



## The New Deal for Young People, Two Years On

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A review of the emerging evidence from the monitoring  
and evaluation of the New Deal for Young People.  
Prepared for the Employment Service, February, 2000

by

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## **The Institute for Employment Research**

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- the macroeconomic, industrial and spatial factors affecting employment;
- the relationship between the labour market and the rest of the economy;
- labour market behaviour and policy;
- developments in population, education, training and household behaviour affecting the labour market;
- evaluation of labour market policy;
- comparative international research in the above areas.

The IER is one of Europe's leading centres for research in the labour market field. Its work includes comparative European research on employment and training as well as that focusing on the UK at national, regional and local level. The Institute has one of the largest repositories of socio-economic data in the UK and excellent access generally to other databases. Econometric analysis of large datasets, survey-based sociological research, and studies using in-depth interviews are regularly employed. The work of the IER covers a wide range of research-related activities; basic and strategic research; labour market assessment and evaluation; household and employer surveys; technical assistance and consultancy; and an advanced study programme (including post-graduate research for higher degrees, training in labour market analysis for practitioners, and a fellowship programme for visiting academics, officials and other professionals).

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The conclusions contained in this report are those of the author and not necessarily those of the Employment Service.



The views expressed in this report are the authors' own and do not necessarily reflect those of the Employment Service or the Department of Education and Employment.

## Executive Summary

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### Aim of the Review

The New Deal for Young People (NDYP) is a key element in the Government's New Deal Initiative and part of the wider Welfare to Work strategy. NDYP was introduced in 12 Pathfinder areas from January 1998 and became a national programme three months later in April 1998. The programme is intended to contribute to an increase in the sustainable level of employment and a reduction in social exclusion.

The New Deal has been subject to a comprehensive programme of evaluation. There is now a substantial body of information available about the ways in which NDYP has been delivered and the effects such interventions have had on individual participants, employers and the partners concerned. This Review draws together this evidence and establishes the current state of knowledge of the programme. It provides an 'overview' of all aspects of the monitoring and evaluation programme and seeks to identify the lessons relating to implementation, delivery and impact.

### The NDYP Evaluation programme

The NDYP has been the focus of a comprehensive programme of evaluation, the main elements of which are the New Deal Evaluation Database; qualitative and quantitative research with individuals; qualitative and quantitative research with employers; case studies in delivery of NDYP and macroeconomic analysis.

The pattern of NDYP evaluation to date reflects the pattern of implementation of NDYP and the time scales required by different research methods. Early evaluation has tended to focus on processes and immediate outcomes. The evaluation of longer-term impacts requires a wait until such effects could reasonably be expected to be detectable.

The bulk of the survey data for evaluation has now been collected with some further data collection to take place in 2000. Data from administrative sources will continue to accumulate in the Evaluation Database and the macroeconomic analysis will continue to assess impacts in the longer term. The evaluation programme is however, now entering a final analytical and assessment phase. This Review is a contribution to this process of 'reflection'.

### Reflections on NDYP

The Review considers a wide range of evidence relating to the operation and effect of NDYP. Several key issues have emerged.

- The complexity of NDYP programme. NDYP offers flexibility and a focus on the needs of the individual client. In practice, young people have proceeded through NDYP at a variety of speeds and in a variety of ways.
- There is much evidence pointing to very positive views of NDYP amongst participants, employers and providers. Many have a perception that something new and positive is being done to deal with the problem of longer-term unemployment amongst young people.
- Evaluation evidence points to the absolutely pivotal role of the New Deal Personal Advisor (NDPA) in the process. The relationship between client and NDPA is crucial in determining the way in which NDYP develops for the client.

- Individual experience of NDYP is very varied. This partly stems from the clients who differ greatly in terms of their qualities and aspirations. However, there is much variation in the way Units of Delivery are managed and in local NDYP provision. There are also marked differences in outcomes for individuals in terms of entry into unsubsidised employment.
- The NDYP design places a great emphasis on job search during the programme. This approach was reinforced by a re-orientation of the programme in late 1998.
- NDYP is intended to provide a higher quality of support for unemployed young people than existed before. In terms of continuity and content of NDPA support and the range of activities and opportunities, this has undoubtedly been achieved. However, concern has emerged regarding the quality of training provision.
- It is still too early to fully establish the long-term outcomes of the programme. However, early results suggest that the programme has had a significant and positive impact on the number of young people entering jobs. There is little evidence so far of negative impacts on other jobseekers.

### **Issues for the future**

The Review highlights a number of issues for the future. These are:

- Improving the effectiveness of NDYP provision in helping young people to secure jobs (including training);
- Improving partnerships;
- Increasing employer involvement in the design and delivery of the Gateway;
- Addressing the gap between the (lack of) job-readiness of some young people and the expectations of employers;
- Enhancing the scope and quality of the NDPA advisory role;
- Reducing time spent on Gateway;
- Making the Gateway more effective;
- Improve and market the benefits of the Voluntary Sector and the Environment Task Force Options;
- Developing the self-employment routeway;
- Increasing retention in paid jobs at the end of Options;
- Maintaining the focus on moving people into sustained jobs;
- Increasing retention in employment.

### **Responses to the issues**

Many of the issues identified above are already being addressed. A greater emphasis on job search and placement in unsubsidised jobs was introduced in late 1998. A number of ES 'products' have been developed to help improve delivery and employment outcomes. These include the development of Core Performance Measures as part of the 'Continuous Improvement Strategy for New Deal'.

In the light of operational experience and the evaluation evidence, four main priorities for the future have been identified. These are:

- to improve the Gateway in order to reduce the number overstaying, increase the number moving into unsubsidised jobs and tackle basic skills needs;
- to improve the quality and work focus of Options, with a greater take-up of the Employment Option and an increased focus on job search and job broking during

the Option period;

- to intensify Follow-Through;
- to ensure greater equality of outcomes across NDYP clients.

To achieve these desired changes, a number of revisions in NDYP operations have been introduced, including:

- the Client Progress Kit, as an instrument for consistent and structured assessment and caseload management;
- Intensive Gateway Trailblazers have been launched in 12 areas to test ways of increasing the effectiveness of the Gateway. In these areas young people will receive an increased number of interviews with NDPAs and will be required to attend a full-time course aimed at enhancing self-confidence, self-presentation and job search in the second month of the Gateway. The Intensive Gateway will be put in place across the country from Summer 2000;
- intensive counselling for all young people reaching four months on Gateway, aimed at moving them into a job or an Option (as appropriate);
- tightening sanctions during Options;
- making more innovative use of the employment subsidy on the Employment Option, including the use of intermediary organisations;
- allowing the training component of the employer subsidy to be spent at the start of the job placement, to remove the need to release the young person for training at a later time;
- placing more emphasis on job search during Options and to involve ES and other job-broking organisations with Option providers;
- making the employment subsidy available to young people who enter Follow-Through;
- identifying ways of intensifying the help provided during Follow-Through and to address continuing barriers to employment.
- introducing the Ethnic Minority Toolkit to improve outcomes for ethnic minority participants;
- the Innovation Fund to develop provision which addresses the specific needs of ethnic minority members, ex-offenders, homeless people and others facing severe disadvantage in the job market.



# 1. The New Deal Reviews: context and aims

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## 1.1 The New Deal Reviews

New Deal is a major labour market intervention intended to contribute to an increase in the sustainable level of employment and a reduction in social exclusion. It will achieve this by:

- helping young and long-term unemployed people, lone parents and disabled people who wish to work, into jobs and helping them to stay and progress in employment;
- increasing the long-term employability of young and long-term unemployed people, and lone parents and disabled people who wish to work.<sup>1</sup>

The New Deal has been delivered by means of a number of separate programmes aimed at different target groups. New Deal for Young People (NDYP) was introduced in 12 local areas from January 1998 and became a national programme three months later in April 1998. Other New Deals for the long-term unemployed (NDLTU), lone parents (NDLP) and disabled people (NDDP) were introduced during 1998. The evolution of these programmes and other New Deal programmes that fall within the 'Welfare to Work' strategy are described in greater detail in Annex 1.

The New Deal has been the subject to some of the most comprehensive and rigorous evaluation research of recent times. The form of evaluation is similar across the various New Deal programmes, although the stage reached varies according to the date at which the programme started and the time taken to complete stages of the programme. There is now a substantial body of information available about the ways in which New Deal programmes have been delivered and the effects such interventions have had on individual participants, employers and the partners concerned. It is timely therefore to draw together this evidence and to establish the current state of knowledge of the main New Deal programmes. To achieve this, a series of New Deal Reviews have been undertaken.

Three New Deal Reviews have been carried out, one relating to each of NDYP, NDLTU and NDLP. Each provides a summary and assessment of relevant monitoring and evaluation evidence. A fourth report provides an overall assessment of the common experience and early lessons to be drawn from the programmes. **This report is the first of the New Deal Reviews and deals with the evidence relating to the New Deal for Young People (NDYP).**

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<sup>1</sup> *New Deal: Objectives, Monitoring, Evaluation*, Employment Service, 1997

## 1.2 An outline of the New Deal for Young People

The NDYP is aimed at people aged 18-24 who have been claiming unemployment benefit (Jobseekers Allowance – JSA) continuously for six months. Such claimants become eligible when they reach the six-month threshold. Participation is mandatory. Early entry to NDYP is possible and there are 11 groups who are entitled to enter NDYP before reaching the six-month point. Early entrants include people with disabilities, lone parents, ex-offenders, ex-members of the regular armed forces, people with literacy or numeracy problems and those meeting a range of other criteria.

The Employment Service has the lead responsibility for delivering NDYP working in partnership with others in the community. These partnerships bring together a range of organisations, including ES itself, Training and Enterprise Councils and Local Enterprise Companies, local authorities, voluntary sector organisations and private companies. The delivery of NDYP through local Units of Delivery was designed to allow local knowledge of the labour market, unemployed clients and provision to inform New Deal delivery and to meet more closely local needs<sup>2</sup>. Four different partnership arrangements have operated: joint venture partnerships, consortia, private sector led and ES led. Issues relating to partnerships and delivery are discussed in greater detail in section 3.2.

There are three key stages to NDYP: the Gateway, Options and Follow-Through. Those entering NDYP first enter a Gateway period intended to last up to four months. During the Gateway young people, who remain on JSA, work with New Deal Personal Advisers (NDPAs) to improve their employability and to find unsubsidised jobs. Those not finding an unsubsidised job during the Gateway then move to the next stage of NDYP and one of four Options. The Options are:

- a six month period of subsidised employment,
- a course of full-time education or training (up to 52 weeks),
- work in the Voluntary Sector (six months),
- work in the Environment Task Force (six months).

Young people are offered a range of opportunities within the Options phase of NDYP. Subsidised Employment (SE) and work placements in the Voluntary Sector (VS) or with the Environment Task Force (ETF) are intended to increase employability through work experience and an element of training. The fourth Option, Full-time Education and Training (FTET), provides a means of acquiring skills and qualifications although it may also contain an element of work experience. All those on Options continue to be subject to JSA rules, such as the obligation to actively seek work) whatever the financial arrangements for the specific Option. If a young person completes or leaves an Option and still has not obtained a job, they can reclaim JSA (if previously paid a wage) and enter the Follow-Through period. During Follow-Through they receive further intensive help with job

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<sup>2</sup> *Design of the New Deal for 18-24 Year Olds*, Department for Education and Employment, NDD1, 1997.

search in order to find a job, re-enter an Option or even, in some cases, return to the Gateway.

A key feature of the New Deal is the way in which help for young jobseekers is integrated and tailored to meet their individual needs. The design of New Deal is intended to meet several objectives. First, to place young unemployed people more rapidly into jobs. Second, to reduce recruitment costs and employer prejudice. Third, to improve work skills, experience, qualifications, motivation, self-esteem and job search skills. Fourthly, to enable the individual to choose the most appropriate method of obtaining and keeping jobs. Finally, the programme is seeks to maintain and improve effective job search throughout the programme<sup>3</sup>.

### **1.3 Aim of the Review**

The aim of this Review is to collate, synthesise and assess the emerging findings of the NDYP evaluation programme. The Review is concerned to identify broad conclusions from the emerging evidence. As such, it provides an 'overview' of all aspects of the monitoring and evaluation programme and seeks to identify the early lessons relating to implementation, delivery and impact. In doing so it identifies elements of NDYP on which there is a consensus or where there is contradictory evidence. The summary process also identifies gaps in knowledge and understanding of NDYP and leads to recommendations for further research and suggestions for consideration by New Deal operational managers and policy-makers.

#### ***Objectives of the Review***

The Review has several objectives. These are:

- to make the results of NDYP evaluation readily accessible,
- to 'map' available information on key issues
- to identify key trends and emerging issues,
- to identify aspects of the New Deal programmes that require refinement or improvement,
- to assess the extent to which evidence from evaluation has, to date, fed into New Deal policies and practice,
- to identify the emerging evidence of impacts on individuals, employers, the Employment Service and partners.

The main task of the Review has been to collate and assess the results of the evaluation programme. Much of the output from monitoring and evaluation has already been published by means of Department for Education and Employment's monthly Statistical First Releases and as Employment Service Research and Development Reports. Some outputs from monitoring and evaluation have not been published, particularly in respect of Employment Service New Deal operations, and here it was necessary to consult key ES programme managers to identify operational responses to early

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<sup>3</sup> *New Deal: Objectives, Monitoring, Evaluation*, Employment Service, 1997



monitoring and evaluation results.

The Review's broad perspective inevitably does something of a disservice to the very detailed research and complex issues which it attempts to summarise. While the Review aims to make accessible the results and early conclusions of the evaluation of NDYP, it is not intended to be a substitute for the original research material upon which it draws. Those wishing more detail of methods and findings are referred to the original source reports listed in Annex 2.

#### **1.4 An earlier summary of progress**

A review of evaluation evidence similar to the present exercise was undertaken in December 1998<sup>4</sup>. This review was carried out eight months after the national roll out and the evidence available at that time was limited. Nonetheless, it is useful to be reminded of the findings of that progress report as it can be regarded as a 'base case' from which the present Review builds. The main findings of the earlier review were that:

- in a relatively short time, new and previously untried delivery methods had been put into place, strategic delivery 'partnerships' had been formed and new service providers had been contracted;
- substantial numbers of young people had moved through the programme (more than 200,000 had joined it);
- at the time of the first review, over a third of participants were still on the Gateway, but some 19 per cent had found an unsubsidised job;
- around a quarter of participants had moved into one of four Options, with Full-time Education and Training being the most popular with subsidised Employment not far behind;
- although the client group was not uncritical of NDYP, most seemed to have a generally hopeful attitude towards the programme and its aims;
- employers were 'signing up' for NDYP in substantial numbers but tending to reserve judgement about longer-term participation;
- even as early as November 1998, there was evidence of a positive effect on outflows from unemployment without a corresponding negative side effect on other groups of jobseekers.

These conclusions represent the situation as seen at the end of 1998. In the course of reviewing the evaluation evidence since that time, this Review will consider whether these conclusions still stand twelve month later together with other issues which have emerged since that earlier summary of progress on NDYP.

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<sup>4</sup> Atkinson J. *The New Deal for Young Unemployed People: A Summary of Progress*, ESR13, Employment Service, March 1999.

## 2. The evaluation process and sources of information

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### 2.1 Introduction

Monitoring and evaluation of NDYP has been built into the programme design from the outset. The strategy for monitoring and evaluation is set out in '*New Deal: Objectives, Monitoring and Evaluation*' (Employment Service, 1997) and discussed further in '*New Deal for the young unemployed: monitoring & evaluation*' (Labour Market Trends, November 1998).

This Review draws on the output from the monitoring and evaluation of NDYP up to November 1999. This section briefly describes the evaluation programme and the information available to the Review.

### 2.2 The evaluation programme

There are seven questions that the evaluation of NDYP has been designed to address. These questions are as follows:

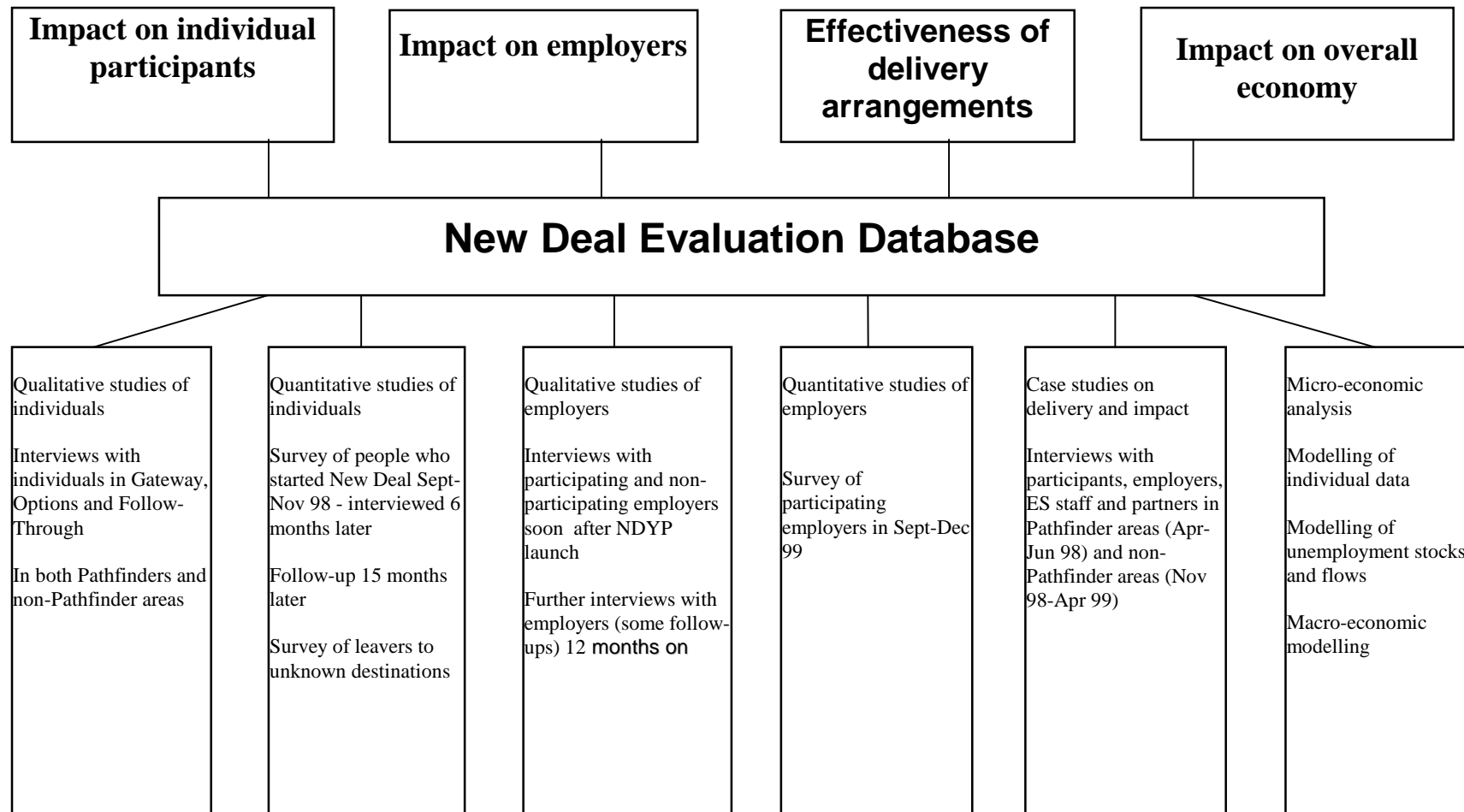
- what is the effect on the employment and unemployment of the target group?
- what is the effect on individuals?
- what is the impact on employers?
- what is the most effective way of delivering NDYP?
- what is the impact on total unemployment?
- what is the net impact on Exchequer costs?
- what are the wider consequences of NDYP on social exclusion and other social issues?

To address these questions a comprehensive programme of evaluation is being undertaken. This programme draws upon a number of elements. These elements are:

- the New Deal Evaluation Database;
- qualitative research with individuals;
- quantitative research with individuals;
- qualitative research with employers;
- quantitative research with employers;
- case studies in delivery of NDYP;
- macroeconomic analysis of the youth labour market;
- macroeconomic modelling.

These are set out diagrammatically in Figure 2.1.

**Figure 2.1: The NDYP Evaluation Programme**



In addition to these evaluation activities, DfEE and ES carry out their own monitoring and evaluation activities. These activities are focussed on the operation and delivery of NDYP and on the setting and achievement of performance measures.

Individually, none of these evaluation activities will provide complete answers to the key evaluation questions, although each will go part of the way to achieving that aim. It is the combination of research methods and perspectives which is potentially so powerful. Most of the key evaluation questions will be addressed by means of a combination of quantitative and qualitative surveys, case studies, and analyses of administrative data and secondary data sources.

### **2.3 The New Deal Evaluation Database**

The New Deal Evaluation Database (NDED) lies at the heart of the evaluation strategy for New Deal. The database collates information from a variety of sources and serves all of the New Deal Programmes. The key sources of information for the database are the ES Labour Market System which records activity on the New Deal and JUVOS which provides data on the unemployment record of claimants. The CSL payment system records provide data about subsidised employment.

