was most effective? Which part do you think, yes, that did really work, I am quite pleased with that? Is there any particular part?

**Sir Richard Mottram:** I think New Deal has contributed.

**Q102 Mr Jenkins:** My second question is, which part of the Report gives you most concern? Which part is not progressing as effectively?

**Sir Richard Mottram:** I think we touched on this before. The biggest problem that we face with this age group in my view is that so many of them are on Incapacity Benefit.

**Q103 Mr Jenkins:** If we go back to page 5, we have a figure there for the range of barriers to employment. Looking down there, you might think it is quite good but of course it has no weighting alongside it and that raises a difficulty. It is figure 3 on page 5. Going down the list, there is, “Lack of recent or relevant

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work experience.” Well, that is quite easy, get a job and that is the problem solved. “Lack of qualifications and vocational skills”: I think we could work on that fairly effectively. “Low basic skills”: once again we could work on that fairly effectively. “Lack of confidence . . .”: I think we could work on that one quite readily with personal advisers. “Attitudes to employment”: I think we can work on that one quite easily with the personal adviser. If I go back up and look at “benefit disincentives”, that is going to be more of a problem. That is outside the control of the adviser, the department. It is more of a hurdle to overcome, is it not?

**Chairman:** Mr Jenkins, could you speak into your microphone more so that we can hear you around the room.

**Mr Jenkins:** Yes, of course.

**Sir Richard Mottram:** It could be a problem, but I do not think that is the thing that is driving this issue. Would you like me to say something about the weighting of these things because we do have a view about which are the most important?

**Q104 Mr Jenkins:** Yes, please.

**Sir Richard Mottram:** They overlap, but I think the three that are most significant are long-term health problems, lack of qualifications and, particularly for women, caring responsibilities. They are the biggest three and they overlap. We can give you sets that show how they overlap, but they are the biggest three problems.

**Q105 Mr Jenkins:** I think about 17% of the problems are caring responsibilities.

**Sir Richard Mottram:** Yes.

**Q106 Mr Jenkins:** What strategy do you want to put in place to overcome that particular problem where they have got caring responsibilities? Is it possible to overcome it?

**Sir Richard Mottram:** Yes. It is possible to help people into work where they would work part-time, for instance, and they discharge their caring responsibilities.

**Q107 Mr Jenkins:** You have registered that these problems are outside your scope in some areas, for example, the disincentives?

**Sir Richard Mottram:** What are the disincentives that are outside our scope because, obviously, what we are trying to do, working with the Treasury, is to ensure that work pays. If we think there are disincentives to people taking on work, we should be addressing those disincentives. I would not regard the benefit disincentives as being something outside of our control, it is something for which we and the Treasury would be responsible for jointly.

**Q108 Mr Jenkins:** I like the jointly approach because when Mr Steinberg asked you about self-employment, it did not spring to mind that PRIME had got 7,000 people into self-employment in the last year. You were unaware of PRIME and, believe me, I was unaware of PRIME before I read this Report.

Obviously we are not doing a very good job. Do you think that we have got too many departments involved in looking after this particular problem? Do you think we have got joined-up government here?

**Sir Richard Mottram:** I think it is reasonably joined-up. People have different views and different interests which need to be addressed. I think the area which ministers have the most concern about is skills; some of the issues which the Committee have been focusing on this afternoon. I would say that is an area where we and our colleagues in the Department for Education, Jobcentre Plus, the Learning and Skills Councils, aided and abetted by the work of the National Employer Panel, really put a big effort into joining all that up much more effectively. I would say that is probably the biggest joining up problem we face and we are trying to tackle that. I would not say that it is perfect, but I think we have made significant progress there.

**Q109 Mr Jenkins:** Do you feel that one of your tasks also would be to encourage the public sector to alter their attitudes in regard to employing older workers?

**Sir Richard Mottram:** I try to.

**Q110 Mr Jenkins:** Do you feel a lack of success in that area?

**Sir Richard Mottram:** I think that we are chipping away at it.

**Q111 Mr Jenkins:** Is there anything that ministers could do to advance progress in that area?

**Sir Richard Mottram:** Obviously the key in the case of the public service is to change people's expectations about retirement age and the Government has such a policy.

**Q112 Mr Jenkins:** I would not have mentioned this but since you brought up retirement age, is it still a policy in the Department—taking yourself as an example—to take retirement at a reasonably young age when you could be working effectively for society for much longer?

**Sir Richard Mottram:** Is that a question?

**Q113 Mr Jenkins:** Yes.

**Sir Richard Mottram:** The Senior Civil Service currently has a retirement age of 60. Obviously that retirement age will have to change after 2006. That would be an example of an area where we have been working with colleagues to try and get a recognition that the culture in the Senior Civil Service has to change and we have to have a different approach to retirement. How that affects me as an individual is a different matter.

**Q114 Mr Jenkins:** Not even as an individual, it is a cultural thing. Mr Steinberg is only retiring because he has reached the magic age of 60. His mindset in a previous life was looking forward to that retirement age of 60 and he is going to stand down at that age.

**Sir Richard Mottram:** I do not know how old Mr Steinberg is, so I do not know when he is retiring.

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**Q115 Mr Jenkins:** He is approaching that age.

**Sir Richard Mottram:** Obviously one of the important things that the Department is trying to do is to get across the message, and this absolutely links into our agenda in relation to pensions, that it is crucial for the future of the pension system to get everybody to change their mindset about how long they expect to work in circumstances where we are all going to live much longer.

**Q116 Mr Jenkins:** If I could leave that and go back to the section we are really concerned about, getting people off the scrapheap and back into effective work. I remember the days when people used to have good, well paid jobs in heavy industry. When they closed heavy industry down, they offered them a chance to retrain, travel and get half the income but, worse than that, they lost their status. That was a cultural problem which I thought was almost impossible to overcome unless they could re-establish, within themselves, the status with the job they were going to. Have you come across that as a problem?

**Sir Richard Mottram:** I have, yes.

**Q117 Mr Jenkins:** On your figures, do you feel that it has been self-evident that the easiest people are being placed into employment, and it would be with the economy we have got now? In my part of the world I have got vacancies, shops with signs up, buildings with signs up, they want staff, but these people are not being moved over because they have got more problems, they have got multiple barriers to employment. How are we going to tackle that particular problem?

