



House of Commons
Committee of Public Accounts

Increasing employment rates for ethnic minorities

**Thirty-fourth Report of
Session 2007–08**

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

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The Committee of Public Accounts

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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

The current staff of the Committee is Mark Etherton (Clerk), Emma Sawyer (Committee Assistant), Pam Morris (Committee Assistant) and Alex Paterson (Media Officer).

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Summary

There is a significant gap of 14.2% between the employment rate of ethnic minorities and that of the general population. Annually, this costs some £1.3 billion in benefits and lost tax revenue, and some £7.3 billion to the UK economy in lost output. The employment gap has changed little in 20 years and is only 1.3% lower than in 1987. The Department for Work and Pensions (the Department) is responsible for helping ethnic minorities into employment, largely through a range of services provided by Jobcentre Plus offices across the country.

Since 2002, the Department's strategy for helping ethnic minorities into employment has lacked continuity, consisting largely of short term pilot projects which had insufficient time to be fully effective and have mainly been discontinued. This stop-start approach has had an adverse impact on Jobcentre Plus's efforts to increase ethnic minority employment.

Since 2006, the Department has shifted its focus to the City Strategy initiative, which is aimed at the wider disadvantaged community. The Department has devolved decision making to 15 City Strategy pathfinders. The pathfinders cover 40% of the ethnic minority population, but City Strategies have not appropriately targeted the local ethnic minority community. As a result, there is a real risk that the needs of ethnic minorities will not be addressed, and the Department's initiative will have limited impact on their employment opportunities.

Jobcentre Plus personal advisers play a crucial role, both in getting ethnic minorities into employment and moving them closer to the labour market. The advisers are, however, under considerable pressures, which limit the time they are able to spend with customers and their ability to access training and good practice. The constraints impact on their morale and effectiveness and have serious consequences for ethnic minorities, many of whom have multiple barriers to employment. Whilst the Department provides basic training and publishes good practice internally, this is of limited use if personal advisers do not have time to access it. In addition, outreach activities undertaken by personal advisers to bring the economically inactive ethnic minorities closer to employment are, in many cases, being scaled back. This has the potential, not only to isolate those members of the ethnic minority community who most need help, but also to alienate the voluntary sector organisations who have worked closely with Jobcentre Plus to get to this hard to reach group.

New Deal is the Department's mainstream initiative for getting people into work, but the quality of some of its training courses is variable. In particular, some ethnic minority customers finish their English for Speakers of Other Languages course with the same level of language skills with which they started.

On the basis of a Report by the Comptroller and Auditor General,¹ we took evidence from the Department for Work and Pensions and Jobcentre Plus on their efforts to increase ethnic minority employment and reduce the employment gap between ethnic minorities and the overall population.

1 C&AG's Report, *Increasing employment rates for ethnic minorities*, HC (Session 2007–08) 206

Conclusions and recommendations

- 1. The employment gap between ethnic minorities and the overall population is unacceptably high at 14.2%.** Despite the Department spending £40 million annually on pilot schemes to narrow the gap, it has decreased by only 2.8% in the last 10 years.
- 2. The Department's current aim to make further progress in increasing ethnic minority employment lacks quantification and is not sufficiently challenging.** Unlike for the period 2005–2008, the Department no longer has a specific target to increase ethnic minority employment. Its aim remains, however, to reduce the employment gap by 1% for each of the next three years. This is less challenging as the Department is no longer required to discount the impact of prevailing economic conditions. The Department should set a more specific target, which is both challenging and realistic and can influence how resources are best deployed in terms of their potential to promote ethnic minority employment.
- 3. Lack of continuity in the Department's strategy to promote ethnic minority employment has reduced its effectiveness.** Between 2002 and 2006, a series of pilot projects to increase ethnic minority employment were trialed but not continued or rolled out nationally. It is not clear whether the lessons from these pilots have been incorporated into the Department's wider focus on disadvantaged groups. The Department needs a longer term, clearly articulated strategy to support ethnic minority employment, which is more consistently implemented and monitored against key milestones.
- 4. Only seven of the fifteen City Strategy Pathfinders have specific targets aimed at reducing ethnic minority employment gaps.** As a condition of funding, all City Strategies for areas with significant ethnic minority populations should include measurable targets to demonstrate their impact in tackling the employment gap.
- 5. Jobcentre Plus's personal advisers do an impressive job in helping ethnic minorities find employment, but they need better support from Jobcentre Plus.** Despite considerable training opportunities and dissemination of good practice, personal advisers often do not have sufficient time or incentives to make use of these important aids to their work. As part of its performance management process, Jobcentre Plus should set a minimum amount of time that personal advisers need to spend on training and accessing good practice, and reflect this in the personal advisers' workload.
- 6. The scaling back of outreach activity by Jobcentre Plus increases the risk that the hardest to reach unemployed ethnic minorities will become more isolated.** The ending of Ethnic Minority Outreach in 2006 reduces the ability of Jobcentre Plus to engage with economically inactive ethnic minorities and help them get closer to the labour market. Outreach provision should reflect the needs of the local community and is best assessed locally. Jobcentre Plus managers should report periodically to district managers on their outreach activities and the extent to which they have met local needs.

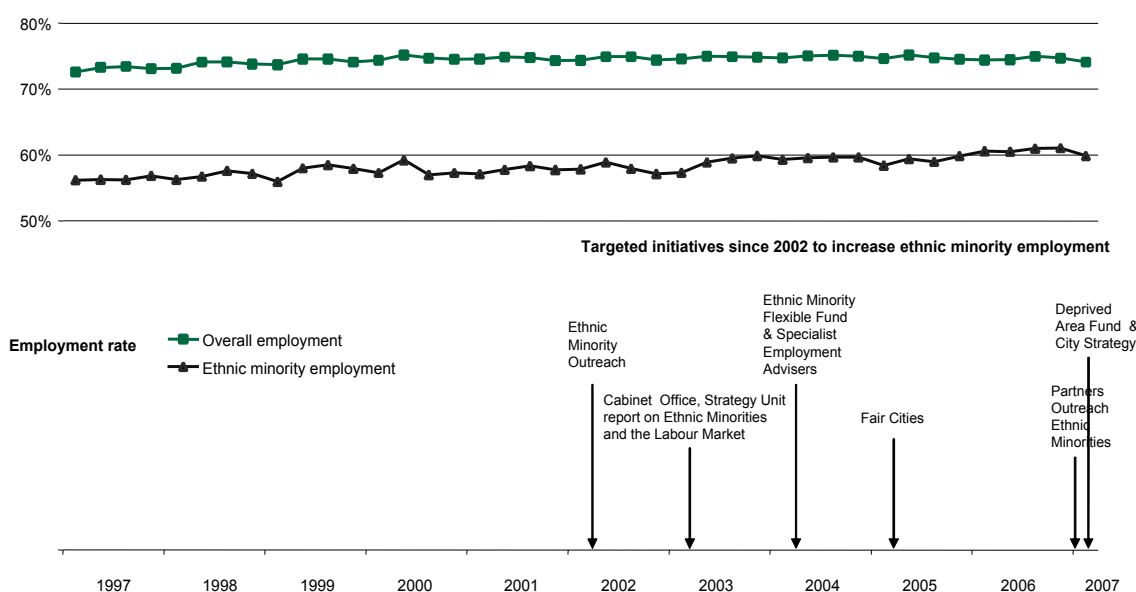
7. **Discrimination remains a major barrier to employment.** Jobcentre Plus should independently assess ethnic minority awareness of its procedures for reporting suspected cases of discrimination. The Department should also explore the possibility of encouraging employers to obtain a recognised 'Kitemark' certifying that they are an equal opportunities employer.
8. **The quality of some New Deal training needs to improve, in particular, English language teaching for Speakers of Other Languages.** Despite the need for high quality English language training, Jobcentre Plus has not addressed the shortcomings it has identified in the quality of training provided. The Department needs to satisfy itself that all its contracts with English language training providers specify appropriate teaching standards and that, where these are not met, penalties are imposed. The Department should set out the results of this review and the overall quality of teaching achieved in its Annual Report.

1 The Department's strategy for increasing ethnic minority employment

1. Although the United Kingdom is experiencing high employment levels, there is a significant gap of 14.2% between the employment rate of ethnic minorities (59.9%) and that of the overall population (74.1%)—a gap that is only 1.3% lower than it was in 1987. The Department for Work and Pensions (the Department), has estimated that this employment gap costs the economy some £8.6 billion annually.²

2. The ethnic minority population in the UK is increasing, and now accounts for 10% of the working age population.³ Mainstream services offered by Jobcentre Plus are the principal vehicle for helping ethnic minorities into employment. In addition, since 2002, Jobcentre Plus has run pilot projects aimed specifically at ethnic minorities.⁴ Without increased effort, the Department estimates that it could take 30 years to eliminate the gap, but the limited progress over the last 10 years suggests that it could take even longer (Figure 1).

Figure 1: The employment gap between ethnic minorities and the overall population shown against the Department's targeted initiatives



Source: C&AG's Report, Figure 1

3. Reducing the unemployment gap between ethnic minorities and the overall population is a challenging and multi-faceted issue, and the United Kingdom is not unique in having

2 C&AG's Report, para 1.6

3 C&AG's Report, para 1.9

4 C&AG's Report, para 1.9

this problem. The Department has made some progress in reducing the employment gap. Over the last ten years there has been a slow but steady reduction of 2.8% in the gap.⁵

4. Until spring 2008, the Department had a Public Service Agreement target to reduce significantly the ethnic minority employment gap, after taking account of the economic cycle. This target was taken to mean a reduction in the employment gap of at least 1% over the three year period. The Department met this modest target for 2003–2006, and is likely to do so also for 2005–2008, but accepts that this is partly due to the strong economy, which has seen ethnic minority employment rising disproportionately, as well as to the Department’s mainstream and targeted initiatives.⁶

5. For the Spending Review period 2008–11, the Government decided to reduce the overall number of Public Service Agreement targets. As a result, the Department now has a performance indicator of narrowing the employment gap between several disadvantaged groups, including ethnic minorities, and the overall rate.⁷ In the absence of a specific target for ethnic minorities, the Department aims to achieve a narrowing of 1% in the gap over the three year period. Even if this is achieved, at this rate of progress it could take more than 40 years for the Department to eliminate the employment gap of 14.2% between ethnic minorities and the overall population.

6. From 2002, the Department piloted a number of initiatives, targeted specifically to help ethnic minorities into work. From mid-2006, the Department shifted its focus to area-based initiatives aimed at disadvantaged groups generally.⁸ Whilst the Department has given a high priority to reducing the employment gap for ethnic minorities and has had some success, its strategy has lacked continuity.⁹ This has had an adverse impact on the effectiveness of the efforts by Jobcentre Plus to increase ethnic minority employment. The Department acknowledges that there were transitional difficulties in the period up to 2006, but considers that for the last three years it has been following a consistent policy.¹⁰

7. Pilot schemes run between 2002 and 2006 aimed specifically at ethnic minorities cost the Department around £40 million and achieved some success (**Figure 2**). The purpose of the pilot schemes was to identify whether such targeting could achieve a step-change in the employment gap, and to learn real lessons which could be incorporated in future strategies. These pilot schemes varied in their success rate and the cost per job, and may not have achieved their full potential, either because they got off to a slow start, or because they were not of sufficient duration.¹¹ Whilst acknowledging that the pilots were small scale and unlikely to make much impact on the employment gap, the Department considers it has learned lessons from each of the pilots and incorporated them into its re-focussed strategy on disadvantaged areas.¹²

5 C&AG’s Report, para 1.6

6 Qq 4–6; C&AG’s Report, para 1.8

7 Qq 54–56

8 C&AG’s Report, paras 2.4–2.5

9 C&AG’s Report, para 13

10 Qq 7, 68

11 Qq 39–41, 66

12 Qq 9, 41

Figure 2: The Department's targeted initiatives

TITLE AND DESCRIPTION	SPEND AND DURATION	ACHIEVEMENT AGAINST TARGETS (1)
AIMED AT ETHNIC MINORITIES		
Ethnic Minority Outreach	£31.5 million April 2002–September 2006	Target: 25% of starters into work Achieved: 32% of starters into work (over 13,000 job entries). Cost (to the programme) per job £2,400
Ethnic Minority Flexible Fund	£6.8 million April 2004–March 2006	“Planning assumption”: 500 jobs Achieved: Over 2,500 job entries Cost (to the programme)per job £2,700
Specialist employment advisers	£1.5 million 2004–2006	No job entry targets
Fair Cities	£8.34 million April 2005–March 2008	Target: 15,000 sustainable jobs Achieved: 248 jobs after first 10 months Cost (to the programme)per job £12,715 after first ten months (likely to reduce as numbers build and start-up costs are spread)
Partners Outreach	£7.5 million January 2007–Mar 2008	Targets: 5,000 starts and 1,000 jobs Results not yet available
AREA BASED INITIATIVES		
Deprived Areas Fund	2006-2009 £111.3 million of which...	No mandatory targets for ethnic minority employment.
City Strategy	...£65 million (58%) will be under the control of City Strategy consortia	Just over half of consortia with large ethnic minority populations have targets for ethnic minority employment