The NDED provides a wealth of monitoring information about the volumes of people entering, leaving and currently participating on each stage of NDYP, the characteristics of participants, immediate outcomes and information about the New Deal process itself. The database is also a vital part of the evaluation process as it provides the sampling frames for the qualitative and quantitative surveys of individual New Deal participants and of employers offering subsidised employment.

The NDED is, of course, not without limitations. It can only provide data on immediate outcomes (although it can identify individuals who return to benefits after a period on NDYP). Even in this regard, the database suffers from a large proportion of 'unknown destinations', as do other such systems. A further limitation is that the database contains no data on employers recruiting from New Deal to unsubsidised jobs. However, these deficiencies are not so much a result of the design or operation of the database as of the difficulty and impracticality of collecting some types of data at the local level.

The NDED is described in greater detail in '*New Deal Statistics & the New Deal Evaluation Database*' (Labour Market Trends, April 1999). Output from the database is published on a monthly basis in the form of a DfEE Statistical First Release covering both NDYP and NDLTU.

## 2.4 Evaluation of NDYP to date

The way in which evaluation has been conducted inevitably reflects the pattern of implementation of NDYP and the time scales required by different research methods. The evaluation of later stages in the NDYP design –for instance, national Follow-Through – can only be carried out when participants have actually reached those stages of the programme. Moreover, early evaluation tends to be more concerned with processes and immediate outcomes. Evaluating longer-term impacts necessitates a further wait until such effects, if any, could reasonably be expected to be detected.

Administrative data enters the Evaluation Database almost immediately and is published with a lag of around 8 weeks. This provides a very up-to-date picture of the progress of the programme on a monthly basis. Other forms of evaluation take longer. Qualitative research can, as a rule, be conducted more quickly than large quantitative surveys and for this reason the early assessment of NDYP covered by the earlier November 1998 Progress Report was based on a mix of monitoring information and the results of qualitative research in the Pathfinder areas. This early evidence was derived from case studies of delivery and from qualitative research with individuals on the Gateway and employers in the Pathfinder areas<sup>5</sup>.

Since the earlier Progress Report the programme of qualitative research has continued. Interviews have been conducted with NDYP participants at the Options and Follow-Through stages in the Pathfinder areas. Similar interviews have been conducted with young people on all three stages of the national programme. By December 1999 the qualitative evidence relating to all three phases of NDYP in the Pathfinder areas had been published together with evidence relating to the national Gateway and Options<sup>6</sup>. Similarly, by the end of 1999 further qualitative studies relating to national delivery and employers had also been

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<sup>5</sup> The Tavistock Institute. *New Deal for Young Unemployed People: Case Studies of Delivery and Impact in Pathfinder Areas*, ESR7, Employment Service, December 1998.  
Legard R., Ritchie J., Keegan J. and R. Turner, *New Deal for Young People: The Gateway*, ESR8, Employment Service, December 1998  
Snape D. *New Deal for Young Unemployed People: A Good Deal for Employers?*, ESR6, Employment Service, December 1998.

<sup>6</sup> Legard R and J Ritchie, *New Deal for Young People: National Gateway*, ESR16, The Employment Service, April 1999.  
Woodfield K., Turner R. and J. Ritchie. *New Deal for Young People: The Pathfinder Options*, ESR25, Employment Service, August 1999.  
O'Connor W., Bruce S. and J Ritchie, *New Deal for Young People: Pathfinder Follow-Through. Findings from a qualitative study amongst individuals*, ESR29, Employment Service, October 1999.  
Woodfield K., Bruce S. and J. Ritchie. *New Deal for Young People: The National Options. Findings from a qualitative study amongst individuals*, ESR37, The Employment Service, January 2000.

completed<sup>7</sup>.

Compared to qualitative research, large-scale quantitative surveys are both more cumbersome and expensive. For these reasons, the main quantitative elements of the evaluation programme relate only to the national programme. The first stage of a large survey of individuals was conducted in the Spring of 1999 (the results of which will be published in Spring 2000). This will be followed by a second survey in 2000. As regards employers, a single survey has been carried out focused on employers who participated in the subsidised Employment Option. Since only one survey of participating employers was to be undertaken, the survey was timed for late 1999. This timing meant that employers had had the opportunity to recruit significant numbers of NDYP clients to subsidised jobs and when those placements were likely to have been completed. This timing would allow some of the medium term questions of impact (such as retention) to be addressed. The results of the survey of participating employers will be published in the Autumn of 2000. There is, therefore, no evidence from the survey of participating employers available at the time of the review.

Assessment of the macroeconomic impacts of NDYP inevitably requires the longest time to produce since such analysis can only be conducted retrospectively when data becomes available and involves complex analytical issues. However, by the end of 1999 early indications of the macroeconomic impact of NDYP had become available. These analyses assess the macroeconomic impact of NDYP in the Pathfinder areas and the impact over the first year of the national programme<sup>8</sup>.

In addition to the core data collection from qualitative research and quantitative surveys, a number of *ad hoc* studies and surveys have been undertaken together with a number of 'positioning' papers. Examples of the former include a survey of NDYP leavers with unknown destinations<sup>9</sup> and a case study of job search and job matching in the Birmingham area<sup>10</sup>. The latter includes a review of the literature and secondary evidence relating to the youth labour

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<sup>7</sup> The Tavistock Institute, *New Deal for Young Unemployed People: National Case Studies of Delivery and Impact*, ESR30, Employment Service, November 1999.

Snape D., *New Deal for Young People: Striking a Deal with Employers*, ESR36, Employment Service, January 2000.

<sup>8</sup> Anderton R., Riley R. and G Young. *The New Deal for Young People: Early Findings from the Pathfinder Areas*, ESR34, Employment Service, December 1999.

National Institute for Economic and Social Research. *The New Deal for Young People: First Year Analysis of Implications for the Macroeconomy*, ESR33, Employment Service, December 1999.

<sup>9</sup> Hales J. and D. Collins. *New Deal for Young People: leavers with unknown destinations*, ESR21, Employment Service, June 1999

<sup>10</sup> Walsh K., Atkinson J. and J Barry. *The New Deal Gateway: A Labour Market Assessment*, ESR24, Employment Service, August 1999.

market and employers recruitment practices<sup>11</sup> and a review of the European and US literature on youth labour market interventions<sup>12</sup>.

Other evaluation work conducted outside the main evaluation programme will also contribute to the overall understanding of the NDYP programme. An important example of such research was the assessment of the Environment Task Force Option undertaken in late 1999 on behalf of the Department for Trade and Industry. This assessment will be published in 2000. In addition, many programme enhancements and developments have been the subject of separate evaluations. These developments include the New Deal for Musicians (aimed at a very specific target group of 18-24 year olds), Intensive Gateway Trailblazers and the New Deal Innovation Fund. Some of these developments are discussed in Section 8 as operational responses to early evaluation evidence.

## 2.5 Evaluation still to be carried out

A great deal of evaluation work remains to be done. The bulk of the data need for the evaluation has now been collected, although some further data collection remains to be undertaken. This principally relates to the second quantitative survey of individuals.

However, data collection does not in itself constitute an evaluation. This section commenced by setting out the many questions which the evaluation programme is seeking to answer. Even when the data is collected, many of these questions will not be answered without further analysis. This is particularly so in respect of any assessment of the impact of NDYP on individuals, on employers and on the macro-economy. A period of analysis and digestion of the rich data collected since the start of NDYP and reflection on its interpretation will take place during 2000 in order to address these types of questions. This review is a contribution to the process of 'digestion and reflection'.

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<sup>11</sup> Hasluck C. *Employers, Young People and the Unemployed: A Review of Research*, ESR12, Employment Service, March 1999.

<sup>12</sup> Auspos P. Riccio J. and M. White, *A Review of US and European Literature on the Microeconomic Effects of Labour Market Programmes for Young People*, ESR20, Employment Service, July 1999

### 3. The New Deal for Young People: implementation and delivery

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#### 3.1 Implementation of NDYP

At the time of the previous review of progress (November 1998) some 203,000 individuals had joined NDYP. Of these around 82,500 had left the programme while the remaining 120,500 continued on the programme. Since November 1998 the total number of participants continued to increase but at a decreasing rate until at a time around May 1999 when the total number of participants ceased to increase and began to decline slightly. This decrease became quite marked in September and October 1999, as can be seen graphically in Figure 3.1.

**Figure 3.1**  
**Total numbers entering, participating and leaving NDYP**

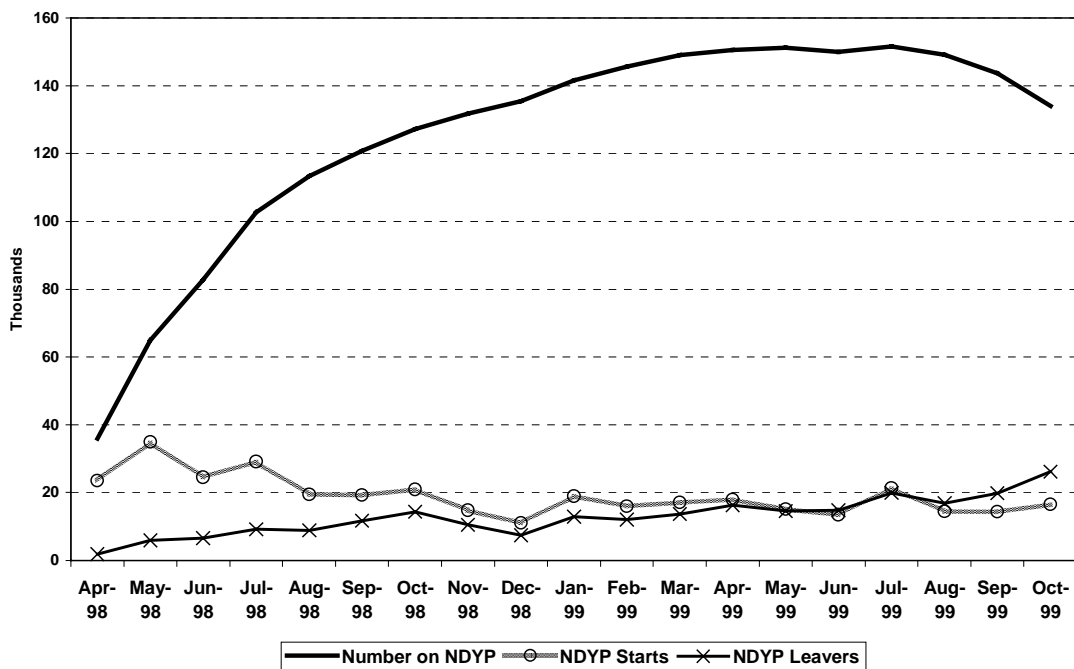


Figure 3.1 sheds some light on the immediate causes of the cessation of growth in the number of NDYP participants. The figure shows, in addition to the total number of participants, the monthly flows of individuals joining and leaving NDYP. After an initial sharp increase in the numbers joining NDYP, the inflow onto the programme declined steadily from June to December 1998 and then remained roughly constant at around 16,000 per



month<sup>13</sup>. The flow of people leaving NDYP has, by contrast, steadily increased from virtually nil in April 1998 to almost 30,000 in October 1999. Flows out of NDYP roughly equalled inflows for a brief period from May-July 1999 and exceeded inflows thereafter. Consequently, the total number of participants stabilised in May-July and began to fall after this period<sup>14</sup>. By the end of October 1999, a total of 379,500 young unemployed people had joined NDYP<sup>15</sup>.

The pattern of change in the inflows can be explained by the necessity for NDYP to deal at its national launch in April, with a 'backlog' of young people already eligible for NDYP having already claimed JSA for more than six months (the stock) as well as the flow of newly eligible clients (whose JSA claim had only just reached six months). By November 1998, significant inroads (82,000) had been made into the stock of long-term unemployed young people. Once the stock had largely been drawn into the programme, subsequent inflows consisted of the smaller flow of newly eligible JSA claimants which averaged around 4,000 per week during much of 1999.

The increase in outflows from NDYP that took place in the latter part of 1999 is largely a 'cohort' effect produced by the exit of participants who joined NDYP in the Spring and Summer of 1998. As this cohort of young people emerges from the end of the NDYP process, outflows have risen and can be expected to continue to increase (perhaps up to the end of 1999). After the initial large intake to NDYP has passed through the programme, the number leaving the programme can be expected to fall back to an outflow broadly in line with the size of the inflow onto NDYP. Thus the total number on the programme can be expected to fall further before settling at some 'steady state' number of participants. Looking ahead to that situation, if rate of inflow continues at around 15,000 per month and the average duration spent on NDYP is six months, the eventual size of the programme would be around 90,000 in any month.

By October 1999, just under half of all participants (47 per cent) were in the Gateway stage of NDYP, 35 per cent were on one of the four Options and 18 per cent were on Follow-Through. The largest number of participants on Options were in Full-time Education and Training (15 per cent) with 9 per cent in subsidised employment and 6 per cent and 5 per cent respectively working in

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<sup>13</sup> NDYP starts in mid to late 1999 were around 4000 per week. The size of the monthly inflow depends on the number of weeks in a month. While the monthly inflow is mostly around 16,000, in five week months (such as April 1999 or July 1999) the monthly inflow is higher and around 20,000. The difference number of weeks in each month accounts for much of the monthly variation in NDYP starts.

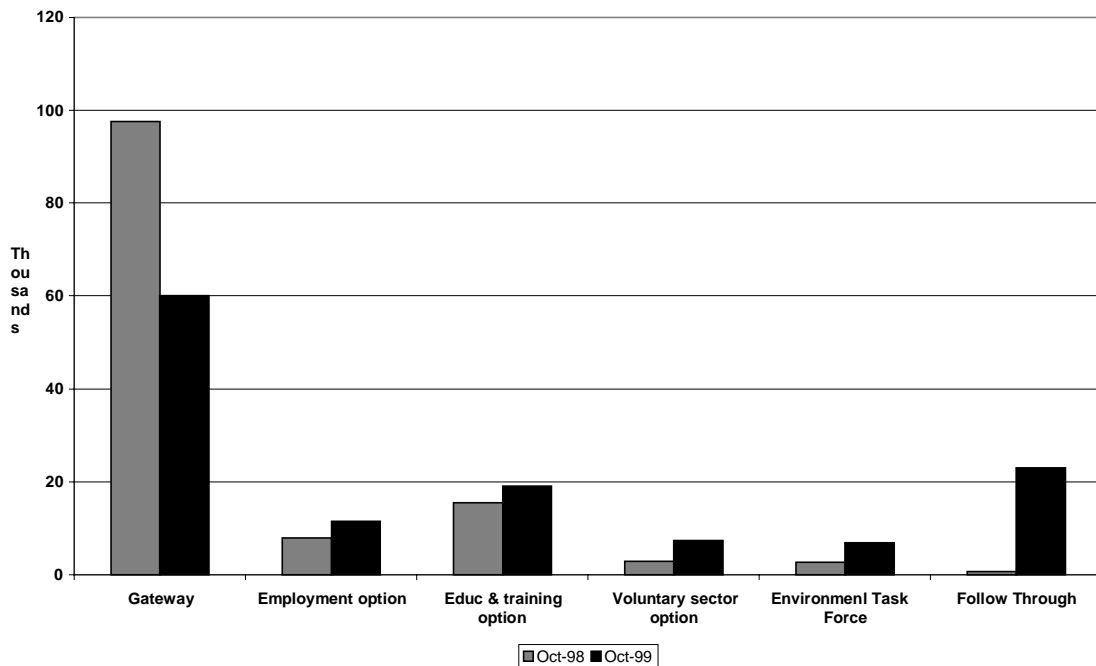
<sup>14</sup> It is important to note that the most recent NDED data will tend to overstate the number of people leaving NDYP. This is because some leavers reclaim JSA within 13 weeks of leaving NDYP. Where this happens, the individual is retrospectively removed from the leavers data.

<sup>15</sup> DfEE Statistical First Release, SFR40/1999, 30 December 1999.

the Voluntary Sector and the Environment Task Force.

The effect of progression through NDYP can be seen in Figure 3.2 which compares the stages reached by participants on the programme in October 1999 with the composition of the programme 12 month prior to that date. As might be expected in view of the time that NDYP has been in operation, the number of participants on the Gateway has fallen over the last 12 months as participants have moved through or off the programme. The number on the subsidised Employment Option has risen, as has the number working in the Voluntary Sector or in the Environment Task Force. Numbers in full-time education or training have remained virtually static. The largest increase in numbers has taken place in those on the Follow-Through stage. Again, these changes are a cohort effect as entrants to NDYP in mid to late 1998 move through the different stages of the programme. It would normally be expected that it would take 10 months to arrive at the Follow-Through stage (4 months on Gateway and 6 months in an Option). Where the period spent on Gateway has exceeded 4 months (and for many this was the case) and where participants entered the Full-time Education and Training Option (which lasts 12 months), a period of well over one-year is likely to have elapsed before arrival at Follow-Through.

**Figure 3.2**  
**Numbers participating in NDYP by programme stage,**  
**October 1998 and October 1999.**



### 3.2 Partnerships and delivery issues

The New Deal is delivered through local partnerships with which the Employment Service contracts for programme provision. There are 144 such Units of Delivery (UoD) across the country each falling into one of four broad models of delivery. These delivery models are:

- *Joint Venture Partnerships* (JVP) in which a number of equal partners (including the local ES) contract with ES to deliver New Deal;
- *consortia* in which ES contracts with a lead organisation which then sub-contracts with individual partners;
- *private sector delivery* where ES contracts with private sector organisations who lead delivery;
- *independent contracts* where ES, in effect, is the lead contractor and sub-contracts individually with service providers.

Early evidence from the New Deal Pathfinder areas<sup>16</sup> concluded that the complex and varied arrangements for delivery had been put into place remarkably successfully. However, the ways in which partnerships were implemented at local level were extremely varied, shaped by previous local partnership arrangements, local administrative networks and local labour market conditions.

#### *The evolving form of NDYP delivery*

Since the national roll out of NDYP, delivery arrangements have continued to evolve although major shifts in partnership arrangements have not materialised<sup>17</sup>. The main changes within UoD have been the emergence of a clearer distinction between strategic partners and a smaller group of operational or managing partners. Indeed, particular management arrangements appear more important than partnership models in determining what happened on NDYP. Because of such variations in management style and practice within and across UoD, there are considerable differences in young people's experience of NDYP depending upon where they live.

#### *The advantages of different delivery arrangements*

At the outset of NDYP it was expected that different models of delivery might prove to be more or less effective. Measures of potential partnership benefits were devised by the Tavistock Institute as part of the Pathfinder case studies. The potential benefits were:

- accessing resources through partners;

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<sup>16</sup> The Tavistock Institute *New Deal for Young Unemployed People: Case Studies of Delivery and Impact in Pathfinder Areas*, Employment Service, ESR7, , December 1998.

<sup>17</sup> The Tavistock Institute, *New Deal for Young Unemployed People: National Case Studies of Delivery and Impact*, ESR30, Employment Service, November 1999.

- local ownership of NDYP through involvement of partners in decision taking;
- facilitating a broad mix of provision by involving a range of partners;
- influencing partner's policy towards the longer-term unemployed.

At the time of the Pathfinder case studies there had been insufficient time to establish the reality of these benefits, However, some information on this issue is now available from Core Performance Measures and the case studies of national delivery.

The wide diversity of delivery arrangements actually observed has meant that it has been difficult to associate 'best practice' and effectiveness with any particular delivery model (since there are considerable differences in delivery within Units of Delivery). Core Performance Measures point to a very large degree of variety in the achievement of measures of NDYP outcomes and effectiveness. Often Units of Delivery that score highly on one measure will perform relatively less well on another making an overall assessment of effectiveness problematic. Core Performance Measures and their use as a management tool on NDYP are discussed in greater detail in Section 8.3. It is sufficient to note here that factors such as the size of the Unit of Delivery (measured in terms of the number of participants) and the nature of the local labour market (rural, urban, metropolitan, inner city and so on) appear to be at least as strongly associated with relative performance as the model of delivery. Small Units of Delivery and those covering rural areas and small towns tend to perform 'best' while those with very large numbers of clients and those located in large urban centres tend to perform least well. These two factors, which are likely to be correlated, are probably associated with differences in the characteristics of the client populations in each area and the scale of resources available. Having said this, the Core Performance Measures do hint at a relatively poor performance by Units of Delivery that are private sector led.

The qualitative evidence relating to the relative merits of different delivery models remains weak. Such evidence as exists suggests there were benefits where NDYP partners have been able to use their knowledge and connections to link to other local provision for young unemployed people funded by the Single Regeneration Budget or the European Social Fund. However, there is no evidence so far of partnerships acquiring resources from hitherto untapped sources.

It has been argued that local 'ownership' will facilitate effective delivery through a commitment to helping local people and by ensuring that New Deal does not cut across existing employment and development activities. The alternative position is that external organisations can be innovative and bring new ideas to NDYP provision. There is scant evidence on this matter so far,

but such evidence that is available from the Pathfinder and national delivery case studies tends to support the view that local partnerships work best.