**Sir Richard Mottram:** I think the way in which we think about the role of Jobcentre Plus, and this is brought out in the Report, the way in which the target system has been changed as it applies in Jobcentre Plus, all of these things are clear evidence that we are focusing our effort, the personal advisers' effort, on those people who have the biggest problems, who are the hardest to help. I do not mean that in a personal way. The thrust of how we intend to develop Jobcentre Plus is if you are a person who can get another job quite easily then certainly we will facilitate that but, increasingly, we will facilitate it without any involvement of personal advisers and such like, we will be using the Internet, telephones, all of those things, very cheap channels that you use where you have very little input from us—"us" being David and his people—and the focus is on the hardest to help. If you look at the whole thrust of the target system, that is where we have been going and where we will go even more in the future.

**Q118 Mr Jenkins:** The growth in Incapacity Benefit seems to have slowed down.

**Sir Richard Mottram:** The growth in Incapacity Benefit has slowed down remarkably since 1995, yes.

**Q119 Mr Jenkins:** Why?

**Sir Richard Mottram:** Because in 1995 and from then onwards there has been a tighter approach to the gateway.

**Q120 Mr Davidson:** Mr Anderson, a big section of this Report deals with delivering services locally. Can you explain to me why an area like my own, which has one of the highest unemployment rates generally across all ages in Scotland and in most of the UK, does not even have a Jobcentre?

**Mr Anderson:** In terms of new Jobcentre Plus?

**Q121 Mr Davidson:** How can you be delivering services based on local knowledge when a constituency like mine does not have a Jobcentre?

**Mr Anderson:** The former Social Security and the old Employment Service did not have a Jobcentre in every single town in the country, that is true, but they endeavoured to have a location that was within a sensible travelling distance from every town. Obviously it is not possible to be in every single location.

**Q122 Mr Davidson:** You would have thought that one of the constituencies that has got the highest unemployment rate in Scotland, and amongst the top 20 unemployment rates in the UK, would have deserved a Jobcentre in the past, would you not?

**Mr Anderson:** The services would be provided by an office that is local to the area. Whether it is in a particular constituency or not, I could not comment.

**Q123 Mr Davidson:** There are Jobcentres round about it but none in my constituency. You are moving towards providing one but not quickly enough. Perhaps you will go back and chase that up for me.

**Mr Anderson:** I am aware of the discussions that have been involved, yes.

**Q124 Mr Davidson:** We are thinking of naming it the Jane Kennedy Memorial Jobcentre if she gets it open. In terms of incentives for people to go back into work, is there any evidence that prevailing local wage rates make any difference to whether or not work is seen to be more or less attractive?

**Mr Anderson:** I have not seen any evidence along those lines, no.

**Q125 Mr Davidson:** Speaking to people locally, the whole question of incentivising them by making sure that there is going to be a positive plus is one of the main thrusts. I am surprised that local prevailing wage rates would not have some sort of influence. Is it the sorts of jobs for which people are considered eligible or applying for that is significant? Are there any statistics on any of this that can guide us?

**Mr Anderson:** The purpose of the tax credit system is to try to make sure for everybody that the move off benefits into work makes a meaningful step forward in terms of their income and obviously the tax credit system is being developed as we go along to improve that position.

**Q126 Mr Davidson:** Okay, I understand that. Can I just clarify whether or not there is any impact upon the take-up of employment by the over-50s as a result of substantial immigration, particularly, say, from Eastern Europe and so on. Constantly I am

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being told that there are a whole load of jobs in the West of Scotland that cannot be filled but with the numbers of people coming in from Eastern Europe they can be filled. I have never been entirely clear whether or not they could have been filled by people incentivised out of Invalidity Benefit or unemployment who are over 50.

**Mr Anderson:** I do not believe there is any evidence that suggests that new people coming into the country have altered the position that there are a lot of vacancies in the economy. In most parts of the economy at the moment it is not the number of vacancies that is the limiting factor on people getting into work, a lot of it is about attitude and about how far you can persuade people it is sensible for them to travel to take up a job. There are some fairly tight knit communities that really do not want to move from a very tight area and we have to work very hard with them to persuade them to look slightly further afield.

**Q127 Mr Davidson:** Can I ask about your successes. To what extent have the successes that you have had so far, which to some extent have come out of the document, been creaming off from the top, as it were, those who are most likely to be getting into work and most likely to be highly motivated and so on? To what extent, as we go on, will you find it ever more difficult because the people you are tackling have greater problems, or is that an unfair look at it and it is all equal?

**Mr Anderson:** I think there must be some truth in that statement. For example, if you take New Deal 50 Plus it is a voluntary programme and, therefore, by their nature the people who volunteer are likely to be those who are closest to the labour market because they have volunteered and, therefore, those who do not volunteer and end up getting to New Deal 25 Plus after 18 months are pretty likely to be harder to help at that point than those who volunteered earlier. Generally speaking, those people who have been on Incapacity Benefit for a long time are likely to be harder to help than those who are recently moving on to benefit. There is an element of that, yes.

**Q128 Mr Davidson:** I understand the point about incentives and people being better off if they go into work. One of the things that has been discussed in my own area, but not with Jobcentre staff because we do not have a Jobcentre there, is the disincentive of taking a job and then finding that you cannot cope with it and coming back off again and not being able to get back on to Invalidity Benefit because you have to jump through all sorts of hoops and start again. What steps are you taking to overcome that?

**Mr Anderson:** I think in the Pathways to Work areas there are lots of extra opportunities for people to test the work experience without putting at risk their status, as it were, and I think we have recognised that is an important part of the mix, that we have to understand better just how much impact that will have.

**Q129 Mr Davidson:** Is this going to be rolled out across the UK as a whole?

**Mr Anderson:** As Sir Richard said, at this point we do not have sufficient evidence from the Pathways to Work pilot to be certain that it would be a good investment to roll out nationally and, therefore, our Spending Review provision did not give us money to roll it out nationally. Once the programme has been evaluated, obviously it will be for ministers to decide whether at that point they wish to allocate resources to it.

**Q130 Mr Davidson:** What is the sort of timescale in terms of the evaluation and possible decision?

**Mr Anderson:** There will be information coming out at various stages and clearly it depends how strong the trends are and at what time they emerge. I think I am right in saying that the first statistics are due to be published early next year.

