



The New Deal for the Long-term Unemployed: A Summary of Progress

A review of the emerging evidence from the monitoring and evaluation
of the NDLTU. Prepared for the Employment Service, March 2000

by

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

1. Executive Summary

1. Aim of the Review

The New Deal for the Long-term Unemployed (NDLTU) is a key element in the Government's New Deal Initiative and part of the wider Welfare to Work strategy. NDLTU is designed to provide long-term unemployed adults with practical help and opportunities intended to equip them to re-enter and retain employment. NDLTU is intended to contribute to an increase in the sustainable level of employment and a reduction in social exclusion.

NDLTU is being delivered in two forms. The national programme was launched in June 1998 and provides a common form of provision for long-term unemployed adults across the whole country. In addition, pilot programmes were launched in November 1998 in 28 locations in Great Britain. The purpose of the NDLTU pilots is to develop further the national programme and test the effectiveness of different approaches to achieving the aims of NDLTU.

A comprehensive programme of evaluation of NDLTU is being undertaken. Early evidence is now beginning to emerge from this research. The Review draws together this evidence and seeks to establish the current state of knowledge of NDLTU. In doing so it provides an 'overview' of all aspects of the programme and seeks to identify early lessons relating to implementation, delivery and impact.

This Review is one of three such New Deal Reviews (the other two summarise progress on New Deal for Young People and New Deal for Lone Parents). A fourth Review provides an overall assessment of the common experience and early lessons to be drawn from all three New Deal programmes.

2. The NDLTU Evaluation programme

A comprehensive programme of research to evaluate NDLTU is being undertaken. The main elements of the evaluation programme are:

- the New Deal Evaluation Database;
- qualitative research with individuals;
- quantitative research with individuals;
- quantitative research with employers;

- case studies in delivery of NDLTU;
- macroeconomic analysis.

This research programme covers both the national and pilot programmes. Additional research to evaluate pilots includes:

- case studies of NDLTU pilots;
- assessment of the impact of the pilots using control areas and random assignment delivery of the programme in two areas.

Monitoring information relating to the national NDLTU programme is available from the New Deal Evaluation Database. In addition, the first NDLTU evaluation results are now beginning to emerge. These are based on qualitative research and are mainly concerned with processes and immediate outcomes. Being based on small qualitative samples, these early results are indicative only. Statistically robust evidence must await the conduct of the quantitative surveys of individuals and employers. This will allow assessment of longer-term impacts, if any, on long-term unemployed adults.

3. The Review

Early findings from monitoring and evaluation are examined under the following headings:

- NDLTU clients
- The implementation of NDLTU
- Key stages in NDLTU
 - Entry to the programme
 - The advisory stage
 - NDLTU Opportunities
 - Follow-Through
- Early lessons from the evaluation
 - Issues for the future
 - ES response to issues

Wherever possible, the review highlights differences in operation and experience of the national NDLTU and NDLTU pilots.

4. Early lessons from evaluation of NDLTU

The Review considers all of the evaluation currently available relating to the operation and impact of NDLTU. Several key issues have emerged.

A distinctive client group

The NDLTU client group is a very distinctive group. NDLTU clients have experienced a long separation from employment. They can face many barriers to employment including the length of their unemployment. Long-term unemployment often reduces the motivation to find work and undermines the capacity to do so. The distinctive nature of the NDLTU client group is reflected in their needs. These needs can be very different from other New Deal clients and a key issue is the extent to which such client needs are being met by the NDLTU programme.

Many NDLTU clients possess some skills and work experience although these are often outdated. They also have qualities of maturity and stability that can appeal to employers although employers are concerned about the risks of recruiting long-term unemployed and older people. A large proportion of the NDLTU client group has been the target for previous government programmes. This provides an important context of expectations and attitudes within which NDLTU must operate.

The limited nature of national NDLTU

For most clients on national NDLTU, their only experience of the programme was the Advisory Interview Process. Few continue to NDLTU Opportunities or enter Follow-Through. Most leave NDLTU from the Advisory Interview Process. The most common destination of those leaving NDLTU from the Advisory Interview Process has been a return to normal jobseeking activity on JSA. Many NDLTU clients have experienced a period of intensive interviewing or other support before (as part of mainstream ES provision or as part of previous programmes) and do not regard national NDLTU as any different. Perhaps it is not surprising therefore that a high proportion leaves NDLTU at the earliest opportunity.

This is not the case on NDLTU pilots where referral to the Intensive Activity Period is mandatory for those not obtaining a job in the Gateway. In many respects, the pilots have addressed the problem highlighted here. However, even without compulsion, it may be possible to raise the number of clients entering employment or training opportunities and to reduce the number of exits from the Advisory Interview Process to JSA. However, it will be a challenge to achieve this.

Job search on NDLTU

Jobseekers on NDLTU are obliged to maintain active job search. Required by JSA rules, job search and job placement can be seen as a form of continuous testing of 'employability' and is a commonly used performance measure. However, an emphasis on job search early in the programme (as in Gateway in pilot areas) can lead to dissatisfaction if resources are focussed on job ready clients to the detriment of hard-to-help clients. At later stages (in NDLTU Opportunities) the requirement to actively seek work can conflict with the longer-term aim of improving employability. Clients see keeping a subsidised job or obtaining a qualification as goals in their own right. Evaluation evidence reveals a low level of job search amongst NDLTU clients in subsidised employment. There is a tension between enhanced employability as an aim and more conventional measures of output such as completing a period of work experience or obtaining a qualification.

The role of NDPAs

Evaluation evidence points to the pivotal role of the New Deal Personal Advisor (NDPA). For most participants on national NDLTU this is the core of the programme since they do not take up NDLTU Opportunities. It is disappointing to note that as the numbers on national NDLTU have expanded, pressure on NDPA caseloads have increased. Moreover, where NDPAs provided support for both NDLTU and NDYP clients not only were caseloads high but NDYP clients tended to take priority to the detriment of NDLTU clients. Early qualitative evidence points to the advisory function being very patchy with some excellent provision but some being less so. Instances of the latter ranged from little or no contact with NDPAs after an initial interview, infrequent or irregular interviews and, less commonly, a lack of continuity in advisory work.

Variations in the New Deal experience

The early findings from NDLTU evaluation point to significant differences in the New Deal experience. This arises, first, from differences in individual client qualities, their aspirations and previous experience of ES programmes and, second, from the lack of uniformity in the way Units of Delivery are managed and operated. There are also differences in the availability of provision across areas.

The quality of provision

The quality of provision was undoubtedly adversely affected by the speed with which both the national and pilot programmes were implemented. Case studies of delivery have noted that NDPAs had too little training in the specific needs of the NDLTU client group and in the marketing of NDLTU provision. Concerns have also emerged about the quality of training provision although the evidence on this is so far rather limited. Finally, there is concern that levels of pay in subsidised employment placements are (or are perceived by participants to be) relatively low.

Participant appraisals

The experience of participants on NDLTU is fairly mixed. For some it has been a helpful intervention and positive outcomes have resulted. For others the experience has been less productive and even unsatisfactory. Criticism is particularly evident in respect of the national programme, although that criticism is more about an inability to deliver than about the aims of the programme.

Those most critical of national NDLTU were ES staff who see the national programme as adding little to existing provision for long-term unemployed adults. On the other hand, a significant minority of clients on NDLTU pilots were critical of the Intensive Activity Period and the compulsory nature of their participation in it. Other clients were more supportive of NDLTU. Positive assessments were particularly associated with those clients who, despite low expectations on entry, had been re-motivated and supported by the programme. However, some highly motivated clients were frustrated by the limitations of NDLTU provision, while a small body of clients were deeply cynical about all government programmes and resented any compulsion to take part. NDLTU has yet to establish a widespread body of support for its aims. A major challenge for NDLTU will be to persuade long-term unemployed adults of the benefits of NDLTU and to encourage them to identify with the goals and aspirations of the programme.

5. The emerging issues

It is too early to draw definitive conclusions about the operation and impact of NDLTU. Nonetheless, the early evidence indicates that there are a number of issues that need to be addressed in the future. These are:

- to provide a clearer purpose and focus for activity on the Advisory Interview Process;
- to improve the intensity and continuity of client-NDPA contact at the advisory stage;
- to improve the quality of NDLTU provision;
- to reduce the number of participants leaving national NDLTU for jobseeking activity on JSA;
- to increase the numbers taking up NDLTU Opportunities;
- to increase the flow into unsubsidised jobs
- to reduce the variation in NDLTU experience across Units of Delivery and between individuals;
- to improve the marketing of NDLTU to clients;
- to secure a greater level of identification with the goals of NDLTU amongst clients, providers and ES staff.

6. Response to the issues

Many of the issues identified above are already being addressed. A number of Employment Service 'products' have been developed with the aim of improving delivery and employment outcomes.

In response to operational experience and the emerging evaluation evidence, a number of improvements to the NDLTU programme are to be introduced during 2000/2001. In broad terms these changes are:

- enhancement of the national NDLTU in combination with an increased emphasis on the responsibility of clients to seek work;
- additional, geographically targeted, provision;
- an extension to the period covered by the NDLTU pilots.

The government has already announced that the national NDLTU programme will be extensively revised and re-launched in 2001. A revision at that time would allow the lessons learnt from evaluation to inform the re-design process. Enhancements to the national programme during 2000 may be seen as interim steps in the direction of re-design while the extension of the pilot programme is intended to further inform the re-engineering of the national NDLTU programme.

1. The New Deal Reviews: context and aims

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 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.¹

The New Deal has been delivered by means of a number of different programmes, each aimed at a different target group. New Deal for Young People (NDYP) was introduced in 12 Pathfinder areas in January 1998 and nationally from April 1998. The New Deal for the Long-term Unemployed (NDLTU) was introduced nationally in June 1998 with innovative pilots offered in selected local areas from November 1998. A pilot New Deal for Lone Parents (NDLP) was introduced in July 1997 and became a national programme from October 1998. New Deal for Disabled People (NDDP) was introduced on a pilot basis in late 1998. These programmes and others that fall within the New Deal are described in greater detail in Annex 1.