Note: For comparison purposes, calculations of cost per job make no attempt to take account of those who would have got a job without the programmes

Source: C&AG's Report, Figure 15

8. The aim of the Department's present strategy of area based initiatives is to focus effort, resources and commitment on those areas where worklessness and unemployment are highest and also where disproportionately larger numbers of deprived groups live and work. The strategy is delivered principally through the Working Neighbourhoods Fund (incorporating the Deprived Areas Fund) and the City Strategy (**Figure 2**). The present strategy provides opportunities to concentrate help on those who are most disadvantaged, but carries the risk—which the Department accepts—that ethnic minorities may not receive the help they need to gain employment.¹³

9. The City Strategy aims to tackle worklessness in the most disadvantaged areas across the United Kingdom by combining the work of government agencies, local government and the private and voluntary sectors in a local partnership (Pathfinders). Fifteen such Pathfinders cover 10% of the working age population, but over 40% of the ethnic minority working age population. The Department is negotiating with the Pathfinders to encourage them to set targets for helping ethnic minorities into employment and claims that 13 of the

13 Q 45; C&AG's Report, paras 15, 2.5

15 have now agreed to do so.¹⁴ So far, however, only seven of the 13 Pathfinders in areas where there are significant ethnic minority populations have set measurable targets. The City Strategy was never intended to be a national programme and the Department has no plans to change this. Those disadvantaged groups not living in an area covered by a City Strategy Pathfinder are covered by the Department's mainstream services.¹⁵

10. In establishing its pilot projects and developing its strategy to increase ethnic minority employment, the Department encourages learning from the experiences of other countries with ethnic minority populations which can be applied in the UK. For example, the Department has recently visited Canada to look at the Service Canada Organisation and the way it provides services to the citizen. The Department sees such visits as a two-way interchange, with others coming from abroad to learn from the Department and Jobcentre Plus.¹⁶

14 Qq 8, 52–53, 73

15 Qq 8, 46, 51

16 Q 81; C&AG's Report, para 4.20

2 The role of Jobcentre Plus

11. Jobcentre Plus offices around the country provide a range of services to help people into employment. These offices are staffed by 9,000 personal advisers who do an impressive job in helping their customers into work. They work in a challenging environment which requires them to be well trained and familiar with the diverse cultures of their customers.¹⁷ Although the Department for Work and Pensions is investing substantial amounts in training personal advisers, advisers themselves do not consider this is sufficient to help them meet the needs of ethnic minorities. The Department provides training in a variety of ways, including initial training on diversity, discrimination and cultural awareness, but accepts that it could do more.¹⁸

12. To help ethnic minorities into employment effectively, personal advisers also need to be aware of, and take into account, examples of good practice. The Department is conscious of the need to reinforce good practice and disseminate it widely, and is continuing to refresh the material that it makes available on its internal intranet site. Personal advisers feel, however, that time pressures make it difficult for them to utilise fully the information available. The Department has no plans to allow more time for personal advisers to access the good practice material available on its intranet.¹⁹

13. Personal advisers are also concerned that they are allocated insufficient time to interview ethnic minorities, some of whom have multiple barriers to employment and face difficulties with the English language. The Department's own research has shown that the ethnic minority client's relationship with personal advisers is crucial, and there is a need for more and better personal advisers, as well as increased access to them.

14. Ethnic minorities have a higher rate of economic inactivity (neither in work nor seeking work) than the overall population (32% compared with 22%). Inactivity is particularly concentrated amongst certain ethnic groups, with nearly half of working age Bangladeshis and Pakistanis being inactive (**Figure 3**).²⁰

15. Outreach activities by Jobcentre Plus working with voluntary organisations have an important role to play in bringing the hardest to reach section of the ethnic minority community closer to the labour market. Where appropriate outreach is not undertaken, there is a risk of losing the relationships that Jobcentre Plus has developed with community and voluntary sector organisations. The Ethnic Minority Outreach initiative included activities to reach the economically inactive, but ended in 2006. Since then, outreach has been at the discretion of local Jobcentre Plus offices, some of which have comprehensive programmes, while others have done very little.²¹ This local discretion is intended by the Department for Work and Pensions to put decision-making, resources and control into the hands of local partnerships in key areas where there are very high proportions of both

17 Q 65; C&AG's Report, para 2

18 Qq 64, 74–76; C&AG's Report, para 3.16

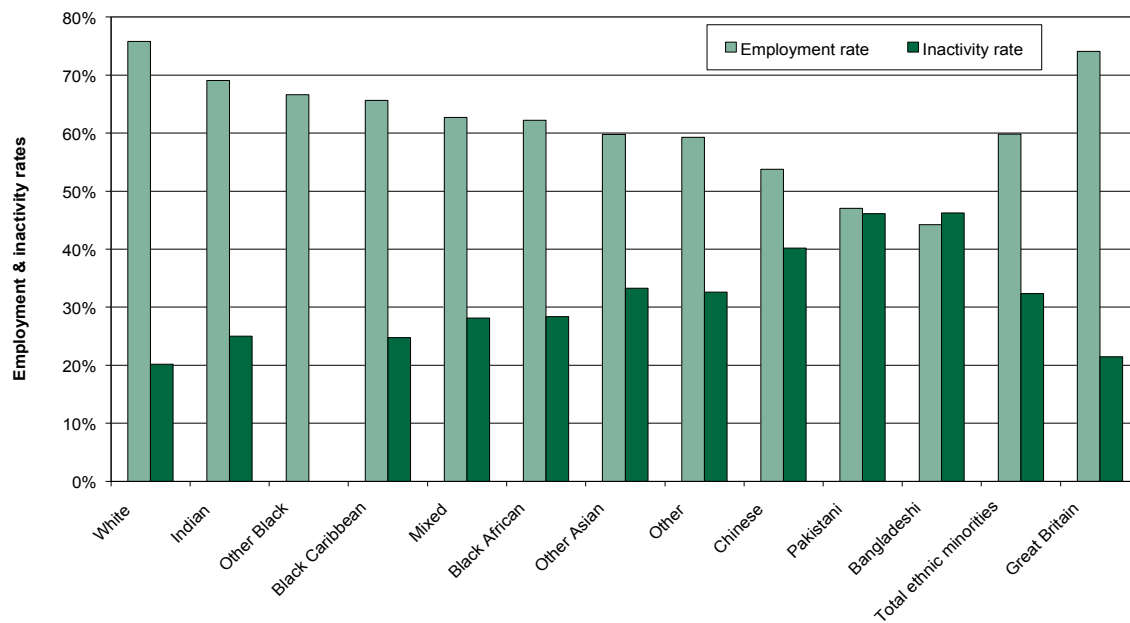
19 Q 64; C&AG's Report, para 3.20

20 C&AG's Report, para 1.11

21 Q 8; C&AG's Report, para 3.5–3.6

workless and ethnic minority workless people. This is so that they can tailor outreach programmes to the needs of those communities. The Department acknowledges that a number of outreach programmes have now been discontinued, but contends that outreach activities are continuing through local programmes, and that the relationships with voluntary and community sector organisations remain.²²

Figure 3: Employment and inactivity rates by ethnic group



Note: Inactivity rate for 'Other Black' is not available

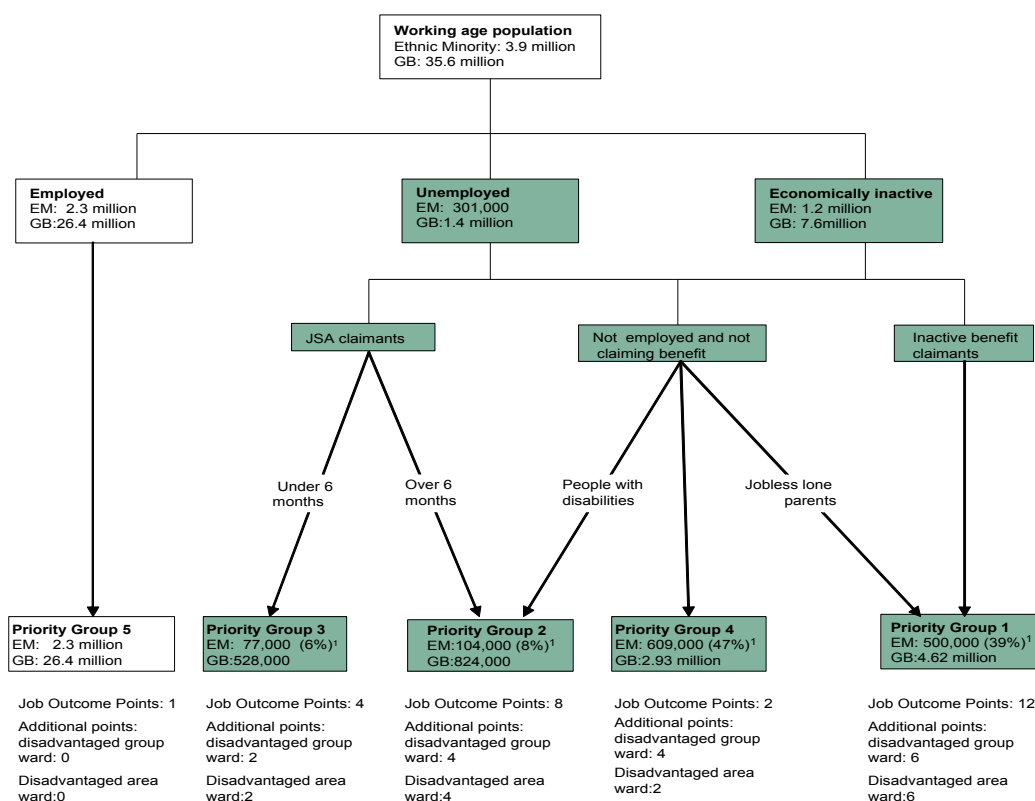
Source: C&AG's Report, Figure 4

16. In 2006, Jobcentre Plus introduced Job Outcome Targets, to provide a more comprehensive measure of its interventions in moving people into work. The targets prioritise job outcomes from those who face the greatest labour market barriers. There are five priority groups, ranging from jobless lone parents and disabled benefit claimants in Priority Group 1, to employed customers in Priority Group 5. Nearly half of non-employed ethnic minorities, however, fall into Priority Group 4 where there are only limited incentives for Jobcentre Plus to help them into employment (**Figure 4**). The Department considers this to be an effective target structure, although Jobcentre Plus personal advisers feel disincentivised by it, because they can no longer follow the progress of their customers and see the results of their work. In addition, it takes Jobcentre Plus six months to provide performance data on the number of people helped into work.²³ The Department considers, however, that the benefit of the Job Outcome Target over its predecessor is that it encourages personal advisers to focus attention on people who are furthest from the labour market.

²² Qq 15, 17–18

²³ Q 19; C&1AG's Report, paras 3.13–3.15

Figure 4: Ethnic minority makeup of the five Job Outcome Target groups



Note: Percentages are of the total ethnic minorities unemployed or economically inactive. Numbers for priority group customers are as at 2004. Since 2004 the harder to help customers have moved from Priority Group 4 to 2. As these groups cannot be easily quantified the Department cannot provide updated data.

Source: C&AG's Report, Figure 19

17. Jobcentre Plus's surveys of employers indicate that around three-quarters are broadly satisfied with the overall performance of Jobcentre Plus. However, 45% of employers are not satisfied with the quality of candidates provided by Jobcentre Plus for job vacancies. The Department is now looking to move to a different relationship with employers through the local employment partnership initiative, forging longer-term strategic relationships with employers, and asking employers to work with Jobcentre Plus, particularly regarding its priority groups.²⁴

18. Following a national customer satisfaction survey in 2005, the Department commissioned a pilot survey on the satisfaction of ethnic minority customers. This showed few significant variations in satisfaction of ethnic minority customers with the service received, though some gave lower performance ratings to almost all aspects of service than their white counterparts. Staff attitudes were the most common cause for complaint. More recently, a new national survey showed that ethnic minorities were more likely to have perceived an improvement in the service provided by Jobcentre Plus.

3 Barriers to ethnic minority employment

19. There are many factors which contribute to the employment gap between ethnic minorities and the overall population. The most significant are employer discrimination, education and English language proficiency, and living in deprived areas of high unemployment. Other factors include: a lack of work experience or job readiness; low confidence or motivation; insufficient suitable childcare provision; and cultural issues. Many of these factors are interrelated, and many from ethnic minorities have multiple barriers to employment, providing Jobcentre Plus and its personal advisers with a significant challenge.²⁵

20. Whilst it is difficult to assess the extent to which direct and indirect discrimination against ethnic minorities impact on their ability to gain sustainable employment, it is widely accepted that significant ethnic discrimination exists and remains a considerable barrier. The Department believes that up to half of the overall gap between the ethnic minority employment rate and the overall employment rate is attributable to discrimination.²⁶ **Figure 5** shows the key features of employment discrimination in the UK.