**Sir Richard Mottram:** I think we are talking about evaluation in 2006.

**Q131 Mr Davidson:** 2006?

**Sir Richard Mottram:** Yes.

**Q132 Mr Davidson:** That seems quite a long time to me. I do find this surprising. It is an issue that constantly gets raised in these sorts of discussions, that the disincentive to taking a risk is that you cannot get back again. I am surprised that it will take until 2006 to clarify that.

**Sir Richard Mottram:** The evaluation that I am talking about is looking at the whole effect of Pathways to Work.

**Q133 Mr Davidson:** This particular issue seems to me, and to people locally, to be the main issue, getting people over 50 into work, de-risking that decision. Are there no prospects of anything being done within the foreseeable future? What timescale? Three years?

**Mr Anderson:** I am sure if there was learning from the pilots that gave us a clear indication earlier than that, that we might find ways of incorporating that into other programmes. That is not quite the same as rolling out the whole of the Pathways to Work activity nationally. That is not to say we could not learn lessons from earlier evaluations.

**Q134 Mr Davidson:** With regard to this particular lesson, which I do not think you have to learn, it is already learned as far as I am aware, what sort of timescale might there be for that being rolled out more widely, like in my constituency?

**Mr Anderson:** At this point we do not know that.

**Q135 Mr Davidson:** Is that "do not know" within the next five years, 10 years, two years? Can you give me any hope at all?

**Mr Anderson:** The full evaluation of the Pathways to Work is due to be completed in early 2006. There will be some information that will be starting to emerge next year. During that time, the sort of issue that you are describing will obviously become clear.

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**Mr Davidson:** Will it become clear before there is a Jobcentre built in my constituency or afterwards?

**Chairman:** I think you have made your point.

**Q136 Mr Davidson:** A good point can always bear repetition, I find. In terms of role models, apart from B&Q I have not been aware of any particular companies that have picked up this question of employing older people. I am not aware of anybody locally being held up as an example of good practice, either an individual or a firm. Obviously I might have missed it but I just wonder is there anything that you intend to do in order to demonstrate that people like them could do that as well?

**Mr Anderson:** We are working very closely with the National Employer Panel to understand how their employer coalitions can help us get the message across to employers because all the evidence suggests that employers are more convinced by other employers than they are hearing from us. We have employer coalitions around the country who will help us do that. We will be putting more resource into persuading employers ourselves. We have specialist employment advisers who are now on our books getting this message across but ultimately I think the success will be through the NEP.

**Sir Richard Mottram:** Can I just add a point which may be helpful. Out of the Age Positive campaign and all of the work that we have been doing there, there are a number of employers we could quote—I just gave B&Q, I was being a bit reticent about quoting individual companies—Tesco, Marks & Spencer, British Telecom, the Royal Bank of Scotland, and others, and I do not say this is the complete list, where we have a very active partnership with them in spreading the word across employers generally that we must break down ideas about age discrimination. The Department itself through the Age Positive campaign, and there will be more done on this over the next couple of years in the run-up to the age discrimination legislation, is out there proselytising alongside private sector partners the value of older workers.

**Mr Williams:** Welcome back, Sir Richard. It is a great pleasure to have you here again. You seem to have been missing for rather a long time from our hearings.

**Mr Bacon:** Saved by the bell!

*The Committee suspended from 5.57 pm to 6.06 pm for a division in the House*

**Q137 Mr Williams:** According to some of the papers we have from the National Audit Office I see that your Department is likely to achieve its Public Service Agreement target for increasing the employment rate for older people, which goes on to say, rather Delphically, “before taking account of the economic cycle”. That could mean either way. Does that mean that you are going to reach your target or does it mean that you will only reach it by virtue of the benefits of the economic cycle?

**Sir Richard Mottram:** As you say, the target was expressed in terms of “taking account of”, or words to that effect. We have not yet found a satisfactory

basis for working out how we take account of the economic cycle. Where we are is that we will achieve a significant rise in employment of people between 50 and the state pension age of two percentage points over the Spending Review period. That is all I can say really.

**Q138 Mr Williams:** It answers my question adequately. What it means is you are not going to reach your target—

**Sir Richard Mottram:** No, we are going to reach our target.

**Q139 Mr Williams:**—other than by virtue of the natural increase in employment arises from the economic cycle?

**Sir Richard Mottram:** No, no, that is not what we are saying at all. What we are saying is that it is very difficult to work out precisely the effects of the economic cycle. We are not saying that it is the economic cycle that has produced this result. The economy basically has been growing at 2% to 3% for a number of years now. We have shifted the employment rate of people over 50 to state pension age by two percentage points over a three year period. That is statistically significant and we believe that it meets the target. The technical wording of the target means what it means.

**Q140 Mr Williams:** Subject to the economic cycle?

**Sir Richard Mottram:** Yes, exactly.

**Q141 Mr Williams:** In 1999 the Age Positive campaign was launched to produce age diversity and to discourage discrimination. We are told that a voluntary code of practice was introduced but many employers are not aware of it.

**Sir Richard Mottram:** Yes.

**Q142 Mr Williams:** How can that be so five years on?

**Sir Richard Mottram:** Because it is actually very difficult to communicate—

**Q143 Mr Williams:** I am sorry?

**Sir Richard Mottram:** Perhaps I am giving an example here. It is very difficult to communicate with, I have forgotten the total number of employers in the country but it is huge. Communicating with small and medium sized enterprises on a comprehensive basis is very difficult.

**Q144 Mr Williams:** I am sorry but it is making them aware of the fact. What it sounds like from this is a very large proportion of employers are not even aware.

**Sir Richard Mottram:** I do not know what the number is.

**Q145 Mr Williams:** Who is responsible for the Age Positive campaign?

**Sir Richard Mottram:** We are responsible for it. We, the Department for Work and Pensions.

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**Q146 Mr Williams:** So this explains perhaps why it is a voluntary code of practice rather than a compulsory code of practice when you would have had to do something about it. What have you done to perpetuate it? Clearly you are making excuses for why you cannot get to that many employers in five years.

**Sir Richard Mottram:** The reason why it is voluntary is because age discrimination is not yet outlawed in the way in which it will be in 2006. We have issued 150,000 copies of the guidance on the Age Positive campaign. We have a website which has 50,000 visits a month, which is a good number but not an incredible number. Our evaluation of the impact of how we have been seeking to change views is that the number of employers using age as a criterion in recruitment has reduced from 27% to 13%.