The New Deal has been the subject of some of the most comprehensive and rigorous evaluation research in recent times. The form of evaluation and the stage reached varies from one New Deal programme to another. Nonetheless, there is now a substantial body of information available about the ways in which New Deal programmes have been delivered and the effects of such interventions on individual participants, employers and the agencies concerned. It is thus timely to draw together this evidence and to establish current knowledge of the programmes. To achieve this purpose, 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 review provides a summary and assessment of the relevant monitoring and evaluation evidence. A fourth report provides an overall assessment of the common experience and lessons to be drawn from the three programmes. **This report is the second of the New Deal Reviews and deals with the evidence relating to the New Deal for the Long-term Unemployed.**

¹ *New Deal: Objectives, Monitoring, Evaluation*, Employment Service, 1997

1.2 An outline of the New Deal for the Long-term Unemployed

The New Deal for the Long-term Unemployed shares the same broad aims as other New Deal programmes (described in Section 1.1 above). Specifically, NDLTU is designed to provide long-term unemployed people aged 25 and over with practical help and opportunities intended to equip them to re-enter and retain employment. NDLTU is intended to:

- give the long-term unemployed an opportunity to reassess their situation with the help of a New Deal Personal Advisor and to enable a speedy return to sustainable work;
- help equip long-term unemployed people with the skills they require to compete for future jobs, including work skills and experience, qualifications, improved motivation and self-confidence and job search skills;
- to encourage employers to give long-term unemployed people opportunities to demonstrate what they can do².

NDLTU is being delivered in two forms. The national programme was launched at the end of June 1998. This programme provides a common form of provision for long-term unemployed adults across the whole country. In addition to the national programme, a pilot programme was launched in November 1998 in 28 locations in Great Britain. The purpose of the pilot programme was to develop further the national programme and test the effectiveness of a range of different approaches to achieving the aims of NDLTU.

Because there are two forms of NDLTU provision, it is important to distinguish one form of provision from another. The following convention is adopted throughout this Review. The generic form of New Deal for Long-term Unemployed (embracing the common aims and features of the programme) is referred to by that title and abbreviated to NDLTU. Where it is necessary to distinguish the national programme from the pilot programme, the terms national programme (national NDLTU) and pilots (NDLTU pilots) will be used.

The national NDLTU programme

Unemployed people become eligible for national NDLTU if they are aged 25 or above and have been continuously claiming Jobseekers Allowance (JSA) for at least two years. Those who cross the two year threshold are required to join national NDLTU at that time. Jobseekers already unemployed for two years when NDLTU was introduced were required to enter the programme at their next annual Restart interview but could request entry to the programme before that date. Other jobseekers can enter national NDLTU after claiming JSA continuously for 12 months where they have disabilities, they have literacy or numeracy difficulties, if

² *Operational Vision: New Deal for long term unemployed people aged 25 plus*, Employment Services, NDOP2, 1998.

English is their second language, they are an ex-offender or if for some other reason they are judged by ES to be at a severe disadvantage in their search for work.

Long-term unemployed adults entering national NDLTU first enter an Advisory Interview Process. This stage of the programme is intended to allow participants to work with New Deal Personal Advisors (NDPAs) to improve their employability, enhance their job search and find unsubsidised jobs if possible. The Advisory Interview Process is designed to operate for up to six months and involves a series of interviews with NDPAs (on average around 7 intensive interviews). At the initial interview clients are expected to agree an Action Plan (relating to job search, skill acquisition, training needs and so forth) against which future progress can be measured. Attendance at Advisory Interview Process interviews is mandatory. Failure to attend interviews or to maintain active job search as required by JSA rules may lead to loss of benefits.

Participants who do not find employment during the Advisory Interview Process may opt to enter one of a number of alternatives. These are:

- a period of subsidised employment for six months;
- Education and training opportunities lasting up to 12 months while remaining on JSA;
- transfer to other ES provision, such as Work-Based Learning for Adults and Training for Work;
- a return to normal jobseeker activity on JSA. Such participants would be expected to re-enter NDLTU at their next full-year Restart interview.

Follow-Through is available in the form of additional interviews for those who leave national NDLTU and return to JSA within 13 weeks or who complete or leave subsidised employment or education/training opportunities or other provision.

The NDLTU pilots

The pilots share the same broad aims as the national programme but are intended to test the effect of modifying aspects of the national programme. In particular, the NDLTU pilots test:

- variations in eligibility criteria, with 'normal' entry to the pilots being at 12 months or 18 months of JSA claims. Several pilot areas allow early entry even before 12/18 months where the unemployed adult is deemed to be severely disadvantaged in the jobs market;
- innovative approaches to enhancing the employability of long-term unemployed adults. Such innovations may take the form of new types of provision for NDLTU pilot clients, additional payments to clients while on NDLTU pilots or variations in subsidy payments to employers.

NDLTU pilots were required to be delivered within a common framework. The common framework consists of three main elements:

- a Gateway period of between 6-17 weeks (generally 13 weeks) to identify barriers to work and help job ready participants into employment;
- Mandatory referral to an Intensive Activity Period (IAP) at the end of the Gateway. IAP is a programme of full-time activities lasting for a further 13 weeks (or until the participant leaves the NDLTU pilot). IAP offers opportunities for short periods of work experience with an employer or a community or environmental project, help towards self-employment and help with job search and supervised job search activity;
- Follow-Through in the form of continuing support for those leaving IAP (including those leaving a NDLTU pilot for an unsubsidised job and those returning to normal jobseeker activity on JSA).

The mandatory nature of participation in all stages of NDLTU pilots is one crucial difference between the pilots and the national programme. Beyond the common framework, NDLTU pilots have been encouraged to develop new and innovative approaches to helping long-term unemployed people to enhance their employability as appropriate, taking into account local needs and circumstances.

1.3 The delivery of NDLTU

Delivery of national NDLTU is solely the responsibility of the Employment Service and there is no requirement for delivery partnerships as with some other New Deal programmes (notably New Deal for Young People). The national NDLTU is thus delivered in a manner akin to other mainstream ES programmes. In contrast, NDLTU pilots must be delivered through partnerships and, in general, existing partnership arrangements for NDYP have been utilised³.

New Deal programmes are delivered through Units of Delivery (UoD) of which there are 144 across the whole of Great Britain. In all UoD the national NDLTU and other New Deal programmes are delivered side by side. In the 28 NDLTU pilot areas both forms of NDLTU provision (national and pilot) are available. Case studies of delivery of NDLTU have observed that the operation of national NDLTU alongside NDYP and, in the pilot areas, the pilot programme had served to highlight differences in provision⁴. Many ES staff appeared to regard provision under the national NDLTU

³ Tavistock Institute, *Case Study Evaluation of New Deal for the Long Term Unemployed. National Provision for those aged 25 and over: A Review of Progress in Five Units of Delivery*, Employment Service, ESR31, November 1999.

⁴ Tavistock Institute, ESR31, *Ibid.*

as less than satisfactory for meeting the needs of the older age group of clients. The more comprehensive range of support and advisory services available and the requirement for continued participation in both NDYP and NDLTU pilots was commonly regarded as better suited to the needs of long-term unemployed jobseekers. Probably as the result of these perceptions, the national NDLTU programme had largely (but not completely) been subsumed into the pilot programme by UoD in most pilot areas (although jobseekers who meet the two-year eligibility criterion can still enter the national programme if they wish).

Further overlap between New Deal provision was evident in respect of New Deal Personal Advisors who often dealt with both client groups. This resulted in large caseloads for NDPAs and pressure on their time and expertise. There is some evidence that where NDPAs specialised in just one client group they made better use of existing provision⁵. Concerns have also been expressed about the quality of NDLTU training for NDPAs which, some have argued, has not placed enough emphasis on promoting the 'spirit of New Deal' and marketing the benefits of the NDLTU programme to clients, employers and others in the wider community.

1.4 Aim of the Review

The aim of this Review is to collate, synthesise and assess the emerging findings of the NDLTU 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. This broad perspective adds value to the evaluation process in a number of ways, including identifying aspects of NDLTU on which there is a consensus as well as those aspects where there is contradictory evidence.

However, the Review's broad perspective inevitably does something of a disservice to the research it attempts to summarise. While the Review seeks to make the findings and early conclusions of the evaluation of NDLTU readily accessible, it is not intended to substitute for the original research material upon which it draws. Those who wish more detail of the evaluation findings are referred to the source reports listed in Annex 2.

Objectives of the Review

The Review has several objectives. These are:

- to make the results of the NDLTU evaluation readily accessible,

⁵ Legard R., Molloy D., Ritchie J. and T. Saunders, *New Deal for Long-term Unemployed People: Qualitative Work with Individuals, Stage 1*, ESR38, Employment Service, January 2000.
Tavistock Institute, ESR31, *Op cit*.

- to 'map' the availability of information on key issues (such as employability, quality, etc),
- to identify key trends and issues emerging from the evaluation evidence,
- to identify aspects of the New Deal programmes that require refinement or improvement,
- to assess the extent to which evidence from the evaluation has fed into New Deal policies to date,
- to identify the emerging evidence of impacts on individuals, employers, the Employment service and partners,
- to report on the progress of the macroeconomic assessment of the impact of New Deal.

The main task of the review has been to collate and assess the results of the evaluation programme. The programme of monitoring and evaluation of NDLTU is still at a very early stage and significant elements of the research have yet to be fully undertaken, let alone published. This report deals with the evidence available up to the end of November 1999. This evidence is mainly drawn from the Department for Education and Employment's monthly Statistical First Releases and from evaluation results published in Employment Service Research Reports. Further information has been taken from internal ES analysis of NDLTU and some additional information from the New Deal Evaluation Database has been produced on request. Key ES programme managers were consulted to identify operational responses to early monitoring and evaluation results.

2. The evaluation process and sources of information

2.1 Introduction

Monitoring and evaluation of NDLTU has been built into the programme design from the start. The national NDLTU evaluation strategy shares many of the aims and features of the evaluation programme for New Deal for Young People set out in *'New Deal: Objectives, Monitoring and Evaluation'* (Employment Service, 1997). A further statement relating specifically to the evaluation of NDLTU pilots is to be found in *'Design of New Deal Pilots'* (Department for Education and Employment, 1998). The latter statement not only reiterates the main features of the evaluation programme but also sets out the novel features of the evaluation relating to the pilot programme, in particular the use of the technique of random assignment to the programme.

This Review draws on monitoring information up to November 1999 (including, where appropriate, revisions to such data made in early 2000) and published evaluation reports to February 2000. 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 NDLTU 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 NDLTU?
- what is the impact on total unemployment?
- what is the net impact on Exchequer costs?
- what are the wider consequences of NDLTU on social exclusion and other social issues?

In common with other New Deal programmes, a comprehensive programme of evaluation is being undertaken designed to address these questions. This evaluation programme consists of a number of elements. The national NDLTU will be evaluated by means of evidence derived from:

- the New Deal Evaluation Database;
- qualitative research with individuals;
- quantitative research with individuals;
- quantitative research with employers;
- case studies in delivery of NDLTU;
- macroeconomic modelling.