Figure 5: Discrimination in employment processes

- Candidates rejected at the first stage of job application for having an Asian name or coming from a non-white background.
- Ethnic stereotypes and prejudices on the part of employers.
- Perpetuation of inequalities by employment agencies by predicting the rejection of ethnic minority candidates and so avoiding putting them forward for jobs.
- Members of ethnic minority groups are aware of the potential for discrimination and so constrain their job-seeking.
- Recruitment through internal vacancies, word-of-mouth or advertising only on national and regional English newspapers.
- A 'linguistic penalty' and hidden assumptions in competence frameworks in the job interview process.

Source: C&AG's Report, Figure 18

21. The Department takes the issue of employer discrimination very seriously. It is surprising that in cities with the highest concentrations of ethnic minorities, customers rarely report discrimination to Jobcentre Plus. This may be due to ethnic minority customers being unaware of the reporting procedures and scepticism about the process, as borne out by the Department's own research. Jobcentre Plus takes effective action in the 80 or so cases of discrimination that are reported to it each month. With over 800 Jobcentre Plus offices, this equates to an average across the country of just over one complaint for each office per year. The Department is also seeking to proactively encourage employers to widen their recruitment pools and practices, and work with employers whose recruitment practices may inhibit the recruitment of ethnic minorities.²⁷

25 C&AG's Report, paras 1.18–1.19, 3.18

26 Q 11; C&AG's Report, para 3.7

27 Qq 10–11, 13; C&AG's Report, para 3.8

22. To improve their opportunities for gaining sustainable employment, many ethnic minority customers need to learn English or improve their English proficiency. New Deal programmes, run by the Department through Jobcentre Plus are a set of national programmes to help customers into work, providing flexibility for customers to receive a variety of training, including English for Speakers of Other Languages. **Figure 6** shows the New Deal programmes most relevant to ethnic minorities.

Figure 6: Jobcentre Plus services

SERVICE	ELIGIBILITY	NUMBER OF PARTICIPANTS WHO ARE ETHNIC MINORITIES FROM START OF PROGRAMME TO FEBRUARY 2007	PERCENTAGE OF PARTICIPANTS WHO ARE ETHNIC MINORITIES FROM START OF PROGRAMME TO FEBRUARY 2007	PERCENTAGE OF THOSE GAINING A JOB WHO ARE ETHNIC MINORITIES(1)
New Deal for Young People (1998—current)	Mandatory for all customers under 25 who have been claiming Jobseekers Allowance for six months	192,200	16.4	14.3
New Deal for 25+ (1998—current)	Mandatory for all customers over 25 who have been claiming Jobseekers Allowance for 18 months	94,800	13.8	12.9
New Deal for Lone Parents (1998—current)	Voluntary and offered to lone parents not claiming Jobseekers Allowance	67,000	9.0	7.5
Employment Zones (2000—current)	Only available in 13 areas of the country. Mandatory for customers over 25 who have been on Jobseekers Allowance for 18 months, and for young people on Jobseekers Allowance for six months who have done a spell on New Deal. Voluntary for other customers subject to certain conditions.	46,900	28.7	27.6
New Deal for Disabled People (started 2001)	Voluntary and offered to customers claiming disability or health related benefits who want to work but need help and support	15,400	6.3	5.1

Note: Based on the total numbers since the start of the programme to November 2006

Source: Department for Work and Pensions Tabulation tool

23. There is high demand for New Deal courses and availability is variable. Quality is also variable, with some customers finishing courses with the same level of language skills with which they started.²⁸ The Department acknowledges that the quality of New Deal courses is variable. Contract management is undertaken by five operational procurement units within the Department. The courses are inspected by Ofsted and Jobcentre Plus holds

monthly meetings with providers to raise any quality issues. However, in some cases it can be some months before effective action is taken to remedy matters.²⁹

24. The proportion of ethnic minorities employed in any sector of the employment market will reflect a number of factors including, in some cases, discrimination. Within Jobcentre Plus, 11.7% of staff are from ethnic minorities, above the population average of 10%. For Whitehall as a whole, 9% of civil servants are from ethnic minorities. Within the Senior Civil Service, 3.4% are from ethnic minorities and the corresponding figure for the Department for Work and Pensions is just over 4%. In the private sector, the overall proportion of ethnic minority directors in FTSE 100 companies is 4.1%, up from 3.4% in 2006.³⁰

30 Qq 22–27; C&AG’s Report, para 2.29

31 Qq 34–38; C&AG’s Report, para 3.21

Formal Minutes

Monday 2 June 2008

Members present:

Mr Edward Leigh, in the Chair.

Mr Richard Bacon

Paul Burstow

Mr Philip Dunne

Mr Nigel Griffiths

Mr Austin Mitchell

Mr Don Touhig

Phil Wilson

Draft Report (*Increasing employment rates for ethnic minorities*), proposed by the Chairman, brought up and read.

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

Paragraphs 1 to 24 read and agreed to.

Resolved, That the Report be the Thirty-fourth Report of the Committee to the House.

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

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

[Adjourned till Wednesday 4 June at 3.30 pm.]

Witnesses

Monday 31 March 2008

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Sir Leigh Lewis KCB, Permanent Secretary; **Ms Nahid A Majid OBE**, Deputy Director/Head, Area Initiatives & Communities Division, Department for Work and Pensions; **Mr Chris Hayes**, Director for London, Jobcentre Plus

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Department for Work and Pensions

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Fourth Report	Environment Agency: Building and maintaining river and coastal flood defences in England	HC 175 (Cm 7323)
Fifth Report	Evasion of Vehicle Excise Duty	HC 227
Sixth Report	Department of Health: Improving Services and Support for People with Dementia	HC 228 (Cm 7323)
Seventh Report	Excess Votes 2006–07	HC 299
Eighth Report	Tax Credits and PAYE	HC 300 (Cm 7365)
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Tenth Report	Staying the course: the retention of students on higher education courses	HC 322 (Cm 7364)
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Sixteenth Report	Government on the Internet: Progress in delivering information and services online	HC 143
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Thirty-third Report	Ministry of Defence: Major Projects Report 2007	HC 433
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First Special Report	The BBC's management of risk	HC 518
Second Special Report	Evasion of Vehicle Excise Duty	HC 557

Oral evidence

Taken before the Committee of Public Accounts

on Monday 31 March 2008

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon
Keith Hill
Mr Don Touhig

Mr Alan Williams
Phil Wilson

Mr Tim Burr, Comptroller and Auditor General, and **Mr David Woodward**, Director, National Audit Office, were in attendance and gave oral evidence.

Mr Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, gave evidence.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

INCREASING EMPLOYMENT RATES FOR ETHNIC MINORITIES

Witnesses: **Sir Leigh Lewis KCB**, Permanent Secretary; **Ms Nahid A Majid OBE**, Deputy Director/Head, Area Initiatives & Communities division, Department for Work and Pensions; **Mr Chris Hayes**, Director for London, Jobcentre Plus, gave evidence.

Q1 Chairman: Good afternoon. Welcome to the Committee of Public Accounts, where today we are considering the Comptroller & Auditor General's Report on Department for Work and Pensions *Increasing employment rates for ethnic minorities*, and we welcome back to our Committee Sir Leigh Lewis, Permanent Secretary of the Department for Work and Pensions. Perhaps you would introduce your colleagues, Sir Leigh?

Sir Leigh Lewis: On my right is Nahid Majid, who is the Deputy Director for Area Initiatives and Communities in the Department, and on my left is Chris Hayes, who is the Director for London for Jobcentre Plus.

Q2 Chairman: Perhaps I can introduce my questions for you and, if you want to pass them over, you can do so. If we look at page 13, figure 2, the economic inactivity rates of ethnic minorities and the overall population, we can see pretty well a flat line, with about a third of the ethnic minority population inactive, about a third in 1997 and about a third now, and if we go to paragraph 1 on page 6 we read there that the gap costs the economy some £8.6 billion annually, just 1.3 percentage points lower than the level in 1987. That is dealing with employment rates. So you have obviously made a lot of effort over the last ten years, nobody denies that, but what is going wrong?

Sir Leigh Lewis: This is a tough and difficult issue, Chairman, and it would be absolutely wrong to say otherwise. We have made some serious headway over that period and if you take the two last Spending Review periods, we hit our Spending Review 2002 target to close the employment gap and to increase the employment rate as it affects ethnic

minorities, and we are on course to do so in relation to our SR04 target as well. There is no doubt, however, that this remains a difficult and challenging and multifaceted issue, and there is a very good table right at the back of the Report showing a number of international comparisons.

Q3 Chairman: I read that.

Sir Leigh Lewis: to show that we are not remotely unique in western advanced societies in having a substantial gap in both unemployment levels and employment rates as between the white and indigenous population and ethnic minority populations.

Q4 Chairman: You have made some progress, you mentioned the last two Spending Reviews, but how much of that is due to a strong economy and, now that we may be facing difficulties in the economy, how are you going to cope with that? Are you claiming credit for a following wind?

Sir Leigh Lewis: There is no doubt that part of the success that we had has been as a result of stable macro economic policies. There is a lot of evidence to show that ethnic minority employment rises, and rises disproportionately, when the economy is doing well, and that the rate tends to fall disproportionately in a downturn.

Q5 Chairman: That is obvious but I just wonder how much difference your initiatives made?

Sir Leigh Lewis: We believe that there have been three factors at work. One has certainly been stable macro economic policies.

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Q6 Chairman: That applies to everybody, of course.

Sir Leigh Lewis: It does, absolutely. Secondly, effective mainstream labour market policies, and the OECD and others have consistently complimented the United Kingdom on that, such as the New Deal and the core Jobseekers' Allowance regime, and there is no doubt that we believe that they have benefited, both ethnic minority people and our mainstream employee labour market, and, thirdly, our area-based policies, increasingly focusing resource and attention and effort on those areas of the economy where the employment rate tends to be lowest, unemployment tends to be highest and inactivity levels, to come back to your very first question, tend to be highest, and those areas tend to be ones where there are disproportionately large proportions of the ethnic minority population.

Q7 Chairman: If we look at the evaluation of your various projects, which is summarised in paragraph 4.2 on page 36, we see phrases there such as stop-start and lack of continuity. When are we going to have a consistent long-term strategy to deal with this problem?

Sir Leigh Lewis: We have one, Chairman, actually. It was one of the very few areas of any disagreement between ourselves and the National Audit Office in relation to this Report in that the National Audit Office said that our strategy had lacked continuity. I do not think there is any doubt between us that there was a particular period in the run-up to the launch of the Deprived Areas Funds where there were some transitional difficulties, but I think we have been following now as a Department a pretty consistent policy for at least the last three years focusing increasingly our effort, resources and commitment on those areas both where overall concentrations of worklessness and unemployment are highest but also where disproportionately larger proportions of ethnic minority people both live and work. I think that policy, which is going in a sense to go to a new level with the creation of the Working Neighbourhoods Fund from this April with one and a half billion of committed expenditure over three years, is a consistent long-term directional policy.

Q8 Chairman: If what you say about the continuity of your programmes is right, why do we read in paragraph 4.12 that, for instance, the Ethnic Minority Outreach programme was discontinued in 2006, why has the City Strategy not been rolled out nationwide?

Sir Leigh Lewis: Let me take those two separately, because they are rather different. A number of the pilot programmes we had here and which the Report comments on were just that, pretty small-scale pilot programmes which were never announced or intended as going nationwide, and we learnt lessons from them all. Nevertheless we concluded, very clearly from around 2006 onwards, that the long-term direction of travel was to focus on the big areas of disadvantage, and that is the City Strategy. The City Strategy was never intended to be a nationwide programme. The City Strategy is very much a programme which is targeted at areas where there

are disproportionately large amounts of worklessness. Just to give you one indication of what I was speaking about, the fifteen City Strategy Pathfinder areas comprise in total about 10% of the working age population, but they also include within them over 40% of the total ethnic minority working age population, so it is a very deliberate example of our strategy being targeted on those areas where both worklessness overall is disproportionately concentrated but worklessness amongst ethnic minority people is even more concentrated.

Q9 Chairman: In your answer you pass quite quickly over these pilot schemes—"Well, that was something we did and we did not want to follow it through"—but after spending £40 million on them, which we see from paragraph 2.7 on page 23, what have you learnt from them?

Sir Leigh Lewis: I think a lot, and in relation to 2001 there were clear lessons learnt and of course achievements in that period from each and every one of those pilots. But they were pretty small scale and would never on their own have done a huge amount to dent the employment gap that, as you pointed out in your very first question, continues to exist between the overall working age population and the ethnic minority working age population, so I do think we learnt lessons, but I do not think more widely we should ever be wholly apologetic about trying some things on a relatively small scale to see what works, what does not, and to learn the lessons.