New Deal partnerships appear to have greatly broadened the range of provision on offer through NDYP, answering a criticism made at the Pathfinder stage. This has been achieved by building up networks of providers and employers. However, increasing the number of providers can cause a weakening of provider commitment to NDYP if such providers are called on only infrequently.

The influence of partnership on partners attitudes to the longer-term unemployed is even less clear. There is some evidence that policies had been affected where the unit of delivery was a JVP or a consortia but not where the partnership was ES or private sector led. The ES was widely perceived as being constrained to operate within national and regional management procedures.

## 4. New Deal clients

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### 4.1 Introduction

The target group of young unemployed people at whom NDYP is aimed is quite specific. It is young people aged between 18-24 who have been claiming JSA for six months or more. While this defines the target group, it actually says little about the characteristics of this group of young adults. Who is the NDYP client group?

This section briefly examines the main characteristics of the NDYP client population. Such characteristics are important because knowledge of them can reveal issues that NDYP must address. For example, how similar are NDYP clients, and if they are dissimilar, do they require different forms of intervention? Since NDYP seeks to tailor provision to the needs of clients, what are those needs?

### 4.2 A preliminary assessment of potential NDYP clients

The likely characteristics of NDYP clients were known even before the first participant entered the Pathfinder programme. The information came from a national survey of unemployed claimants conducted in 1995 and 1996 as part of the national evaluation of the Jobseekers Allowance (JSA)<sup>18</sup>. By selecting respondents who matched the NDYP eligibility criteria, it was possible to gain a detailed picture of the likely characteristics of the potential NDYP client group.

Around 10 per cent of all unemployed jobseekers in 1995-96 fell within the potential NDYP target group. Those within the target group were predominantly:

- male (66 per cent);
- white (86 per cent);
- living at home (56 per cent).

The target group is defined only in terms of current spell of unemployment. However, the poor 'employability' of this group was evidenced by their relative lack of work experience when compared with their peers. Around 28 per cent of the NDYP target group had never had a job and only 10 per cent described themselves as having had 'mainly steady jobs'. Even when members of the target group had been employed, they tended to have been employed in one of just three industrial sectors:

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<sup>18</sup> Walker R., Stafford B., Youngs R. and K Ashworth. *Young Unemployed People: (A) Characteristics of the New Deal Target Group (B) Labour Market Characteristics and Outcomes*, ESR19, Employment Service, July 1999.

distribution, hotels & restaurants, manufacturing or construction. Such employment was often temporary (36 per cent) or insecure (22 per cent were unemployed because of redundancy). Most had worked in craft or related occupations but often for low pay (28 per cent had earned less than £100 per week).

The relatively poor employment record of the NDYP target group appears to have been a reflection of labour market disadvantage rather than an unwillingness to work. Although the NDYP target group had more qualifications than older jobseekers, they held fewer qualifications than young people in general and fewer qualifications than young people on unemployment benefit for less than six months (the short-term unemployed). Despite this disadvantage, jobseekers in the potential target group were keen to find work and used a variety of job search methods to seek employment. Compared with older jobseekers, the young unemployed appeared more flexible in terms of wages and working conditions. However, expectations of finding work decreased as the length of unemployment spell increased.

### **4.3 The characteristics of NDYP clients**

The preliminary assessment of the likely characteristics of the NDYP target population was based on data from 1995-1996. Since that time, economic and labour market circumstances have moved on and the actual population of young people from which NDYP draws its clients may also have changed as a consequence. In addition, the ways in which NDYP has operated may also have consequences for the characteristics of the group of young people who enter the programme.

#### *Personal characteristics*

Evidence from the New Deal Evaluation Database (NDED) and from surveys of NDYP participants suggests that the preliminary assessment was a fair representation of the actual NDYP population as it materialised in 1998-99. By October 1999 the number of young people entering NDYP had exceeded 379,000 of whom the great majority (73 per cent) were male. Over the same period there have been 52,000 NDYP starts from ethnic minority groups of which, as predicted, around 20 per cent were of Pakistani ethnic origin, around a third were Black African/Caribbean and around 12 per cent Indian. However, the proportion of female entrants from ethnic minority groups (34 per cent) has been somewhat above the average for the programme as a whole (27 per cent). Around 13 per cent of NDYP starts have been by young people with a disability.

The preliminary results of the first quantitative survey of individuals<sup>19</sup> found that the demographic characteristics of respondents broadly mirrored those of the whole NDYP population

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<sup>19</sup> Bryson A., Knight G. and M. White. *New Deal for Young People: National Survey of Participants*, (forthcoming).

as revealed by the NDED. The value of the survey lies in the additional information revealed about the socio-economic and attitudinal characteristics of the NDYP client group, information that is not contained in the New Deal Evaluation Database.

#### *Attitudes and motivation*

While there is no denying that some NDYP clients were uninterested in finding employment, the evaluation evidence strongly suggests this was a minority perspective. For most, there was a strong antipathy to being out of work. Over a quarter of young people interviewed six months after starting NDYP described being out of work as '*just about the worst thing that ever happened to me*'<sup>20</sup>.

Although the motivation to find employment amongst people entering NDYP was generally strong, this motivation was affected by the extent to which young people have a clear view of the job(s) they would like to do. Having a clear career or employment goal tended to raise the desire to find employment. The experience of unemployment, on the other hand, especially where it was for long periods and involved frequent rejection of job applications was often associated with a reduction in motivation to find work. In some instances, clients appear to have become used to a way of life out of work and on benefits. Where clients saw little prospect of employment other than in low wage and poor quality jobs, motivation and job search tended to suffer.

Clients entering NDYP had greatly differing aspirations. Evidence from qualitative research with young people on NDYP identified five groups of clients:

- Vocational/career interest
- Job oriented
  - *job particular*
  - *job unclear*
  - *job unfussy*
- Disinterested in employment

Those who were career oriented or aspired to a particular job were clear about the kinds of job they wished to do or the qualifications they wished to obtain. Other groups had little or no clear view of the type of job wanted in the future. These different orientations are significant because they condition client expectations and attitudes to NDYP as well as affecting motivation and job search<sup>21</sup>.

#### *Labour market disadvantage*

Almost half of survey respondents (48 per cent) lived in accommodation in which the mortgage or rent was paid for by

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<sup>20</sup> Bryson A., Knight G. and M. White. *Op cit*.

<sup>21</sup> Legard R and J Ritchie, *New Deal for Young People: National Gateway*, ESR16, The Employment Service, April 1999.



their parents. Only a minority (14 per cent) were living with a partner and fewer still (10 per cent) had children. Around half (48 per cent) lived in social rented accommodation. Such tenure is widely recognised as a good predictor of social disadvantage and is strongly correlated with the likelihood of being long-term unemployed<sup>22</sup>.

A large proportion of NDYP clients have had little, or only sporadic, experience of employment. In the series of qualitative interviews with participants at Gateway, Options and Follow-Through, the proportions of NDYP clients never having had a full-time job since leaving school ranged from 24 to 40 per cent. These figures are indicative only as the qualitative research does not purport to provide a statistically reliable basis for estimating the characteristics of the NDYP population. More robust statistical evidence is provided by the preliminary findings of the quantitative survey of NDYP participants<sup>23</sup>. The survey found that around one third of NDYP clients had been unemployed for more than 12 months (8 per cent for at least three years) and around one third had never had a job since leaving school (not even a short-term or casual job).

NDED information confirms the prior expectation that entrants to NDYP are likely to have fewer qualifications than their peers. Around 32 per cent of entrants for whom such information was available had no qualifications. A further 22 per cent had qualifications at Foundation or NVQ Level 1 only. Few had qualifications at NVQ Level 3 or above (just 8 per cent). Similar findings emerge from the quantitative survey of individuals: 33 per cent held no academic qualification and 54 per cent held no vocational qualification (with around a quarter holding no qualifications of any type). Of those with any qualification, the great majority was qualified only at NVQ Level 1 or 2 (or equivalent).

Beyond poor health and disability, most young people on NDYP have tended to see a lack of job opportunities in their local area as the most serious problem preventing them from obtaining work. This was particularly so in areas where traditional manufacturing industry – often a recruiter of young people in the past - had closed leaving a large pool of unskilled or semi-skilled people competing for too few jobs. In other instances, jobs were perceived to be available but only on a temporary, part-time or agency basis and were not seen as full-time and permanent jobs. Some clients just felt that any jobs likely to be open to them would be poorly paid, repetitive and boring and likely to lack long-term prospects. These perceptions may or may not be correct but where held they act as a discouragement to job search and the acceptance of unsubsidised employment. A case study of clients on the Gateway in Birmingham highlighted a possible mismatch

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<sup>22</sup> Bryson A., Knight G. and M. White. *Op cit.*

<sup>23</sup> Bryson A., Knight G. and M. White. *Op cit.*

between the expectations of clients and the requirements of employers in this respect<sup>24</sup>.

Despite the frequency of the perception that job opportunities were few and of poor quality, participants do cite other barriers to employment. Many cited a lack of personal transport (25 per cent) as well as the lack of employer references, negative employer attitudes to young unemployed people, a lack of public transport and personal problems with debt, as major barriers to obtaining work<sup>25</sup>.

#### 4.4 Differential entry to stages of the NDYP programme

The labour market operates as a filter. Individuals who are most 'employable' will tend to enter jobs while those who face the greatest disadvantages (or are most unlucky) will remain unemployed. This filtering process continues during unemployment, with those who are most 'employable' quickly leaving unemployment while those facing the greatest barriers to employment remaining unemployed for longer. The outcome of this process was discussed above; entrants to NDYP tend to have less work experience, fewer qualifications and greater disadvantage than either the short-term unemployed or young people in general. Further sifting takes place within NDYP. Clients leave the programme for unsubsidised employment at various stages of the programme, 'job-ready' clients leave from the Gateway while those with greater difficulties proceed further through the programme to complete Options and enter Follow-Through. The operational practices of NDYP may reinforce this sifting process. The result is that the group characteristics of NDYP clients on Gateway, Options and Follow-Through become progressively more different.

##### *Clients on Gateway*

The characteristics of clients on Gateway mirrors those of entrants to NDYP. However, compared with those who remain on NDYP, young people who leave from the Gateway are more likely to have had only a short spell of prior unemployment, are more likely to have previous employment experience, and less likely to have problems with basic skills. Those individuals who spend longer than average on Gateway tended to have longer than average spells of unemployment before starting the programme<sup>26</sup>.

##### *Clients on Options*

The characteristics of NDYP clients on Options varies considerably from one Option to another. However, in general, clients on Options are more likely to have experienced long spells

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<sup>24</sup> Walsh K, Atkinson J. and J Barry. *The New Deal Gateway: A Labour Market Assessment*, ESR24, The Employment Service, August 1999.

<sup>25</sup> Bryson A., Knight G. and M. White. *Op cit*.

<sup>26</sup> Bryson A., Knight G. and M. White. *Ibid*.

of prior unemployment and lack work experience. They are also more likely to have literacy and numeracy problems. After adjusting for the fact that women are less likely to be on NDYP in the first place, women are more likely than men to enter an Option.

Turning to individual Options, clients in Subsidised Employment tend to be those who lack work experience or require specific occupational skills. Members of ethnic minority groups and individuals with a health problem or disability are less likely to be on this Option. These two groups are, however, disproportionately represented amongst those who enter Full-time Education and Training. Clients on FTET are also more likely to be those with long prior spells of unemployment, poor basic skills and a lack of previous work experience. Those on the Environment Task Force are extremely unlikely to be women, but particularly likely to be clients with few if any qualifications. Participants with higher level qualifications are relatively more likely to be on the Voluntary Sector Option. Whether these differences result from filtering or from choice (individual or enforced) is a matter considered further in Section 5.

#### *Clients on Follow-Through*

There are similar numbers of men and women on Follow-Through which suggests that women are more likely than men to remain on NDYP and to enter this stage of the programme (overall, only 27 per cent of entrants to NDYP were women). Clients on Follow-Through also tend to be slightly older than the NDYP population as a whole. Qualitative research with individuals indicates that such clients are disproportionately those who have never had a full-time job before entering NDYP<sup>27</sup>.

## **4.5 The challenge faced by NDYP**

The general picture to emerge from the NDYP client group is of young people already at a disadvantage in the labour market. This is evidenced by the fact that they have entered the longer-term unemployed and become eligible for NDYP in the first place. Moreover, progressive filtering during the programme (as the most job ready leave for employment) is likely to result in a progressively higher proportion of those on Options and, ultimately, on Follow-Through, being those jobseekers who face serious barriers to work. The task of helping these young people into paid work, correspondingly, also becomes progressively more difficult and challenging at these stages of the programme.

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<sup>27</sup> O'Connor W., Bruce S. and J Ritchie, *New Deal for Young People: Pathfinder Follow-Through. Findings from a qualitative study amongst individuals*, ESR29, Employment Service, October 1999.

## 5. Assessment of key elements in the delivery of NDYP

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### 5.1 Introduction

The New Deal for Young People sets out to *‘transform the approach to youth and long-term unemployment by providing high quality guidance, training and opportunities’*<sup>28</sup>. Such guidance, training and opportunities are delivered through the three stages of NDYP - Gateway, Options and Follow-Through - and are present in each. This section considers the evidence relating to each stage of NDYP and considers the ways in which they have evolved since the last review of progress.

There are a number of features of NDYP that distinguish it from earlier initiatives and which need to be borne in mind when assessing the operation of NDYP and its constituent parts. First, it is important to acknowledge that the principal purpose of NDYP is to help unemployed young people to obtain employment. Participants are expected to actively seek work at all times and are subject to the same job search requirements that apply to other JSA claimants. Those who are ‘job ready’ are expected to seek and obtain an unsubsidised job during the Gateway period. Those who are not ‘job ready’ (that is, need the special help of the rest of NDYP) are referred to Options and, if necessary, to Follow-Through. However, it remains the case that participants at these stages of NDYP are expected to engage in active job search for unsubsidised jobs.

The second aspect of the NDYP design to be kept in mind is the intention to provide young people with continued support throughout their time on the programme. Advice, guidance and support from NDPAs are not limited to the Gateway but is expected to be available in Options and Follow-Through. Thus, Options are seen not just as opportunities to obtain work experience or qualifications but also as opportunities to undertake further training, continuing support from ES and help with job search.

Third, the NDYP design contains a commitment to quality. The relative lack of success of earlier youth schemes has frequently been attributed to the poor quality of the experience, in terms of the duration, content, skills acquired and support received. NDYP seeks to differentiate itself from such earlier programmes.

### 5.2 Entry to NDYP

Most unemployed young people were notified that they were going on to NDYP when they were signing on at a Jobcentre.

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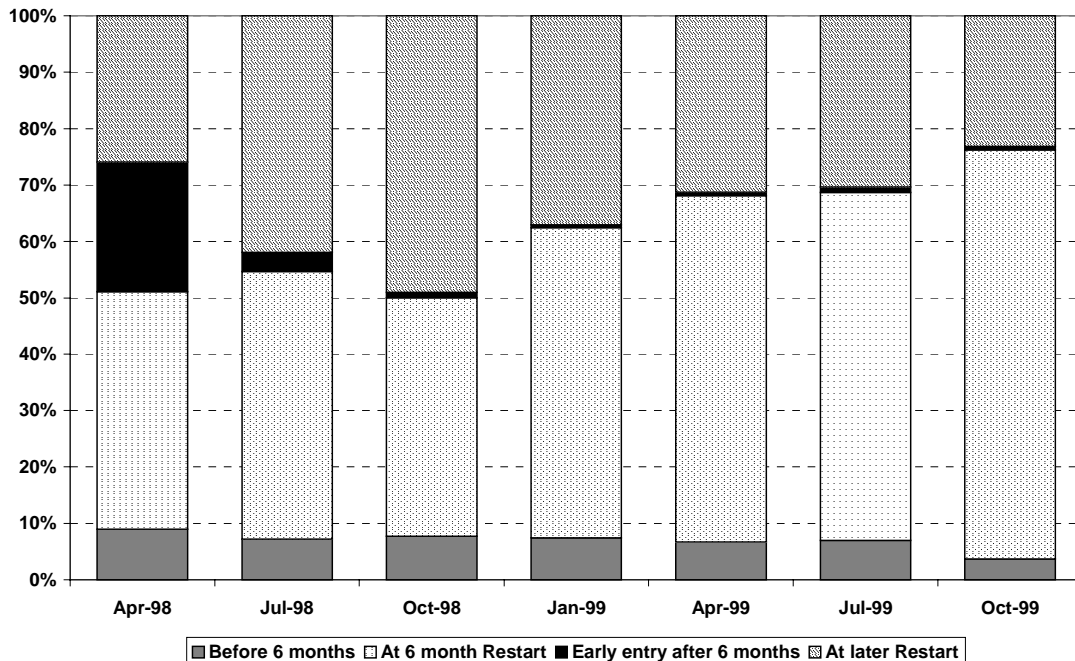
<sup>28</sup> *New Deal: Objectives, Monitoring, Evaluation*, Employment Service, 1997

Qualitative evidence suggests that young people's responses were generally favourable with little outright hostility towards the programme. Attitudes towards NDYP appear to depend on previous experience of government programmes (prior experience tending to be associated with a more cynical attitude towards NDYP), prior knowledge of NDYP and the extent to which it was perceived as matching the needs and aspirations of young jobseekers.

Entry to NDYP is normally at the first six-month Restart interview. However some young JSA claimants who are deemed to be at a greater disadvantage in the labour market are entitled to enter the programme before this point. There are 11 groups who are entitled to enter NDYP before their JSA claim reaches the six-month point. Early entrants include people with disabilities, lone parents, ex-offenders, ex-members of the regular armed forces, people with literacy or numeracy problems and those who meet a range of other criteria.

Figure 5.1 describes the proportions of entrants to NDYP on different criteria between April 1998 and October 1999. Those entering at or before their first Restart interview are the 'normal' flow of entrants that appear each month. Those entering NDYP at or before a later Restart interview are entrants from the stock of existing long-term unemployed young people<sup>29</sup>.

**Figure 5.1**  
**Entry to NDYP by entry status: selected months**



<sup>29</sup>

The 'Early entry after 6 months' category is a mixed group and contains some people who missed their first six-month Restart interview by a small number of weeks. This overly rigid definition implies there are more late entrants than is the case.

Figure 5.1 shows clearly how in April 1998 the newly introduced national programme was drawing in a substantial intake (around 50 per cent) from the stock of long-term unemployed (those entering at or before a second or later Restart interview). By October 1998, early entry after six months on JSA had largely disappeared although a substantial proportion of entrants was still entering after a second or later Restart interview. Thereafter, over the whole of 1999 up to October, the proportion of entrants from stock has been falling steadily as the proportion entering at or before six months unemployment has increased. In October 1998 the proportion of entrants starting NDYP at or before six months of a JSA claim was 50 per cent. Twelve months later the proportion had risen to just under 80 per cent.

### 5.3 Gateway

The Gateway is the initial stage of NDYP in which clients develop plans jointly with New Deal Personal Advisers (NDPAs) to find a job, to enhance their employability or to prepare for the New Deal Options. It is central to the design of NDYP that clients receive support and advice from NDPAs that is tailored to the individuals' needs and circumstances. NDPAs provide structured support, advice and training with regard to job search, basic skills (literacy and numeracy) and personal problems that relate to employability. The relationship between NDPA and client is intended to be a continuing one, both in terms of seeing the same NDPA during the Gateway interviews and in terms of continuity of support during the Options and Follow-Through stages.

A wide range of activities is carried out during client interview with NDPAs or as separate activities. These include the following<sup>30</sup>:

- *Explanation about New Deal*
  - structure and purpose of New Deal
  - function of Gateway
- *Assessment*
  - discussion of career history and aspirations
  - preparation and revision of Action Plan
- *Job search*
  - direct help with job search
  - help with job search skills
  - support and encouragement
- *Careers advice and guidance*
  - discussion of career goals
  - advice and guidance about realistic expectations
  - referral to Careers Advisers

<sup>30</sup>

Legard R and J Ritchie, *New Deal for Young People: National Gateway*, ESR16, The Employment Service, April 1999

- *Referral to training course*
  - placement on course to obtain vocational qualifications
  - placement on course to obtain specific skill
  - placement on course to obtain basic skills
- *Personal issues such as:*
  - homelessness
  - criminal record
  - drugs
  - pregnancy
- *Financial help;*
  - discussion of entitlement to benefits
  - arrangement of housing grant
  - debt counselling
- *Preparation for Options*
  - discussion of Options available
  - arrangement of placement on an Option
  - arrangement of an Option 'taster'

With such an array of potential activities, a critical issue is how activities have been selected and packaged for individuals. The NDPAs are central to this selection process. In general, activities reflect the needs of individual young people, but the responsiveness of the NDPA and local area provision also appear to have had a crucial bearing on this. Qualitative research with individuals on the national Gateway<sup>31</sup> suggests that activities on the Gateway tend to be grouped according to four main strategies. The strategies, which reflect both differences in individual client needs and aspirations and NDPA guidance, were:

- job search, with only limited discussion of/preparation for Options;
- intensive activity of other kinds with little discussion of/preparation for Options.
- preparation for Options following a period of job search;
- early placement on Options with little other activity preceding;

The significance of these different strategies is the different emphasis given by each to job search.