Many elements of the evaluation programme cover both the national programme and the pilot programme. However, the evaluation of the NDLTU pilots affords a number of additional opportunities to assess the impact of interventions aimed at long-term unemployed adults. These include:

- further case studies of NDLTU pilot delivery
- opportunities to assess the effect of different eligibility criteria, forms of support for individuals, levels and form of subsidy to employers and other operational variation;
- assessment of impact by means of:
 - comparison of participants in the 28 NDLTU pilot areas with individuals in comparison areas who would have been eligible for an NDLTU pilot had it operated in the area,
 - random assignment of individuals to NDLTU pilots in two areas.

As part of the evaluation programme, DfEE and ES carry out their own monitoring and evaluation activities. These activities are focussed on the operation and delivery of the NDLTU programmes and on the setting and measurement of performance measures.

2.3 The New Deal Evaluation Database

The New Deal Evaluation Database (NDED) provides a key element in 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 has the potential to provide a wealth of monitoring information about the volumes of people entering, leaving and currently participating on each stage of New Deal, the characteristics of participants, immediate outcomes and information about the New Deal process itself. NDED already provides monitoring information relating to NDYP. Comparable, but less comprehensive information about national NDLTU is published on a monthly basis in the form of a DfEE Statistical First Release (jointly covering NDYP and NDLTU). Some types of analysis published in respect of NDYP (such as cohort analysis and time spent on different stages of New Deal) are not currently available for NDLTU.

Although the management information system for the NDLTU pilot programme (referred to as PIPES) collects monitoring information, this information has not, to date been published as the true test of

the effectiveness of pilots should come from the evaluation programme and, in particular, the comparisons with control groups. The data will be published in the near future, but has not been available for this review.

The NDED has some general limitations. It can only provide data on immediate outcomes (although it can identify individuals who return to benefits after a period on NDLTU). As with other programmes, the database suffers from a large proportion of 'unknown destinations'. 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.

Despite the limitations of the NDED, it remains a powerful tool for monitoring the operation and outcomes of NDLTU. Moreover, it has the virtue of providing information quickly and provides an essential stopgap while waiting for the results of the evaluation programme. The NDED also provides a vital part of the evaluation process by providing sampling frames for quantitative surveys of individual New Deal participants and employers offering subsidised employment. 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 NDLTU to date

The pattern of evaluation activity inevitably reflects the pattern of implementation of NDLTU, the time scales required by different research methods and the resources available for evaluation work. NDLTU was introduced some six months after NDYP was introduced in pathfinder areas (and in the case of the NDLTU pilots not until some 11 months after NDYP). The NDLTU design also envisages that the Advisory stage of the programme will take longer than the comparable NDYP Gateway and consequently NDLTU clients can be expected to progress more slowly through the programme, delaying the evaluation of later stages of the programme and an assessment of impact and outcomes.

The evaluation of national NDLTU has been developed in parallel with the evaluation programme for NDYP. This has a number of advantages. First, it provides comparability with NDYP evaluation results. Second, it enables lessons from the early evaluation of NDYP to inform the process of evaluating NDLTU. A number of cost savings have also been achieved. The extension of the NDLTU evaluation programme to include the NDLTU pilots has significantly increased the amount and range of research being undertaken. Some elements of the national NDLTU evaluation have been extended to cover both the national programme and

pilots (qualitative research with participants, case studies of delivery and quantitative research with employers). In addition, the evaluation programme has been expanded to incorporate a set of case studies of delivery and impact in eight pilot areas, an additional quantitative survey of individuals in pilot and comparison areas and analysis of the random assignment pilots using data from NDED and JUVOS.

The largest most immediately available body of information relating to NDLTU is found in the New Deal Evaluation Database (see Section 2.3 above). Other types of evaluation evidence take longer to produce or have been deliberately timed for later in the life of the programme. By the end of 1999, the main evaluation evidence relating to NDLTU had been derived from qualitative research. Such research can be conducted more quickly than large quantitative surveys and can provide detailed information on processes. So far, three sets of qualitative evidence relating to NDLTU have been published.

The first qualitative report relates to the organisation and delivery of NDLTU in five case study Units of Delivery⁶. These Units of Delivery include some providing only national NDLTU and others providing both the national programme and a NDLTU pilot. Qualitative research with individuals who have participated in NDLTU has also been undertaken and reported⁷. Interviews were conducted with NDLTU participants in both pilot and national programme areas in May and June 1999. This research forms the first part of a continuing study of NDLTU participants and provides information about the views and early experiences of participants (both those on the programme and those who have left). Finally, case study research has been carried out in eight of the 28 NDLTU pilots during October and November 1999⁸. These case studies map the provisions made in the eight pilots and seek to identify some of the consequences of the variation in provision that is the hallmark of the NDLTU pilots.

⁶ Tavistock Institute, *Case Study Evaluation of New Deal for the Long Term Unemployed. National Provision for those aged 25 and over: A Review of Progress in Five Units of Delivery*, Employment Service, ESR31, November 1999.

⁷ Legard R., Molloy D., Ritchie J. and T. Saunders, *New Deal for Long-term Unemployed People: Qualitative Work with Individuals, Stage One*, ESR38, Employment Service, January 2000.

⁸ Atkinson J., Barry J., Blandon J., Dewson S. and K. Walsh, *New Deal for Long Term Unemployed People: Case Studies to Evaluate the pilots*, ESR43, Employment Service, March 2000.

2.5 Evaluation still to be carried out

Further qualitative research relating to individuals remains to be carried out. In March 2000 a second wave of interviews will be conducted, around half of which will be with participants interviewed in 1999, thus providing a longitudinal dimension to the research. These interviews will, again, cover both national NDLTU and pilot areas. The results of the second wave of qualitative research are expected to be available in late Summer 2000.

Two large-scale quantitative surveys of individuals will provide evidence about participants. The first such survey covered around 2,500 participants in the national programme and was conducted in late 1999 and is due to report in Summer 2000. A second quantitative survey looks at participants in pilot areas and individuals in comparison areas. This survey consists of two rounds of interviews. The first was conducted in late-1999 (around four months after individuals entered, or would have entered, the NDLTU pilot) while the second round of interviews will be carried out in late-2000 (around 15 months after entry to the NDLTU pilot). The first round interviews covered around 1,600 individuals (1,000 in pilot areas and 600 in comparison areas). Results from the first round interviews are expected in early 2000 while results from the second round are expected to be available at the end of 2000.

As regards employers, a single large survey has been carried out focused on employers who received a wage subsidy under the national NDLTU. This survey was carried out in parallel with a comparable NDYP survey of participating employers and the timing was dictated by this practical requirement (late 1999). Nonetheless, it is intended that the survey addresses some of the medium term questions of impact (such as retention) as the survey was undertaken at a time when employers had had the opportunity to recruit NDLTU clients to a subsidised job and for some of those subsidised placements to have been completed. The results of the employer survey will become available in Summer 2000.

In addition to the survey based and qualitative research, the evaluation programme also embraces assessments of impact in the random assignment areas and at the macroeconomic level. Internal ES analysis of NDED and JUVOS data is being undertaken looking at quarterly cohorts of those who started on a NDLTU pilot and those who did not. The impact of NDLTU on the labour market and on the macroeconomy is being explored using 'difference in differences' techniques on data from the Labour Force Survey and JUVOS. The first findings from the macroeconomic assessment are expected later in 2000.

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 all of the

data has been collected, many of the questions will not be answered without further analysis. A period of analysis and digestion of the rich data collected since the start of NDLTU 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'.

3. Clients of New Deal for the Long-term Unemployed

3.1 Introduction

The New Deal for Long-term Unemployed is aimed at adults who have been unemployed for long spells. The target group for national NDLTU is quite specific. It is people aged over 25 who have been continuously claiming JSA for two years or more. In the case of some NDLTU pilots, the client group is defined differently in order to test the effect of entry to the programme at 18 months or 12 months of JSA claims.

Despite the difference in the eligibility rules for national and pilot programmes, the underlying aim of both is to help adults who have experienced longer terms of unemployment to gain and retain employment. NDLTU seeks to enhance the employability of individual clients by providing appropriate support tailored to individual needs. This being so, the question then arises as to who are the clients of NDLTU and what are their needs likely to be? This section examines some of the main characteristics of the client population at which the NDLTU programme is aimed.

Unless otherwise stated, the discussion below relates to the clients of the national NDLTU programme (who are also eligible for NDLTU pilots). Those clients who enter a NDLTU pilot at 12 or 18 months are considered separately.

3.2 Characteristics associated with long-term unemployment

There has been a considerable amount of previous research looking at the characteristics of people at risk of experiencing long-term unemployment. This research provides a picture of the client group from which NDLTU draws. Before examining the direct evidence relating to NDLTU, it is useful to review the broad body of knowledge concerning the characteristics of the long-term unemployed. A summary of such research can be found in Hasluck et al (1997)⁹.

The evidence of previous research points strongly to the experience of unemployment by men and women being different. The possible reasons for this include the segregation of work on gender lines, the different social roles and expectations of men and women as well as the greatly different effects of sectoral change upon job prospects. Females also tend to have more exit routes out of unemployment (part-time work and non-participation as well as training and employment).

⁹ Hasluck C., Elias P., Green A. E. and J. Pitcher, *Identifying People at risk of long-term unemployment: A literature review*, Employment Service Research Report, January 1997.

Long-term unemployment tends to be associated with age (especially amongst males). Older workers have a relatively low risk of becoming unemployed but a high risk of a prolonged spell of unemployment once becoming jobless. Members of ethnic minority groups are more likely than others to be unemployed. However, they are no more likely to experience long-term unemployment than their above average presence in the unemployed stock would suggest. Moreover, it is important to recognise the considerable differences that exist across ethnic minority groups, especially when males and females are considered separately.

Single people are more likely than married (or living as married) people to experience long-term unemployment. The impact of marital status is strongly related to household composition. Men with non-working partners are as likely as single people to experience long unemployment spells. The presence of children in a household increases the probability of being amongst the long-term unemployed, with additional children increasing the effect. Males with large numbers of children and female lone parents are particularly likely to face persistent unemployment.

Unemployed people are at a relative disadvantage in the jobs market if they do not possess the skills that employers require. There is strong evidence to suggest that low literacy and low mathematical ability is associated with long-term unemployment. Similarly, poor or low level qualifications are associated with an increased risk of long-term unemployment. The adverse impact of a lack of qualifications appears, on some evidence, to be increasing over time, perhaps reflecting the decline in the number of unskilled jobs in the labour market.