Q10 Chairman: Do you agree with your staff who say, and this is in paragraph 3.8 on page 31, "... in all the six case study conurbations we visited, where there are high concentrations of ethnic minorities, Jobcentre Plus staff told us that discrimination by employers was not a major barrier and was rarely reported to them". Do you agree with that?

Sir Leigh Lewis: It is certainly true it is rarely reported to them. We know that the number of reports that are made to Jobcentre Plus total around 80 per month, though the Report does most certainly say that, where it is reported, Jobcentre Plus takes greatly effective action. I do believe discrimination is a very serious issue, to be absolutely clear. All the evidence, and there is a lot of research evidence.

Q11 Chairman: So these people are out of touch, are they?

Sir Leigh Lewis: No, they are not out of touch; they are in touch with their reality. The issue is whether they are having discrimination reported to them or whether they are seeing it in their day-to-day contacts with job seekers and others, and I think they are reporting back very faithfully what they see and, as I said, there is a relatively small number of allegations of specific discrimination reported back to Jobcentre Plus month-by-month, but all the research estimates that up to half of the overall gap between the ethnic minority employment rate and the overall employment rate is attributable to discrimination.

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Q12 Chairman: There is a particular problem with some communities. One report which was given to me, and one should obviously not take this as Gospel, was that 72% of Bangladeshi children live in poverty, so obviously there is a particular problem with the Bangladeshi community. How proactive are you being, and how focused are you? This is much less of a problem with the Indian communities, I think.

Sir Leigh Lewis: I will perhaps ask Chris Hayes, who is the Director for Jobcentre Plus for London, and London contains a very large proportion of the Bangladeshi community in this country, to say something about that.

Mr Hayes: There are a number of examples where we engage with particular groups and we perceive particular problems engaging with the mainstream services. I can think of two programmes in London, HopScotch is one in central London, where we aim a particular programme at the Bangladeshi community and Bangladeshi women, and there are a number of others where we, through the community organisations, try and understand why they sometimes are not engaging, what the issues are, and how we can help them move into training or into work.

Q13 Chairman: One last question from me. We have concentrated a lot on the ethnic minorities and the minority community itself. What about employers? There is a very interesting case study 2 here from Leicester, on page 25, who seem to be quite successful when they go out in a proactive way into the local business community and make progress. Are you learning from this?

Sir Leigh Lewis: We are absolutely up for this and absolutely up for contact with the employer. It is, in a sense, the lifeblood of Jobcentre Plus. It is its business. Without employer contact its business does not exist, and we are seeking proactively to encourage employers to widen their recruitment pools and their recruitment practices, and where we do believe that knowingly—which is rare—or unknowingly employers have recruitment practices that may be inhibiting recruitment of people from ethnic minorities, we really do want to work with them very energetically indeed.

Q14 Keith Hill: I would like to take up that last area by the Chairman about the importance of outreach, particularly to the economically inactive, who are obviously amongst the hardest-to-reach section of the communities, as the Report says, and I agree with you that we ought to carry out pilots and ought to take some risk. What do we learn from the ethnic minority outreach programme?

Sir Leigh Lewis: Firstly that it can work very well in individual cases, and that any attempt to deliver our services in 2008 simply from behind desks in our own offices will certainly not reach all of the people we want to reach. I have seen only in the last month or so two very successful examples of outreach in Jobcentre Plus. We took ourselves to a children's centre in Stockwell last week, where Jobcentre Plus staff are engaged in a children's centre supporting

lone parents, not exclusively from ethnic minorities but a very high proportion of those taking advantage of this centre were from ethnic minorities, and I spent a day myself with a charity for the homeless at Broadway in West London where, again, Jobcentre Plus are in that charity at one of its drop-in centres on an outreach basis. So what we have learnt is that outreach is really important. Also, we have learnt that to attempt to set down a set of rules for outreach from a head office in London or Sheffield or, for that matter, Edinburgh is not going to work. You have to let these things grow organically at local level because it is at local level that people know what kind of outreach is going to deliver most.

Q15 Keith Hill: I have prepared all sorts of questions on the success of ethnic minority outreach, but what is replacing that kind of programme now?

Sir Leigh Lewis: In one sense I am not sure that anything is replacing it, in a sense I think it is taking place, and we still have just a small programme continuing for outreach for partners of ethnic minority people, but what has changed is not that we were doing outreach and now we are not doing outreach, to say that would be a complete misunderstanding of the position; what has changed is that as part of our City Strategy programmes, as part of the Deprived Area Fund, as part of what is going to be the Working Neighbourhoods Fund, we are trying to put far more of the decision-making and the resources and control into the hands of local partnerships in key areas where there are very high proportions of both workless and ethnic minority workless people precisely so they can tailor outreach programmes to the needs of those communities.

Q16 Keith Hill: Give me some examples of the work, then, that is being done under this new decentralised approach?

Sir Leigh Lewis: Well, just to give you that Stockwell example, there is a children's centre; it is providing regular two week courses for lone parents typically who have been out of the labour market for some considerable period of time. As it happens those courses are delivered in a children's centre which happens to be adjacent to a local primary school with also a day care centre on site, so it is a very effective venue where lone parents feel very comfortable. What was very interesting there was that, although the predominant proportion of people on the course we saw and on the courses they are running were from ethnic minorities they were not exclusively from ethnic minorities, and I think that was a very good example. Perhaps, again, I might look to Chris, who is closer inevitably to London and individual projects, to say something about that as well.

Mr Hayes: There are a number of examples. In general Jobcentre Plus advisers operate in most children's centres, so we have programmes operating in areas where there are high concentrations of customers. We have particular routeway examples where we are working with ethnic minority communities and with employers in

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the area to try and build a line of sight, a path, between being out of work and, through training, into work and there are numerous examples of where we are involved with faith communities, because there are communities that we cannot ourselves directly engage with or who may not want to engage with us directly, so we need to go through intermediaries.

Q17 Keith Hill: Let me interrupt you there, because one of the criticisms made by the NAO is that in abandoning a programme like ethnic minority outreach you were precisely putting at risk the relationships that Jobcentre Plus has developed with community and voluntary organisations.

Mr Hayes: I see this as an evolutionary approach in that we have tried a number of things to understand how best we can engage with communities, and ethnic minority outreach really outlined for us how it was important to go via representative groups and community groups to get to the customers.

Q18 Keith Hill: But do you accept the criticism that, by dint of abandoning a programme like that, you are losing that involvement of voluntary and community sector organisations in outreach.

Mr Hayes: It is true to say that a number of programmes, because the funding was not there, were wound up but the relationships remain. Some programmes were continued and different funding streams were sought and agreed, but I think the key lessons and the key achievements in those programmes were to build relationships with local communities, and that has continued through the Disadvantaged Ward Fund programme, it will be continued through the Working Neighbourhoods Fund, and through the local area agreements which we now agree with local authorities.

Q19 Keith Hill: Can I now take you to specifically the economically inactive, those not claiming benefits and the approach to those and to page 32, paragraphs 3.13-15 of the NAO Report, which deals with outcome targets? It appears to me that, to say the least, there is some complexity about the measures of success of these outcome targets and, in particular, if you look at paragraph 3.14, it observes that 47% of non employed ethnic minority people fell into Priority Group 4, where the incentives are considerably less, that is to say the incentives for the Jobcentre Plus system to acquire points in terms of its PSA target, et cetera. I need to obviously ask you whether you are satisfied that a targets arrangement where half the potential customers fall into the lowest priority band can be justified?

Sir Leigh Lewis: I have sat on both sides of the target setting regime, if you will, because I was the Jobcentre Plus Chief Executive and, therefore, I was responsible for delivering targets and as the Permanent Secretary I am responsible for advising ministers on the targets, and for any set of targets you have to work quite hard to get the right incentive structure. The target structure we have for Jobcentre

Plus is a good one; it certainly resonates on the ground, there is no doubt, with individual members of staff.

Q20 Keith Hill: You say it is a good one but let me just address your attention to paragraph 3.15 on this outcome system, where it says specifically in terms that there were concerns when the system was introduced about how staff would be incentivised and their performance measured because of the remove between the way in which the assessment was made and the immediate results they saw on the ground, as it were.

Sir Leigh Lewis: There are two points. Firstly, even for Priority Group 4 which, as you say, only has a standard point tariff, if you will, of two points, you get extra points if the individual who is able to take work is in either a disadvantaged group ward or in what is called a disadvantaged area ward, and the first of those specifically relates to, amongst other things, the average ethnic minority population in the area. So even within the standard structure there are further additional incentives for people living in disadvantaged groups and disadvantaged areas. The second point is the broader issue of the change from what used to be called the job entry target to what is now called the job outcome target. The job entry target was very immediate; you submitted a person that day to a job, you sought to get in touch with the employer to find out if they had got the job and, if they had, you scored a point or two points or four points or whatever for the group of the individual. It did have an immediacy; it did also, though, have some serious downsides in that it encouraged very much attention to those people who were perhaps furthest away from the labour market because they were least likely to get the jobs, and it also caused there to be a very large industry, I have to say, of people and resource simply in following up submissions to employers, which was not a hugely value-added part of the Jobcentre Plus business. The job outcome target.

Chairman: You are so well briefed that you go on too long, and it is not fair on my colleague. Let him have a chance, now, to ask his question.

Q21 Keith Hill: I would just like to hear, in a nutshell, as it were, about the job outcomes system.

Sir Leigh Lewis: The benefit of the job outcomes system is it incentivises the work we do with people who are furthest away from the labour market.

Q22 Mr Bacon: Sir Leigh, may I start by asking about the language courses which are referred to on page 29? The right hand column refers to the need of many ethnic minority customers to learn English, and to the need for English for speakers for other languages, ESOL. Under the third bullet point it says: "Training providers are of variable quality . . . personal advisers told us it can take a considerable time for quality issues they raise to be addressed". Slightly above it says that the quality of some courses is good and in high demand but the quality of others is sometimes very poor. "For example some customers finish courses with the same level of

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language skills as they started with". That is very worrying. I once worked as a volunteer teaching English as a foreign language, and I found that the tuition was not frequent enough to result in anything other than what is described there, that the students at the end would have the same level they started with. These are presumably more frequent courses than the volunteer one that I was involved with, and yet in some cases customers are finishing courses with the same level of language skills they started with and contract management does not appear to be doing anything about it.

Sir Leigh Lewis: I certainly do not want to suggest that every course that is provided for us is perfect because it is not, but we certainly do manage these strongly. It is worth saying that all our New Deal primary contracts are inspected by Ofsted.

Q23 Mr Bacon: How often?

Sir Leigh Lewis: I do not know the frequency, so I would need to drop you a note on that.¹

Q24 Mr Bacon: It strikes me that perhaps some of them do not need that much inspection but some of them probably should be inspected every 6-12 weeks. You should not really be waiting a year after a personal adviser tells the Department something is wrong and there are still serious problems to be addressed. It is as if somebody is ticking a box saying that they are on course, and that will do.

Sir Leigh Lewis: I do not think it will do. Perhaps, again, I could hand over to Chris on this.

Mr Hayes: We have regular meetings with our providers who provide a range of services, including language services, and to each of those meetings we invite the relevant manager of that district, so we have the ability to raise issues within a few days or weeks of issues on the ground being raised about quality.

Q25 Mr Bacon: According to this it just does not always happen. You have the ability to do it within a few weeks but still, twelve months later, nothing has happened. That is what this is saying.

Sir Leigh Lewis: Clearly there is a case there with which I am not familiar but the system is we meet with our providers on a monthly basis and we discuss with them any problems of quality or of managing volumes that have occurred in the previous month. They are very responsive to looking at their own quality within that cycle of meetings, and that is outside and in addition to any regular inspections by Ofsted.

Q26 Mr Bacon: Sir Leigh, it says here that contract management is undertaken by five operational procurement units within the Department. How much does each of those units spend on procurement from these providers?

Sir Leigh Lewis: We spend overall many hundreds of millions of pounds on our employment programmes right across the entire Department.

Q27 Mr Bacon: And those operational procurement units cover the whole piece?

Sir Leigh Lewis: Yes. Our contracting used to be done by Jobcentre Plus and we have moved it within the last couple of years into the core of the Department. One of the reasons for doing that was that it was always in some senses going to be incidental to Jobcentre Plus' main business to run a contracting and procurement function, whereas we believe we have a genuinely professional procurement and contracting function within the main Department which scores very highly on cross-government capability review tests and so on, and we think we are now getting more professional at contract management than we were.

Q28 Mr Bacon: That is good to hear. I would like to move on so perhaps you can send us a note particularly on this issue of language training, because I am of the view that good training is priceless, so not only if it is not good is it a waste of taxpayers' money but it is worse than useless because it may create the impression that something is being done when it is not, so can you send us a note on what is going on, how many courses there are, how many students, and how much money is spent on it right across the country.