Assistance with job search remains a crucial element in the Gateway period. NDPAs spend a great deal of their time with clients in discussion of job search and in providing more direct support. NDPA direct support for job search takes many forms including finding vacancies, help with applications and arranging interviews. Less direct help involves the provision of encouragement and advice and guidance on job search and careers choices. A formal means of assisting job search is the Action Plan in which the client and NDPA agree job search aspirations and goals. However, few clients actually use the

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<sup>31</sup> Legard R and J Ritchie, ESR16, *Op cit.*

Action Plan in their job search activity<sup>32</sup>.

Many young people report that the Gateway has changed or intensified their job search activity. This is mainly attributed to the support received from their NDPA which has led to the acquisition of new job search techniques and improved motivation and self-confidence. Others had intensified their job search in order to avoid the necessity to join an Option or to avoid benefit sanctions. Those young people who were not induced to intensify their job search activity tend either to be those who know (or think they know) exactly how to find the job they want or else are those who feel that there is no prospect of finding a job<sup>33</sup>.

In view of the central importance of job search in the Gateway period, it might be expected that all clients would be engaged in this activity. However, recent survey evidence suggests that only 83 per cent of clients on Gateway had been actively seeking a job in the four weeks prior to the survey<sup>34</sup>. Of these, 31 per cent had not submitted a job application during the period while a further 33 per cent had submitted four or fewer applications. This tends to confirm the findings of the qualitative research into national Gateway that found only around half of clients on Gateway were involved in a sustained period of job search<sup>35</sup>. The rest were preparing for Options or engaged in other Gateway activities. However, it must be noted that most evidence relating to job search on Gateway relates to a period before or shortly after the re-focussing of NDYP on job placement at the end of 1998 (discussed below) and may, therefore, not reflect changes which have occurred as the result of that operational change.

Some clients attend short courses as part of their Gateway. These courses are intended to support the process of making clients job ready by addressing deficiencies and improving job attainment skills (interview techniques and so forth), basic skills, personal development and, less frequently, specific occupational skills. These courses are provided by a variety of Gateway providers. Evaluation evidence about this provision is partial and given the enormous variety of such courses across the country as a whole, it is risky to generalise about them. However, while many clients felt very positively towards the courses they attended, there were inevitable criticisms too. These criticisms appear to be most sharply focussed where provision is through local colleges of further education<sup>36</sup>.

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<sup>32</sup> Legard R., Ritchie J., Keegan J. and R. Turner, *New Deal for Young Unemployed People: The Gateway*, ESR8, Employment Service, December 1998.

<sup>33</sup> Legard R and J Ritchie, ESR16, *Op cit*.

<sup>34</sup> Bryson A., Knight G. and M. White. *New Deal for Young People: National Survey of Participants*, (forthcoming).

<sup>35</sup> Legard R and J Ritchie, ESR16, *Op cit*.

<sup>36</sup> The Tavistock Institute, *New Deal for Young Unemployed People: National Case Studies of Delivery and Impact*, ESR30, Employment Service, November 1999.



### *Changes in Gateway operation*

Early evidence drawn from the Pathfinder case studies<sup>37</sup> suggested that the strategy for advising and supporting clients had been successfully implemented. Clients on Gateway in Pathfinder areas<sup>38</sup> generally viewed NDYP as benevolent, designed to help them and as marking a break with the benefit and job search regime that had preceded it. Some concerns were noted at that time relating to high NDPA case loads, problems with referral to Gateway service providers and a lack of provision for the most marginalised clients, especially those with severe personal or social disadvantages.

Since the Pathfinder studies of Gateway, there have been a number of changes that could have affected both how the Gateway is delivered and how it is received by clients. First, the number of clients participating on NDYP has grown enormously as has experience of operating the programme. Second, the nature of NDYP clients has changed with far fewer entrants from the stock (those with unemployment durations over six months) and more from the flow who have been unemployed for no more than six months. Thirdly, there has been a continued improvement in labour market conditions and job opportunities. Finally, in November 1998, there was a reorientation of NDYP in which a greater emphasis was given to placing clients into unsubsidised jobs at the Gateway stage.

More recent evaluation research<sup>39</sup> relating to the Gateway has confirmed the critical importance of the relationship between the NDPA and the client for successfully achieving the objectives of the Gateway. This relationship has been strongly influenced by the ways in which NDPAs have interpreted their role. Some have seen Gateway as a period of intensive job search with placement in an unsubsidised job as a priority; others have seen the role more in terms of preparing clients for work or for Options. Interpersonal skills are at a premium for NDPAs. A friendly manner, taking an interest in client needs and aspirations, adopting a flexible approach and being proactive are all factors that have tended to be associated with positive appraisals of NDPAs by clients.

Recent changes in the orientation of NDYP appear to have impacted adversely on some NDPA-client relationships. A notable difference between Pathfinder areas and national Gateway found by qualitative research with participants was a perception that some advisers were more concerned about placing young people in jobs than about meeting their needs and aspirations. Concerns also persist about NDPA caseloads which have increased with the number of clients participating in NDYP. Where resources were

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<sup>37</sup> The Tavistock Institute. *New Deal for Young Unemployed People: Case Studies of Delivery and Impact in Pathfinder Areas*, ESR7, Employment Service, December 1998.

<sup>38</sup> Legard R., Ritchie J., Keegan J. and R. Turner, ESR8, *Op cit.*

<sup>39</sup> Legard R and J Ritchie, ESR16, *Op cit.*

stretched, some key activities, such as support for clients on Options, have been cut back. There is little evidence to date of any significant development of NDPA support for clients on Options.

On a more positive note, there is recent evidence that a greater range of Gateway provision is available to clients than was the case in the early stages of the programme. NDPAs also appeared to be attempting to deal with client's personal circumstances, particularly where this involves severe problems such as drug or alcohol abuse and homelessness.

Differences in the delivery of the NDYP Gateway were to be expected in the early stages of implementation of the programme as the programme beds in and NDPAs and providers gained experience. It is more surprising to find evidence from the studies of the national Gateway that differences in delivery persist<sup>40</sup>. It is not clear whether such differences have been by design or arose from differences in interpretation. Some selectivity has been occurring in the range of Options being offered to some clients which left some young people feeling that they were being left with the least desirable Options.

#### *Time on Gateway*

The Gateway was designed to last for up to 16 weeks. It was apparent at a fairly early stage of monitoring that some clients remained on the Gateway far longer than envisaged. Of those entering NDYP in the January Pathfinder programme and having their first interview in that month, 34 per cent were still on the Gateway five months later. Indeed, some remained on Gateway far longer; 9 per cent of the January 1998 cohort remained in the Gateway after 9 months and 4 per cent were still there after 12 months.

It remains DfEE policy that 16 weeks is an adequate period of time for all clients in the Gateway. The question remains, however, as to why some clients remain on the Gateway for longer periods. One reason is that there may have been a delay in beginning the Gateway process or the Gateway period may have been interrupted by illness or by the acceptance of a job that did not last. Clients who repeatedly fail to attend interviews and are submitted for adjudication action continue to be counted in the NDED statistics of those on Gateway and this may contribute to the number of long spells.

There is some evidence that the mean time between entry to NDYP and commencing Gateway activities has been as long, on average, as six weeks<sup>41</sup>. Indeed, around 30 per cent of clients in JVP and private sector led Units of Delivery had waited over seven weeks before commencing their Gateway (around 20 per cent in

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<sup>40</sup> The Tavistock Institute, ESR30, *Op cit.*

<sup>41</sup> Bryson A., Knight G. and M. White. *Op cit.*

consortia and ES led UoD). In other instances some individuals 'overstayed' on Gateway because they were simply waiting for an Option place to become available (particularly in regard to the FTET).

In some cases the overstay on Gateway may be the result of an emphasis on job search. This could occur where the client wants work and delays Option entry in order to continue seeking a job. It could also result from situations where NDPAs have sought to encourage entry to unsubsidised employment and have left discussion of Option entry until late in the Gateway. While some clients are able to secure employment or enter their chosen Option before 16 weeks has elapsed, some young people are so lacking in 'job readiness' or 'Option readiness' that a period on Gateway of longer than 16 weeks is unavoidable<sup>42</sup>. Early findings from the quantitative survey of individuals (surveyed around six months after entry to NDYP) found that longer than average spells on Gateway were associated with longer than average spells of unemployment before starting the programme, suggesting that a lack of 'job readiness' is a factor in producing long spells on the Gateway<sup>43</sup>.

On the basis of a comparison of the January, April and July 1998 cohorts, Atkinson concluded that there had been a clear improvement in the proportions remaining on Gateway as successive cohorts passed through NDYP<sup>44</sup>. Even so, it remained the case that around a third of the July 1998 cohort was still on Gateway some four to five months later. Figure 5.2 extends the Atkinson's analysis by adding two more recent NDYP cohorts (the June cohort is ignored). The figure confirms the earlier finding that April 1998 entrants had left the Gateway more quickly than the previous January cohort. However, this improvement is only present over the first 8 months on NDYP. In fact, now that longer-term observations of the two early cohorts have become available, the improvement is less evident. Comparison of the April and January 1998 cohorts shows a deterioration rather than an improvement in terms of the proportion remaining on Gateway for 8 months or more. This conclusion is reinforced when the time on Gateway is examined for two later cohorts (October 1998 and January 1999). The later cohorts also exhibit increasing rates of exits from the first three to four months of Gateway followed by deteriorating relative exit rates after this duration. The cause of these changes is not immediately clear, although there are several possibilities.

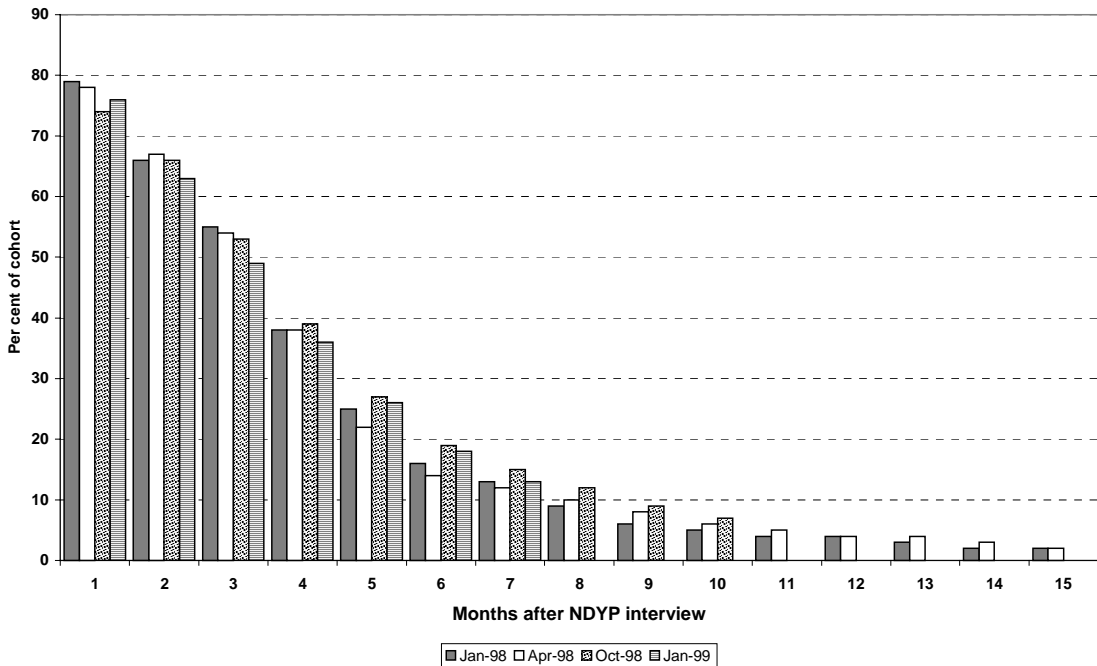
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<sup>42</sup> The Tavistock Institute, ESR30, *Op cit*.

<sup>43</sup> Bryson A., Knight G. and M. White. *Op cit*.

<sup>44</sup> Atkinson J. *The New Deal for Young Unemployed People: A Summary of Progress*, ESR13, Employment Service, March 1999.

**Figure 5.2**  
**Proportion of entry cohort in Gateway at each month after entry**



The shift in the distribution of time spent on Gateway may have been the result of the re-focussing of NDYP in late 1998 on job search and placement into unsubsidised jobs. NDPAs may have held clients longer on Gateway in order to increase the chances of placing them in a job and thus meet ES targets. Another possibility is that a change in priorities within Gateway has resulted in a shift of resources from clients late in their Gateway phase to those new to Gateway (where the returns to intervention may be greatest). Greater flexibility in the operation of Gateway would also have this effect if job/Option-ready clients have been encouraged to leave quickly so that greater attention can be given to clients with more severe difficulties. Changes in the characteristics of entrants to NDYP cannot be ruled out. As youth unemployment falls, higher proportions of 'hard to place' clients may be entering the programme and they may require longer spells on Gateway. Finally, the operation of NDYP must be seen in the wider context of New Deal provision. ES has been required to take responsibility for several additional New Deal programmes since the introduction of NDYP. This may have resulted in a withdrawal of ES resources from NDYP to other areas of provision. There is insufficient evidence at present to establish which of these possibilities are associated with the increasing proportions of long-term stays on Gateway.

*Exits from Gateway*

Figure 5.3 describes the broad pattern of exits from the Gateway - to unsubsidised employment, to an Option or to other destinations - for each quarter since the start of the NDYP Pathfinder programme. The chart shows how exits from Gateway accelerated

during the latter part of 1998 as entrants to NDYP worked their way through the programme. Exits from Gateway stabilised during the first half of 1999 but began to increase again thereafter. The initial slow down probably reflects the reduction in the rate of growth of the programme in the latter part of 1998. The more recent acceleration in exits from Gateway may reflect efforts by the Employment Service to intensify and shorten the Gateway phase. Figure 5.3 also charts the flows to unsubsidised jobs, Options and other destinations. It can be seen that flows into both unsubsidised jobs and 'other destinations' have increased steadily. Exits to Options, while increasing sharply during early 1998, have remained fairly constant from mid-1998 and even declined somewhat in the second quarter of 1999.

**Figure 5.3**  
**Exits from Gateway by immediate broad destination<sup>45</sup>**

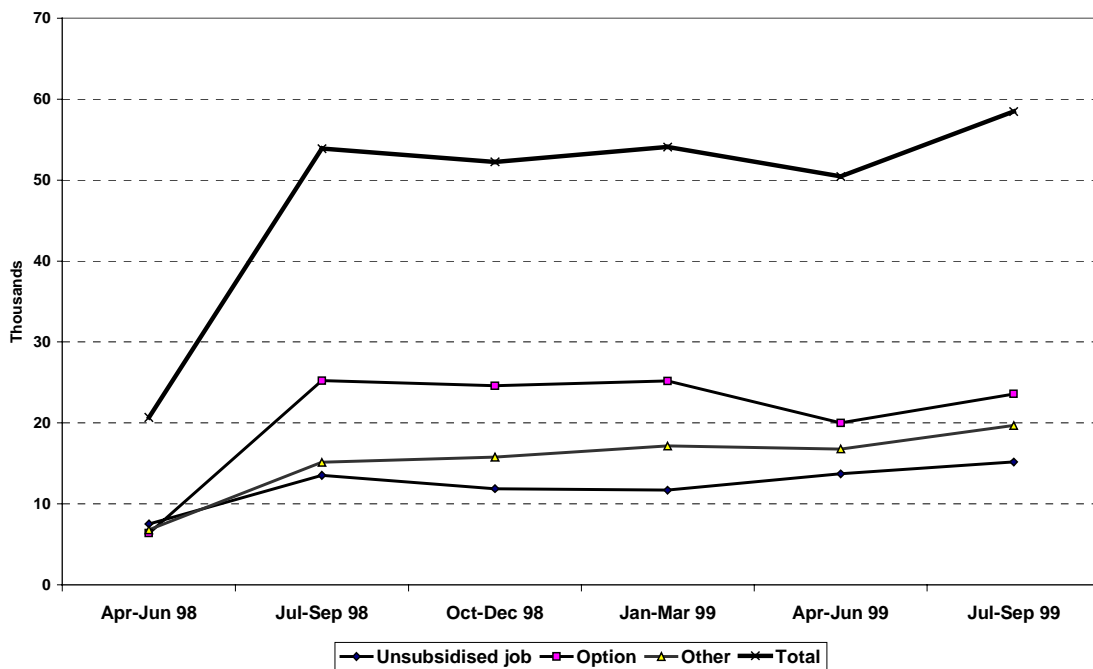
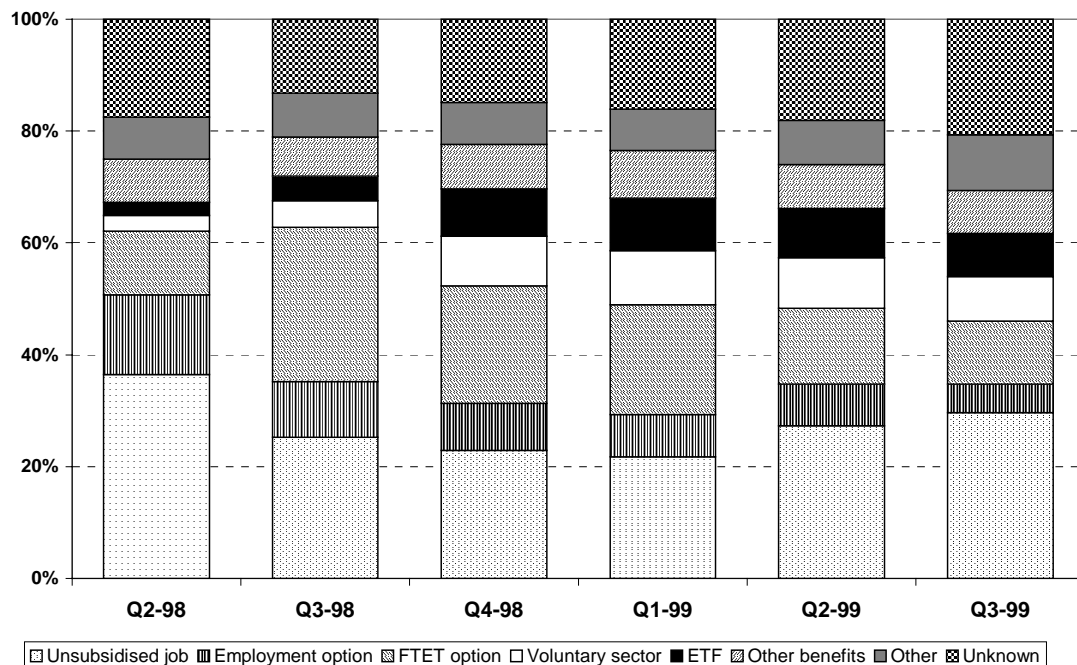


Figure 5.4 charts exits from Gateway, only this time presenting the information in proportionate terms and providing a more detailed breakdown of destination categories. The falling proportion of exits to unsubsidised jobs (and rising proportion entering Options) during the first 12 months of NDYP is clearly evident. Concern at these developments led to a 're-focussing' of NDYP on job search and job placement at the end of 1998. The Employment Service also commissioned a study of the reasons why the number of New Deal clients moving into unsubsidised jobs from Gateway had proved disappointing. The study, which involved a detailed examination of the Birmingham labour market, concluded that an

<sup>45</sup> 'Other' destinations include exits to unknown destinations. Some unknown destinations will undoubtedly include employment in an unsubsidised job. Exits to unsubsidised jobs are therefore under-estimated by the NDED data.

important reason for the failure to achieve a greater level of placement into unsubsidised jobs was a fundamental mismatch between client perceptions of their own job readiness and the level of readiness required for the job to which the client aspires. NDPAs had not satisfactorily detected or been prepared to confront such disparities of perceptions. Additional reasons were inadequate NDPA time to assist in job search activity and a belief amongst some Gateway providers that it was not their responsibility to help place clients in jobs. Employers too, did not always display positive attitudes to recruiting from NDYP, often because the number and quality of referrals to vacancies had been disappointing.

**Figure 5.4**  
**Immediate destination of Gateway leavers**



Since the second quarter of 1999 the proportion of exits from Gateway to unsubsidised jobs has displayed a steadily increasing trend. This relative improvement in NDYP performance most likely reflects the impact of the earlier re-focussing measures. Some caution needs to be exercised when interpreting this trend. While the rising trend does represent an improvement in programme performance, the absolute number of placements into unsubsidised jobs has remained fairly static. Moreover, the proportion of exits to unsubsidised jobs in the third quarter of 1999 (30 per cent) remains below that in the second quarter of 1998 during the national roll out of NDYP (36 per cent).