**Q147 Mr Williams:** How many employers, as a ballpark figure, would there be? Approximately?

**Sir Richard Mottram:** Several million I should think.

**Q148 Mr Williams:** How many?

**Sir Richard Mottram:** Several million.

**Q149 Mr Williams:** Several million?

**Sir Richard Mottram:** Yes.

**Q150 Mr Williams:** And you have issued 30,000 leaflets a year?

**Sir Richard Mottram:** Yes, we have issued 150,000 copies of the guidance.

**Q151 Mr Williams:** You are not making a very intensive effort, are you?

**Sir Richard Mottram:** For example, we have 40 newspapers across the country supporting it.

**Q152 Mr Williams:** They may be supporting it but if that is all you have done as a Department, and you are the people responsible for promoting this campaign, all I can say is thank heaven you are not going to be in charge of any of our election campaigns, we would issue as many leaflets as that in the course of our elections, if not many more. That is what you have issued to several million employers over the space of five years. Where does responsibility lie in the Department? Have you got a special activist who is sitting there or do you just say to someone, "Go and write a leaflet and send out a couple a week"?

**Sir Richard Mottram:** We have a website.

**Q153 Mr Williams:** You have a website?

**Sir Richard Mottram:** We have a website.

**Q154 Mr Williams:** Oh, my God.

**Sir Richard Mottram:** If we have guidance and if we are working in partnership with other people you can assume that we have got a small team of people who are working on it.

**Q155 Mr Williams:** What worries me about your website is that was what was being recommended to Mr Steinberg to resolve his problems, but having

seen how little impact it has had on your problems I would have to tell you, Gerry, you will be wasting your time and money having a website. As far as you are concerned, you are signed up to this Age Positive campaign inevitably or even the initiators of it. Are you the initiators?

**Sir Richard Mottram:** We are the Department responsible for it, yes, on behalf of the Government as a whole.

**Q156 Mr Williams:** Who initiated it, the Government?

**Sir Richard Mottram:** Yes.

**Q157 Mr Williams:** By golly, a really dynamic initiative. What about yourselves? This comes back to my first question; I should have started the other way round. In that case I would have expected you, as fully signed-up members, to have the most complete statistics available for the NAO and for this Committee to convince us that you at least are observing the terms of the campaign.

**Sir Richard Mottram:** We as a Department, you mean?

**Q158 Mr Williams:** Yes. Not you personally.

**Sir Richard Mottram:** We as an employer?

**Q159 Mr Williams:** Yes. Yet from your first set of answers it was highly nebulous as to what you have achieved as a result of your action in pursuit of the campaign and what has been achieved regardless of you and would have been achieved anyhow because of the economic cycle.

**Sir Richard Mottram:** I am sorry, there are a number of different strands here. In relation to our PSA target and whether we have achieved it, we are confident that the two percentage point change is significant and meets the target. We have technical econometric problems which we have spent a lot of time talking about improving, but it is a significant change. That is for the whole economy, obviously. In relation to us as an employer, we have substantial numbers of people working beyond the age of 60 and we have a policy in the Department that now allows people to work beyond the age of 65. We are seeking to be a champion of the policies that we are espousing to other employers.

**Q160 Mr Williams:** We are told that—this may be an unfortunate use of language in the briefing we have got—there is the prospect of the introduction of age discrimination legislation in 2006. Does that mean the introduction of legislation in 2006 or legislation to implement the policy in 2006?

**Sir Richard Mottram:** That means legislation implementing the policy, so the policy can be implemented by October 2006. That is the policy in the European Directive.

**Q161 Mr Williams:** That remains unchanged, does it?

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*Sir Richard Mottram:* It does.

**Q162 Mr Williams:** In paragraph 2.46, and this could be a favourable change, it says: "Ministers are considering a revised timetable".

*Sir Richard Mottram:* Which paragraph is that?

**Q163 Mr Williams:** Paragraph 2.46 on page 42.

*Sir Richard Mottram:* Essentially what has happened, as that paragraph brings out, is that the draft regulations to implement this policy were due to be published in spring 2004 but they have not been published because there are still discussions going on inside Government about certain aspects of the implementation. What the end of this paragraph says is that, therefore, we are looking at a revised timetable for the handling of the process of consultation with industry prior to these changes being introduced in October 2006. It is not that the October 2006 date is shifting.

**Q164 Mr Williams:** One final question, because it is slightly confusing. Also we are told that the Government has proposed a range of measures to promote flexible retirement and extended working life. These will be introduced between 2005 and 2010.

*Sir Richard Mottram:* Yes.

**Q165 Mr Williams:** What is the difference between the two groups?

*Sir Richard Mottram:* What we are talking about in the case of the October 2006 implementation is implementing the European Directive which essentially outlaws discrimination by age which cannot be objectively justified. Alongside that, the Government has a whole series of policies which are designed to introduce more flexibility, for example, in the way in which you can defer taking your state pension or changes in the earliest date at which you can take your occupational pension, or shifting the retirement age for public sector workers. Each of those has a different implementation date because in some cases you have to give considerable notice about these things. In other words, there is the EU legislation and then there is a raft of policies which complement the thrust of ending age discrimination. Does that make sense?

**Mr Williams:** I am sure we are all much clearer as a result of your explanation. Thank you.

**Q166 Mr Bacon:** Sir Richard, in answer to one of those questions from Mr Williams you said there are discussions inside the Government about aspects of the implementation and this has caused the delay. In paragraph 2.46 it refers to the fact that there are "... divergent views on whether a mandatory retirement age should be allowed ...". Presumably that is not the only issue. Without saying who does what, as it were, can you very quickly sketch out what are the main heads of disagreement, if you like, about where things might go as a result of this delay?

*Sir Richard Mottram:* The main disagreement is whether it would be appropriate to have effectively a default retirement age which might be 65, for example.

**Q167 Mr Bacon:** Or just scrap it entirely?

*Sir Richard Mottram:* Or have no retirement age, in which case you would have to justify in relation to each employee why they were asked to leave because obviously we all do have to leave eventually.

**Q168 Mr Bacon:** Even mandarins.

*Sir Richard Mottram:* I am afraid mandarins go very early, but yes.

**Q169 Mr Bacon:** To a fairly comfortable future.

*Sir Richard Mottram:* I hope so.