Sir Leigh Lewis: I have some of those facts here, but I can happily write to you.²

Q29 Mr Bacon: I wanted to ask Nahid Majid a question. You are a British Bangladeshi, according to your CV, and, if I may say so, obviously very successful so you must, to some extent, be a role model for your community. It is quite clear from figures 4, 5 and 6 on pages 14 and 15, and the clearest one is perhaps the economically inactive by gender, figure 6, where the light grey line, that is economically inactive women, is highest by far for Pakistani and Bangladeshi. Is that mostly due to age? Is it older women from a traditional background who came to this country in adulthood, and that is why there is a skew there?

Ms Majid: It is probably referring to first generations of people, yes, and some of the work we have been doing has been to look at that figure and looking at the perceptions and misconceptions in terms of why Bangladeshi or Pakistani women may not be entering into the labour market. We have done an interesting piece of work with MORI and the EOC working with local employers, which Caroline Flint, our previous Minister of State, hosted, which was looking at the misconceptions between employers and Pakistani and Bangladeshi women about why they did or did not want to work, and there are a lot of misconceptions.

¹ *Note by witness:* The current Ofsted inspection cycle is 4 years. In essence, this means that every New Deal Prime Contract in England will be inspected once in that 4 years. If a provider has several New Deal Prime Contracts in different geographical areas, each contract will get a separate inspection spread out over the 4 year cycle.

² Ev 13 – 14

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Q30 Mr Bacon: If you were to break down this chart by age into, say, whatever the standard age classifications are, 18-24, 24-30, whatever, would it reveal a very different picture? For British Bangladeshi women under 30 what would the rate be, for example?

Ms Majid: I would think the rate would be much higher in terms of employment definitely.

Q31 Mr Bacon: Do you have any figures you can send us across the piece, broken down by age? That would be interesting. The age data is something you have, is it?

Sir Leigh Lewis: The honest truth is I do not know if we have it so we will look and, if we have, we will gladly send it to you.³

Q32 Mr Bacon: Sir Leigh, it says in your CV that you are an active member of the Jewish community, and I think I am right in saying there are only 270,000 Jewish people in the UK, it is a very small community, and in the chart on page 17 if there were a line there for a Jewish community it would be quite near the bottom, between Bangladeshi and Chinese, except it is not there because I do not think anyone thinks the Jewish community is discriminated against in a systematic way and that recruitment is phenomenally successful. What do you attribute that to? Because it is not simply the case that the Jewish community has been here a long time. As ethnic minority campaigners will tell you, there have been Black people in Liverpool for 400 years, Indian people from the south continent here for 200 years, and many Jewish people who have only been here for 50-70 years, in many cases people who fled continental Europe in the 1930s. What is the secret of the Jewish communities' success?

Sir Leigh Lewis: I am rather hard pressed to answer that because although I am Jewish, and proud to be, just as I am very proud to be British, I have never studied, if you will, my own community in the level of detail perhaps that would be required to answer your question. At the risk of generalising.

Q33 Mr Bacon: I do not mind generalising. I am after a generalisation.

Sir Leigh Lewis: At the risk of generalising the Jewish community has always had a characteristic of placing a considerable value within the family on learning and on advancement. My own grandparents came into this country as refugees at the turn of the 20th century and even with communities which came in and were at that time impoverished and living a difficult existence, there was always a sense of seeking to promote the benefits, of learning and of skills and of advancement within a kind of a family structure which gave recognition to those elements, and that may be part of the reason.

Q34 Mr Bacon: What data exists in the senior Civil Service about the ethnic minority composition of the senior Civil Service? Can you give us details about that?

Sir Leigh Lewis: We do know quite a bit about that.

Q35 Mr Bacon: Because one of the other noticeable things is that over the years since I have been on this Committee, since 2001, we have had many witnesses from an Asian background—and I mean countless witnesses, I would not be able to count them—but witnesses from an Afro-Caribbean background I could probably count on the fingers of one, perhaps two, hands.

Sir Leigh Lewis: If I just give you the figures I have in front of me, if you take Whitehall as a whole, last October just under 9% of all civil servants and 3.5% of the senior Civil Service were from ethnic minorities.

Q36 Mr Bacon: It is the senior Civil Service I am interested in, the top 3,000.

Sir Leigh Lewis: 3.4% of the senior Civil Service were from ethnic minorities. In our own Department it is a little higher than that, just over 4%, and that is slowly inching its way up.

Q37 Mr Bacon: Do you have a breakdown in the same format as this Report of those 3.4%?

Sir Leigh Lewis: Again, because these are Cabinet Office statistics, I would need to check and see if I can provide them for you.⁴

Q38 Mr Bacon: That would be helpful. I am just wondering, and this may be a question for the NAO, whether it would be possible to get similar figures, for example, for the number of directors of FTSE 250 companies which would be roughly a similar size of cohort as the senior Civil Service. Is that possible?⁵

Mr Burr: I do not know whether those figures exist, but we could check.

Mr Bacon: That would be very helpful.

Q39 Mr Touhig: Sir Leigh, the pilot schemes begun by your Department in 2002 appear to have met with some success. We see in figure 15 on page 24 the figure for Ethnic Minority Outreach, over 13,000 job entries, and for the Ethnic Minority Flexible Fund the "Planning assumption" was 500 jobs and two and a half thousand job entries were achieved. You described these to the Chairman as small scale, as pilot schemes, and you said you spent £40 million on them, but you also told the Chairman you never intended to roll them out, so what was the point?

Sir Leigh Lewis: What I was seeking to say was that we did not start off with an absolute commitment that they were going to roll out, and in small scale everything is relative. The Working Neighbourhoods Fund is going to spend £1.5 billion over three years targeted on 60 or so local authorities at most disadvantage. What we were trying to do in that era, because we were recognising that the

³ Ev 14

⁴ Ev 14–15

⁵ Ev 15

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employment gap for people from ethnic minorities remained persistently large, even though we were having some success, was to see whether, by targeting specifically ethnic minority people, we could do something in a sense which would make a step-change improvement in their position. It is fair to say that nothing we did persuaded us that we could through that route alone, and that is why increasingly, from early 2006 onwards, we have moved towards focusing a strategic way on those areas of the country, particularly our cities but not absolutely exclusively our cities, where there is the highest concentration of both workless people overall and workless people from ethnic minority communities.

Q40 Mr Touhig: Yes, but I can understand you saying: "There is a pilot scheme, it has not worked, we will not roll it out", yet you had some success and then told us you never intended to use it as a national scheme in the first place. What is its point in spending £40 million on it?

Sir Leigh Lewis: The point was to learn some real lessons, which we did, and which we have incorporated in our City Strategy and in our Deprived Areas Fund and now in the Working Neighbourhoods Fund. Chris Hayes used the word "evolution", so it was not a question of us starting something and then saying, "Oh, gosh, this was a complete waste of time; let's just abandon it".

Q41 Mr Touhig: It was not a waste of time; it actually made some progress.

Sir Leigh Lewis: Indeed. They varied in their success rate and cost per job and so on but each one taught us some lessons, and we took those lessons, as we have set out in various Green and White Papers that the Department has produced, and very much incorporated them in focusing very much on disadvantaged areas.

Q42 Mr Touhig: But there is still a 40% gap between employment rates and the rest of the population, and it seems to me that, having spent £40 million on some small-scale schemes, as you describe them, which worked to some degree, you have now abandoned them in favour of a one-size-fits-all approach?

Sir Leigh Lewis: Absolutely not a one-size-fits-all approach. That would be us sitting in our office in London or wherever and simply saying: "This is how we will do it". That is the very opposite of where we have been going. A good example of where we have been going is City Strategy Pathfinders, which is increasingly saying that the problems of Manchester are not necessarily the problems of, say, Heads of the Valleys, which are two of the Pathfinder areas. Interestingly, City Strategy Pathfinders have only 7% of total wards and 10% of the working age population, yet they include over 40% of the total ethnic minority working population.

Q43 Mr Touhig: I assume you agree with the Report which does tell us that since 2006 the Department has shifted away from specific help to boost ethnic

minority employment rates towards more general methods to help disadvantaged groups, so you are not now specific, you are more general. A one-size-fits-all approach is how you are tackling this.

Sir Leigh Lewis: I do not think so. Of course I agree with the Report but that is not, I think, what the Report is saying.

Q44 Mr Touhig: Well, it does say that. It clearly says that you have shifted away from specific help to boost ethnic minority employment rates towards general measures. It cannot be clearer than that.

Sir Leigh Lewis: No, but my point is general measures do not equate to one-size-fits-all measures.

Q45 Mr Touhig: What do they equate to, then?

Sir Leigh Lewis: What they equate to is focusing on those areas where worklessness is concentrated and where worklessness amongst a number of disadvantaged groups is concentrated. If you take the City Strategy Pathfinders, the Deprived Areas Fund and the Working Neighbourhoods Fund, they are slightly different but all are targeted on areas of particularly high concentrations of worklessness and other areas of disadvantage.

Q46 Mr Touhig: So if you are not living in one of those large areas of concentration then you do not get the focal support?

Sir Leigh Lewis: There is still a lot of mainstream support in the system.

Q47 Mr Touhig: You are shaking your head one way and Mr Hayes is shaking his head the other. I am not clear.

Sir Leigh Lewis: I will let Mr Hayes speak for himself in a moment, but there is still mainstream support. In a sense, an 80:20 principle has to apply in government as elsewhere, and if you target absolutely everything equally then you get an equal response everywhere. We are deliberately, as a conscious act of policy, focusing on those areas which have the highest concentrations of both deprivation and worklessness, because that is where we believe that we can get the best return for each pound of the taxpayers' money.

Q48 Mr Touhig: You are looking for quick hits, though, are you not?

Sir Leigh Lewis: No.

Q49 Mr Touhig: "Large concentrations, large numbers of people, let's get a few ticks in the box, and if you do not live in a large conurbation . . .". We do not have large numbers of people from ethnic communities in the Welsh valleys so they would not get much support and help then.

Sir Leigh Lewis: But it is quite interesting, is it not, that two of our City Strategy Pathfinders are Heads of the Valleys and Rhyl.

Q50 Mr Touhig: I was involved in those when I was a Welsh Minister, yes.

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Sir Leigh Lewis: Absolutely, and both of those, as you will know, have only around 1% of ethnic minority people, but they have other significant concentrations.

Q51 Mr Touhig: But they do not have the concentrations of places like Cardiff and Newport.

Sir Leigh Lewis: And that is why we still have, just to be clear, very successful mainstream services available everywhere to everyone which have consistently been complimented by OECD and others.

Q52 Mr Touhig: It is just that this Report does not say that this is exactly what is happening, and I do come back to this one-size-fits-all approach because this is surely one group in society where there are linguistic differences, cultural differences, questions about women in employment and reluctance in some communities for women to be in employment, basic skills challenges and so on, so surely this is one area where if we are to succeed in reducing the numbers of unemployed we have to be much more focused?

Sir Leigh Lewis: Nahid Majid might want to say something about this, because this is absolutely her bread and butter, in her job every day.

Ms Majid: What you have highlighted is exactly right: the complexity and magnitude of the problems. It is certainly not about one size fitting all, but actually having a strategic overview of the issues around concentrated deprivation. One of the big factors around the city strategy is not just to look at the small-scale programmes but to align funds so that you can have maximum impact. For example, we are very pleased to say that the Manchester pathfinders are co-ordinating very well with the Regional Development Agency, where they have got an extra £4 million towards their city strategy.

Q53 Don Touhig: You talk about city strategies, but the report states in paragraph 2.24: "There is a risk that city strategies will not adequately address the needs of ethnic minorities." I recall very often you launched action areas in Jobcentre Plus in the past; you focused them; you empowered the people and gave them budgets to control, and they actually took individuals into work; it was very focused and it worked. It seems to me now, with this particular case, that you are moving away to a general approach. You will not accept my comment, but that is how it appears to me.

Ms Majid: We have been very successful in negotiating local targets with the city strategy pathfinders, and we can say quite proudly that out of the 15 pathfinders, 13 have all agreed to signing up to ethnic minority targets, and we are now securing figures around that. Obviously, the Rhyl and the Heads of the Valley pathfinders which—we are not requiring them to have a local ethnic minority target. I think the city strategy offers a huge opportunity, and, quite rightly, the National Audit Office has noted that there are some difficulties associated with that.

Q54 Don Touhig: I appreciate the point you are making. I just want to come back to the point I made a moment ago: the report tells us you are shifting away from specific help to general help. Sir Leigh, I am astonished to see in paragraph 1.7 that the Department will no longer have specific PSA targets. Have they gone out of fashion; are they too tough to meet, or what?

Sir Leigh Lewis: I just think that this is much more appearance than real. Can I say exactly what the position is?

Q55 Don Touhig: It was all candyfloss in the first place, was it?