Turning to exits from Gateway to Options, Figure 5.4 shows that the share of Gateway leavers entering the Employment Option has declined almost continuously over the whole period. The number

of participants entering the Full-time Education and Training Option increased very sharply after the national roll out of NDYP but has been declining in relative terms since the fourth quarter of 1998. This partly reflects the effort put in by ES (in response to early evaluation evidence) to ensuring that referrals to FTET are appropriate and the re-focussing of NDYP on job placement. It also reflects the pattern on intake into further education colleges (the academic year starting in September-October). Exits to the Voluntary Sector and to the Environment Task Force have increased sharply. Exits to other benefits and other destinations have remained fairly constant in relative terms but an increasing proportion of people leaving Gateway go to destinations that are unknown.

Concern about the increasing trend in Gateway leavers to unknown destinations led ES to commission an additional evaluation study<sup>46</sup>. This survey, which faced a number of technical difficulties (not least the tracking down of leavers whose whereabouts are not initially known), concluded that around half of leavers to unknown destinations had entered jobs.

## 5.4 NDYP Options

All who remain in NDYP must enter one of four Options. Options are expected to last for 26 weeks, except in the case of the Full-time Education and Training Option which can last for up to 12 months. Section 5.3 (above) discussed the broad pattern of entry into Options and the ways in which the pattern of entry has been changing over the lifetime of the programme. This section considers the evidence relating to each of the four Options in more detail.

### *Employment Option*

In October 1999 there were over 11,500 young people in subsidised job placements on the Employment Option. This represented around 26 per cent of the total number of participants in Options. However, the proportion of Option starts entering subsidised employment has been steadily falling since national roll out. In the second quarter of 1998 around 46 per cent of Option starts were in the Employment Option (only marginally less than in the Pathfinder programmes where the proportion was 52 per cent). Since then the proportion of Option starts going to subsidised employment has fallen to something around 14 per cent in the third quarter of 1999.

It is evident both from the monitoring data and survey evidence that members of ethnic minority groups have been less likely than other NDYP clients to enter the subsidised Employment Option, as have been people with health problems. Whether this has resulted from self-selection by young people on the basis of their

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<sup>46</sup> Hales J. and D. Collins. *New Deal for Young People: leavers with unknown destinations*, ESR21, Employment Service, June 1999

preferences, direction by NDPAs in the Gateway or screening by employers is less clear. ES operational information suggests that members of ethnic minorities have been submitted for job vacancies under the Employment Option as frequently as other clients and this suggests that the latter factor (employers recruitment practices) may be the reason for the under-representation of ethnic minority clients in subsidised employment.

Clients entering the Employment Option appear to have been positively attracted and optimistic about the effect of such work experience on their future employability. Notions of 'a proper job' and 'a proper wage' were common on this Option which has been particularly attractive to young people with a strong desire to work and who have been unsuccessful in their attempts to obtain an unsubsidised job<sup>47</sup>. There is some evidence relating to other Options that not all who wished to enter the Employment Option have been able to do so (they entered other Options instead). It is possible therefore, that the apparently low take up of the Employment Option has not been the result of lack of interest in employment but for some other reason. There might, for instance, have been an absolute shortage of job vacancies to which NDYP clients could be submitted. Alternately, the vacancies existed but suitable NDYP clients could not be matched with the vacancies, because clients did not match the needs of employers, because employers were not keen on recruiting unemployed people or because NDPAs referred clients to other Options for some reason.

There is no doubt that employers' knowledge of and enthusiasm for NDYP has been variable and patchy. Employers appeared remarkably aware of and enthusiastic about New Deal around the time when the Pathfinder and National programmes were launched<sup>48</sup>. However, this initial enthusiasm appears to have diminished thereafter when national publicity campaigns decreased and when relatively few clients were referred to vacancies during the national 'roll out' of the programme (perhaps reflecting a failure by employers to appreciate the role and impact of the Gateway). Concerns were also expressed in the early stages of national roll out over the level and form of ES support for employers<sup>49</sup>. More recent evidence has suggested that many of the initial concerns of employers have been addressed. Employers having a longer-term involvement with the programme were of the view that ES support for employers had increased<sup>50</sup>.

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<sup>47</sup> Woodfield K., Turner R. and J. Ritchie. *New Deal for Young People: The Pathfinder Options*, ESR25, Employment Service, August 1999.

Woodfield K, Bruce S. and J. Ritchie. *New Deal for Young People: The National Options*, ESR37, Employment Service, January 2000.

<sup>48</sup> Hasluck, C. *Employers, Young People and the Unemployed : a Review of Research*, Employment Service, ESR12 March 1999.

<sup>49</sup> Snape D. *New Deal for Young Unemployed People: A Good Deal for Employers? Findings from Preliminary Quantitative Research with Employers*, Employment Service, ESR6, December 1998.

<sup>50</sup> Elam G and D Snape. *New Deal for Young People: Striking a Deal with Employers*, ESR36, Employment Service, January 2000.



The factors motivating employers to participate in NDYP are likely to have been varied. First and foremost were employers' attitudes towards unemployed young people and government programmes. Many participating employers had a strong sense of social responsibility and a desire to demonstrate that they were 'good' employers. The role of wage and training subsidies was often played down by employers who argued that such subsidies had little effect on their decision to participate in NDYP. Nonetheless, the wage subsidy has been seen by many as an important source of finance for recruitment that might have not otherwise taken place. It may also be seen as an insurance against the risk associated with the recruitment of a young and unemployed person. The main obstacles to employer participation in NDYP were a lack of suitable vacancies for young people in general (often associated with adverse views about the qualities of young or unemployed people), a concern about the ability of NDYP to meet immediate and pressing recruitment needs, a lack of contact with ES and concerns about the training requirement of NDYP. For many employers, the extent and quality of the contact they had with ES or NDYP providers was the critical factor which determined whether they did or did not participate<sup>51</sup>.

A review of previous research relating to employers, young people and the long-term unemployed concluded that employers were not normally averse to recruiting young people *per se*, but were averse to particular characteristics relating to a lack of basic skills, inappropriate attitudes and poor motivation<sup>52</sup>. Employers often saw long spells of unemployment as being associated with adverse characteristics (whether cause or effect not being important from the employer's perspective). Recent NDYP qualitative research confirms that employers have been less concerned with specific job related skills and experience (job readiness) and more concerned with innate ability, attitudes, basic skills and motivation (work readiness). Employers tend to recruit people with the potential to be trained to meet the employer's specific needs.

Crucially, employers have often looked to ES to carry out the initial screening for these characteristics before submitting NDYP clients for vacancies. Employer experience in this regard has been mixed. While some felt that clients referred to them were 'work ready', others complained that applicants did not meet their criteria, lacked basic skills and were generally not prepared for work<sup>53</sup>. The risk of a possible mismatch between client job readiness and employers' needs was also highlighted by case study evidence from Birmingham which suggested that this was an issue that NDPAs were either unaware of, or unwilling to confront. This issue is important since evidence relating to earlier labour market programmes has indicated that it is precisely this issue that

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<sup>51</sup> Elam G and D Snape. ESR36, *Op cit*.

<sup>52</sup> Hasluck, C. ESR12, *Op cit*.

<sup>53</sup> Elam G and D Snape. ESR36, *Ibid*.

eroded employer support for those programmes<sup>54</sup>.

There has been great variety in the nature of subsidised employment placements, in terms of industry and occupation, activities undertaken, pay and working conditions. In terms of industry, the great majority of subsidised employment placements have been in the service sector. Early results from the quantitative survey of individuals<sup>55</sup> suggest that placements were spread across a wide range of service industry activities with only one industry sector - the wholesale & retail trade - having a particularly large proportion of placements (19 per cent). However, health & social work together with other community & personal services has also accounted for a significant share of placements if considered together (16 per cent of placements). Around 11 per cent of placements were in manufacturing and 10 per cent in construction. The jobs themselves have tended to be manual jobs, either craft and related skilled occupations (23 per cent) or other unskilled manual jobs (19 per cent). A further 17 per cent of placements were in semi-skilled non-manual jobs in clerical and secretarial occupations.

The conditions of employment have been quite varied. In part this reflects the different practices of employers. Some employers have offered a placement that was a permanent job from the outset. Others offered a placement on a six-month trial basis with the intention of making the job permanent if the recruit proves satisfactory. Others offered a placement on a temporary or fixed term basis with no promise of employment thereafter. Around a quarter of subsidised jobs were thought to be part-time (less than 30 hours per week). Most employers saw great advantage in the recruitment of young people to permanent positions and regarded this as one of the distinguishing features between NDYP and programmes that went before.

Levels of pay in subsidised jobs appear to have been low. Qualitative evidence from the Pathfinder areas suggests that most young people in the Employment Option were working for less than £100 per week and although there were variations around this figure, earnings above £150 per week were extremely rare. Similarly, recent evidence from the quantitative survey found that around 26 per cent of employment placements were in jobs paying less than £2.50 per hour while 32 per cent had received earnings that fell within a band from £2.50 to £3.49 per hour. This evidence related to a period before the introduction of the National Minimum Wage and earnings can be expected to have increased as the result of that measure. The second stage of the quantitative survey of participants will provide information on the increases in wages that have followed the introduction of the National Minimum

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<sup>54</sup> Hasluck C, *Employers and the Employment Option of the New Deal for Young Unemployed People: Employment additionality and its measurement*, Employment Service, ESR14, April 1999.

<sup>55</sup> Bryson A., Knight G. and M. White. *Op cit.*

Wage. This issue will also be explored in the quantitative survey of participating employers.

The Employment Option is the Option that has consistently received the highest rating of satisfaction from NDYP clients (although it is not without its critics). Most NDYP participants in subsidised employment were there because they wished to be and the great majority saw the Option as providing an opportunity to improve their vocational skills and become familiar with the routine and discipline of the workplace. Most saw the Option as enhancing their employability and long-term employment prospects. Attitudes to the Employment Option appear to have depended very much on the nature of the work undertaken and the treatment of the client within the workplace. Where clients were challenged and were learning new skills, attitudes were positive. Where the work was felt to be routine or undemanding attitudes were less positive. Similarly, where a client was accorded a different status to other staff, it was often (but not always) the case that the placement was perceived as less satisfactory.

Despite the fact that there is a formal obligation on NDYP clients to engage in job search while on Options, few of those in a subsidised job placement have done so in practice. Only around 30 per cent of respondents in the first quantitative survey of NDYP participants had been actively seeking work in the four weeks prior to the survey. Of those who were actively seeking work, only 66 per cent had actually submitted a job application. This low level of job search is hardly surprising in view of the fact that many placements are regarded as permanent or had been entered on a trial basis with the prospect of permanence if the recruit measured up to the employers needs.

One persistent problem for the Employment Option relates to the required training element of the Option. Training for an NVQ is an essential part of the NDYP design and is intended to ensure that the period of work experience enhances long-term employability and is not simply used by employers as a source of 'cheap labour'. Despite the requirement to provide training, there is evidence from the qualitative research with participants that such training has occasionally been absent altogether from placements or has started too late in the placement to be of use to clients<sup>56</sup>.

Training is widely regarded by employers as a problem, although many recognise the importance of training for the NDYP client. Many small employers feel they lack the staff resources to support training, both in terms of training provision or supervision and staff time to cover for day release. Larger employers, who often have their own well developed training programmes, appear to have found the restrictions of NDYP rules and the requirement to train for an NVQ, far too constraining. Employers in more specialist areas of business have reportedly been unaware of any accredited

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<sup>56</sup> Woodfield K., Turner R. and J. Ritchie. ESR25, *Op cit*.

training that would meet the needs of their business. Many employers have the view that the six month subsidised period was insufficient to complete the required NVQ qualification. Where the recruit stayed with the employer after the six-month placement, the employer would have to meet the cost of completing the qualification. Another key concern was that the training was irrelevant to the needs of the business or was just 'training for training's sake'. The training subsidy has been widely seen by employers as insufficient compensation for the costs involved in training<sup>57</sup>.

While there have been many instances of excellent training provision as part of the Employment Option, the evidence points to the training requirement being an important barrier to employer participation in NDYP and one of the few sources of client dissatisfaction on the Option.

#### *Full-time Education and Training Option*

This Option is intended to address longer-term barriers to employment arising from a lack of a lack of qualifications. The Full-time Education and Training Option (FTET) was designed to train people without qualifications up to S/NVQ level 2 or equivalent. Clients who have been identified during the Gateway as needing re-training because their existing qualifications are inadequate or obsolete may also enter FTET. FTET offers opportunities to training for up to 12 months for recognised qualifications together with support for job search. FTET also offers opportunities for work experience.

This Option is possibly the most complex to deliver since it requires NDYP delivery to mesh with an existing system of further education and training. There have been considerably more organisations involved in this Option than in other Options and such Option providers include local Further Education colleges, training providers, voluntary sector organisations, specialist private agencies, TECs/LECs and others. There has also a significant amount of external quality assurance of training provision by TECs/LECs and by agencies such as Further Education Funding Council. The involvement of so many organisations has provided plenty of scope for problems relating to co-ordination and funding of provision<sup>58</sup>.

FTET has consistently attracted the largest number of participants. The proportion entering this Option has, however, been falling, from a high point of almost 60 per cent in the third quarter of 1998 to around 48 per cent of entrants to Options in the third quarter of 1999. The numbers entering FTET has also fluctuated to a considerable degree reflecting the annual cycle, commencing in the Autumn of each year, of much full-time education and training provision. Some of the early instances of long spells on Gateway

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<sup>57</sup> Elam G and D Snape. ESR36, *Op cit.*

<sup>58</sup> The Tavistock Institute, ESR30, *Op cit.*

have been attributed to this factor as NDYP clients simply waited for their FTET placement to start. For the same reason, a rise in the proportion entering FTET was also observed in the Autumn of 1999. In April-June 1999, just 35 per cent of Option starts were on FTET. In the July-September quarter the proportion rose sharply to 48 per cent. Recent monitoring data suggests that the proportions entering FTET have subsequently declined again (the proportion entering FTET in October 1999 was 45 per cent while preliminary figures for November 1999 indicate that the proportion has declined still further to about 40 per cent). The inability of some FTET providers to provide a 'roll-on, roll-off' service throughout the year and thus avoid this peak has been a criticism from many NDYP Units of Delivery<sup>59</sup> and such a pattern of delivery may discourage placement in FTET in situations where the need for training arises at a time that does not fit the educational cycle of activity.

Members of ethnic minority groups appear to have entered the FTET Option in numbers that are disproportionately large given the total number on NDYP. Whether this has been entirely by choice or the result of limitations on access to other Options (notably the Employment Option) is less clear. The Option also appears to have been more likely than others to be entered by participants with no previous work experience, very long periods of prior unemployment or health problems.

Most FTET activity has involved study or training for S/NVQ Level 1-3 qualifications (or equivalents) in vocational or occupationally specific fields. In the main, such study involved full-time attendance at college or training provider but occasionally has involved a combination of employment and day release (making it similar to the Employment Option). NDYP Guidelines stipulate that clients on FTET receive only their JSA payments but a number of additional concessionary payments relating to travel and equipment have also paid.

As the most popular Option, it is not surprising to find that the great majority of participants in FTET wished to be on the Option (82 per cent according to evidence from the quantitative survey of individuals) and had very positive views about the Option. Such participants felt that the FTET opportunity would provide them with the qualification needed to pursue their chosen career or job goals. Young people without clear career aspirations also valued FTET as providing a 'breathing space' in which to clarify their career direction while obtaining qualifications. However, some people on FTET had been reluctant participants, having failed to secure a subsidised employment opportunity or been told by their NDPA to enter the Option. Where this was the case, less positive views about FTET were evident<sup>60</sup>.

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<sup>59</sup> The Tavistock Institute, ESR30, *Op cit.*

<sup>60</sup> Woodfield K., Turner R. and J. Ritchie. ESR25, *Op cit.*

Since a high proportion of clients on FTET have chosen to be there and most have clear aspirations to obtain a qualification, it is not surprising to find that only half had been actively seeking a job while on the Option. In the FTET Option, there is the most overt conflict of interest between the NDYP requirement to engage in active job search and the aim of finishing the training and obtaining a qualification that will enhance future employability. Obtaining work experience during the training period may be a 'half-way house' in that the client can obtain both a qualification and prepare for employment at the end of the Option. Many different forms of work experience have been undertaken but in the main they appear to have consisted of a week or month long work experience placement, a day a week in a work placement or shorter 'work tasters'.

Measures of satisfaction have so far concluded that participants have been fairly to very positive about the FTET Option. Positive attitudes were related to involvement in training that was challenging and pitched at an appropriate level and made an impact on the individuals skills. Concerns were expressed about gaps in provision (where the young person wished to train for a qualification that could not be offered in the area), too low a level of training (where the client wished to train at a level above S/NVQ 2), and poor support for special needs. Occasionally, young people wished to obtain a qualification that would take more than 12 months to complete; this would not be possible within NDYP.

#### *The Voluntary Sector Option*

The Voluntary Sector Option involves placement in work with a voluntary sector organisation. The Option shares much the same rationale as the Employment Option, namely to improve employability through a combination of work placement and training towards an approved qualification. The proportion of exits from Gateway to the Voluntary Sector Option has been increasing steadily from around 10 per cent in the middle half of 1998 to around 21 per cent in October (at which time there were around 7,400 young people on the Option).

NDYP clients entering the Option have been placed with a variety of charitable and voluntary organisations (some national and some local). The work undertaken has tended to be less diverse, with the majority of placements involving administrative work, care work, gardening or warehouse work. The placement normally involves one or two days per week training for a qualification, although some received on-the-job training and some received little or no training at all. Payment to clients can take the form of a wage (set by the provider) or an allowance in addition to JSA.

The provision of training while working in the Voluntary Sector is an essential element in the NDYP design to improve employability and help young people into paid jobs. The Option requires young people to receive training in both workplace related training (to enable them to carry out their work) and more formal training

leading to a qualification. However, participants working in the Voluntary Sector were critical of the training provision in the sector, particularly as regards the formal training element of the Option. At worst, such training was minimal or absent. In other instances, clients experienced lengthy delays before receiving formal training which was then difficult to complete within the time available on the Option or else had only limited availability of provision in terms of level and type of qualification. Where training provision was successful, this appeared to have been associated with the development by NDPAs and voluntary sector organisations of coherent training plans that matched the aspirations and needs of clients<sup>61</sup>.

The evidence to date suggests that there have been a number of tensions within the Voluntary Sector Option. Firstly, there seem to have been somewhat different conceptions of the aim and objectives of the Option. Voluntary Sector providers tended to see the purpose of the Option in terms of community benefit, in contrast to ES and NDYP Partners who saw the purpose as being to enhance employability through work experience and training<sup>62</sup>. There is also evidence of a degree of reluctance amongst participants – especially those with few skills or qualifications - to enter the Option in the first place, although the Option appears to be more attractive to the highly qualified such as graduates<sup>63</sup>. Qualitative evidence from the Pathfinder areas found that many Option participants would have preferred to be on the employment or FTET Options instead and recent quantitative evidence found less than 60 per cent wished to be on the Option<sup>64</sup>.

Work in the Voluntary Sector Option is essentially a transitional step towards entry into paid work with no guarantee of remaining in work with the voluntary organisation at the end of the placement period. This sense of impermanence, combined with the fact that many participants were reluctant to be on the Option, probably explains why the majority of people on the Option (almost 70 per cent according to recent evidence) engaged in active search for a new job in the previous four weeks. Job search activity appears to go on almost continually on the Option although there is an increase in job search intensity towards the end of the placement, as there is on all Options.

Attitudes towards work in the Voluntary Sector appear to have been somewhat polarised. Many participants were firmly committed to the kind of work carried out by the organisations with which they were placed and felt that the experience was worthwhile and would stand them in good stead for obtaining a job in the future (although most recognise that retention at the end of the Option placement was unlikely). A minority felt that the Option

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<sup>61</sup> Woodfield K, Bruce S. and J. Ritchie. ESR37, *Op cit.*

<sup>62</sup> The Tavistock Institute, ESR 30, *Op cit.*

<sup>63</sup> Woodfield K., Turner R. and J. Ritchie. ESR25, *Op cit.*

<sup>64</sup> Bryson A., Knight G. and M. White. *Op cit.*

was 'second best' for them. There was a tendency amongst all participants to view the activities involved in the Option as low skilled and repetitive and the quality of training provision was widely criticised. Those committed to the Option appeared able to live with these imperfections but those who felt coerced into it were less forgiving.

#### *The Environment Task Force (ETF)*

The ETF Option has similar aims to that of the Voluntary Sector Option plus an additional aim of seeking to contribute to the improvement of the local, regional or global environment. Like the Voluntary Sector Option, flows from Gateway into the ETF Option have increased significantly from around 10 per cent of Option starts in mid 1998 to around 20 per cent in October 1999.