Socio-economic status and previous occupation are important factors associated with both the risk of becoming unemployed and the risk of experiencing a spell of prolonged unemployment. This is especially the case for men. Such characteristics can be regarded as indicators of the level of demand in the local labour market. It is common to find that the risk of long-term unemployment is increased if a jobseeker was previously employed in a manual job. This is consistent with the evidence that the number of such jobs in the UK economy is declining.

Local concentrations of the long-term unemployed may be explained by the geography and operation of public sector housing policies. Any association between council housing and long-term unemployment is likely to be an indirect one. Public sector housing has been shown to be a strong indicator of social deprivation and disadvantage. The low level of educational attainment and the predominantly manual occupations of council tenants have been advanced as the explanation of this association.

An association between disability and health has been noted in most studies of unemployment duration although the direction of causation is open to question. Homelessness is strongly related to long-term unemployment. This is most likely because of the interdependence between homelessness and other factors such as physical and mental illness, drug and alcohol abuse and other symptoms of social dysfunction.

Some explanations of persistent unemployment rely on the attitudes of individuals who may be described variously as not actively seeking work, benefit dependent or having a lack of commitment to work. The measurement of 'commitment' is difficult but where such measurements have been attempted, the results are fairly consistent. Unemployed people tend to be more committed to work even than people in employment.

3.3 The characteristics of NDLTU clients

On the basis of research into long-term unemployment, it could be expected that NDLTU clients will tend to be males, with poor levels of basic skills and a lack of qualifications, often with a history of working in low skilled manual employment. In extreme cases clients can be expected to have problems of homelessness and substance abuse. In general, the potential client group is likely to be significantly disadvantaged in the labour market. To what extent is this borne out by the evidence relating to NDLTU?

The answer can be obtained from two main sources. First, NDED monitoring information and, second, survey data. The former mainly provides information on a small number of key characteristics such as age, sex, ethnic origin, disability and qualifications. Additional information about prior labour market and employment history, household and social characteristics, attitudes and motivation will only become available as survey evidence emerges. At the time of this Review such information is limited to that derived from small scale qualitative studies of participants and providers. Reliable estimates of client characteristics that can be generalised to the whole NDLTU client group must await the results of future quantitative surveys of individual participants.

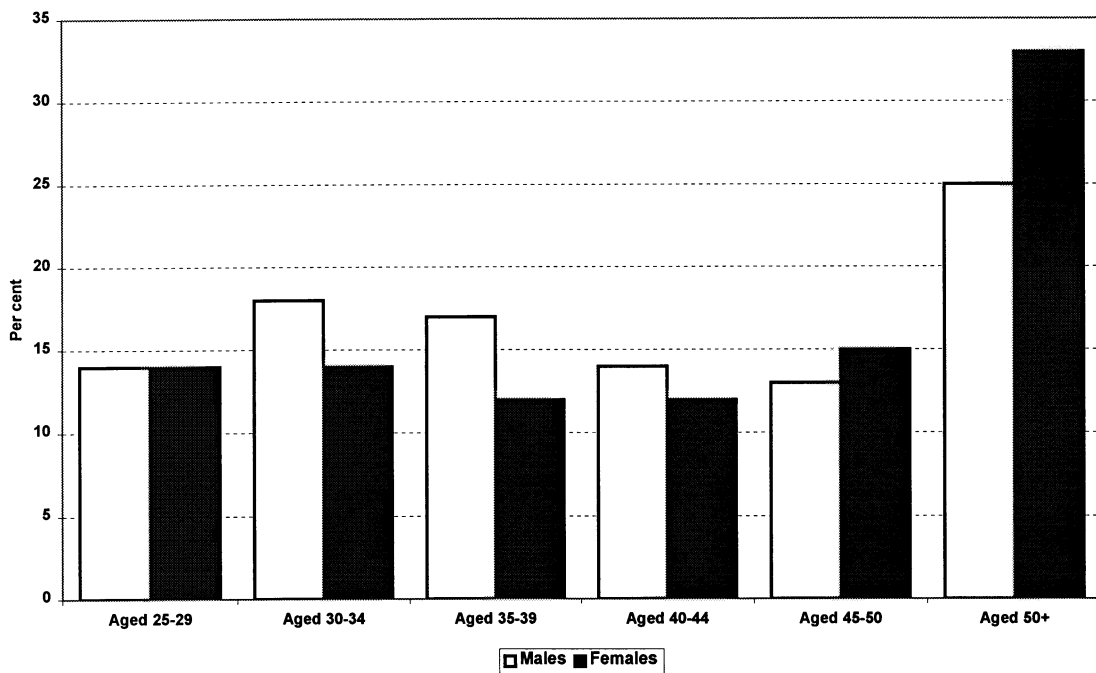
Personal characteristics

Examination of NDED data shows, as expected, that the great majority of those reaching two years of continuous JSA claims and entering national NDLTU were male. By November 1999, almost 210,000 long-term unemployed adult jobseekers had entered the programme and of these, 84 per cent were males. A similar proportion of people participating in national NDLTU in September 1999 were male job seekers.

Apart from the different volume of male and female entrants to NDLTU, there were also differences in the age composition of

males and females. Figure 3.1 describes the age distribution of those participating on the programme in November 1999. Overall, around 14 per cent of participants were aged between 25-29 years at the time of entering NDLTU. Around 18 per cent were aged 30-34, 16 per cent were aged 35-39, 13 per cent were aged 40-44 and a further 13 per cent were aged 45-49. Those age 50 or above accounted for 26 per cent of participants. However, as Figure 3.1 shows, although there is little difference in the proportions of male and female participants aged 25-29, male participants were more likely than female participants to be in their thirties or early forties while female participants were more likely to be in their late forties or over 50 years of age. While a quarter of male NDLTU participants were age 50+, over a third of female NDLTU participants were in this age range. The proportion of entrants aged 50+ has increased slightly over the same period (from around 27 per cent to 29 per cent)¹⁰.

Figure 3.1
Age distribution of participants on NDLTU by gender



NDED monitoring information suggests that the proportion of entrants to NDLTU aged 25-29 has declined slightly since the launch of the programme (falling from over 16 per cent in July 1998 to around 14 per cent in late 1999). This may be due to some long-term unemployed people aged around 23-24 years being 'swept up' by NDYP before they become 25 and eligible for NDLTU.

There have been around 20,000 starts on national NDLTU from

¹⁰ Figures from internal ES analysis.

members of ethnic minority groups. This represents just under 10 per cent of all starts. Around 58 per cent of such entrants had left the programme by November 1999, a figure that is some three percentage points below the average across all participants. Around 84 per cent of NDLTU starts from ethnic minority groups were males. Around 8,600 people from ethnic minority groups were participating on the programme in November 1999. Older entrants to NDLTU were less likely to be from an ethnic minority group. In the first six months of operation, just 3 per cent of entrants aged 50+ were from ethnic minorities whereas the proportion was 7 percent amongst those aged 25-29.

A substantial number of entrants to NDLTU are people with some form of disability: around 41,000 by November 1999¹¹. This group accounts for 19 per cent of total NDLTU starts. This may actually understate the extent of health related problems amongst NDLTU clients as case studies of Units of Delivery concluded that around a quarter of clients on the programme had health problems¹². Although only 19 per cent of people with a disability who started on NDLTU were females, there is a greater incidence of disability amongst female entrants to the programme. Over the life of national NDLTU up to November 1999, around 23 per cent of female entrants had some form of disability. This compares with 19 per cent of male entrants. Around 17,000 people with a disability were participating on the NDLTU programme in November 1999.

Internal ES analysis suggests that around half of all entrants to NDLTU hold no qualifications¹³. Of those with qualifications on entry to the programme, only around a quarter held qualifications at NVQ/SNVQ Level 3 or above (or their equivalent). This picture of a client group with few formal qualifications is supported by indicative information from early qualitative research with individuals¹⁴. This evidence suggests that three quarters of participants interviewed had left continuous full-time education at or before the age of 16 without any qualifications. Just over half of those interviewed had no qualifications at the time they were interviewed. Around two-thirds of those holding a qualification had at least one GCSE or equivalent while a similar proportion held some form of vocational qualification. One feature of NDLTU participants found by the in-depth interviews was that many clients had 'dropped out' of an educational course in the past. Non-

¹¹ People with disabilities are those recorded by ES as having a physical or mental impairment which has a substantial and long-term effect on their ability to carry out normal day to day activities.

¹² Tavistock Institute, *Case Study Evaluation of New Deal for the Long Term Unemployed. National Provision for those aged 25 and over: A Review of Progress in Five Units of Delivery*, ESR31, Employment Service, November 1999.

¹³ Figures relate to June 1999.

¹⁴ Legard R., Molloy D., Ritchie J. and T. Saunders, *New Deal for Long-term Unemployed People: Qualitative Work with Individuals, Stage 1*, ESR38, Employment Service, January 2000.

completion of educational courses occurred for many different reasons but illness was a commonly mentioned reason. Clients interviewed in case studies of NDLTU pilots frequently gave considerable weight to their lack of qualifications, both as the explanation of their unemployment and as a necessary route back to a job¹⁵.

Attitudes and motivation

There is no denying that some NDLTU clients are disinterested in finding employment. However, all of the evidence from New Deal and previous research looking at long-term unemployment points to this being very much a minority attitude. Indeed, for most, there is a strong antipathy to being out of work; although in some cases prolonged unemployment and repeated lack of success in obtaining employment had suppressed motivation.

Early evidence from the qualitative studies of NDLTU participants suggest participants display different levels of motivation¹⁶. Some participants have high motivation. This group are very keen to find work whatever their needs or requirements. Some were not even concerned about the type of work so long as they gained some form of job. Others were identified as having 'latent' motivation. This group had low or suppressed motivation as the result of their experience of long-term unemployment but had the capacity to be re-motivated with support. This group often felt that they faced insurmountable barriers to employment. A third group was the conditionally motivated. They were motivated to obtain work but only one area or type of work. Finally some participants lacked any motivation to find work at the time of entering NDLTU.

The experience of long-term unemployment, with frequent rejection of job applications, had clearly taken its toll on many of the participants who were interviewed. Many were acutely conscious of the low status attached to the unemployed and of the consequences in terms of financial hardship and difficulties in maintaining relationships with the rest of the community. Many felt isolated and cut off, especially from the world of work. The result was often a lack of structure to life and a decrease in self-esteem and self-confidence. Some clients appeared to have become used to a way of life out of work and living on state benefits, while some even found virtues in this situation. Despite this attempt to come to terms with unemployment, repeated rejections and little prospect of employment other than in low wage and poor quality jobs tended to sap motivation and reduce job search.