Sir Leigh Lewis: No, it was most certainly not candyfloss in the first place. We are proud of the fact that we hit both our SR02 target and we look like hitting our SR04 target for reducing the gap as it affects people from ethnic minorities. In relation to SR07, we lead on two PSAs right across Government, and only two in DWP. One of those is to maximise employment opportunity for all. It has four indicators that sit behind it under which progress against that target will be judged, and the second of those four is a narrowing of the gap between the employment rate for ethnic minorities people and the overall rate. Actually, it is a wider, different PSA structure within Government. The practical effect is that we have exactly the same concentration on this issue as before.

Q56 Don Touhig: The report tells us you will not have specific PSA targets for employment rates among ethnic minorities.

Sir Leigh Lewis: That is because the Government has reduced from having more than a hundred PSAs to thirty—that is across Government. It is the intention to have fewer but broader PSA targets, but within one of the only two PSA targets on which the Department leads, we have a very specific indicator, which is precisely the same as we had in 2002 and 2004.

Don Touhig: All down to fashion, I think, Sir Leigh!

Q57 Chairman: I just wonder, Sir Leigh, whether we are being honest with ourselves! Following on the question put to you by my colleague, I have always been a huge admirer of the Jewish community in this country, and you mentioned the desire for education, but also, be honest, it is a desire for assimilation, is it not, on behalf of the Jewish community here, an absolute determination to assimilate here. We see in this Report a huge difference between success in the Indian and Bangladeshi community. It may be that the Bangladeshi communities come more from rural areas and the Indian community is more middle-class, but surely there is a question of a desire for assimilation here; and what are you doing to promote it; or do you disagree with what I have just said to you?

Sir Leigh Lewis: It is a line of questioning that I did not quite expect to focus on the Jewish community; but in one sense—

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Q58 Chairman: Pass it to your colleague if it embarrasses you.

Sir Leigh Lewis: It does not embarrass me at all, Chairman. I will just speak for myself, and then Nahid. I do not think one should see assimilation or retaining a cultural identity as opposites. You can have a very proud identity with your community and be part of the wider community.

Q59 Chairman: We all accept that, but we do not want people to be stuck in ghettos, do we?

Sir Leigh Lewis: No, I agree with that—absolutely.

Ms Majid: If I can refer it back to what the city strategy is about, the whole nature of communities has changed quite substantially. For example, when we had the pleasure to see the children's centre in Stockwell the other day, it was quite clear to us that the nature of the communities has changed so much that by focusing just on ethnic minorities we would emulate those communities; so it was quite good that we were focusing on a range of disadvantaged communities. One of the big things that came out of that discussion was that it enabled them to assimilate with other communities that were in the same position.

Q60 Phil Wilson: The first paragraph on page 30 is about employer satisfaction. It says it has improved over the years, but it is still only 45%, on the way to 50%, that are most satisfied with the quality of candidates provided, although this was an improvement on the previous year. What are we doing to get that figure down? Why is it at that level?

Sir Leigh Lewis: I will say a word or two just on some of the numbers, and then perhaps ask Chris Hayes, who is closer to Jobcentre Plus's employer customers day by day. It is worth saying that the last survey we did of employers that used Jobcentre Plus services in 2006/2007 found that three-quarters were satisfied with the overall levels of service. I have a lot of detail here that I will not bore you with. On almost every specific indicator within the survey the level of employer satisfaction with Jobcentre Plus had increased compared with the previous survey, which was done in 2004. We certainly seem to be seeing Jobcentre Plus's standing with employers improving.

Mr Hayes: We do have a specific target within Jobcentre Plus to measure employer satisfaction with particularly the candidates we send to them, and that is done by independent survey. We get the results on a monthly basis. We are very aware and very responsive to the results that we get from those surveys. Those show on average that we are achieving about 73.5% of satisfaction from employers that we survey on that basis in terms of the candidates we provide for them. We are now trying to move to a different relationship with employers through the local employment partnership initiative, and that is where we are asking employers to work with us, particularly with our priority groups, to have a much more longer-term strategic understanding with us. The simple deal there is that we will try and understand their training needs over a longer term; and we will then

get from them a commitment to look seriously at people from our priority groups in considering recruitment into the vacancies they have. In that way, we are getting a much better relationship with employers; and they understand that in some cases some of our priority group customers are a bit further away from the labour market, and we might both need to do a little bit more to help them into employment, and into sustainable employment.

Q61 Phil Wilson: There is another survey that I want to ask a couple of questions on, which is on pages 34-35, the survey that you have done on satisfaction amongst people from ethnic minorities. There are some issues that have been raised which I found interesting. One of the main concerns amongst ethnic minorities claiming incapacity benefit and income support relates to staff attitudes, which is the most common cause of potential complaint across the ethnic groups. Can you extrapolate from that or do anything to change it?

Sir Leigh Lewis: Let me say something. If the Committee would find it helpful, we have a little bit of recent data that was not available when the Report was put to bed, because we have had now the 2007 Jobcentre Plus customer satisfaction survey, which we published earlier this month. Overall, in that survey ethnicity seems to play a relatively minor role in the extent to which people are or are not satisfied with Jobcentre Plus services; so it does not vary very much by ethnicity. There is some good news—a lot of good news actually. The report said that the overwhelming majority of Jobcentre Plus customers, 80%, said they were either satisfied or very satisfied with the service. One in five felt that the quality of service had improved over the previous 12 months; and only 5% felt it had declined. This is worth saying, I think: customers from non-white groups were amongst those most likely to have perceived an improvement in the service. So 80% felt they were satisfied or very satisfied, which still leaves 20% who were not. That is not sufficiently good; but these are quite encouraging results that we have been getting.

Q62 Phil Wilson: This might also be an update, but paragraph 3.23, the last sentence, reads: "Although overall more ethnic minorities than whites felt service had improved over the past year, more Mixed and Black Caribbeans felt the service had got worse." Why would they have a different view to the other ethnic minorities?

Sir Leigh Lewis: That is hard to say. One thing which goes into these technical difficulties—I have explored some of this in preparing for this hearing at great length and the more you explore in some senses the less you are clear that you really understand it. What we get down to here is some very small sample sizes, even with a big survey, when you are trying to get down to communities within communities, if you will; you end up with some quite small sample sizes. So while there are some differences between different parts of the ethnic minority group overall, I do not think we should put too much weight on relatively small differences amongst communities.

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Q63 Phil Wilson: The last sentence of paragraph 2.35 states: “Focus group participants were unaware of the range of Jobcentre Plus programmes available to help them into work and thought there should be more advertising and provision of services out in their communities.” How are you getting round that, to advertise?

Sir Leigh Lewis: Again, Chris might want to say something at a local level. At a national level, we are trying to promote very hard the programmes that are there. It goes back to our outreach question; it is not just through ourselves but through a whole range of our partners with whom we work, because quite often they can be better advocates for some of these programmes than can we.

Mr Hayes: Each district manager who would manage a fair proportion of a geographical area has very specific partnership plans, and, in that, very specific guidance about how to ensure that communities are aware of services and how they are accessing services. A good example is the children’s centre we went to in Stockwell where our advisers are on site, talking to parents as they come in; and also we have got various literature on site that parents who maybe do not see the advisers can pick up, with contact numbers. We are increasingly trying to get out into community centres and children’s centres, and also we are trying to operate some of our services for lone parents in particular from employer premises so that we can bring lone parents into employer premises so that they can understand what the workplace is like. Those messages can go out to their peer group, and they can influence their peer group to access our mainstream services.

Q64 Phil Wilson: Moving to the same kind of area about how people from ethnic minorities, when they go into Jobcentre Plus, are approached and how they interface with the staff that are there, paragraphs 3.19 and 3.20 are about how you disseminate good practice. Paragraph 3.19 mentions conferences et cetera, which you no longer do; but now you try and disseminate information on best practice through the Internet, which all seems great. Then we read in paragraph 3.20: “At local level we found that few staff in Jobcentre Plus offices accessed examples of good practice.” So the information is there and in theory it sounds great, but in practice it does not seem to be happening. How do you square that circle?

Mr Hayes: We considered that comment and in any event we were refreshing the material we had on the internal intranet site for our people to make sure that there is a range of information available to them; and that it contains all that they need to be aware of services, both that Jobcentre Plus provides but also as importantly other organisations provide in that area. We also have a training programme whereby each new advisor within the first three months will undertake at least three modules, which talk to them about diversity, discrimination and cultural awareness. Once the adviser has gone through that programme we then obviously regularly measure the quality of engagement that they have with customers

through various mechanisms. One is that their manager will sit with them through interviews and pick up any training needs—not just training technically but also in terms of general awareness. Also every Wednesday our offices open a little later and we use this time to feed in information there, and we often invite organisations from the community to these sessions to keep our awareness up to date. We are very conscious of the fact that we need to constantly reinforce these messages and keep them up to date. In that particular area we are about to launch a new intranet site, which will hopefully help our people to have that up-to-date information.

Q65 Phil Wilson: In paragraph 3.16, on personal advisers; it basically says they do not have the time anyway; they are too busy to sit down and access the information. In some areas it does not effectively cover the diverse cultures of the customers that they are dealing with on a regular basis. Again, it is the theory and the practice; we still have the same issue whereby once you have revamped the products suite it is getting the staff to sit down and do this in a practical sense, rather than listening to all the theory.

Sir Leigh Lewis: Can I just say a word on this? As ever, and I have used this phrase before this Committee before, there is always a bottle half full and a bottle half empty. The half-full bottle is that we have 9,000 Jobcentre Plus advisers; and the report in a number of places said how impressed it was with what they do and what they succeed in doing. I have no doubt at all that there are thousands upon thousands upon thousands of people who are in work and employment today who would not have been there without the support of some incredibly dedicated personal advisers in my Department. But, as always, there could be more. You could give them more time for everything. There is always a trade-off in the end between the resource that you can provide and the need that ultimately they could deal with. The fact that we have 9,000 advisers in Jobcentre Plus who, by common consent—and indeed the National Audit Office did a report only recently on advisers themselves—every report says that these are impressive people with real commitment, who change people’s lives for the better every working day—I think this bottle is a long way more than half-full.

Q66 Mr Williams: The Chairman referred earlier to the fact that you piloted a substantial number of initiatives which never really went anywhere. You completed pilots, but, as he said, they were not rolled out. The NAO suggests that they got off to a slow start, were too short, and failed to reach their full potential. Is that not a diagnosis of waste?

Sir Leigh Lewis: I do think that in some cases, over a long time in Government, we have tended to run too many small initiatives. Any small initiative takes time to get off the ground and gather momentum, and it takes time to deliver results. That takes us back to the conversation that I was having with your colleague Mr Touhig; I think that actually we are on

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a more sustainable long-term strategic direction now, which is focusing on those areas where worklessness is at its highest.

Q67 Mr Williams: C&AG, do you think that they were premature in killing some of these schemes off?

Mr Burr: I think that there certainly might have been more mileage in some of them, yes.

Q68 Mr Williams: But you choose to disagree. Have you had discussions between yourselves about the different value judgements?

Sir Leigh Lewis: It is fair to say we have. There is only one judgment of any seriousness in this report which is disagreed, in a report that is otherwise wholly agreed, which would normally be the case, which is that we did not accept the view of the National Audit Office that there had been a lack of continuity in our programmes. We did accept that there were some transitional difficulties in one particular year. That was the one area of disagreement between us.

Q69 Mr Williams: Again, with Mr Touhig you explained the absence of a public service agreement target, with some reference to general policy about reducing public service agreements or targets and so on, but you reduced the absence of them in relation to ethnic minority employment. Are you absolutely sure they would not be helpful, these targets?

Sir Leigh Lewis: I can give this Committee an absolute assurance that there will be no diminution of the effort that my Department is applying to supporting people from ethnic minorities into work. Indeed, the Report does say—and we were grateful to it—that there has been huge commitment from my Department over a very long period of time, and much impressive achievement. The target structure is different because, if you like, the over-arching way in which the Government has designed targets for the SR07 spending round is different; but the fact of the matter is that within one of the only two PSA targets which we lead on in Government, there is an absolutely clear indicator, without which we cannot succeed in delivering that target, which is a narrowing of the gap between the employment rate for people of ethnic minorities and the overall rate. That is exactly where we have been in SR04 and SR02 and there will be no diminution of effort whatsoever.

Q70 Mr Williams: Was it your decision or was it a decision imposed on you not to have a target?

Sir Leigh Lewis: The decision to have a new structure for public service agreements was a collective Government decision taken across Government.

Q71 Mr Williams: If it had not been for that, would you have continued—

Sir Leigh Lewis: I am not sure if it is pleading the Fifth Amendment, Chairman, at this point, but I do not think I am going to set out hypothetically my own views. I think the Government took a decision to have a smaller number of public service

agreements precisely because of a view that actually having a very large number of PSA targets was probably not helping in the real intention of joining up Government. That, I think, is actually—for what it is worth, and I think it was the right decision—is having benefits in causing departments, including my own, to work together more closely. I just want to come back again—because it is an important issue—there will be no diminution of effort from my Department in this respect.