Young people entering the ETF Option can expect up to 30 hours of work per week, the equivalent of one day of training per week and support with continuing job search. The Option has been led by a variety of providers including TECs and training providers, local authorities, intermediate labour market organisations and major environmental and conservation groups. Activities undertaken were mainly concerned with conservation such as building and rural maintenance, gardening and landscaping. Payment on the Option can be by a wage from the provider but most participants on ETF appear to be remunerated by the second payment option of an allowance additional to JSA.

As in the Voluntary Sector, many participants have regarded the ETF Option as temporary and transitional. High levels of job search have been evident amongst young people working in the ETF (almost 70 per cent having recently actively sought a new job at the time of a recent large survey of individuals<sup>65</sup>). Job search on a fairly continuous basis has been observed amongst participants who were unwilling referrals to ETF (preferring to be in an unsubsidised job or another Option) but was less marked amongst those for whom a career with an environmental focus was the reason they entered the Option. Job search has tended to intensify amongst all participants as their placement period drew to a close.

The ETF Option has had relatively few female participants. This may reflect a gender-related difference in the attractiveness of the manual work that forms much of ETF activities. The Option also attracted a disproportionately high number of young people without qualifications. The ETF Option has been marked out from the outset of NDYP as the least attractive Option for participants and possibly the 'Option of last resort' for NDPAs with difficult to place clients. Certainly there is evidence of a greater proportion of mandatory referrals having been made to ETF from the Gateway<sup>66</sup>. However, it would be incorrect to assume that all

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<sup>65</sup> Bryson A., Knight G. and M. White. *Op cit.*

<sup>66</sup> The Tavistock Institute, ESR30, *Op cit.*



participants were reluctant recruits to ETF. For some young people who aspired to a career in conservation or certain sections of the leisure industry (such as maintenance of civic amenities or sports facilities), the ETF Option has been seen as providing a real route to an improvement in the individuals' future job prospects, providing appropriate experience, relevant skills and useful contacts<sup>67</sup>.

### *Exits from the Options*

The NDYP design envisages that the period on Options will improve the employability of participants who are unable to secure unsubsidised employment during the Gateway period. At the end of their Option placement, 'job ready' NDYP clients might be expected to leave NDYP for an unsubsidised job. The remainder would (with some exceptions) continue on NDYP onto the Follow-Through stage (the way in which this may happen is discussed in the next section). NDYP monitoring information indicates that the immediate destination of around 70 per cent of people leaving an Option is Follow-Through, although many of these subsequently leave NDYP from Follow-Through.

By October 1999, around 88,500 young people had left the Option stage of NDYP. Whether immediately from their Option or later from Follow-Through, around 26 per cent of these had entered an unsubsidised job, 6 per cent had transferred to other benefits, 21 per cent had left for other known destinations and 20 per cent had left to unknown destinations (a significant proportion of which may have entered employment<sup>68</sup>). The remaining 27 per cent of Option leavers continued on NDYP on Follow-Through.

Not all exits from Options involved the completion of a current Option placement. Participants have left the Option stage of NDYP in several ways, such as where participants were:

#### *Option 'completers'*

- complete their Option and leave NDYP (for a job or other destination),
- complete their Option and enter Follow-Through,

#### *Option 'non-completers'*

- leave NDYP (for a job or other destination) before completing the Option placement,
- return to the Gateway before completing their Option.

In addition to exits from the Options stage, some young people left their current Option in order to change their placement, either within the existing Option or to change between Options<sup>69</sup>.

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<sup>67</sup> Woodfield K., Turner R. and J. Ritchie. ESR25, *Op cit.*

<sup>68</sup> Evidence relating to leavers from Gateway suggests that around half of unknown destinations were jobs. This may not be a reliable guide to leavers from Options and ES has commissioned a further survey of leavers from Options to inform this issue.

<sup>69</sup> Woodfield K, Bruce S. and J. Ritchie. ESR37, *Op cit.*

The reasons for non-completion of Options were varied. Some participants left because they were dissatisfied with their placement, mainly because of the nature of the activity (boring, dirty, nothing to do), low pay (in the Employment Option) or no pay (other Options), or dissatisfaction with the quality of training, supervision or relationships within the placement. In other cases the employer or provider terminated the placement. Sometimes this was because of dissatisfaction with the young person (poor performance, poor attitude, non-attendance) but in some instances was because the provider faced difficulties with continuing the placement. Other reasons for non-completion included changes in personal circumstances (such as ill health) or entry to an unsubsidised job<sup>70</sup>. According to internal ES analysis of NDED data, about half of people leaving their current Option spent less than 13 weeks on that placement. Around half of these were re-placed into another Option while the rest either left NDYP or entered Follow-Through.

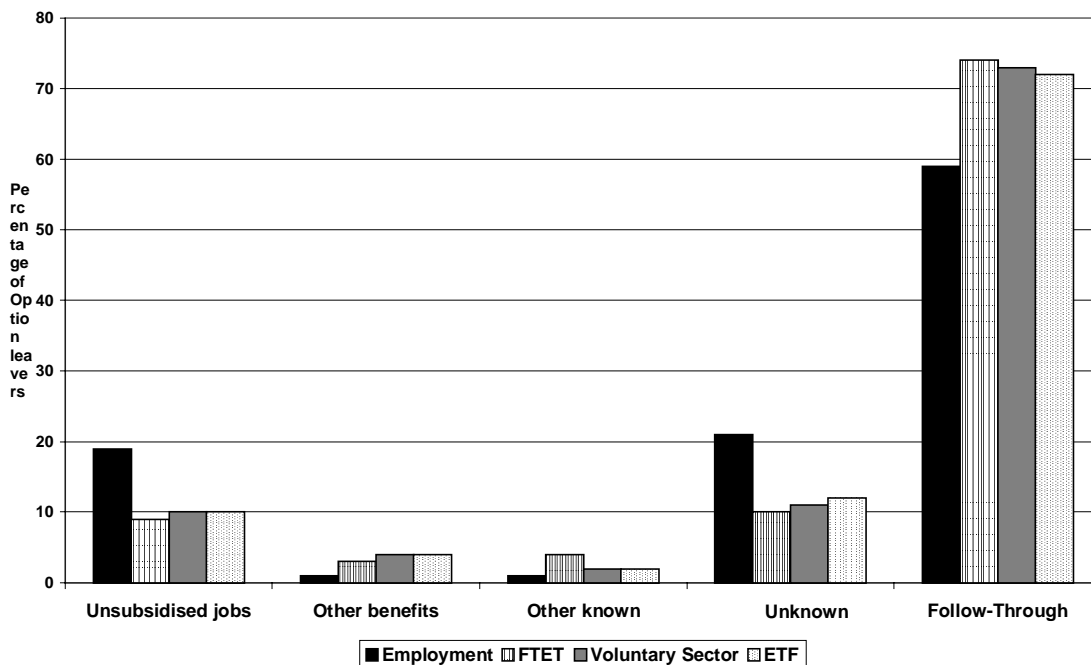
Figure 5.5 describes the immediate destinations of Option leavers. Differences between Options are clearly apparent. By August 1999, 59 per cent of leavers from the Employment Option entered Follow-Through. The corresponding proportions from the other three Options ranged from 72 per cent (ETF) to 74 per cent (FTET and VS Options). A faster rate of exit from NDYP while on Follow-Through amongst Employment Option leavers has compounded this difference, so that only 19 per cent of all who had left the Employment Option remained on NDYP in August 1999, compared with 35-39 per cent of participants who had left the other three Options.

If only participants who left NDYP to a known destination at the end of Options stage are considered, it is very clear that those previously on the Employment Option were the most likely to leave NDYP for an unsubsidised job. Over 90 per cent of people leaving NDYP from this Option entered employment. A proportion of the 21 per cent leaving to an unknown destination from the Employment Option is also likely to have entered a job. This high rate of exit to jobs can be contrasted with exits from NDYP from the other Options. The proportion of known employment destinations after the Voluntary Sector and ETF Options are much lower at just over 60 per cent. Less than 60 per cent of participants who left NDYP from the FTET Option entered an unsubsidised job. However, a large proportion of FTET leavers left to 'other' destinations, principally further training and education. This can be regarded as a positive outcome in the short-term as the individual builds upon the education or training received in NDYP. Exits to 'other' destinations has been much less significant in the case of the Voluntary Sector and ETF Options, where those who left NDYP at this stage were more likely to transfer to another benefit.

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<sup>70</sup> O'Connor W., Bruce S. and J Ritchie, *New Deal for Young People: Pathfinder Follow-Through. Findings from a qualitative study amongst individuals*, ESR29, Employment Service, October 1999.

**Figure 5.5**  
**Immediate destinations of those leaving an Option.**



Whatever the Option taken, completion or non-completion also appears to have had an impact on the post-Option destination of NDYP clients<sup>71</sup>. Qualitative evidence suggests that young people who completed their Option were more likely to leave NDYP and enter employment and, just as important, to remain in employment thereafter. Option non-completers were more likely to remain unemployed and enter Follow-Through or else leave NDYP for some other benefit (Income Support or Incapacity Benefit). Even where non-completers left NDYP for unsubsidised jobs, they were more likely to return to JSA than those who completed their Option placement<sup>72</sup>.

## 5.5 Follow-Through

Follow-Through is the final stage of the NDYP design. The purpose of Follow-Through is to sustain the benefits that participants have acquired in earlier stages. Evaluations of Follow-Through have, inevitably, been conducted later than other elements in the evaluation programme. The first qualitative evidence from the Pathfinder areas was not available until mid 1999<sup>73</sup>. This evidence suggested that Follow-Through was the least developed part of NDYP although this is understandable

<sup>71</sup> Woodfield K, Bruce S. and J. Ritchie. ESR37, *Op cit.*

<sup>72</sup> O'Connor W., Bruce S. and J Ritchie, ESR29, *Op cit.*

<sup>73</sup> O'Connor W., Bruce S. and J Ritchie, ESR29, *Op cit.*

given the resources and effort required to establish the first two stages of NDYP.

Because Follow-Through takes place after both Gateway and the Options stages of NDYP, participants will not appear at this stage until a significant period of time has elapsed (normally around 10 months if Gateway is 16 weeks and an Option of 26 weeks is completed, longer in the case of FTET). It was thus only around the latter part of 1998 that NDYP clients began to appear in any number at the Follow-Through stage. Even by the end of November 1998 the number on Follow-Through was just 2,400 out of the 203,000 who had entered NDYP by that date. Since the end of 1998 the number on Follow-Through has increased substantially and at the end of October 1999 there were around 23,000 young people on Follow-Through.

It is tempting to see Follow-Through as the final stage in a linear progression from entry to Gateway to Options and then Follow-Through. Such a portrayal is misleading on at least two counts. First, Follow-Through is not the end of the NDYP process. Clients may be referred back to Gateway, repeat their Option stage or be referred to courses of education or training before returning to Follow-Through, where this is appropriate. Second, clients enter Follow-Through via many different routes. Qualitative studies in Pathfinder areas found at least nine routes by which young people entered Follow-Through. The three main routes into Follow-Through were:

- completion of an Option without securing employment;
- termination of an Option;
- returning to JSA within 13 weeks of having left an Option.

Different routes onto Follow-Through may be associated with different needs and different Follow-Through provision. Certainly, those who have completed an Option seem to have been dealt with differently from those who have not completed their Option. The latter group was treated in a variety of ways. Some non-completers were offered another Option placement without ever entering Follow-Through (around half), while others were progressed straight to Follow-Through without the opportunity of another Option placement. Once on Follow-Through, non-completers may be dealt with in a similar fashion to completers (for whom the main focus is on job search and obtaining employment). Alternately, the emphasis may be entirely on encouragement and the preparation of non-completers for a return to an Option (not necessarily the same Option as previously) with little or no emphasis on job search and employment. The differences in approach appear to reflect differences in local provision and variations in local management and NDPA styles.

Differences in orientation have also been evident amongst young people who reached Follow-Through. Qualitative research with participants has identified four main groups of young people in

terms of their orientation. These groups were:

- *the work focussed* – those with a strong drive to find work (includes both Option completers and non-completers);
- *those with changed career aspirations* – Option completers who wish a new career direction. The main focus of this group is further training;
- *those awaiting a return to Option*;
- *those with dominant personal issues* – exclusively Option non-completers whose personal circumstances have affected their activities on NDYP<sup>74</sup>.

Such a variety of experiences leading up to Follow-Through and differences in orientations during Follow-Through, suggests that the needs of individual clients have been very varied. Even so, the marked differences in the level of activities reported on Follow-Through is surprising. The qualitative research with participants found some individuals who had or were receiving intensive support via interviews and help with job search, while others were unable to identify any NDYP activity after they had left their Option, despite being on JSA. This lack of support is likely to have been to the detriment of the NDYP client since where NDPA support was available at Follow-Through it appears to have increased or sustained clients motivation to work and seek employment.

Follow-Through was originally intended to last for 13 weeks. Internal ES analysis suggests that almost 70 per cent of clients on Follow-Through had been there for 13 weeks or less. However, a substantial minority had significantly longer durations. Around 10 per cent had been on Follow-Through for over 5 months. Longer than average stays on Follow-Through appear to have arisen following an earlier placement in the ETF and Voluntary Sector Options. While around 30 per cent of those previously on the Employment Option had left Follow-Through for an unsubsidised job, the proportion leaving for such jobs amongst those previously on the ETF Option has been just 15 per cent and little better (around 20 per cent) amongst those on Follow-Through from the other two Options.

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<sup>74</sup>

O'Connor W., Bruce S. and J Ritchie, ESR29, *Op cit.*

## **6. Intermediate outcomes of NDYP**

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### **6.1 Introduction**

The impact of a labour market intervention such as NDYP can be viewed in a number of ways. It can be seen as the immediate outcomes of the intervention for participants, such as the acquisition of skills, additional work experience and so forth. It can be seen as some kind of intermediate impact, for example where the participant obtained employment or was retained by the work experience provider. Longer-term impacts relate to shifts in the employability of individuals and the effect on broad aggregates such as employment and unemployment. Longer-term issues also raise questions about the net effect of the programme. Is the observed outcome for participants any different from what might have been expected in any event without the intervention? Has any improvement in the employability or job prospects of participants been at the expense of other jobseekers in the labour market?

This section briefly describes some measures of intermediate impact of NDYP and considers the key messages that have emerged from these measures. Issues of long-term impact are considered in Section 7.

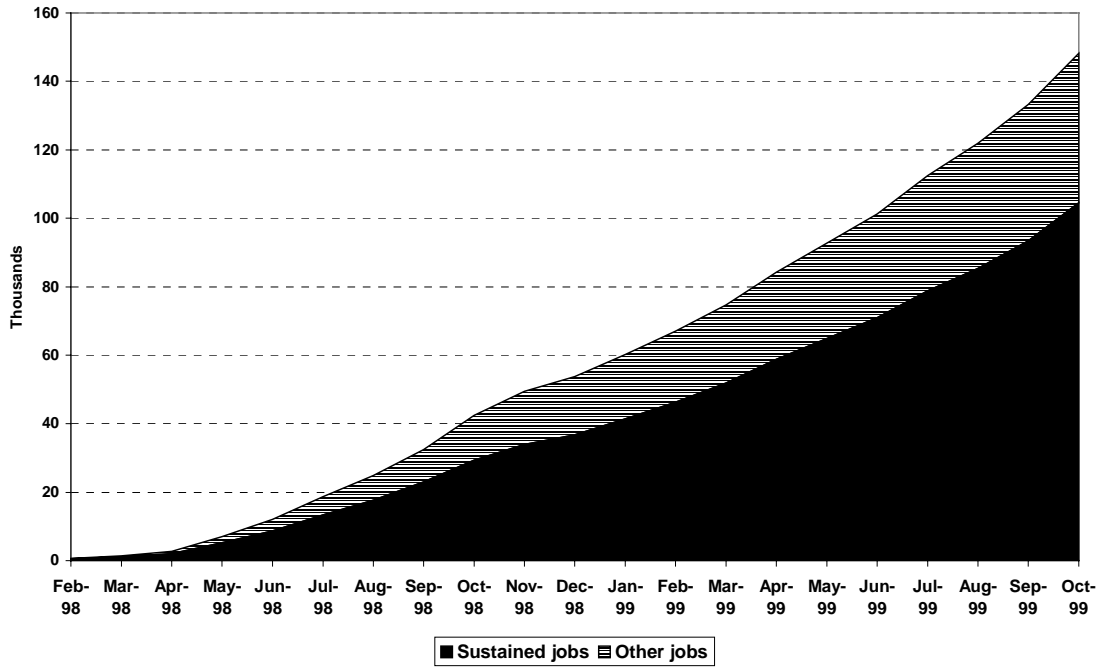
### **6.2 Exits to employment**

The most obvious measure of intermediate impact of NDYP is the number of young people entering employment from the programme. In this regard the Employment Service make a distinction between 'sustained' jobs and 'other' jobs. The former refer to jobs taken on leaving NDYP where the individual does not return to claim JSA or return to another Option within a period of 13 weeks. Other jobs are those where the individual leaves NDYP for employment but returns to JSA within a 13 week interval. Jobs are presumed to be sustained jobs unless the individual returns to JSA within the 13-week interval. Hence, the recorded number of sustained jobs is somewhat overstated because it includes some individuals who have been employed for less than 13 weeks but who have not returned to JSA.

Figure 6.1 describes the cumulative number of NDYP clients leaving to unsubsidised employment. By October 1999 a total of just over 198,000 young people had left NDYP to enter an unsubsidised job, of which over 114,000 entered sustained jobs and almost 85,000 entered other jobs. This total is rapidly converging on the Government's commitment that NDYP would help 250,000 young people into jobs over the lifetime of the current Parliament. Projections by the Employment Service suggest that, at the current rate of entry into jobs, the target will be

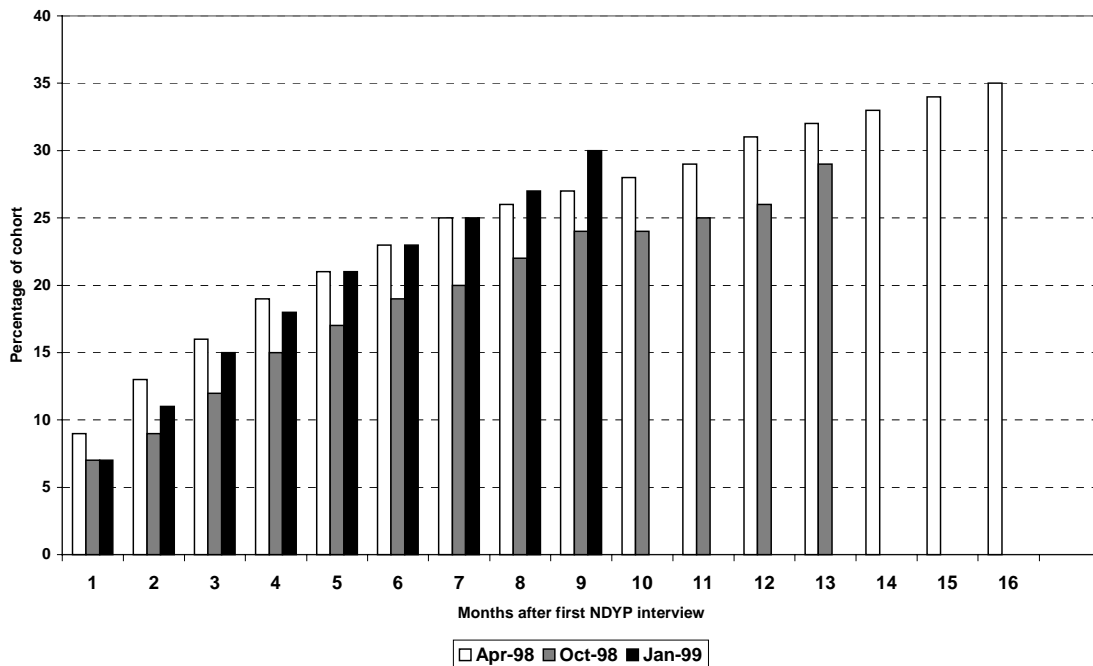
reached.

**Figure 6.1**  
**Cumulative exits from NDYP for unsubsidised employment**



Concern during the Summer of 1998 about the ability of NDYP to place young people into unsubsidised jobs resulted in the re-orientation of NDYP, especially the Gateway, at the end of that year. The reason for these concerns is clearly evident in Figure 6.2. The figure shows the proportions of April 1998, October 1998 and January 1999 cohorts who entered unsubsidised jobs by length of time on NDYP. It is evident that the rate of progression into unsubsidised jobs was slower amongst the October 1998 cohort compared to the rate of exit to jobs from the earlier April cohort. After the re-orientation of NDYP that placed a greater emphasis on jobsearch and job placement, the rate of exit to jobs appears to have increased sharply. Participants who joined NDYP in January 1999, after this re-orientation, clearly entered unsubsidised jobs at a faster rate, month on month, than those in the earlier October cohort. This acceleration in the rate of placement has meant that after about eight months on NDYP, the proportion of the January 1999 cohort in an unsubsidised job has exceeded that of the two earlier cohorts at a comparable time after entry to the programme.