**Q170 Mr Bacon:** Could I ask about the New Deal 50 Plus.

*Sir Richard Mottram:* Yes.

**Q171 Mr Bacon:** In answer to one of the Chairman's first questions at the beginning you said that there is a natural trade-off, which obviously there is. Do you agree that there is less likely to be that trade-off between, if you like, the deadweight cost of people who would go and get jobs anyway for the over 50 group than would be the case for the younger group in the Plus 25 area?

*Sir Richard Mottram:* Yes.

**Q172 Mr Bacon:** That is why it is six months rather than 12 months?

*Sir Richard Mottram:* Rather than 18 months.

**Q173 Mr Bacon:** You are spending £270 million on it now—

*Sir Richard Mottram:* We have spent £270 million.

**Q174 Mr Bacon:** Have you calculated the additional cost of making it available instantly rather than having a six month wait?

*Sir Richard Mottram:* I do not think we would make it available instantly but certainly we could look at variations. One of the things we will be doing in relation to Building on New Deal (BoND) is thinking about should we have flexibility for individuals so if there was a compelling case for helping someone at three months, two months or whatever, could we do that? We are strongly in favour of that flexibility. Obviously there are resource issues around the cost of all of that which we also have to have in mind, but that is the essential thrust of BoND.

*Mr Anderson:* If I may add to that, Mr Bacon. There are some early entry criteria that personal advisers can use for all the New Deal programmes. People who have come out of prison or out of care homes or whatever can enter the programmes before the normal month's unemployment.

**Q175 Mr Bacon:** You have 10,000 personal advisers out of a headcount of roughly 130,000 or so.

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*Sir Richard Mottram:* Roughly, yes.

**Q176 Mr Bacon:** That makes you the biggest employer Department.

*Sir Richard Mottram:* The biggest Government Department, yes.

**Q177 Mr Bacon:** Employer of civil servants.

*Sir Richard Mottram:* Yes. That makes us roughly a quarter of the total number of civil servants.

**Q178 Mr Bacon:** A quarter of all civil servants.

*Sir Richard Mottram:* Yes.

**Q179 Mr Bacon:** Can you tell us what they are all doing?

*Sir Richard Mottram:* What are all my people doing?

**Mr Bacon:** What do these 130,000 people do?

**Q180 Chairman:** Do not take too long about it.

*Sir Richard Mottram:* Do we know what they all do? Yes, we know exactly what they all do.

**Q181 Mr Bacon:** Could you send us a note which breaks down what they do by conventional organisational headings, like finance, HR, administration, back office, IT, as well as the personal advisers. Also, if you could provide it by geography so we can get some understanding of who these people are, what they are doing and where they are coming from.

*Sir Richard Mottram:* We have that data, yes.<sup>1</sup>

**Q182 Mr Bacon:** I would be grateful if you could. Following up what Mr Allan said earlier, when you have got to your new world, your post-Gershon world, and you cut these 30,000 positions, your significantly smaller service in terms of the Jobcentre Plus will have how many personal advisers?

*Sir Richard Mottram:* That is the issue that we are still trying to tease out. I cannot give you a definite figure.

**Q183 Mr Bacon:** Roughly? 5,000 or 7,000? What number are we talking about?

*Sir Richard Mottram:* If I am doing it roughly I am going to be giving you a figure, am I not?

**Q184 Chairman:** We have asked this question four times now, he is not going to give us an answer.

*Sir Richard Mottram:* I am not going to give an answer, Chairman, because we are working on the detailed implementation plans and obviously we have to agree those with ministers. I am not really in a position to share them with the Committee until I have agreed them with my ministers. When I have agreed them with my ministers I would be happy to share them. They may still be confidential but obviously we could share them with the Committee.

**Q185 Mr Bacon:** Your supposition is it is going to be smaller than 10,000?

*Sir Richard Mottram:* No, my supposition is it will be probably around 10,000.

**Q186 Chairman:** I think you have just given an answer.

*Sir Richard Mottram:* I have a record of what "around" might mean. The other issue that we should have brought out earlier probably is one of the areas we are looking at is—this is a Gershon point more generally—can we look at the way in which our personal advisers spend their time and whether some of their time is spent on unproductive tasks or some of their time is spent on administrative tasks that other people could do so we could, I was going to say get more bang for our buck, but you know what I mean, we could improve the productive time of whatever number we had. That is something that David is working on at the moment.

**Q187 Mr Bacon:** Okay. If I could ask you about Incapacity Benefit, you said in answer to an earlier question that basically there has been a tighter approach to the gateway since 1995.

*Sir Richard Mottram:* Yes.

**Q188 Mr Bacon:** Obviously there was a looser approach to the gateway before 1995.

*Sir Richard Mottram:* Yes.

**Q189 Mr Bacon:** A whole load of people who make up this much larger number, and on page 23 it is 49%, are there as a result of this looser gateway, 1.3 million people over 50 are on Incapacity Benefit.

*Sir Richard Mottram:* A lot of people would have flowed on since 1995. It is quite a complicated calculation.

**Q190 Mr Bacon:** That is true but, nonetheless, the number has remained more or less static at this much larger number. On page 20 in paragraph 1.6, it is pointed out that "... the number of older people claiming Incapacity Benefits has grown even though the general health of the nation has improved." Notwithstanding what Mr Allan said about the industrial areas, and one can see that, that is what makes it difficult for people to credit what is going on here, that we have a healthier nation and yet the take-up of Incapacity Benefits has quadrupled. Why?

*Sir Richard Mottram:* The take-up of Incapacity Benefit quadrupled, roughly speaking, between around 1979 and now, but if you look at the data in here about the flow and the stock which you can see from the diagram on page 24, which should have been referred to earlier, this brings out very clearly what has been going on here. The annual inflows have fallen very substantially since 1995. The stock has continued to rise, but if you look at the profile of the stock, the trend line of the stock, quite clearly it has flattened out. We are interested in two things: maintaining tight controls on the inflows, and we hope that could be reduced somewhat further; and helping them to reduce the stock, but reducing the stock is a long-term job, we are talking about many years to really get a grip on that bigger number for

<sup>1</sup> Ev 19

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all sorts of reasons that we have discussed. If you look at that table, what it shows is that this is a problem which is not growing any more, so a lot of the debate about it in public is based upon a misunderstanding, I think, that is not informed by this diagram. The growth in Incapacity Benefit was fundamentally a growth from 1979 to around 1995.