Q72 Mr Williams: I noticed the dubiety at the start of your comments there. Without targets your practice of devolving funding surely makes it much more difficult for you to judge effectiveness!

Sir Leigh Lewis: I probably need to say, so that it is there on the record, that we are not without targets. The target is the same target; it simply sits under a different structure, so I think it is just important to say that. As Nahid Majid explained earlier, if you take our city strategy areas almost without exception they have targets that they have arrived at locally, which are for reducing the gap between ethnic minority employment and other employment or increasing the employment rate for people from ethnic minorities. There can actually be a very good reason—will you bear with me for a half a minute—for not imposing targets from the top. Remember, I said that I have been at both ends of this. If you set a target from the top down, you simply say: “Here is a target. I have decided it is a good thing. Now you go and deliver it.” You may get buy-in or you may not. The great thing, I think, in terms of our city strategies is that by giving that authority, giving that ability to create targets for people locally within the framework of what they believe to be important, we have much more chance that we will have targets that people genuinely own and will be striving to deliver.

Q73 Mr Williams: How do they devise their targets and how do you know they are right?

Sir Leigh Lewis: Because each of the city strategy pathfinders has a board, one of whose tasks is, as part of the overall strategy, to decide within the overall framework what they believe to be the targets that are right for their area.

Ms Majid: Can I give you some examples? The Birmingham pathfinder, which has an ethnic minority population of 37%, has agreed a target reduction of 1.3% per year, a reduction in terms of the unemployment rate. In another case, for example, South Yorkshire has developed six local targets and they aim to achieve a 60% employment rate of their ethnic minorities by 2010 by narrowing the ethnic minority gap by 7.2%. If we did impose a target, it would not be specific to individual localities and the issues around those localities.

Q74 Mr Williams: On page 32 in banner headline it states, “Personal advisers play a key role in getting ethnic minority customers into employment”. Yet those very same advisers who spoke to the NAO said that they did not consider they were given adequate training. Are they right or are they wrong?

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Sir Leigh Lewis: I am not going to say that any member of my staff who says something to the NAO is simply wrong. What I would stress is that we invest very, very substantial amounts in training for our Jobcentre Plus advisers. Chris Hayes has already set out specifically, but we have two days for a new adviser and equal opportunities awareness training, two days tackling race discrimination and valuing cultural diversity training. I think we have a very good record in the DWP in investing in the training of our staff. I dare say if every employer in the country invested in training of their staff to the degree we do, we would see some benefits in the wider economy. You can always do more. You never get to the point where it is perfect or it is absolutely enough. I am sure that at the level of individual advisers there is still a feeling they would benefit from more, but there is a very heavy investment in the training of advisers, as in having advisers at all.

Q75 Mr Williams: The Department argues that there is plenty of training material available for them, but they come back and say they just do not have time to access it. What are you going to do about that?

Sir Leigh Lewis: Chris Hayes has already in a way tried to respond to that issue. Again, there is no perfect issue here. We cannot rely solely in a large organisation—and I was Chief Executive of Jobcentre Plus and the Employment Service before it—on people accessing Internet guidance. As Chris was describing, we do lots of other things, bringing community organisations into our offices and giving the time for people to have away from their desks to discuss, learn and concentrate on those issues. In any large organisation today there is a slight sort of romantic-looking back to an age where all training was chalk and talk, all training was done away from the workplace, in effect the classroom, et cetera. That world has moved on, and I do not think there is a major organisation, public or private, today which does not use the Internet or in our case the intranet for part—by no means all—of the training of its people.

Q76 Mr Williams: It says that the Jobcentre Plus disseminates good practice, but what is the point of disseminating if people do not have time to absorb it and apply it?

Sir Leigh Lewis: This is a fair question. I do not want to pretend I have got an absolutely perfect answer for you. One part of the task is to put good material, to make it available; but the other is to encourage people to use that material and to make it available. I would say, however, that I spend a lot of my time out in my Department and a lot of that time in Jobcentre Plus—I was in one of our offices in Glasgow on Friday. What I see there is some brilliant advisers and brilliant staff, who have an enormous amount of skill and knowledge about the local communities in which they are operating.

Q77 Don Touhig: You gave us targets for Birmingham and South Yorkshire. Can you give me the target for Newport in Gwent?

Ms Majid: Newport Gwent is not a strategy pathfinder.

Q78 Don Touhig: Am I right in thinking, then, that you have thresholds, and if communities do not have a population of 20% ethnic minority, say, they are not going to get any targeted support?

Sir Leigh Lewis: The position is that the city strategy pathfinders operate in 15 areas of the country, and outside of those areas we do not have the same structure of a separate pathfinder with a separate board, et cetera. But in those areas, Jobcentre Plus will still have its targets, which are national—

Q79 Don Touhig: Is there a threshold, Sir Leigh? Does a region or a community or a city have to have an ethnic minority population threshold before you put in those kinds of resources? I am arguing all the time that you are not being specific, and you say you are. Do you have a threshold?

Sir Leigh Lewis: There is no one specific threshold that says that you become a city strategy pathfinder with—

Q80 Don Touhig: Is ethnic population a factor?

Sir Leigh Lewis: Ethnic minority population is a factor; levels of deprivation are a factor; levels of worklessness are a factor; but—and it is something that I just want to emphasise—there is no part of this country where we do not provide considerable support and assistance. Every Jobcentre Plus district in the whole of Great Britain has a set of targets for getting people into employment.

Q81 Chairman: As you know, I am a great enthusiast for international benchmarking, and we passed over that quite quickly. A lot is going on in the United States where unemployment rates in the black community is 8.4%. It has always been a much more dynamic economy under any government than here. Looking at Denmark, case study 3; there is an interesting little project going on there: “. . . an independent institution under the Ministry of Culture. Begun in 2003 the aim is to bring immigrant women together with native-born women who have experience in the labour market. Mentors and mentees are matched after interview according to the mentee’s needs and wishes.” It is obviously going quite well. What work are you doing to try to learn what is happening elsewhere in the world?

Sir Leigh Lewis: We do try quite hard actually to do that, and we are members of a number of international organisations. We also very much encourage—and there are some bounds in terms of cost and practicality—a culture of learning from others. A delegation from my Department—or a group of staff in my Department went fairly recently to Canada to look at what they call their Service Canada Organisation and the way they provide service right across Canada to the citizen. We came back from that thinking that we can learn. I am absolutely sure we can learn from others. Having said that, it is gratifying, Chairman, how many visitors from abroad Jobcentre Plus entertains. I think Chris Hayes at times thinks that he might just

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value just one or two fewer people coming from abroad to learn from us, but this is a two-way interchange!

Q82 Chairman: Thank you, Sir Leigh. That concludes our hearing. Obviously, it is very disappointing there is this stark inequality in employment rates. The employment rate in ethnic minorities is only 60% compared with 74% in the general population, as we know. It is not just some sort of employment statistic. For instance, 19% of white people live in low-income households against 56% of Pakistani and Bangladeshi people—so I know you agree that this is a very worrying problem. Whilst you are a highly competent witness, Sir Leigh, we want to see some actions and you wielding this unwieldy department together and I hope we

will re-visit this in two or three years to see what success Sir Leigh has had in ending this, frankly, flip-flopping between different schemes, and inconsistency, which has not crowned your efforts so far with any great success. Do you wish to have the last word?

Sir Leigh Lewis: I certainly do not want to have the last word just for the sake of it, Chairman, but I do not accept the flip-flopping point. What I do absolutely accept and share with you is that there is a real determination. Can we just end on a positive note, if only from me? That gap is still far too large and it is a blight on our society. You believe that and I believe that. But it is smaller than it was by a significant margin; it is reducing and the employment rate of people from ethnic minorities is increasing, not least due to the hard work and determination of the staff in my Department.

 Supplementary memorandum submitted by the Department for Work and Pensions

Question 28 (Mr Richard Bacon): *Language training—how many courses are there, how many students and how much is spent*

INTRODUCTION

The majority of publicly-funded English for Speakers of Other Languages (ESOL) provision is procured by the Learning and Skills Council (LSC) in England, and the equivalent bodies in the Devolved Administrations. As skills policy is a devolved area, this note only considers ESOL provision in England.

Most Jobcentre Plus customers attending ESOL training go to provision procured by the agencies as outlined above. However, New Deal prime contractors may arrange to deliver their own ESOL provision if there is a customer need. At a local level, Jobcentre Plus has the ability to provide some additional ESOL provision through funding such as the European Social Fund.

The voluntary and community sector also plays a valuable role in providing ESOL training, but due to the local nature of such provision it is not possible to quantify the extent of this.

As the provision of ESOL training in England falls within the remit of the Learning and Skills Council, the remainder of this note focuses on figures provided by them.

THE NUMBER OF ESOL COURSES

The LSC does not collect information on the number of ESOL courses. The measure used is the number of enrolments (given below). However, data from local needs analysis together with historic levels of learner demand is used to inform funding allocations and ensure appropriate capacity is in place.

Most providers offer courses leading to Skills for Life ESOL qualifications. Skills for Life qualifications are designed to help people develop the skills needed for everyday life, such as reading, writing and numeracy. A new suite of ESOL for Work qualifications was introduced in September 2007. These are shorter and more work-focused and are particularly suitable for those people studying English language for work purposes. Whilst there are alternative international English language qualifications, these are ineligible for public funding so providers are expected to charge participants the full cost. This means they are more likely to be accessed by people seeking private language tuition.

Many Jobcentre Plus customers access mainstream LSC Skills for Life ESOL provision as outlined above. However, in England customers can also be referred to the Employability Skills Programme, which was launched in August 2007. This is a voluntary programme designed jointly by DIUS, DWP, Jobcentre Plus and the LSC. It comprises of a mix of Basic Skills, ESOL and Employability training developed specifically for Jobcentre Plus customers.

 THE NUMBER OF STUDENTS

The number of learners who enrolled on full ESOL qualifications in 2005/06 (which is the last year of full data) was 490,000.

In addition to those Jobcentre Plus customers who access the Employability Skills Programme, anecdotal evidence suggests that many also access ESOL training through mainstream provision. However, we do not know how many of the 490,000 learners mentioned above were Jobcentre Plus customers, as learning providers are not required to collect that information. Whilst Jobseekers are obliged to tell their adviser of any activity that they are undertaking to ensure that they are still available for and actively seeking work, Jobcentre Plus does not keep management information on those customers who inform their adviser that they are undertaking provision on a part-time basis. Jobcentre Plus collects management information on customers who are undertaking provision for which they are paid a training allowance, but these figures are not broken down by literacy, numeracy and ESOL.

THE AMOUNT OF MONEY SPENT ON ESOL

The Government is committed to providing substantial support for ESOL learning, and investment has increased significantly over the past few years, responding to the increased demand for ESOL places. We expect that the overall ESOL spend administered via the LSC will remain similar to the existing figure of £300 million per year over the next CSR period.

The value of any additional ESOL provision delivered by New Deal prime contractors is not available due to the way in which data is recorded: ESOL help is not separated from other provision.

Question 31 (Mr Richard Bacon): *Table showing breakdown by age of Pakistani and Bangladeshi women in work*

Employment rates by ethnic group and age group

<i>Ethnic group</i>	<i>Men</i>		<i>Female</i>		<i>All</i>	
	<i>16-29</i>	<i>30- retirement</i>	<i>16-29</i>	<i>30- retirement</i>	<i>16-29</i>	<i>30- retirement</i>
White	71.9%	83.3%	66.4%	75.8%	69.1%	79.8%
Mixed	55.3%	78.7%	56.4%	66.0%	55.8%	71.5%
Indian	61.6%	87.3%	50.2%	65.3%	56.2%	76.7%
Pakistani	53.2%	76.9%	30.8%	26.3%	41.5%	52.7%
Bangladeshi	50.1%	64.2%	36.3%	*	42.9%	41.0%
Other Asian	55.9%	84.5%	44.8%	62.3%	50.3%	73.2%
Black Caribbean	50.2%	77.7%	41.2%	74.9%	45.2%	76.2%
Black African	37.5%	79.6%	42.1%	63.6%	39.9%	71.5%
Other Black	*	73.5%	*	*	*	75.0%
Chinese	42.4%	88.4%	39.7%	65.6%	41.0%	75.3%
Other	58.0%	74.0%	38.8%	54.1%	48.6%	64.3%
All	69.2%	83.0%	62.9%	73.9%	66.0%	78.7%

Source: Labourforce Survey, Quarter 4, 2007

*sample size too small for reliable estimates

N.B: The Bangladeshi ethnic group has a relatively small population so splitting it by gender and age group reduces the numbers and in some cases the numbers are not adequate for reliable estimates.