**Figure 6.2**  
**The proportion in an unsubsidised job by time on NDYP:**  
**April 1999, October 1998 and January 1999 cohorts**



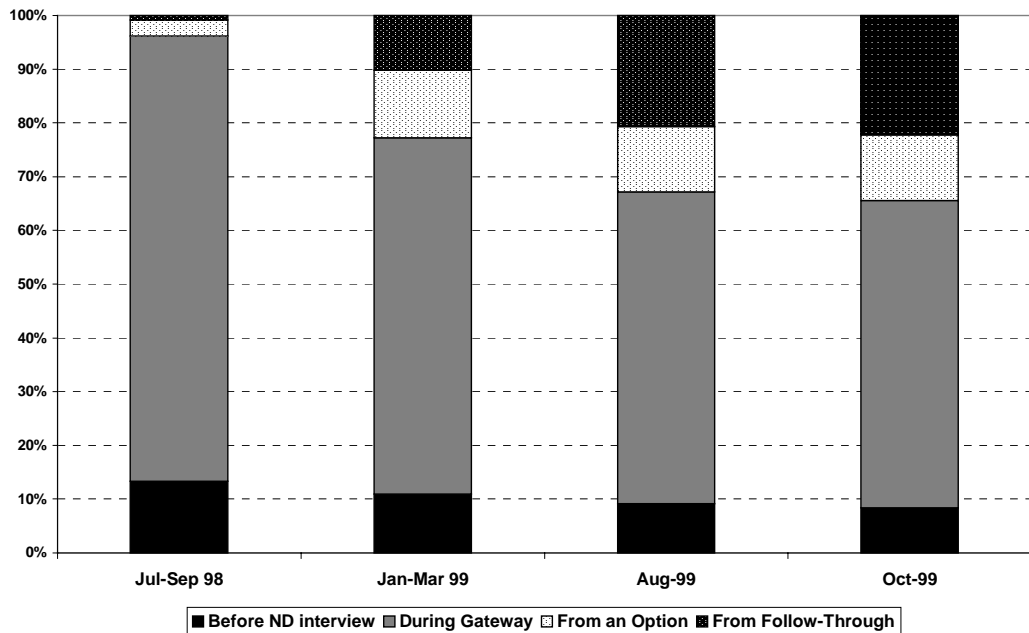
Participants can leave NDYP for an unsubsidised job at any time during the programme. Indeed, they are encouraged to do so and required to maintain active jobsearch throughout. Consequently, exits to unsubsidised jobs are observed at all stages of NDYP. Some young jobseekers obtain a job almost immediately and before they have attended a first NDYP interview. Most leave for a job from the Gateway. Smaller but significant and growing numbers of participants leave for an unsubsidised job at the Options and Follow-Through stages. Figure 6.3 shows the distribution of exits to unsubsidised jobs across the main stages of NDYP for selected months. By October 1999, just under 10 per cent of participants had left for a job before their first interview. Slightly over 50 per cent had left NDYP to a job from the Gateway. Somewhat over 10 per cent left from an Option and over 20 per cent obtained a job from Follow-Through.

The pattern of exits to jobs has changed over the life of the programme. In the early months of operation most participants who left for a job did so from Gateway. However, as the programme has 'matured', an increasing proportion of exits to jobs has taken place from Options and, particularly, from Follow-Through. This pattern is largely a cohort effect occurring because of the time taken to reach the later stages of the programme. That said, the growing proportion of participants leaving to employment from Follow-Through indicates that 'successful' outcomes increasingly necessitate young jobseekers to have been through the full NDYP programme. This has implications for the



cost of achieving a placement. It may also signal that an increasing proportion of really disadvantaged clients who require the whole NDYP programme to help them overcome their barriers to employment.

**Figure 6.3**  
**Exits from NDYP at different stages of the programme**

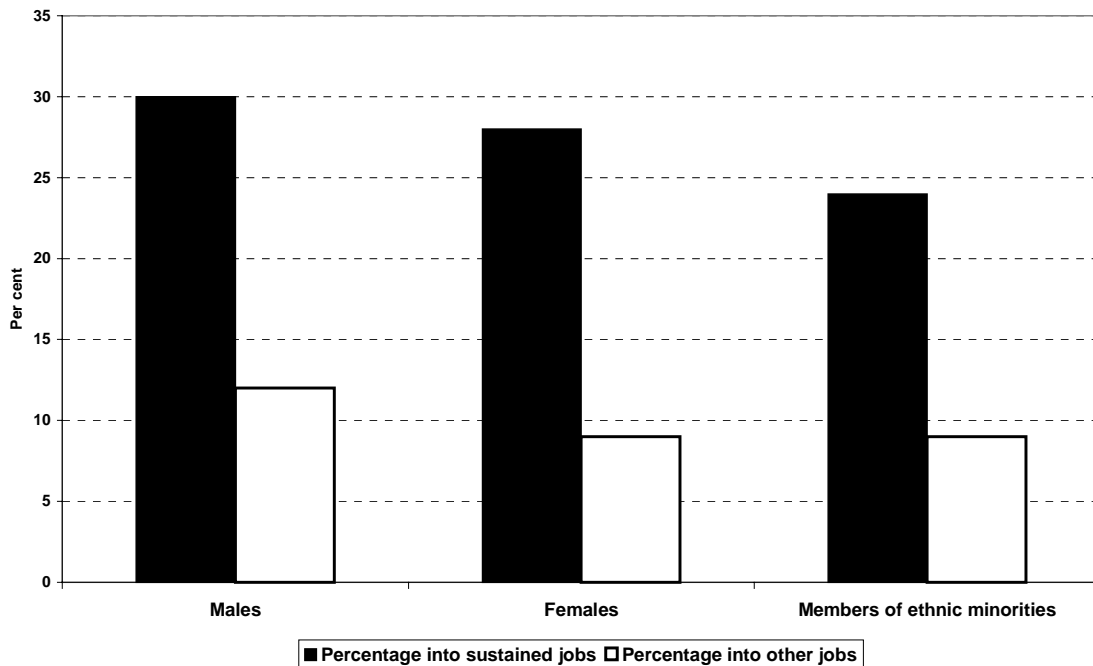


One final consideration is equality of outcome. NDYP seeks to address the specific barriers to employment faced by individual jobseekers. While individuals enter NDYP with varying degrees of labour market disadvantage, the tailoring of provision to meet those specific individual needs should result in an evening out of the chances of obtaining a job, both across NDYP participants and relative to other, more 'employable', jobseekers. An indication that this goal is being achieved might be that all participants have a similar likelihood of obtaining a job. However, differences in outcomes do seem evident.

Figure 6.4 sets out two crude measures of outcome: the proportion of participants who entered an unsubsidised job and the proportion of participants who entered a job that did not turn out to be sustainable. The figure provides these indicators for males, females and participants from ethnic minority groups and suggests that there have been some differences in outcomes for these groups. Around 30 per cent of all males who had entered NDYP up to October 1999 had subsequently entered an unsubsidised job. This is a slightly higher proportion than amongst female participants (28 per cent) and considerably higher than ethnic minority participants. A similar difference is evident in respect of entry to other (non-sustained) jobs where the proportion of men

entering such jobs (12 per cent) is about one third greater than the corresponding figure for female and ethnic minority participants (9 per cent).

**Figure 6.4**  
**Proportion of NDYP participants entering employment by sex and membership of an ethnic minority**



Many factors will lie behind these apparent differences in outcome. It is known (see Section 5) that female and ethnic minority participants have been less likely to have entered the Employment Option (which had the highest rate of exits to jobs) and more likely to have entered other Options. Members of ethnic minorities also entered Full-time Education and Training in disproportionate numbers and if they have continued in education and training this would explain the lower rate of exit to jobs.

Further evidence of differences in outcome relates to regional variations in the proportion of participants who have entered a job from NDYP. Table 6.1 describes the national and regional proportions of the April-June 1998 cohort who had entered a job approximately one year after entry (the end of May 1999). As might be expected, the proportion of the national cohort that had entered a job increased steadily over this period. Somewhat over a third of the cohort had entered employment by October 1998 and around a half had done so by May 1999 (50.1 per cent). However, the percentage of young people that had entered jobs varied considerably across regions. The proportion in jobs was as high as 57 per cent in the South West Region and as low as 47 per cent in London and the South East.

It is beyond the scope of this Review to explain these regional differences in NDYP outcomes. However, differences in demographic composition, regional labour demand and employment structure together with local variations in the delivery of NDYP are all likely to have played a role in creating such variations. Different outcomes also appear to have been associated with the size of the Unit of Delivery. Smaller UoDs have achieved higher exit rate into jobs. This may arise from differences in the level and type of support available to young jobseekers (smaller UoDs may have lower NDPA caseloads). The proportions entering jobs was lower in large urban areas and conurbations. This could simply have been a reflection of the large size of such UoDs. It may also be the result of high levels of social disadvantage amongst young unemployed people living in inner city areas.

**Table 6.1**  
**Regional average performance to May 1999 by region<sup>75</sup>**

% into all jobs	REGION									
	LASER	OS	OW	SW	EME	NTH	NW	WM	Y&H	National
Oct-98	33.7	36.4	38.7	41.0	38.3	34.3	34.8	33.4	34.3	35.4
Dec-98	38.4	41.5	43.1	45.7	43.2	38.8	39.3	38.2	39.0	40.1
Feb-99	42.0	46.2	47.6	49.7	46.7	43	43.8	42.1	43.1	44.2
Mar-99	43.7	48.3	49.7	51.8	48.7	45.2	45.6	43.9	45.2	46.1
Apr-99	45.5	51.1	52.0	54.5	50.9	47.7	47.7	45.8	47.6	48.3
May-99	47.1	53.0	54.2	56.5	52.7	49.5	49.5	47.2	49.6	50.1

The evidence so far is not strong but it does suggest there have been different NDYP outcomes for different groups of participants, depending on who they are and where they live. Future microeconomic modelling of individual data will shed further light on this issue. Such analysis should allow the probability of entering a job to be 'explained' by a range of factors including NDYP. Nonetheless, whatever the outcome of the analysis, it would be unreasonable to expect NDYP, however good, to address and overcome all of the disadvantages faced by some participants or to completely offset differences in local job opportunities for young people. This needs to be taken into account when assessing the intermediate outcomes of NDYP.

<sup>75</sup>

Key to Regions:

LASER London & South East Region

OW Office for Wales

EME East Midlands & Eastern

NW North West

Y&H Yorkshire & the Humber

OS Office for Scotland

SW South West

NTH Northern

WM West Midlands

## **7. The long-term impact of NDYP**

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### **7.1 Introduction**

The rationale for NDYP is to bring about long-term change in the employability of young people and to break down social exclusion. Using the well-worn cliché of evaluation literature, it is probably 'too early to tell' what the full labour market and social impact of NDYP will be. The full evaluation programme has yet to be completed and this limits the information that is available. Much of the information currently available relates only to the early stages of the programme (Pathfinder programmes and Gateway and Option stages of the national programme) and to immediate destination of people leaving NDYP. Yet, ultimately, it is the long-term questions that really matter. The emphasis in the evaluation programme will therefore increasingly turn from an emphasis on data collection to analysis designed to quantify the effect of NDYP on employability and sustainability of employment for the individual and the macroeconomic consequences for young people, jobseekers and the labour market as a whole. This section examines the early evidence relating to these long-term effects.

### **7.2 On individuals**

The potential scope for an impact of NDYP on individuals has been examined by reference to a review of evidence from recent US and European labour market programmes. The evidence revealed by this review was somewhat contradictory. An examination of 15 US programmes for disadvantaged young people found mainly negative conclusions in overall terms although there were positive impacts in some local areas or for some sub-groups. Four US programmes providing work experience were all deemed unsuccessful, as were most of the six educational and skills training programmes examined. Wage subsidy programmes did not appear especially effective either, although one programme had yielded a moderately positive impact on the employment of young people.

European evaluation studies, in contrast to the US studies, generally found positive impacts. Part of this difference is attributed to the more stringent evaluation methods employed in the US. However, there are sufficient differences in labour market and social institutions between Europe and the US for the differences in impact to be real. On the European evidence, none of the main forms of intervention – work experience, training, job search – can be ruled out as ineffective.

NDYP will itself be subjected to micro-econometric analysis of impact using measures such as the probability of entering employment after the programme and the probability of remaining

in employment at some time after leaving NDYP. Such assessments are still in the future. At present, the main evidence of impact is qualitative. Evidence of this type from the Pathfinder series of studies suggests that most young people who have participated in NDYP feel that the programme has had some impact on them. In the main the impact was felt to be positive in terms of enhanced job-related skills, personal skills, job search skills and a more disciplined lifestyle.

### 7.3 On employers

The scope and form of possible NDYP impacts on employers was explored in an analysis of employment additionality. The analysis concludes that there are several mechanisms through which NDYP could impact on employers. Improved job search could improve labour supply and speed vacancy filling. Training could also facilitate a more effective matching of jobseekers and vacancies. Wage subsidies, as experienced in the Employment Option, could temporarily increase recruitment and might increase employment in the long-term if the period of subsidised employment provided an opportunity for NDYP participants to become more employable, more productive or changes employer attitudes towards long-term unemployed young people.

Qualitative evidence relating to employers suggests that knowledge of the New Deal, and NDYP in particular, has been very uneven across the population of employers in Britain<sup>76</sup>. Some, usually large, employers were well informed and enthusiastic about NDYP. Others knew much less, if anything at all, about the programme and, in some instances, employers were confused about the differences between NDYP and other New Deal programmes. However, as a rule, whatever the level of knowledge of NDYP, few employers had allowed the programme to change their recruitment practices. When employers had recruited through NDYP, they often demanded the same qualities and capabilities of young unemployed people as they expected of 'normal' recruits. Employers, in the main, have been concerned to recruit 'the right person' for the job irrespective of any incentives offered by a programme such as NDYP. This is consistent with other research into employers' recruitment practices<sup>77</sup>.

Recent qualitative studies of employers indicate that they have mainly recruited young people through the Employment Option of NDYP in order to fill existing vacancies. However, some examples of new jobs were found during the research. Where new jobs were created, such jobs were often extranumerary members of

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<sup>76</sup> Snape D., *New Deal for Young Unemployed People: A Good Deal for Employers?*, ESR6, Employment Service, December 1998.

Elam G. and D. Snape. *New Deal for Young People: Striking a Deal with Employers*, ESR36, Employment Service, January 2000.

<sup>77</sup> Hasluck C. *Employers, Young People and the Unemployed: A Review of Research*, ESR12, Employment Service, March 1999.

staff, trainee assistants for senior staff, additional staff to expand the business or meet contracts, or were entry level posts in large companies<sup>78</sup>.

Most employers regarded the impact of NDYP on business competitiveness as minimal. Indeed, employers appeared to regard the benefits of NDYP largely in terms of social and community benefits and of long-term benefits for the individual young person. Despite these perceptions, there is evidence that employers had gained from employing people through NDYP. Such benefits included reductions in recruitment costs, the importation of new ideas or skills into the business and increased time for senior staff to undertake more strategic work. Not all employers saw NDYP in such a positive light and these cited cost disadvantages arising from NDYP administration, additional supervision, absenteeism, low productivity and damage to equipment caused by unskilled NDYP recruits as placing their business at a disadvantage.

Employers generally have seen subsidised work experience as being of great benefit to the individual, if not to their business. The subsidised Employment Option had provided young people with increased opportunities for work experience and training and enhanced participants self-confidence and social skills. For employers, the existence of a wage subsidy and training payment, together with a commitment to the aims of NDYP, had allowed them to tolerate work behaviour and low productivity from recruits that otherwise might have led to dismissal.

#### **7.4 On the labour market and the economy**

The most complex of all assessments of impact is the evaluation of the impact of NDYP on levels of employment and unemployment in the labour market. The key issue is to establish the difference NDYP made to the employment prospects of young people who participated in NDYP, compared to what would have happened in the absence of the programme. It is also necessary to establish whether there are any adverse effects on others in the labour market who do not participate<sup>79</sup>. Such effects would include reduced employment opportunities for other jobseekers as a consequence of any improvement in the employment of young people (the so called 'substitution effect').

To establish the net impact of NDYP requires the modelling of the labour market and employment. Modelling the final impact of NDYP can be undertaken only after the event and has yet to be

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<sup>78</sup> Elam G. and D. Snape, ESR36, *Op cit.*

<sup>79</sup> The net impact of a programme on the labour market is often described as employment 'additionality'. For a detailed discussion of the scope for, and methods of assessing, employment additionality, see Hasluck C., *Employers and the Employment Option of the New Deal for Young Unemployed People: Employment additionality and its measurement*, ESR14, Employment Service, April 1999

undertaken for the national NDYP programme. However, some preliminary macroeconomic findings relating to the Pathfinder programme and the first year of national delivery of NDYP suggest the possible scale of impact to be expected<sup>80</sup>.

A study of NDYP at the Pathfinder stage took the form of a time-series analysis of unemployment outflows in the Pathfinder areas and in selected 'comparison' areas. Simple inspection of unemployment outflows indicated that NDYP had produced the desired effect on the target group (an increased outflow) with little evidence of an adverse effect on other groups. However, the possibility that the Pathfinder areas had benefited coincidentally from influences other than NDYP had to be allowed for. This was done by first quantifying the determinants of exit rates in Pathfinder and comparison areas using information from a period before the introduction of NDYP. These relationships were then used to calculate what exit rates would have been during 1998-99 in the absence of NDYP. Comparison of predicted and actual exit rates then provided a measure of the effect of NDYP.

The results of the modelling of exit rates suggest that NDYP had positive effects on the exit rates of the target group. In seven of the eight pairs of areas (Pathfinder and comparison) the NDYP effect was largest in the Pathfinder areas, reflecting the longer period of operation of the NDYP. The effects varied by area, possibly due to different methods of delivering the NDYP. Concerns about possible substitution effects appear unfounded. Although unemployment outflows from other groups of unemployed people had fallen during the time NDYP had operated, this negative effect was seen as unrelated to NDYP. In fact, the fall in non-target group unemployment outflows was more significant in the comparison areas than in Pathways areas and reduced as more people passed through the programme. The study offers a number of plausible explanations for the lower than expected outflow rates in the non-target groups.<sup>81</sup>

In quantitative terms, analysis of the impact of NDYP indicates that outflows from the target group in the Pathfinder areas had increased by between 7 and 18 thousand (or between 7 and 19 per cent) as a consequence of NDYP. This finding relates only to the first year of the programme and outflows will have risen further due to NDYP since then. Translated to the national scale, this would imply a reduction in youth claimant unemployment of 15 to 55 thousand. Using a macroeconomic modelling approach, the potential impact of NDYP has been narrowed down still further<sup>82</sup>. The assessment concludes that because aggregate unemployment is relatively low, the impact of the programme is

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<sup>80</sup> Anderton B., Riley R. and G. Young. *The New Deal for Young People: Early Findings from the Pathfinder Areas*, ESR34, Employment Service, December 1999.

<sup>81</sup> Anderton B., Riley R. and G. Young, ESR3, *Ibid*.

<sup>82</sup> Anderton B., Riley R. and G. Young. *An illustration of the Possible Macroeconomic Effects of the New Deal for Young Unemployed People*, ESR33, Employment Service, December 1999.

likely to be modest. The stock of unemployment amongst young people is estimated to have fallen by around 30,000 compared with what it would have been in the absence of NDYP. This represents a fall of around 40 per cent in long-term unemployment amongst young people. Using the pathfinder evidence that around half of all exits from NDYP to jobs would not have occurred without the intervention suggests that around 10 thousand individuals per month leave unemployment as the result of NDYP. Little in the way of adverse effects is to be expected amongst those jobseekers not covered by the programme. Over the life of NDYP, the total number of young people passing through the programme was estimated to amount to around 500 thousand with around half (250 thousand) entering jobs as the result of NDYP.

The model also identifies the likely macroeconomic impact of NDYP. The impact on the economy is likely to be small (around 0.1 per cent being added to national income) but of a sufficient scale to generate additional government revenues to largely offset the Exchequer costs of the programme<sup>83</sup>.

## 7.5 On the Employment Service

The introduction of a programme as important to Government policy and on the scale of NDYP inevitably brings about changes in the agency responsible. However, the organisational change flowing from NDYP has been profound, far reaching and, perhaps, unprecedented. This impact has involved more than tactical responses to the evolving needs of the programme or even more strategic responses. There has been something of a philosophical or cultural shift in the mission of the Employment Service.

In the past, ES was often been perceived in a negative manner by clients in terms of processing the unemployed, administering ever stricter rules about jobseeking and applying sanctions to those in breach of the rules. The NDYP does not deny such a role for ES but making young jobseekers aware of their responsibilities is only part of the deal. The emphasis of NDYP is much more firmly on the positive aspects of intervention; help, guidance, encouragement, support. In the words of the Prime Minister, "*It's not just what is being done, but how it is being done*"<sup>84</sup>.