Many NDLTU participants had previous experience of an ES programme and some had been on more than one. NDLTU participants interviewed in the early case studies had often

¹⁵ Atkinson J., Barry J., Blandon J., Dewson S. and K. Walsh, *New Deal for Long Term Unemployed People: Case Studies to Evaluate the pilots*, ESR43, Employment Service, March 2000.

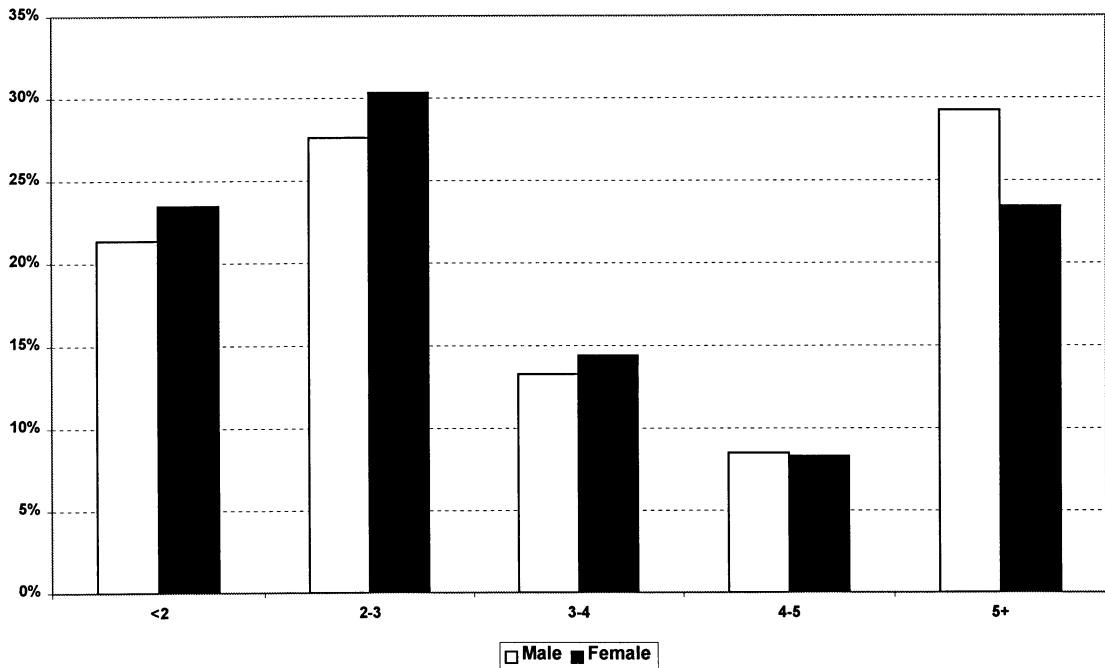
¹⁶ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38, *Op cit*.

attended Jobclubs, while most had experience of some form of training programme such as Youth Training, Employment Training or similar. While experience of other programmes and attitudes towards them was inevitably mixed, in general there was a fairly high level of disaffection with such government programmes. Criticisms related to the lack of any impact on the jobseekers subsequent 'employability' and chance of a job, a perception that such programmes were patronising and the mandatory nature of some programmes which forced jobseekers to attend irrespective of the relevance of the programme to their needs. These views inevitably colour the expectations of and attitudes towards NDLTU. Overcoming such negative preconceptions of NDLTU is a critical issue to be addressed by the programme.

Labour market disadvantage

Clients on the national NDLTU programme have by definition experienced a long period of unemployment before entry, normally in excess of two years (although it may be less in pilots allowing entry at 12 or 18 months). Recent qualitative research with participants found many of those interviewed had experienced spells of unemployment of five years or more before entering the programme¹⁷. Figure 3.2 presents information extracted from the NDED showing the distribution of national NDLTU clients by gender and qualifying spell of JSA claim.

Figure 3.2
Distribution of NDLTU participants by unemployment duration and gender



¹⁷ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR 38, *Op cit.*
 Tavistock Institute, ESR31, *Op cit.*

Figure 3.2 suggests that the national NDLTU client group is somewhat polarised in terms of prior duration of unemployment spell. Almost a third of NDLU participants (28 per cent of males and 30 per cent of females) had been unemployed for 2-3 years prior to entry to the programme while a further 20 per cent had entered NDLTU before their JSA claim had reached two years. Thus over half of all participants had been unemployed for no more than three years prior to entry to the programme. However, almost a third of males (29 per cent) and approaching a quarter of females (23 per cent) had experienced much longer prior spells of unemployment of at least five years or longer. Figure 3.2 also highlights the different distribution of prior unemployment spells for male and female participants. The latter are more likely than males to be amongst the lower unemployment duration categories while males are more likely than females to be in the 'five years or over' category.

The duration of qualifying JSA claim prior to entry to NDLTU is likely to understate the full extent of the experience of unemployment amongst programme participants. Qualitative research with participants not only found that some respondents had been unemployed continuously for long spells prior to entry to the programme but also found that many participants had only a sporadic experience of employment¹⁸. Around a fifth of those interviewed in qualitative research with participants had not worked in a full-time job for the majority of time since leaving school or after having children. In excess of a further third had been in and out of work, with significant periods of unemployment between, over most of their adult life. Some participants reported changes in their experience of work, having stable or regular but short spells of employment early on in their working lives but experiencing increased difficulty in sustaining employment in more recent years. These changes were sometimes associated with accidents at work or ill health or more general reasons associated with age or a decrease in job opportunities.

The labour market operates as a filter. Those participants 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 with those facing the greatest barriers to employment remaining unemployed for longer durations. Thus, to have remained unemployed for at least two years suggests, *prima facie*, that NDLTU participants have faced greater barriers to employment than many other jobseekers. Many of the barriers to employment faced by NDLTU clients are similar to those faced by other unemployed people. However, some barriers are of greater significance to long-term unemployed adults. NDPAs in pilot areas reported that they had underestimated the scale of a lack of basic

¹⁸ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR 38, *Op cit.*

skills amongst clients¹⁹.

Qualitative research with individuals²⁰ and in case studies of delivery²¹ identified the following key barriers facing jobseekers on NDLTU:

- lack of skills
 - *lack of basic skills*
 - *lack of vocational/occupational skills*
 - *lack of job attainment skills*
- outdated skills
- 'over qualified' for jobs
- lack of appropriate training
- lack of work experience
- lack of confidence
- lack of motivation to find work
- transport/travel difficulties
- reservation wage/benefit received
- employer attitudes towards employing older workers
- employer attitudes towards employing the long-term unemployed
- local labour market conditions/lack of suitable jobs

Of these perceived barriers, NDLTU participants themselves frequently identified their lack of contemporary and up to date skills combined with employer discrimination against older people as the most serious barriers preventing their return to work²². This contrasts quite sharply with the perceptions of ES staff and employers who see the main barriers as being the loss of motivation and other attitudinal problems associated with or deriving from a long spell of unemployment²³. In some cases NDPAs see motivation as partly autonomous and shaped by personal characteristics²⁴. Such inconsistent diagnoses provides an opportunity for friction or even conflict between some NDLTU participants and some ES staff seeking to assist them.

While most NDLTU participants faced at least some of the barriers mentioned above, two specific groups of job seekers appeared to face special difficulties. Women in their late forties and fifties who were returning to work after raising a family appeared to face multiple barriers, in particular a lack of up to date skills, a lack of recent work experience and a lack of confidence. A rather different group were older, highly skilled professionals who had

¹⁹ Atkinson J., Barry J., Blanden J., Dewson S. and K. Walsh, ESR43, *Op cit.*

²⁰ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38, *Op cit.*

²¹ Tavistock Institute, ESR31, *Op cit.*

²² Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38 *Ibid.*

²³ Tavistock Institute, ESR31, *Op cit.*

²⁴ Atkinson J., Barry J., Blanden J., Dewson S. and K. Walsh, ESR43, *Op cit.*

stable careers in the past but, because of redundancy or career breaks, were now unemployed. Opportunities for this group were often not available in the local labour market where they were 'over qualified' for the jobs that were available²⁵.

While older long-term unemployed adults are clearly disadvantaged in the jobs market in many respects, such jobseekers do have some advantages and strengths that they can build on. Both ES staff and some employers see older unemployed people as having greater knowledge, skills and experience than younger unemployed jobseekers as well as greater maturity and better personal attributes²⁶. Specific advantages relate to the possession of driving licences, the possession of at least some work experience, higher levels of motivation to find work and a less chaotic lifestyle than many young people (often because of family responsibilities). Employers may be more sympathetic to long-term unemployed adults when such jobseekers are seen as the victims of changing local labour market conditions and the decline of traditional industries. This sympathy may not have been extended so readily to young unemployed people who might be seen to have had greater opportunities than their adult counterparts. Such positive perceptions of adult jobseekers may not be held by all employers and may not be translated into decisions to recruit older jobseekers. One of the objectives of NDLTU is to seek to change employers' attitudes to adult long-term unemployed people.

The picture of NDLTU clients that emerges from the evaluation evidence is that of a group of people, mainly men and mainly older jobseekers, who face significant barriers to employment and who have little experience of stable employment in the past. NDLTU seeks to address these disadvantages and to increase the prospect of NDLTU participants entering a sustained unsubsidised job. In the case of some clients this presents a considerable challenge to the programme and to NDPAs whose task it is to deliver the programmes aims.

²⁵ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38, *Op cit.*

²⁶ Tavistock Institute, ESR31, *Ibid.*

4. NDLTU: participation, progression and destinations

4.1 Introduction

The New Deal for the Long-term Unemployed was introduced nationally at the end of June 1998. NDLTU pilots were introduced in November 1998. By the time of this Review the national programme had been operating for approximately 18 months and almost 21,000 thousand long-term unemployed adults had entered national NDLTU²⁷. This section considers the evidence relating to participation, progression through the programme and the immediate destinations of participants. The section also considers some issues relating to delivery.

It must be acknowledged at the outset that evidence of progression and destinations is somewhat limited at present. As discussed in Section 2, the evidence to date largely consists of NDED monitoring information and the early results of qualitative research. No NDED information is available for the NDLTU pilot programme although qualitative evidence does cover both the national and pilot programme. As the result, where the review requires 'hard information' about participation in the programme, the discussion inevitably is limited to national NDLTU. Where possible, however, evidence relating to the NDLTU pilots is introduced, particularly where this contrasts with findings from the national programme.