**Q191 Mr Bacon:** The interesting point is of those 1.3 million people, although there is no obligation for them actively to seek work, how many are capable of doing work? That is the interesting question.

**Sir Richard Mottram:** It is indeed.

**Q192 Mr Bacon:** And what is the answer?

**Sir Richard Mottram:** The answer is we believe that with help a substantial number of them could work again.

**Q193 Chairman:** But they are all, by definition, incapacitated.

**Sir Richard Mottram:** They are, but even the title of the benefit is unfortunate, I think, Chairman.

**Q194 Mr Bacon:** I think you should change the title.

**Sir Richard Mottram:** I would like to change the title.

**Q195 Mr Bacon:** Can I ask you about how you assess Incapacity Benefit. You are still employing Schlumberger to do that, are you?

**Sir Richard Mottram:** They have a new name, Atos Origin. Same company, different name.

**Q196 Mr Bacon:** Enhanced service, new name.

**Sir Richard Mottram:** It is part of a different group now.

**Q197 Mr Bacon:** They have changed hands quite a few times. How much are you paying them?

**Sir Richard Mottram:** I do not have that number with me but I could give it to you.

**Q198 Mr Bacon:** If you could send us how much you pay to them.

**Mr Anderson:** It is in the region of 75 million a year.

**Q199 Mr Bacon:** The chief executive of the old Schlumberger told us 80. How much is for what? How much is to assess Disability Living Allowance? If you could do something, that would be terrific.

**Sir Richard Mottram:** Yes.<sup>2</sup>

**Mr Bacon:** Thank you, Chairman.

**Q200 Jim Sheridan:** There was the briefest recognition in the Report that people from ethnic minorities are suffering even more barriers than others. If I look through your Report at all of the smiling faces, there is no ethnic minority person in there. Are you doing anything to help ethnic minority people get back into work?

**Sir Richard Mottram:** We are indeed trying to do a lot. I do not want to go into PSA targets again, but we have a target to do that. We have a cross-Government taskforce at ministerial level supported by an official level group that works out of my Department closely with other Departments and it is a very big priority for us to improve ethnic-minority employment. The point you make about the pictures is very interesting. I do not think the Department picks the pictures but I think it is a very good point, if I may say so. Sorry, it is not for me to say your points are good but I think it is a very interesting point. Ethnic-minority employment and the variations between different ethnic minorities are very, very big priorities for us as a Department.

**Q201 Chairman:** Thank you very much. Can you just look at paragraph 3.15 on page 46 where you will see there it says: "There is potential, in particular, to improve co-ordination between Jobcentre Plus offices and local Learning and Skills Councils" and both are often contracting. What are you doing to right this state of affairs?

**Mr Anderson:** We have a lot of close working with LSCs that has really picked up over the last 12 months, particularly since the publication of the NEP report on skills. There are three areas. There are local co-ordinated service delivery plans being developed for Jobcentre Plus offices and local LSCs that they are working on together. Also, there is a joint working group at official level on the contracting issues because there are different types of provision bought from the same people and we need to bring the contractual terms together. Then we have a senior steering group that meets regularly with LSCs and makes sure that we are directing our efforts in the best possible way. I think there is a focus on partnership working. Sir Richard mentioned before that we think we are more joined-up here than we have been in the past.

**Q202 Chairman:** Can we have a note, please, on the variations between Regional Development Agencies' responses to the campaign?

**Sir Richard Mottram:** To?

**Chairman:** Mr Alan Williams asked this.

**Q203 Mr Williams:** We have had a Report saying that there are variations between areas and also between regions and there are variations in the way in which the Regional Development Agencies have reacted and responded. Could you let us have a note on that rather than spelling it out now.

**Sir Richard Mottram:** Yes.<sup>3</sup>

**Q204 Chairman:** Thank you very much. We have focused very much on Incapacity Benefit and I am sure we will want to return to this in our report. In answer to Mr Bacon there was an interesting answer, that it might be necessary to change the name of the benefit at some stage in the future.

<sup>2</sup> Ev 25

<sup>3</sup> Ev 25

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**Sir Richard Mottram:** I believe it is a very important thing. Why would you have a benefit that defines things that people are not capable of doing? What we are interested in is defining things people are capable of doing and helping them to do them.

**Q205 Chairman:** That is a very good note to finish on. I, for one, am glad that all Permanent Secretaries born in 1946 or after will be able to carry on until they are 65, including yourself.

**Sir Richard Mottram:** I am afraid I do not count because, unfortunately, I am the wrong side of October 2006.

**Mr Jenkins:** You can carry on voluntarily.

**Q206 Chairman:** We enjoy having you, Sir Richard. Thank you very much.

**Sir Richard Mottram:** Thank you, Chairman.

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 Supplementary memorandum submitted by the Department for Work and Pensions

*Question 181 (Mr Bacon): Breakdown of staff by organisational heading and by geography*

Data on the breakdown of staff by function performed are attached for each of the principal organisational areas within the department. Also attached are staff breakdowns by organisational area for each Government Office Region, Scotland and Wales, and have been adjusted where necessary to bring the figures into line with the counting rules used for Civil Service-wide statistics.

The figures in each case are on a full-time equivalent basis and, except where shown, include casuals.

These figures are drawn from different data sources within regions. It is not possible to provide functional breakdowns for each organisation.

## JOBCENTRE PLUS

*Roles carried out by staff*

Labour Market (including advisers)	19,850	<i>of which 10,520 are advisers</i>
Benefit processing	22,130	
Customer services	6,685	
Contact centres	3,165	
Programme Protection	6,895	
Management and support	16,715	
<b>TOTAL</b>	<b>75,440</b>	

<i>Government Office Region</i>	<i>Number of staff</i>
East Midlands	4,420
East of England	4,750
London	9,585
North East	4,690
North West	11,715
Scotland	9,070
South East	6,280
South West	4,675
Wales	4,915
West Midlands	6,570
Yorkshire & Humber	8,775
<b>TOTAL</b>	<b>75,440</b>

## NOTES:

1. *Sources:* Activity Based Information (ABI) data (October) for Field Operations. Workforce Plans (October) for National Tier.
2. The table below explains what job types have been placed in each category.
3. National Tier staff have been entered in the GOR in which they are based, the majority being included in Yorkshire & the Humber and the North West.
4. Totals may not sum due to rounding.