The implementation of NDYP has impacted on all levels of ES. At the 'frontline', the role of the New Deal Personal Adviser, and their skill and expertise, has become critical to the operation and success of the initiative. However, the NDPA role differs greatly from ES roles that preceded it. It requires important inter-personal skills and specific skills relating to advice, guidance and mentoring. Not all ES staff have the experience or innate skill to undertake the new NDPA role without training and support from

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<sup>83</sup> Anderton B., Riley R. and G Young, ESR33, *Op cit*.

<sup>84</sup> Quoted in *Conference Report 1999, Birmingham Conference Centre, 22 June, Employment Service, 1999.*



their organisation. This has generated an on-going need for training. Methods of working are also different. NDPAs must juggle conflicting priorities and often have to work in a pro-active manner in order to achieve successful results. The job of NDPA has the potential to be simultaneously more isolated than previously and more open. It can become isolated because the NDPA may be the single point of contact with clients and work in isolation from colleagues. In some regions team working has been encouraged to overcome this problem. The NDPA role is also more open in that it requires NDPAs to work closely with a wide range of NDYP providers, employers and other agencies.

The contractual arrangements for NDYP delivery have impacted on ES. ES leads delivery in only a minority of Units of Delivery. The majority involve ES in some form of partnership, whether a formal partnership arrangement such as a consortia or Joint Venture Partnership, or a working relationship with a private sector lead organisation. ES has had to develop new ways of working with Partners and this has tended to draw the agency into closer relationships with key agencies in local labour markets and communities.

At the request of large companies that attended the initial New Deal events, the Large Organisations Unit (LOU) has been set up within ES. It is responsible for developing and implementing a national marketing strategy for Government initiatives, particularly for marketing New Deal client groups to national multi-sited companies who wish to have a single point of contact within ES. While the LOU initially provided a service specific to New Deal, it has now widened its scope to promote other ES client groups to its large organisation customers.

ES has for many years been driven by performance targets. In this regard the introduction of Core Performance Measures represents little change. However, CPMs are recognised as insufficient on their own for day to day management of performance. The strategy for Continuous Improvement is a response to this need and it has encouraged partners at the local level to take responsibility for quality control and improvement of NDYP delivery. The New Deal Driver<sup>85</sup> is a tool developed by ES to help local Units of Delivery to look at their current strengths, look at areas for improvement and to plan how to drive performance forward.

Cumulatively, these changes are profound. As Leigh Lewis, Chief Executive of the Employment Service, remarked at the New Deal Conference in June 1999 (quoting Andrew Smith, the then Employment Minister) "*New Deal is not just another Programme – it's a crusade*"<sup>86</sup>.

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<sup>85</sup> *The New Deal Driver: A performance review programme for New Deal*, The Performance Management Company and Employment Service, 1999.

<sup>86</sup> Quoted in *Conference Report 1999, Birmingham Conference Centre, 22 June*, Employment Service, 1999.

## 8. Issues for the future

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### 8.1 Reflections on NDYP

This Review has considered a wide range of issues and evidence relating to NDYP, its operation and effects. This Section briefly reflects on some of the key issues to emerge from the Review, looks at priorities for future development of the programme and briefly sets out some of the ways in which the programme has already evolved.

#### *NDYP as a dynamic process*

The first key point to emerge from monitoring and evaluation is that NDYP is far more complex than many people anticipated at the introduction of the programme. The predecessors of NDYP were programmes which young people entered, stayed for some period undertaking an activity (for example training in the workplace) and then left. NDYP marks a sharp break with this type of labour market intervention. NDYP is best understood as a dynamic process designed to help young people into paid employment. The key feature of this process is its flexibility and focus on the needs of the individual client. Unemployed young people enter the programme but proceed within it as far as is necessary to achieve the end of obtaining employment. Some will leave from the Gateway, others from the Options while others will proceed all the way to Follow-Through. Young people can move more or less quickly to Options and, in a similar fashion, into Follow-Through. Moreover, the process is not a simple linear one, but contains a number of 'loops'; from Options back to Gateway, from Option to Option, from Options to Follow-Through and back to Gateway or another Option. Whether or not this flexibility was an intentional element of the NDYP design, its existence in practice reinforces the flexibility and client-centred approach to activities on the programme.

#### *Job search on NDYP*

The significance of NDYP as a process is not always fully appreciated by young people on the programme or, perhaps, by some NDYP providers. The NDYP design is quite clearly aimed at enhancing long-term employability and the ability to enter unsubsidised employment. Such an approach places a greater emphasis on job search during the programme than more conventional programmes. Job search can be seen as continuous 'testing' of the current employability of the young person. Those clients who undertake job search but are unable to enter unsubsidised jobs clearly require further support and assistance from NDYP. This approach was reinforced by the re-orientation that occurred in late 1998. The evaluation evidence suggests that some young people on NDYP (and some NDPAs too) do not see the programme in this way. They see the activities on the

programme as an end in themselves. Thus, low levels of job search are reported by clients on the Subsidised Employment and FTET Options. In the first case, this is because the job placement is regarded as a permanent or near permanent outcome while in the latter case young people on FTET view the acquisition of their qualification as the objective of the Option. Only in the case of work in the Voluntary Sector or on the ETF Option is significant job search reported, reflecting the widespread belief amongst clients on these Options that their placement is temporary. There is a tension between enhanced employability as an aim and more conventional measures of programme performance such as completing a period of work experience or obtaining a qualification.

#### *The role of NDPAs*

The evaluation evidence points to the absolutely pivotal role of the NDPA in the process<sup>87</sup>. The continuity and the form of support offered by NDPAs distinguishes NDYP from what went before it. The relationship between client and NDPA is crucial in determining the way in which the NDYP process develops for the young person. As the programme has expanded in numbers, the pressure on NDPA caseloads has increased. One consequence of this appears to be that NDPA support falls off markedly during the Options period and is very patchy during Follow-Through.

#### *Exits to jobs*

Elements of NDYP, namely the Subsidised Employment Option, embody an approach to labour market intervention sometimes referred to as 'jobs first' while other elements are more conventional in that they seek to address perceived barriers to employment by providing training to overcome the barriers (lack of basic skills, ineffective job search, lack of qualifications) before securing a job. It is still too early to establish the long-term outcomes of the programme, however outcomes from the Employment Option appear to lend weight to the 'jobs first' approach. Of those who enter a subsidised job placement, a very high proportion subsequently remained in employment at the end of the Option or entered a job from Follow-Through fairly quickly thereafter. NDYP clients on FTET and, especially, those working in the Voluntary Sector or ETF tended to remain on NDYP after Options and leave Follow-Through at a relatively slow rate. While this difference could result from a selection of the most employable for subsidised employment (self-selection or selection by NDPAs), the early results of the evaluation provide prima facie evidence of the relative effectiveness of subsidised job route to enhanced employability and an exit from NDYP.

#### *Inequality in the NDYP experience*

There is widespread evidence of variation in the individual

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Woodfield K, Bruce S. and J. Ritchie. *New Deal for Young People: The National Options*, ESR37, Employment Service, January 2000.

experience of NDYP. There are many factors contributing to this. First, there are differences in the clients themselves in terms of their qualities and aspirations. Second there is little uniformity in way Units of Delivery are managed and operated. Differences in NDYP provision also contribute to differences in the opportunities available. Differences also emerge during the operation of the programme with some groups of clients being under or over represented on some of the Options. Finally, there are marked differences in outcomes for individuals in terms of entry into unsubsidised employment.

#### *The quality of training*

NDYP is intended to provide a higher quality of support for unemployed young people than existed before. In terms of the continuity and content of NDPA support and the range of activities and opportunities within the programme, this has undoubtedly been achieved. However, concerns about two aspects of NDYP have emerged from the evaluation. The first of these relates to quality of training provision on NDYP. There are clear differences in the scope and quality of training across the programme. This ranges from local differences in provision during the Gateway period to major concerns about some training provision (or lack of it) in the three work experience based Options. There is also concern that levels of pay in subsidised employment placements are relatively low even by the standards of earnings in the youth labour market, while clients working in other Options continue to receive, in many cases, little more than their JSA entitlement.

#### *A positive verdict*

Finally, it must be noted that there is a tremendous amount of goodwill towards NDYP amongst its clients, providers and other organisations involved with it. It is very important not to lose sight of the very considerable amount of evaluation evidence pointing to these positive views about the operation and effect of the programme. Whether such positive views are justified in terms of long-term effects on future employability remains to be seen, as it is also clear that it is still too early for the evaluation programme to be able to provide evidence of such effects. However, in terms of perceptions that something new and positive is being done to deal with the problem of longer-term unemployment amongst young people, NDYP appears to have had a profound and largely positive effect on all concerned.

## **8.2 The emerging issues**

Both experience of the operation of NDYP and evaluation evidence suggests that there are a number of issues that have to be addressed if the programme is to continue to prove successful in the long-term. These are:

- Improving the effectiveness of NDYP provision in helping young people to secure jobs (including training);

- Improving partnerships;
- Increasing employer involvement in the design and delivery of Gateway;
- Addressing the gap between the (lack of) job-readiness of some young people and the expectations of employers;
- Enhancing the scope and quality of the NDPA advisory role;
- Reducing time spent on Gateway;
- Making the Gateway more effective;
- Improve and market the benefits of the Voluntary Sector and the Environment Task Force Options;
- Developing the self-employment routeway;
- Increasing retention in paid jobs at the end of Options;
- Maintaining the focus on moving people into sustained jobs;
- Working to secure retention in employment.

### **8.3 Responses to the challenge**

Many of these issues and challenges are already being addressed. A greater emphasis on job search and placement in unsubsidised jobs was introduced in late 1998. A number of Employment Service 'products' have been developed intended to assist improvements in delivery and employment outcomes. Examples of the latter include operational guides and checklists for ES staff and NDPAs (for example 'Ten Top Tips for More Jobs from New Deal') and the 'New Deal Driver'.

A crucial tool for the management and improvement of NDYP is the Core Performance Measures (CPM). The Employment Service has developed a set of CPMs as part of the Continuous Improvement Strategy for New Deal. CPMs are intended to inform Partnerships (UoD) so that they can manage local performance and develop Performance Improvement Plans for their areas. CPMs are provided to each UoD on a monthly basis and ranked so that UoD can gauge their relative performance against national and regional benchmarks. Nine CPMs have been identified and these are set out in Table 8.1.

The CPMs seek to measure various aspects of the operation of NDYP. There is at present no mechanism for the measurement of either client or employer satisfaction and CPM F and CPM G have therefore so far not been produced (although pilot exercises have been tried in order to assess the feasibility of such measures). The CPMs provide a valuable management tool for ES and UoD as they quantify performance and provide a yardstick against which UoDs can assess their performance.

The issue of retention has been addressed through a New Deal Task Force Working Group on Retention. This amounted to a fairly wide ranging review of the operation of NDYP and resulted in a number of recommendations which, the Working Group

believed, would enhance retention. The recommendations embraced many aspects of NDYP including the development of employability, developing interpersonal, communications and basic skills, suggestions for improving job-matching and changes in the delivery system.

**Table 8.1**  
**NDYP Core Performance Measures**

<b>A</b>	The numbers of New Deal participants and the proportion of each cohort moving into i) unsubsidised jobs, ii) subsidised jobs and iii) all jobs.
<b>B</b>	The numbers of participants and the proportion of each monthly cohort moving from the Gateway and each of the Options into unsubsidised jobs.
<b>C</b>	The unit costs of the outcomes covered at (a) and (b) above.
<b>D</b>	The number of participants and the proportion of each monthly cohort remaining in jobs thirteen weeks, six, twelve or eighteen months after leaving New Deal, as measured by the renewal or otherwise of claims for JSA or other benefits.
<b>E</b>	The numbers and proportions of participants who are disabled, from ethnic minority backgrounds and who are men and women achieving the outcomes in (a), (b) and (d) above.
<b>F</b>	The numbers of subsidised jobs made available by employers and the level of employer satisfaction
<b>G</b>	The level of satisfaction among participating young people
<b>H</b>	The number and level of qualifications achieved by New Deal participants.
<b>I</b>	The number of participants and the proportion of each monthly cohort leaving the New Deal for known destinations.

In the light of evaluation and other evidence, the DfEE has identified four main priorities for the future. These are:

- to improve the Gateway in order to reduce the number overstaying, increase the number moving into unsubsidised jobs and tackle basic skills needs;
- to improve the quality and work focus of Options, with a greater take-up of the Employment Option and an increased focus on job search and job broking during the Option period;

- to intensify Follow-Through;
- to ensure greater equality of outcomes across NDYP clients.

In order to bring about these desired changes, a number of revisions in NDYP operations have been introduced including:

#### *Gateway*

- the Client Progress Kit, as an instrument for consistent and structured assessment and caseload management;
- Intensive Gateway Trailblazers have been launched in 12 areas to test ways of increasing the effectiveness of the Gateway. In these areas young people will receive an increased number of interviews with NDPAs and will be required to attend a full-time course aimed at enhancing self-confidence, self-presentation and job search in the second month of the Gateway. The Intensive Gateway will be put in place across the country from Summer 2000;
- intensive counselling for all young people reaching four months on Gateway, aimed at moving them into a job or an Option (as appropriate).

#### *Options*

- tightening sanctions during Options;
- making more innovative use of the employment subsidy on the Employment Option, including the use of intermediary organisations;
- allowing the training component of the employer subsidy to be spent at the start of the job placement to remove the need to release the young person for training at a later time;
- placing more emphasis on job search during Options and involving ES and other job-broking organisations with Option providers;
- Promoting better links between option providers and employers.

#### *Follow-Through*

- making the employment subsidy available to young people who enter Follow-Through;
- identifying ways of intensifying the help provided during Follow-Through and to address continuing barriers to employment.

#### *Equality of outcomes*

- introducing the Ethnic Minority Toolkit, to improve outcomes for ethnic minority participants;
- the Innovation Fund to develop provision which addresses the needs of ex-offenders, homeless people and others



facing severe disadvantage in the job market.

## **Appendices**



## ANNEX 1: Welfare to Work and The New Deal

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### A.1 The New Deal Programmes

Immediately after the UK General Election in 1997, the new Labour government began to implement its '*Welfare to Work*' strategy. The aim of the Welfare to Work strategy is to encourage and facilitate entry into work and, in the longer-term, to reduce dependency on welfare benefits. The strategy involves, first, a fundamental review of the tax and benefit system and, second, a series of labour market interventions under the 'New Deal' banner. The former is intended to increase the incentives to working while the latter, which covers a range of programmes targeted on young unemployed people, long-term unemployed people, lone parents and disabled people, is intended to help non-working people into jobs and to increase their long-term employability.

New Deal is intended to contribute to an increase in the sustainable level of employment and a reduction in social exclusion by:

- helping young and long-term unemployed people, lone parents and disabled people who wish to work, into jobs and helping them to stay and progress in employment;
- increasing the long-term employability of young and long-term unemployed people, and lone parents and disabled people who wish to work.<sup>88</sup>

The New Deal has been delivered by means of a number of different programmes, each aimed at a different target group. Despite sharing the common goals of New Deal, these programmes are quite distinct in terms of their objectives, the basis on which participation takes place and the range and type of provision available. Some programmes are aimed at key groups of unemployed people – the young longer-term unemployed and the adult long-term unemployed – with the intervention clearly intended to address barriers to employment and to help such disadvantaged unemployed people into jobs. For other New Deal programmes, the purpose is more about breaking down barriers to participation in the labour market and beginning the process of transition from dependence on benefits to labour market activity.

Table A.1 lists the core New Deal programmes in order of their introduction. New Deal for Lone Parents (NDLP) is intended to help lone parents on Income Support to leave benefit and obtain employment. The programme was introduced in Prototype form in October 1997 and rolled out as a national programme in October 1998. New Deal for Young People (NDYP) was introduced in Pathfinder form in 12 local areas from January 1998 and became

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<sup>88</sup> *New Deal: Objectives, Monitoring, Evaluation*, Employment Service, 1997

a national programme three months later in April 1998. The programme was aimed at young people aged 18-24 who had been claiming JSA for at least six months. New Deal for the Long-term Unemployed (NDLTU) was offered nationally in June 1998 without a preceding prototype phase. The programme is targeted at unemployed adults (aged 25 plus) who had been claiming JSA for at least two years. However, in November 1998 a number of NDLTU innovative schemes were introduced as pilots in selected local areas. These are intended as tests of effectiveness prior to national implementation. Both NDYP and NDLTU are programmes aiming to break down barriers to immediate employment and to enhance long-term 'employability'.

**Table A.1: The main elements of the New Deal**

<b>New Deal for</b>	<b>Entry</b>	<b>Period</b>	
Lone parents (NDLP)	Voluntary Voluntary	Prototypes National	Oct 97-Sep 98 Oct 98
Young people (NDYP) (18-24 years of age)	Mandatory Mandatory	Pathfinders National	Jan 98-Mar 98 April 98
Long-term unemployed (NDLTU) (25 years or above)	Mandatory Mandatory	National Pilots	June 98 Nov 98
Disabled people (NDDP)	Voluntary	Pilots	Oct 98 – Apr 00
ND for Partners of unemployed	Voluntary	National	Apr 99
People age 50+ (ND50+)	Voluntary	Pathfinders National	Oct 99 Apr 00
New Deal for Musicians	Voluntary	National	Oct 99

Although targeted at a completely different group, the New Deal for Disabled People (NDDP) - introduced on a pilot basis in late 1998 – shares with NDLP the aim of increasing labour market participation amongst a client group of excluded and often non-participating individuals. More recent additions to New Deal are New Deal for People age 50 plus (ND50+), New Deal for Partners and New Deal for Musicians. The latter is really an offshoot of NDYP as it targets young people aged 18-24 who wish to work in the music industry. ND50+ is intended to maintain labour market participation amongst a group of people who might otherwise become inactive if faced with a protracted spell of unemployment while ND for Partners seeks to tackle the inter-relationship between the unemployment of one partner and the unemployment or economic inactivity of the other (the so-called workless household).

*The New Deal Design*

A central and common element of all New Deal programmes is the provision of advice, guidance and preparation for work by means of a New Deal Personal Adviser (NDPA). Such NDPAs are critical to the operation and, ultimately, the success of New Deal programmes. However, NDLP and NDDP offer little beyond the provision of an NDPA whereas NDYP and NDLTU offer much more elaborate programme designs. Both NDYP and NDLTU offer a period of intensive interviews with NDPA (called the Gateway on NDYP and Advisory Interviews on NDLTU) followed by Options or Opportunities in the form of subsidised employment, full-time education or training and, in the case of NDYP a work experience placement in the Voluntary Sector or the Environment Task Force. Both offer a Follow-Through stage for those who have not obtained employment at the end of an Option/Opportunity.

Reflecting the target groups at which they are aimed and the underlying purpose of the programmes, entry requirements to New Deal programmes differ. Entry to NDYP and NDLTU are both mandatory. In the case of NDYP, young people are required to participate in all stages of the programme unless they leave JSA for a job, transfer to another benefit or for some other reason. Although the spirit of NDYP is to seek agreement on an Action plan for returning to work, New Deal Personal Advisors can compulsorily refer clients to Option or other provision if necessary. In the case of the national NDLTU programme, only the initial Advisory Interview Process is compulsory and participants may return to normal jobseeking activities on JSA if they do not wish to take up employment or education and training opportunities or progress to Follow-Through. Other New Deal programmes are offered for voluntary participation.

The New Deals differ from previous labour market initiatives in that it seeks to offer help that is tailored to the needs of individual jobseekers and to provide such assistance in an integrated manner. This is facilitated both by having different programmes for different target groups and by mechanisms within each programme for a range of provision. For their part, unemployed benefit claimants in the groups covered by New Deal must be aware of, and carry out their responsibilities in terms of seeking and entering work.



## ANNEX 2: Sources referred to in the Review

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This Review has referred to and used material from the following sources:

### ***Employment Service Research Reports***

- ESR6 *New Deal for Young Unemployed People: A Good Deal for Employers?*, Snape D., December 1998.
- ESR7 *New Deal for Young Unemployed People: Case Studies of Delivery and Impact in Pathfinder Areas*, The Tavistock Institute, December 1998.
- ESR8 *New Deal for Young People: The Gateway*, Legard R., Ritchie J., Keegan J. and R. Turner, December 1998
- ESR12 *Employers, Young People and the Unemployed: A Review of Research*, Hasluck C., March 1999.
- ESR13 *The New Deal for Young Unemployed People: A Summary of Progress*, Atkinson J., March 1999.
- ESR14 *Employers and the Employment Option of the New Deal for Young Unemployed People: Employment additionality and its measurement*, Hasluck C., April 1999.
- ESR16 *New Deal for Young People: National Gateway*, Legard R and J Ritchie, April 1999.
- ESR19 *Young Unemployed People: (A) Characteristics of the New Deal Target Group (B) Labour Market Characteristics and Outcomes*, Walker R., Stafford B., Youngs R. and K Ashworth , July 1999.
- ESR20 *A Review of US and European Literature on the Microeconomic Effects of Labour Market Programmes for Young People*, Auspos P. Riccio J. and M. White, July 1999
- ESR21 *New Deal for Young People: leavers with unknown destinations*, Hales J. and D. Collins, June 1999
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