4.2 Participation in NDLTU

By November 1999, a total of 210,000 long-term unemployed adults had entered national NDLTU. Of these, 122,000 had subsequently left the programme. This represents a 'turnover' of around 58 per cent of entrants over the first 17 months of operation. As Figure 4.1 shows, the number of participants on national NDLTU has built up continuously to around 87,000 by November 1999. The rate of increase, at first quite rapid, slowed considerably during 1999 and between July 1999 and September the number of participants remained virtually static. In October 1999, however, the number of participants increased over the preceding month and this increase continued into November 1999.

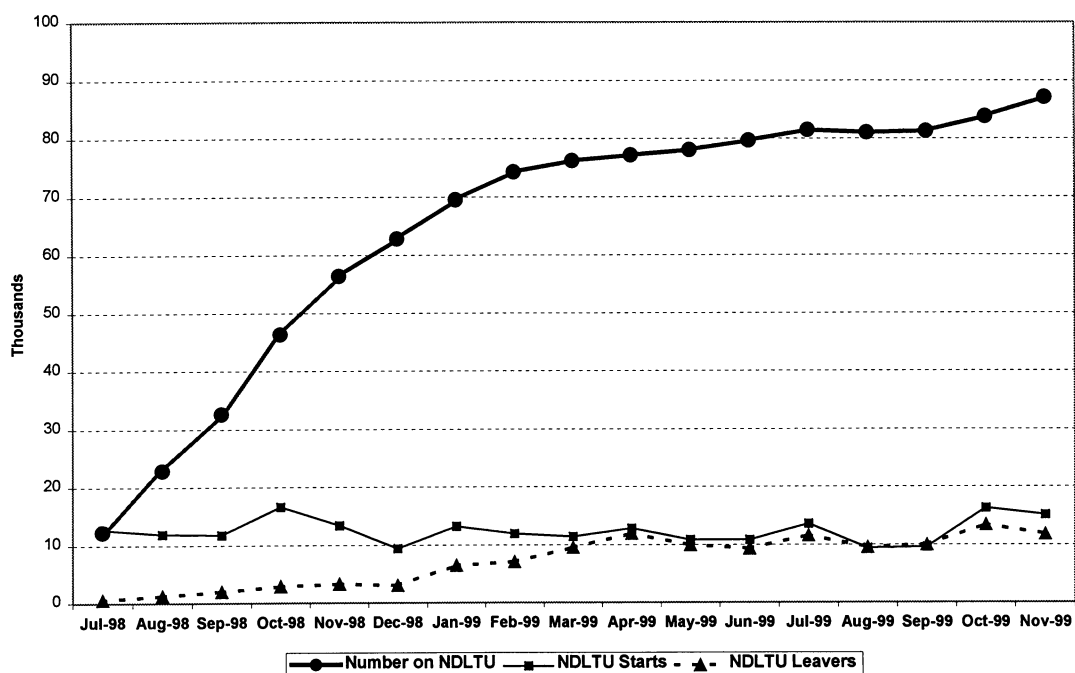
Figure 4.1 also describes the monthly flows of individuals joining and leaving NDLTU as well as the net number of participants on the programme. It can be seen that, after an initial large influx during the Autumn of 1998, the numbers joining the programme settled down to a fairly steady inflow of a little over 10,000 starts

²⁷

Total number of NDLTU starts up to November 1999.

per month throughout the whole of 1999²⁸. In sharp contrast, the number leaving NDLTU each month has steadily increased from virtually nil in July 1998 (as might be expected at the start of the programme) to just under 10,000 per (four week) month since March 1999. The gap between flows out of NDLTU and inflows to NDLTU has closed steadily over the whole period and by July 1999 there was little difference between the numbers joining and leaving the programme, hence the stabilisation of the total number of participants on the programme²⁹.

Figure 4.1
Total numbers entering, participating and leaving national NDLTU



A build up in the numbers participating on NDLTU is to be expected because clients entering the programme remain on the programme for a period of time. Later in the life of the programme, as participants complete their spell on NDLTU and leave the programme, the growth in the number of participants will slow down and even cease. The total number of participants will build up towards a number equal to the monthly inflow multiplied by the mean number of months spent on the programme, building up from the launch in June 1998 towards that number.

²⁸ The size of the monthly inflow depends on the number of weeks in a month. Some monthly figures (such as April 1999 or July 1999) cover five weeks and hence the monthly inflow is higher in such months. Much of the monthly variation in NDLTU starts is attributable to differences in the number of weeks in each monthly account.

²⁹ It is important to note that the most recent NDED data will tend to overstate the number of people leaving NDLTU. This is because some leavers reclaim JSA within 13 weeks of leaving NDLTU. Where this happens, the individual is retrospectively removed from the leavers data.

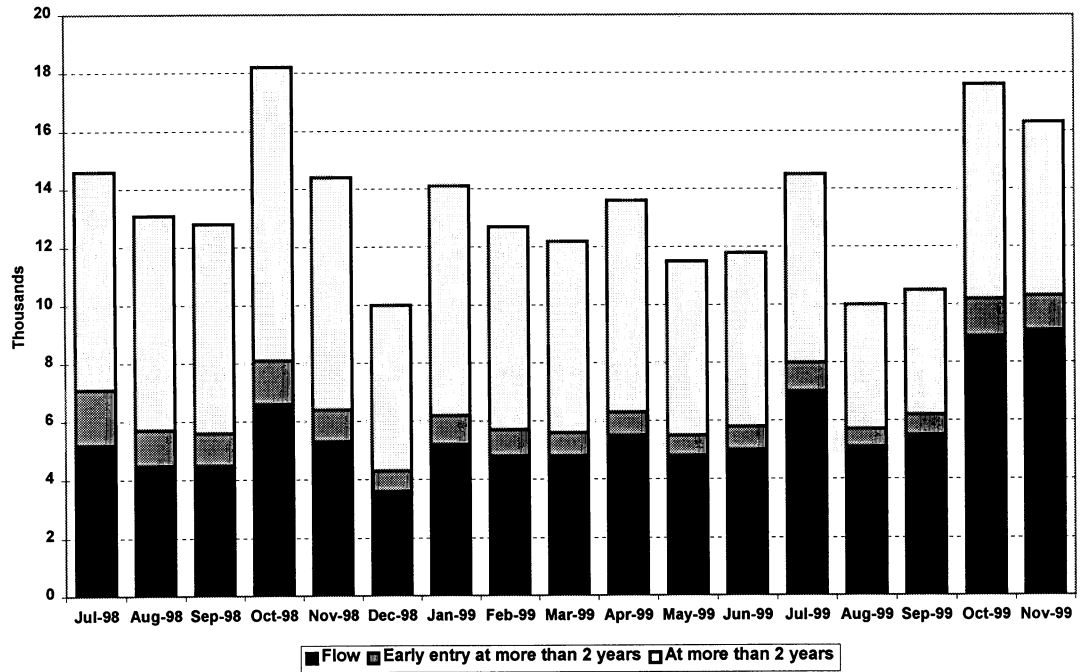
A further complicating factor is that NDLTU draws on both a flow of newly eligible JSA claimants as well as a stock of claimants already eligible (because they had already been unemployed for more than two years). If all NDLTU participants left unemployment after participating in the programme the stock of already eligible clients would eventually be eliminated. Entry to the programme would then consist only of newly eligible clients whose JSA claim had crossed the two year threshold. However, in the case of NDLTU, participants can and do leave the programme to resume jobseeking on JSA. Moreover, such long-term unemployed jobseekers can return to NDLTU at a later time. Consequently, the stock of eligible long-term unemployed will never be eliminated. Nevertheless, in the early months of operation the programme would be expected to deal with a larger than normal number of entrants from the stock. After a period of time – depending on the size of the stock and the speed with which it entered the programme – the number of people entering the programme would be expected to decrease somewhat. In fact the number of people entering the national NDLTU programme peaked in October 1998 and has slowly declined throughout most of 1999 (see Figure 4.1 above).

Figure 4.2 describes the pattern of entry onto NDLTU according to broad eligibility group. The flow is taken to consist of those entering at, or before, two years unemployment duration. The stock is somewhat more complex. Figure 4.2 treats those who enter NDLTU at their third or subsequent Restart interview as 'stock'. Those who enter NDLTU after 2 years but before their third annual Restart interview are shown as a separate category. Much of this category were clients who entered NDLTU shortly after their second Restart interview and are, in effect, part of the 'flow'. However, some in this category entered NDLTU after much longer unemployment durations (albeit, before their next Restart interview) and should properly be counted as stock. The 'true' dividing line between entrants from the flow and the stock lies somewhere within this category.

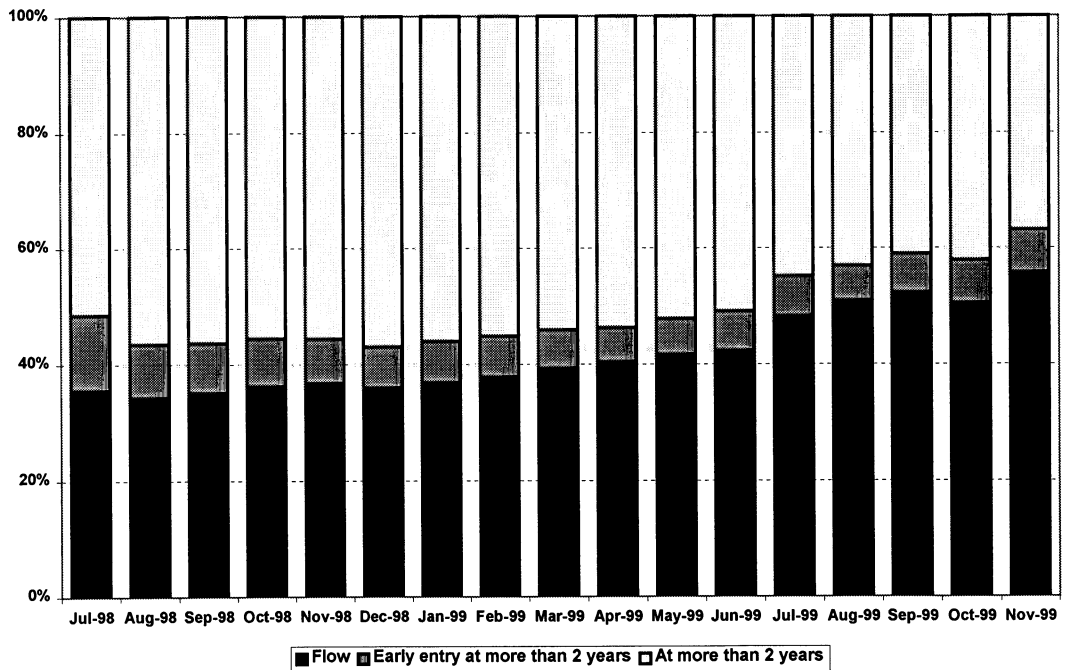
Figure 4.2 indicates that the majority of entrants to NDLTU between July 1998 and June 1999 were drawn from the stock of those already over 2 years unemployment duration. Only from July 1999 onwards (some 12 months after the launch of the programme) does the 'flow' proportion begin to increase significantly, increasing from around 50 per cent of entrants in June 1999 to over 60 per cent by November 1999. Insofar as NDLTU is successful in moving stock clients out of unemployment and off JSA, then the proportion of flow entrants can be expected to increase still further. However, for the reasons set out earlier, NDLTU will continue to draw on people who have very long durations of JSA claims.