<i>Category</i>	<i>Activities included</i>
Labour Market	Personal/New Client Advisors *Main Stream (Restart) *Disability Employment Advisor *New Deal Advisors *Job Enquiries District Programme Quality management Team Action Teams Employment Zones European Social Fund Disability Services Jobsearch Review Activity (Advisors includes those items identified with a *)
Benefit Processing	Financial Assessors Income Support—claims and changes Jobseekers Allowance—claims and changes Social Fund—Loans and Grants Incapacity Benefit—claims and changes Bereavement Benefit Industrial Injuries Disablement Benefit Maternity Allowance
Customer Service	Reception Floor Walker National Insurance Number Allocations Appeals Projects
Contact Centres	All staff, management and support in Jobcentre Plus Direct including First Contact Second Contact Cold calls Jobseeker Direct.
Programme Protection	Gateway Interventions Case Interventions Core VisitsCounter Fraud Investigation ServiceProgramme Protection Division
Management and Support	Infrastructure Management Management (HEO and above)Finance—Cashiers, stockholders etc Resources Business Support Human Resources Secondments Others eg TU Reps, HASSRA etc National Tier Staff (excluding Programme Protection Division)

THE PENSIONS SERVICE

*Roles carried out by staff*

Core processing	8,660
Telephony	1,240
Support	1,630
Local service	2,635
Management	420
HR	230
Central Directorates	770
Projects	1,070
<b>TOTAL</b>	<b>16,650</b>

<i>Government Office Regions</i>	<i>Number of staff</i>
East Midlands	1,000
East of England	1,210
London	370
North East	4,950
North West	2,050
Scotland	1,730
South East	330
South West	1,010
Wales	1,500
West Midlands	1,140
Yorkshire & Humber	600
Central Directorates <sup>1</sup>	770
<b>TOTAL</b>	<b>16,650</b>

## NOTES:

1. Figures relate to October 2004.
2. Totals may not sum due to rounding.

## CHILD SUPPORT AGENCY

*Roles carried out by staff*

Caseworkers	6,980
Central Appeals Unit	175
Face to face/visiting	365
Telephony	310
HQ	1,215
Management/Support/HR/Finance	840
<b>TOTAL</b>	<b>9,890</b>

<i>Government Office Regions</i>	<i>Number of staff</i>
East Midlands	170
East of England	220
London	70
North East	1,205
North West	2,170
Scotland	1,505
South East	1,235
South West	1,300
Wales	120
West Midlands	1,560
Yorkshire & Humber	340
<b>TOTAL</b>	<b>9,890</b>

## NOTES:

1. Figures relate to October 2004.
2. Totals may not sum due to rounding.

<sup>1</sup> Staff are in small pockets mainly London, Leeds and Newcastle and Lytham and cover such functions as IS/IT, directors/chief executive support, business design and customer services.

## DISABILITY AND CARERS SERVICE

*Roles carried out by staff*

Claims handling and other customer services, including direct support	Direct staff	4,430
	Decision makers	720
Support staff	Support staff	1,220
	DCS projects	210
	<b>TOTAL</b>	<b>6,580</b>

<i>Government Office Regions</i>	<i>Number of staff</i>
East Midlands	0
East of England	0
London	610
North East	150
North West	4,480
Scotland	285
South East	0
South West	205
Wales	180
West Midlands	440
Yorkshire & Humber	235
<b>TOTAL</b>	<b>6,580</b>

## NOTES:

1. Figures relate to October 2004.
2. Totals may not sum due to rounding.

## THE APPEALS SERVICE

*Roles carried out by staff*

Frontline operations	565
Frontline operations/general operations support	20
Finance	30
IT	25
Policy	15
Change	20
HR	35
Modernisation	10
<b>TOTAL</b>	<b>715</b>

## NOTES:

1. These figures do not include casuals, fixed-term appointments or staff working in The Appeals Service on detached duty.
2. Figures relate to October 2004.
3. Totals may not sum due to rounding.

<i>Government Office Regions</i>	<i>Number of staff</i>
East Midlands	85
East of England	5
London	90
North East	55
North West	140
Scotland	125
South East	*
South West	40
Wales	100
West Midlands	75
Yorkshire & Humber	65
<b>TOTAL</b>	<b>775</b>

## NOTES:

1. These figures relate to October 2004.
2. Totals may not sum due to rounding.
3. \* = a figure less than 5.

## DEBT MANAGEMENT

*Roles carried out by staff*

Overpayment calculation	410
Overpayment decision making	410
Overpayment recovery	1,240
NHS <sup>2</sup> /Bulk letter forwarding <sup>3</sup>	105
Compensation recovery	525
Support	150
Projects	130
<b>TOTAL</b>	<b>2,960</b>

<i>Government Office Regions</i>	<i>Number of staff</i>
East Midlands	90
East of England	60
London	20
North East	640
North West	1,040
Scotland	240
South East	10
South West	55
Wales	80
West Midlands	210
Yorkshire & Humber	520
<b>TOTAL</b>	<b>2,960</b>

## NOTES:

1. These figures relate to October 2004.
2. Totals may not sum due to rounding.

<sup>2</sup> This work is carried out on behalf of, and is funded by, the Department of Health & relates to recovering from insurance companies, the costs incurred by the NHS in treating persons injured in road traffic accidents.

<sup>3</sup> This is where insurance companies have monies owing to individual policyholders but are unable to trace their current address; DWP checks its own records for current addresses and forwards letters to individuals on behalf of insurance companies. Insurance companies reimburse DWP for the full costs of this service.