Question 37 (Mr Richard Bacon): *Ethnic minority composition of SCS across Whitehall, using NAO ethnic minority breakdown*

3.4% of the SCS across Whitehall is from an ethnic minority background—October 2007 figures. The breakdown by ethnic group is set out below—also October 2007 figures.

(Please note: 0% does not necessarily mean that there are no people in this group but the small figures result in 0%)

<i>Ethnic Group</i>	<i>% at October 2007</i>
White	96.6%
Asian—Bangladeshi	0.2%
Asian—Indian	1.1%
Asian—Pakistani	0.1%
Black	0.0%
Black—African	0.1%
Black Caribbean	0.3%
Chinese	0.1%
Mixed Asian and White	0.1%
Mixed Black African and White	0.1%
Mixed Black Caribbean and White	0.2%
Other Asian Background	0.3%
Other Black Background	0.0%
Other Ethnic Background	0.3%
Other Mixed Ethnic Background	0.4%

Source: SCS database October 2007 (from Cabinet Office)

Supplementary memorandum submitted by the National Audit Office

Question 38 (Mr Richard Bacon)

We have no such figures for FTSE 250 companies but we have identified some figures on representation in FTSE 100 companies which were produced by the Cranford University School of Management as part of its Female FTSE 100 Report 2007. The report showed that the overall proportion of ethnic minority directors in FTSE 100 companies in 2007 was 4.1%, up from 3.4% in 2006.¹

Memorandum submitted by Reed in Partnership

INTRODUCTION

Reed in Partnership is delighted to contribute to the Public Accounts Committee's inquiry into increasing employment rates for ethnic minorities.

To assist the Committee we have developed a number of recommendations outlined at the end of our submission.

ABOUT REED IN PARTNERSHIP

In 1998, Reed in Partnership began as the private sector pioneer of New Deal with an £8m contract in London. Since then we have delivered and managed over 50 DWP/JCP contracts with a combined value of almost £400 million. We now manage large contracts across London, Yorkshire, Merseyside and Glasgow working with around 100 subcontractors, 2,000 partners and over 10,000 employers. Since our launch, we have helped 170,000 disadvantaged customers with improved motivation, skills, and jobsearch capacity, with over 80,000 finding employment.

Our business has expanded and diversified throughout this period with the addition of contracts for Learning and Skills Councils, Regional Development Agencies and Local Authorities. Through these contracts we have promoted skills development, provided support to businesses and managed grant funding.

Our approach to welfare-to-work

We run a range of mandatory and voluntary employment programmes along with skills brokerage and business support services. Some of our contracts include:

- Employment Zones for JSA claimants and Single Parents in Doncaster, Glasgow, Liverpool and in the London Boroughs of Brent, Haringey, Newham, Tower Hamlets and Southwark;
- Pathways to Work in North & North East London, South & South East London, West London and Cambridgeshire and Suffolk;
- Train to Gain in London; and
- Business Link across the Yorkshire and Humber region.

¹ Source: The Female FTSE 100 Report 2007, Cranford University School of Management.

We understand that everyone's situation is different. As soon as a job seeker joins on of our programmes, they are allocated a Personal Adviser who will work to develop an appropriate support package. As a company we invest heavily in the skills of our Personal Advisers. We have also developed a number of diagnostic tools and support products that we use to identify needs and help people find employment. Where appropriate we also work with specialist local providers to enable customers to get the best possible package of support.

Some of the work we undertake with job seekers includes:

- in-depth diagnostics and assessment of individual needs and barriers to work;
- work experience and skills training routeways to jobs with local employers;
- identifying and sourcing training for the job they want;
- advising on benefits entitlement whilst working;
- helping with CV writing and interview skills;
- providing financial support while looking for work;
- assisting with finding childcare; and
- giving sound business advice on being self-employed.

Our work with ethnic minority communities

Reed in Partnership's extensive experience comes from delivering a range of programmes involving ethnic minority communities and families on low incomes.

Over the past ten years, we have worked with ethnic minority communities across the UK on a whole range of national and local projects.

In addition to the programmes mentioned above, we currently run the Partners' Outreach for Ethnic Minorities (POEM) contracts in three London districts: City & East London, Lambeth, Southwark & Wandsworth and South London. Reed in Partnership was also involved in the Ethnic Minority Outreach programme, running contracts in Brent, Haringey, Lewisham, Leeds and Teeside. In total through this programme we helped 2,810 people from ethnic minority backgrounds into work.

CURRENT GOVERNMENT PROGRAMMES

We believe that over the past ten years we have seen a real improvement in the support offered to help ethnic minority communities into employment. There are success stories from across the UK which show that properly targeted support can make a real difference in supporting people into employment. However, there is clearly still a long way to go to reduce the gap between the employment rates of the ethnic minority and general populations.

Our experience indicates that there has to be resources and expertise within the mainstream services offered by Jobcentre Plus and its subcontractors. For instance, in some areas of the country specific minority ethnic groups may make up one of the largest client group for welfare-to-work programmes.

However, we also believe that there is a need to have specific programmes and initiatives that can properly focus resources on some of the hardest-to-reach groups. Without specific initiatives, there is the possibility that those furthest away from the labour market will not receive the time and support they need.

Case Study: Reed in Partnership's success in getting ethnic minority men and women into work was confirmed by the extension of its Partners' Outreach for Ethnic Minorities (POEM) programme for another year across the London region.

Supported by The Muslim Council for Britain, the programme is the first initiative of its kind designed to help predominantly ethnic minority women in the city get into work.

The POEM programme visits mosques and community centres across London giving advice to women in ethnic minority communities on how they can find work and what options are available to them. Men are also welcome to join the programme and all members have access to Jobcentre Plus services, accredited training, one-to-one coaching and advice on childcare options.

Where there is an identified need for specific projects aimed at diverse client groups, we believe that the DWP needs to ensure longer-term funding for these initiatives. The POEM project, which has now been extended, was initially for just one year. Our experience through this project shows that it can take months to build trust with hard-to-reach groups and establish the kind of relationships with external organisations that are necessary. We believe that contracts need to be longer in order to ensure the quality and consistency of programmes.

WORKING WITH EMPLOYERS

One of the factors impacting on the number of people from ethnic minority communities in the labour market is the perception of some employers towards these groups.

Research suggests that employment practices are an important reason why employment rates in Bangladeshi, Pakistani and Somali populations are low (EOC 2006). In order to address these issues, we work closely with employers to understand their perceptions and use our diversity toolkit to address their concerns. For instance, many employers have unfounded concerns about adapting the workplace to respond to the religious or cultural needs of a diverse workforce.

We have been successful in finding employment for ethnic minority groups because we work with employers to tackle these perceptions and offer solutions. This process enables our customers to experience a smooth transition into the workplace. However, we know that more work needs to be undertaken in establishing the business case for diversity.

Case study: Muslim women in North London were concerned about accommodating prayer times when considering employment with a specialised cleaning company. Our Business Manager ensured that the employer made provision in an empty room for prayers during the day. This helped to remove one of the barriers to employment and was a quick and easy solution for the employer.

ADDRESSING RECRUITMENT BARRIERS

Our experience indicates that many recruitment and assessment processes can indirectly discriminate against some ethnic minority customer groups. For instance, literacy and numeracy tests, not applicable to the positions, along with lengthy assessment centres, application forms and requests for CVs put immediate barriers in front of this customer group.

At Reed in Partnership, we handle the recruitment and assessment process in-house. This means that we can develop processes that identify and test for only the skills needed for the specified position. This coupled with dedicated 1-2-1 support prior to testing, enables a greater number of people to pass and subsequently find employment.

Our understanding of the needs of employers is crucial in terms of helping to support people from all backgrounds into employment. We believe there is a need for the DWP to ensure that all organisations working to get people back into the labour market have links to employers and a real understanding of their needs.

Supporting people into work

Many of the people we support do not have a working knowledge of English. We therefore ensure that our Personal Advisers have the necessary language skills.

A key element of successfully finding employment for all our client groups is the process of identifying real and perceived barriers to employment. Our registration and diagnosis process allows our Personal Advisers to work closely with our customers to identify barriers in order to develop an appropriate action plan to move the individual closer to employment. One of the issues we frequently face is the need to work with customers to consider employment options in sectors of the economy not previously considered.

Following diagnosis of the customer's needs, we provide a tailored training and support package. For specific ethnic minority groups, this is likely to result in ESOL focused training. Our ESOL training is work-focused and previous programmes have reported a 78% completion rate.

Alongside formal training courses, the Personal Adviser continues to meet with the customer at least once a week for one hour to assist in preparing the customer for work by: building confidence, preparing dual-language CVs, developing interview skills and building business culture awareness leading into job search activities.

We believe that it is essential for skills training to be focused on helping people move into employment. That's why we develop an individually tailored pathway, designed around the needs of each customer with a real understanding of employers and the labour market. There is a need to ensure that resources are used on skills training relevant to employers rather than on qualifications that might have little relevance to employers.

Ongoing skills support

A crucial part of ensuring that we increase the employment rates of ethnic minority groups is ensuring adequate support for skills training once people enter the labour market. Through our work as part of Train to Gain in London, we have seen that skills support can increase motivation and confidence and help people find a career pathway.

Research indicates that about a quarter of ethnic minority employees are in the hotel and restaurant industry sectors. Therefore, there is a real need to ensure that proper training and career development is provided so that ethnic minority groups can progress to better paid employment or progress within their chosen industry.

SUPPORTING ETHNIC MINORITY BUSINESS GROWTH

We also believe that greater support needs to be provided to help the development and growth of ethnic minority businesses. Through our work, we provide support to people who are interested in becoming self-employed or starting their own business. In addition, through our contract to run Business Link across the Yorkshire and Humber region we provide business support and employ diversity specialists to ensure proper support for all businesses in the community.

Given the concentration of ethnic minority groups within particular deprived communities, we believe that there should be more focus on helping to create sustainable businesses in these areas. This will result in job creation and assist with the regeneration of these communities.

Case Study: Parvin Jalal, 40, is one of the hard to reach members that the POEM initiative has helped over the last year. Parvin had never worked before, having been a housewife all her life. She found the prospect of looking for work daunting.

After discussing all her options with her Personal Adviser at Reed in Partnership, Parvin was encouraged to use her skills as a tailor to start her own business and was given support, advice and the materials she needed to prepare her for becoming self-employed. Parvin said: "With advice and support, my husband and I found a commercial venue for our business and through hard work have been able to make it thrive. We're doing very well at the moment and are really reaping the benefits of our own work, which is fantastic".

LOCAL DECISION MAKING

As the National Audit Office report noted, the government is currently delegating funding to local City Strategy consortia and Jobcentre Plus districts to develop local projects that break down employment barriers.

We welcome the additional devolved funding and the move towards more local decision making. However, there is a need to ensure that at the same time we ensure consistency in terms of the key recommendations from the Freud Report in regards to the length and size of contracts. This is important in terms of ensuring the quality of provision and also value for money for the taxpayer.

IMPORTANCE OF OUTREACH AND ENGAGEMENT

Outreach and engagement is a vital component of successful programmes aimed at supporting people from ethnic communities into employment. Our experience has taught us that outreach and engagement is necessary to gain the trust and support of both community groups and individual customers.

At Reed in Partnership, we have dedicated Partnership Managers who have responsibility for building links with community groups and organisations. Through our contracts, we work in collaboration with voluntary, community and religious based organisations in order to build trust and ensure referrals. We also have Account Managers who help develop relationships with large scale employers and key business networks.

A strong part of the success of our outreach and engagement activities rests upon recruiting staff from within the relevant communities. Through the POEM project, our outreach teams of Bengali, Urdu and Somali speaking individuals helped us gain real inroads into the community.

KEY RECOMMENDATIONS

Based on our experience, we have developed a number of recommendations to be considered by the Public Accounts Committee on increasing the employment rates of ethnic minorities. They include:

1. To achieve real success in getting hard-to-reach groups into the labour market there has to be sustained work over a period of time. The DWP therefore needs to look at the length of contracts for projects such as POEM and also the contracts being issued by local City Strategy consortia and Jobcentre Plus districts.
2. A considerable amount of work has been undertaken by government and external organisations to promote the business case for a diverse workforce. However, more work in this area is needed if we are help support more people from ethnic communities into employment.
3. The increase in skills investment by the government is to be welcomed. There needs to be rigorous monitoring to ensure that all ethnic minority groups are benefiting from this skills provision. This is essential if we are to help people progress to better paid employment and stay in employment.

4. There needs to be a greater focus on supporting the development and growth of ethnic minority businesses. This will help to raise employment levels and also assist with regeneration in deprived communities.
 5. The move to more local decision making and devolution of funding is to be welcomed on many fronts. However, there is a need for government to ensure that local programmes are delivering for ethnic minority communities and that we are not fragmenting funding into a large number of smaller projects that do not deliver value for money for the taxpayer.
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