Figure 4.2
Proportion of entrants to NDLTU by broad eligibility category

4.2a) Number of entrants



4.2b) Proportion of entrants



4.3 Progression within NDLTU

The generic New Deal 'model' is designed to provide participants with individually targeted support of differing types with a continual re-focussing of this support as barriers to employment are identified. During this process, the participant is expected to continually test their 'employability' by means of job search activity. The ultimate goal of the intervention is to place the participant into a sustained unsubsidised job. The role of the various elements of New Deal programmes can all be justified in these terms; an initial advisory period for diagnosis and support followed by specific opportunities designed to improve work experience, gain skills, qualifications and basic skills through subsidised employment, education and training opportunities or other ES provision. Follow-Through is simply an extension of this process intended to deal with matters left unresolved by earlier elements of New Deal.

While the description above is a fair representation of New Deal for Young People and the NDLTU pilots that have clearly borrowed much of their design from NDYP, it is a less accurate picture of national NDLTU. In both NDYP and the NDLTU pilots participation is mandatory throughout, participation in national NDLTU is mandatory only in respect of the initial advisory stage (called the Advisory Interview Process). Thus, as is discussed below, the great majority of national NDLTU clients leave the programme from the Advisory Interview Process and many of these merely return to normal jobseeker activity on JSA.

Figure 4.3 describes the distribution of national NDLTU participants across the various stages of the programme at two-monthly intervals up to November 1999. The figure highlights the fact that the great majority of national NDLTU participants remain in the Advisory Interview Process. In November 1999, around 83 per cent of participants (72,000) were at this stage of the programme. To put this in perspective, the comparable figure on NDYP Gateway 17 months after national 'roll out' (July 1999) was just under 52 per cent. The difference between NDYP and national NDLTU is partly the result of the greater length of the Advisory Interview Process on the latter and the fact that national NDLTU clients often do not proceed beyond the Advisory Interview Process (see below). The difference also reinforces the view that NDLTU is aimed at a particularly disadvantaged client group who face greater difficulty in moving to a position from which they can take up subsidised employment or education and training opportunities.

The extent to which national NDLTU clients leave the programme at the end of the Advisory Interview Process rather than continue into a specific NDLTU opportunity (a subsidised job or an Education and Training Opportunity (ETO)) is evident from Figure 4.4. The figure shows that although the number of exits from the Advisory Interview Process has been growing over time, the number of people moving from the Advisory Interview Process to subsidised employment, ETOs or leaving to other mainstream ES

programmes (such as Work Based Learning for Adults) has remained fairly constant. The proportion of people participating in the Advisory Interview Process who subsequently continue on NDLTU has thus fallen from an average of 30 per cent during the latter half of 1998, to just 15 per cent in the period April to September 1999.

Figure 4.3
Proportion of NDLTU participants by programme stage,
November 1998 to September 1999

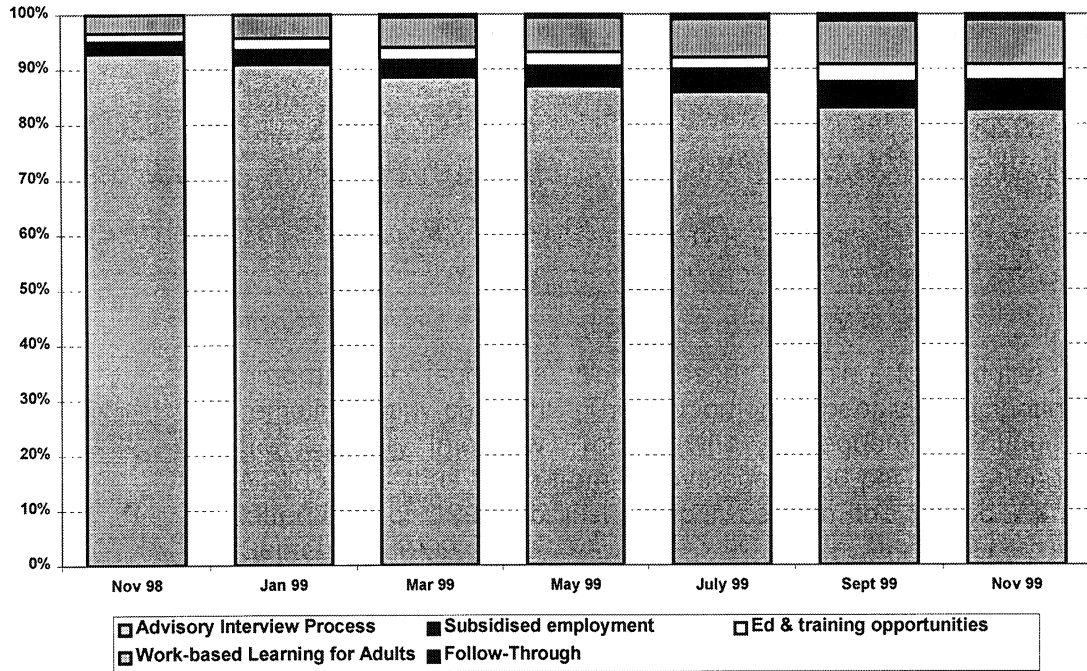
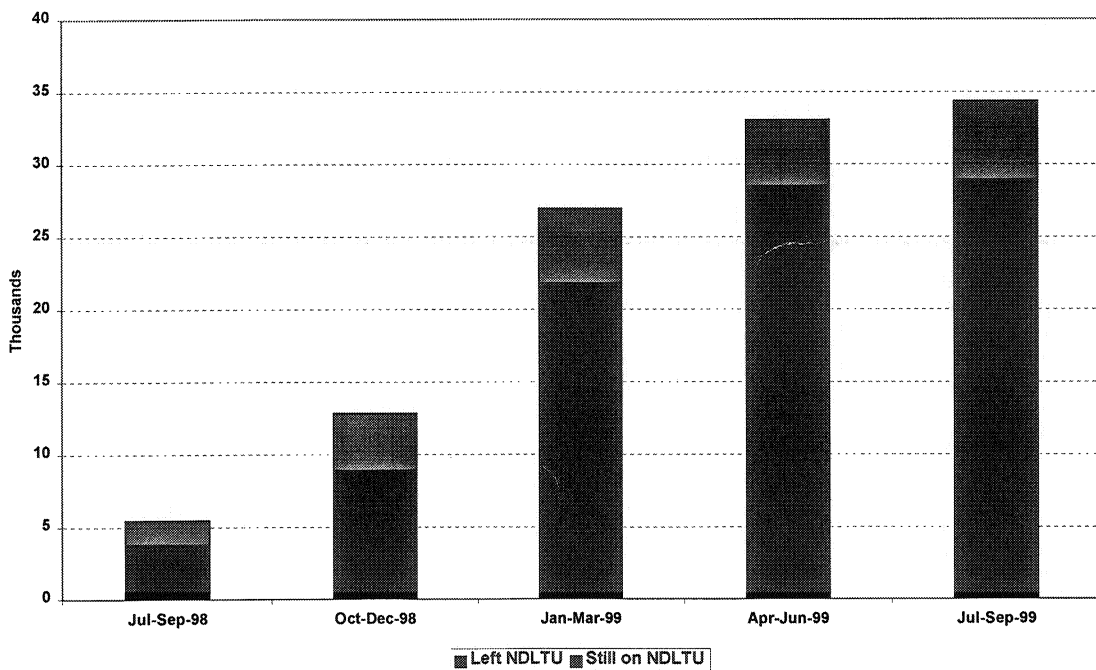
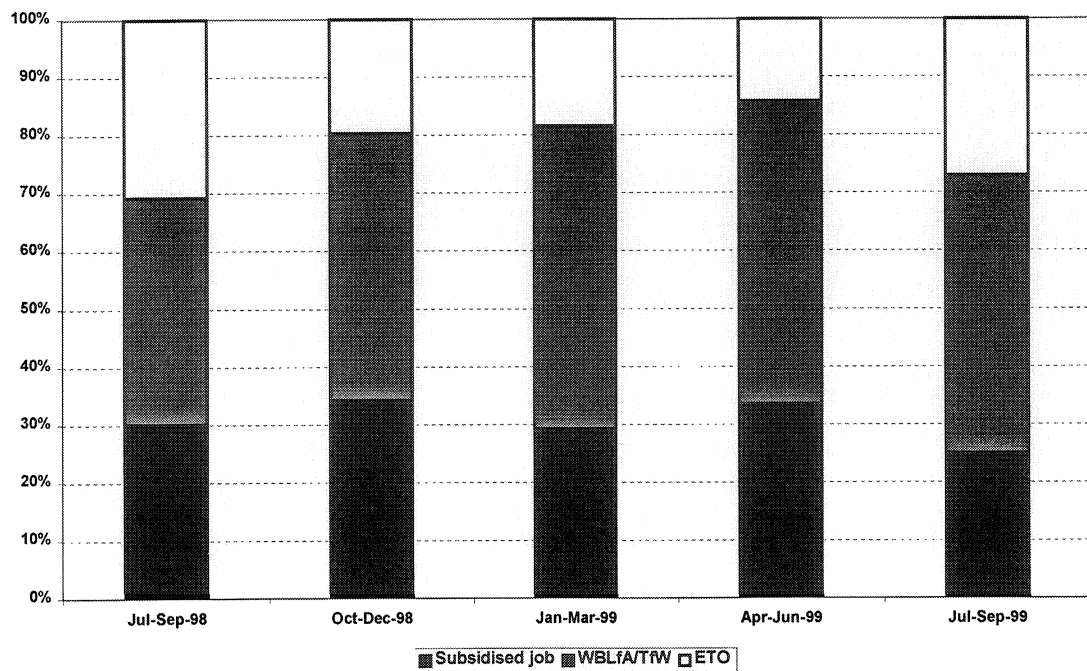


Figure 4.4
Exits from the Advisory Interview Process by broad destination



The number of NDLTU participants remaining on the programme after the Advisory Interview Process is small. In November 1999, while over 87,000 long-term unemployed adults were participating in NDLTU, only around 4,600 (5 per cent) were in subsidised employment while only 2,500 (3 per cent) were in an Education and Training Opportunity. The largest category outside of the Advisory Interview Process was Work Based Learning for Adults (WBLA) which accounted for 7,000 (8 per cent) of participants in November 1999. The balance between the two NDLTU 'options' and WBLA has remained fairly constant over the life of the programme. This can be seen from Figure 4.5. Finally, just 1,000 (1 per cent) had entered Follow-Through by November 1999 due to the high drop-out at the end of the Advisory Interview Process and the length of time needed to go through the whole NDLTU process.