## GROUP HQ AND SOME CENTRAL FUNCTIONS AND INDEPENDENT STATUTORY BODIES

*Roles carried out by staff*

Private Office	75
Strategy & Pensions Client Group	370
Welfare, Work and Equality Client Group	1,140
Communications	310
Independent Statutory bodies	130
<b>TOTAL</b>	<b>2,020</b>

<i>Government Office Regions</i>	<i>Number of staff</i>
East Midlands	*
East of England	*
London	1,140
North East	140
North West	155
Scotland	25
South East	*
South West	5
Wales	5
West Midlands	95
Yorkshire & Humber	445
<b>TOTAL</b>	<b>2,020</b>

## NOTES:

1. These figures relate to October 2004.
2. Totals may not sum due to rounding.
3. \* = a figure less than 5.

## CORPORATE AND SHARED SERVICES

*Roles carried out by staff*

Finance	4,500
HR	1,625
Information and Analysis Directorate	470
Law and Special Policy Group	435
Programme and Systems delivery	1,050
<b>TOTAL</b>	<b>8,085</b>

<i>Government Office Regions</i>	<i>Number of staff</i>
East Midlands	295
East of England	120
London	970
North East	1,130
North West	2,300
Scotland	410
South East	200
South West	110
Wales	235
West Midlands	190
Yorkshire & Humber	2,130
<b>TOTAL</b>	<b>8,085</b>

## NOTES:

1. These figures relate to October 2004.
2. Totals may not sum due to rounding.

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**THE RENT SERVICE**

The Rent Service became part of the Department for Work and Pensions from April 2004. Staffing figures are not currently available in this detail as they are currently on a different payroll system. This information should be available to us in the future once the new resource management system is fully operational.

Total FTE staff for the Rent Service (October 2004) is 730.

*Total DWP staff*

<i>Business/Organisation</i>	<i>Number of staff</i>
Jobcentre Plus	75,440
The Pension Service	16,650
Child Support Agency	9,890
Disability and Carers Service	6,580
The Appeals Service	775
Debt Management	2,960
Group HQ	2,020
Corporate and Shared Services	8,085
The Rent Service	730
<b>TOTAL</b>	<b>123,170</b>

## NOTES:

1. These figures relate to October 2004.
2. Totals may not sum due to rounding.

*Questions 197–199 (Mr Bacon): Atos Origin Medical Services*

In the financial year 2003–04 Atos Origin was paid £77.2 million under the Medical Services contract covering the full cost of the provision of medical advice and reports to DWP and other Government Departments such as Inland Revenue (Disabled Persons Tax Credit) and Ministry of Defence (Veterans Agency). We recover the costs from the Veterans Agency which in 2003–04 represented 1% of the expenditure. Costs incurred by Inland Revenue fall below the de minimus level, ie the cost of calculating the recoverable amount and taking action to recover it would exceed the amount itself. Expenditure on medical advice and reports for DLA/AA represented approximately 15% of these costs.

*Questions 202–203 (Chairman and Mr Williams): Regional Development Agencies: Age Diversity and Employment of older people*

Creating employment opportunities for all is a primary aim for the Regional Development Agencies (RDAs) in England. The RDAs work closely with their regional and sub-regional partners and stakeholders to produce Regional Economic Strategies (RES) which sets out the medium to long term vision for the economic development of their regions. It will be up to the RDAs and their regional partners in developing and updating the RES to decide how far older age employment is a priority for the region. In drawing up and implementing the RES, the Government has been clear that RDAs must take account of the need to ensure opportunity for all in the region

On older age employment, the new Tasking Framework for the RDAs (that will come into effect from April 2005) indicates that:

“over three years to Spring 2008, and taking account of the employment cycle: demonstrate progress on increasing the employment rate: increase the employment rates of disadvantaged groups (lone parents, ethnic minorities, people aged 50 and over, those with lowest qualifications and those living in the Local Authority wards with the poorest initial labour market position) and significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate.”

The RDAs have responsibility to develop Framework for Regional Employment and Skills Action Plans (FRESAs) which are built on detailed labour market information (LMI). The FRESA has provided a framework and process to pull together LMI and for major stakeholders to agree a single regional plan on skills to support economic development in their region.

## RDA ACTIVITIES

The East Midlands Development Agency (EMDA) funded initiative “Experience Works” has been a trailblazer in England in developing an agenda to enhance the employability of older people. It drew together key regional agencies, trade unions and employer organisations and involved Government Office and Training Organisations. Latterly its work has developed as an East Midlands FRESA priority with co-ordinators in each local Learning and Skills Council (LSC) as well as roll out of real and virtual centres for older people.

Around the same time as the East Midlands was creating Experience Works, the South East England Development Agency (SEEDA) was independently exploring the issues and commissioned the University of Surrey and other partners to create a Centre for Research into the Older Workforce (CROW). These RDA-created agencies with their specific focus on the age diversity and older workers represent major strategic and financial investments by EMDA and SEEDA.

The East of England Development Agency (EEDA): Corporate Plan includes priorities on developing skills of older people and re-engaging older people in the workforce in areas of labour shortage.

The London Development Agency (LDA): NHS Skills escalator will target older women. The Agency also commissioned research on age and ageing in London carried out by Age Concern. LDA have now published the research from Age Concern “making Age Work for London” December 2003. They have also launched the Age Proofing toolkit, developed with Age Concern England and Nottingham Trent University, and shared with other RDA’s.

One North East: current Business support review will put emphasis on enterprise and will include older workers as target groups.

The North West Development Agency (NWD): the development of regional and sub-regional Skills Partnerships, complemented by Sector Skills Councils and Skills/Business Development Frameworks will help the RDA ensure that there is a better match between vocational provision and economic needs which would benefit older workers.

The South West of England Regional Development Agency (SWRDA):

South West RDA is currently considering appropriate activities which will develop older workers within and on the edge of the labour market. A new regional body “Equalities South West” is also currently in development. This body will provide advice and guidance in all aspects of equality including age and employability, ensuring all regional strategies take account of equality issues.

The South West Enterprise and Skills Alliance (South West’s Regional Skills Partnership) and the related regional skills strategy recognises the need to develop the workforce as a whole; from those entering at 16 to those who may continue to work beyond traditional retirement ages. The Third Age Employment Network (TAEN) is one of many enterprise and skills partners signed up to activities within the regional skills strategy.

Advantage West Midlands (AWM): is supporting a strategic “Advisory Group on Ageing” which sits under the Regional Assembly and a Voluntary and Community Sector network concerned with issues of Age. Both are relatively new.

Yorkshire Forward (YF): is funding “Fair Play”, a regional Equality and Diversity initiative which will support activities around older workers in the labour market.

## CONCLUSION

Age Diversity in employment is an evolving issue for England’s RDAs. They are developing appropriate mechanisms to harness the talents of older people in employment. The RDAs are also gearing up to meet the requirements of impending legislation on age discrimination which will come into effect from October 2006.

9 December 2004