Figure 4.5
Distribution of participants across post Advisory Interview Process activities



4.4 Key stages in NDLTU

The New Deal for Long-term Unemployed is currently operating in two forms: the national programme and the pilot programme. Both share the same aims and objectives but the manner in which they operate is slightly different. For this reason it is necessary to consider separately the key stages of each. There is, of course, much that is common between these twin programmes and the differences between the two should not be over emphasised. Nonetheless, since the purpose of the pilot programme is to test out different operational versions of NDLTU it is important to

examine any evidence of differences across the programmes.

Both the national programme and the pilot programme can be regarded as consisting of three key stages. First there is some form of advisory period. This is the Advisory Interview Process on national NDLTU and the Gateway in the case of the pilots. The second stage in the national programme offers two specific NDLTU Opportunities (subsidised Employment and full-time Education and Training) on a voluntary basis. The second stage on the pilots – the Intensive Activity Period – is mandatory and involves a range of activities for clients including the Opportunities mentioned above. For the purposes of this Review the initial advisory period on both programmes and the IAP will be considered together while the two Opportunities will be considered separately as they are specific aspects of the NDLTU design. Finally, both programmes provide a Follow-Through stage. The evidence relating to each of these stages is reviewed below.

Stage 1: Advice, support and preparation

The first stage of national NDLTU and the pilots is designed to move job ready clients to unsubsidised jobs and to identify activities which will overcome barriers to employment for those not job ready at that time. The initial stages of the national programme and the pilots are considered below. As both programmes embody the fundamental design concept of a one-to-one relationship with a New Deal Personal Advisor (NDPA) this is considered as a separate sub-section in order to avoid repetition.

National NDLTU: The Advisory Interview Process

The Advisory Interview Process is the first and only mandatory element of the national NDLTU programme. For many participants, it is their only experience of NDLTU since more than 80 per cent leave the programme from the Advisory Interview Process. The Advisory Interview Process is intended to take up to 26 weeks.

On entering the Advisory Interview Process, jobseekers have an initial interview with their New Deal Personal Advisor (NDPA) followed by a series of further intensive interviews (on average around 7 in total). The initial interview is intended to:

- explain how NDLTU works;
- to help jobseekers to identify their existing skills and abilities;
- to identify any obstacles to employment;
- to consider the means available to remove any obstacles to employment from job search support, from existing ES provision or from NDLTU Opportunities;
- to agree an Action Plan with the jobseeker³⁰.

³⁰

Operational Vision New Deal for long-term unemployed people aged 25 plus, Employment Service, NDOP2, 1998 p10.

Interviews subsequent to the initial interview are intended as opportunities to review progress against the Action Plan and to consider the need for additional support for the jobseeker.

NDLTU Pilots: Gateway and Intensive Activity Period

The common framework for the NDLTU pilots requires an initial Gateway period lasting around 13 weeks (intended to identify barriers to employment and help job ready people into work) followed by an Intensive Activity Period (IAP) of a similar duration. One significant difference between the pilot and the national programmes is that some pilot areas allow entry to the programme after 18 months of JSA claims and others after 12 months (rather than after 24 months on the national programme)³¹.

The Gateway period on NDLTU pilots is intended to fulfil the same role as the Advisory Interview Process on the national programme. It shares the same commitment to providing tailored advice on a one-to-one basis by means of a NDPA. In many respects the activities on Gateway are very similar to those on the Advisory Interview stage of the national programme. However, Gateway is different in two important respects. First, it is intended to intensify and speed up the process of advising and diagnosing client needs. Second, Gateway is just the first part of a three-stage process whereas the Advisory Interview is the main element of the national programme. An important function of Gateway is, therefore, to prepare clients on NDLTU pilots to go on to the Intensive Activity Period and possibly subsidised employment, education and training or other provision.

Evidence from case studies of pilots suggests that job search activities form the major part of the Gateway period. This is consistent with the aim of moving job-ready clients into jobs as soon as possible and leaving those not immediately job-ready to enter the Intensive Activity Period. However, there was fairly widespread concern that such an emphasis meant that resources were concentrated on the job-ready to detriment of 'harder-to-help' clients³².

Qualitative evidence from participants in NDLTU pilot areas indicates that contact with NDPAs was more frequent and often more intense than in national NDLTU. Referral to Gateway activities was, however, rather variable and appeared to reflect availability of programmes/courses to a greater extent than client need. NDLTU pilots are able to vary the content of Gateway provision provided that the obligations under the common pilot programme framework are met. A feature of the Gateway in one pilot area was the replacement of one-to-one NDPA interviews with a weekly group job search. This model of Gateway was seen

³¹ *Design of New Deal Pilots*, NDD3, Department for Employment, 1998.

³² Atkinson J., Barry J., Blandon J., Dewson S. and K. Walsh, *New Deal for Long Term Unemployed People: Case Studies to Evaluate the pilots*, ESR43, Employment Service, March 2000.

by all concerned as less effective at meeting participants needs³³.

The greatest difference between national NDLTU and the pilots in relation to the initial stage of the programme is that participants in pilot areas are obliged to enter a 13 week Intensive Activity Period (IAP) after the Gateway. A range of activities have been provided as part of IAP including job seeking activities, careers and occupational guidance, personal development courses, training in basic skills, workplace skills or specific occupational training and periods of work experience. Irrespective of the activity, participants continue to receive JSA plus a top up of £200 over the 13 week period. In addition to these activities, clients may enter one of the Opportunities whilst on the IAP (these are discussed later).

Work experience placements from IAP have generally been regarded as a success with permanent jobs resulting in some instances. Placements in environmental and voluntary sector organisations also form part of IAP. Case studies in pilot areas raised concerns that the most 'employable' were placed with employers while those with the greatest barriers to employment went to other types of placement. While such a selection process is, perhaps inevitable and certainly meets the requirements of employers, the referral of hard to place clients in voluntary and environmental placements risks such placements becoming known as 'sink options' and over-shadowing the positive aspects of such placements. In any event, for the latter group of clients, a 13 week period on IAP is unlikely to adequately address the barriers they face³⁴.

Attitudes to IAP appear to reflect the extent to which a degree of choice was offered and whether participation in any activity was voluntary. The extent to which the activity was seen as contributing to increasing employability was also important³⁵. Some participants welcomed the opportunity to train or to address basic skills deficiencies. Other participants were positive about work experience where this was in a 'real job' where work-related skills could be gained. However, where this was not seen to be the case, a requirement to attend a work placement while receiving only JSA was regarded as exploitation³⁶. In some instances, participants felt that being required to take part in IAP was a waste of time that interfered with their job search activity. Certainly one consequence was that it was often associated with a reduction in NDPA contact at a time when such contact was often needed. Qualitative research with participants in pilot areas found that satisfaction with IAP activities was low in most pilot areas.

³³ Legard R., Molloy D., Ritchie J. and T. Saunders, *New Deal for Long-term Unemployed People: Qualitative Work with Individuals, Stage 1*. ESR38, Employment Service, January 2000.

³⁴ Atkinson J., Barry J., Blanden J., Dewson S. and K. Walsh, *Op cit*.

³⁵ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38, *Op cit*.

³⁶ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38, *Op cit*.

The New Deal Personal Advisor on NDLTU

The NDPA plays a key role in the operation of both the national and pilots, not just at the Advisory Interview/Gateway stages but throughout the programme. New Deal programmes all stress the more comprehensive and more tailored approach to support for jobseekers designed to provide an intensity and continuity of contact between jobseeker and NDPA not found in normal activity on JSA or on previous programmes for the long-term unemployed. The strategic role of NDPAs is set out in '*Operational Vision; New Deal for long-term unemployed people age 25 plus*' (Employment Service, 1998) and developed in practical terms in '*Making a Difference*', an ES guide for NDPAs (Employment Service, 1999). The latter makes it explicit that the primary role of NDPAs is "to help clients move into jobs"³⁷.

NDPAs on NDLTU carry out a wide range of functions. These include:

- Information and explanation
 - *the structure and features of NDLTU*
 - *provision available under NDLTU*
- Assessment
 - *discussion of career history and job aspirations*
 - *preparation and revision of Action Plan*
- Job search
 - *direct help with job search*
 - *help with job search skills*
 - *support and encouragement before/after interviews*
- Advice and guidance
 - *career orientation*
 - *financial issues including benefits advice*
 - *personal issues*
- Referral to other ES provision

However, the range of activities was found to be very variable between individual NDPAs and across Units of Delivery. Some NDPAs delivered a comprehensive package of activities while others restricted themselves to one or two activities. Such variation may reflect differences in the needs of clients but may also be evidence of unequal treatment of NDLTU clients dependent on where they live and who acts as their NDPA. In Units of Delivery where NDPAs specialised in advising those aged 25 plus (and did not advise young people), it seems that clients were referred to a wider range of ES provision by NDPAs reflecting a greater knowledge of the support available and, perhaps,

³⁷

Making a Difference, 'The Role of the New Deal Personal Advisor', Section 1.

because more time was available to work with NDLTU clients³⁸.

Early evidence from qualitative research with participants³⁹ suggests that levels of contact between jobseekers and NDPAs have, in practice, been rather variable. Although based on a small number of interviews, the initial evidence points to rather irregular and infrequent contact between jobseekers and NDPAs on the national programme, although this was not the case in respect to clients on Gateway in the pilots where contact appeared more frequent and regular. While all had received an initial interview, some jobseekers on the national programme had received no subsequent contact with an NDPA. National NDLTU clients appeared to believe this lack of contact was due to excessive NDPA caseloads and a shortage of ES staff dealing with the programme.

Concern about NDPA caseloads on the national programme is borne out by early case studies of delivery that found very high caseloads in most Units of Delivery. Moreover, in many Units of Delivery, NDPAs were advising both NDLTU and NDYP clients. Not only did this further raise their caseloads but, because NDYP is more complex, higher profile and had greater numbers of 'failure to attend' clients, NDYP tended to take priority over NDLTU to the detriment of clients on the latter programme⁴⁰. While most jobseekers view the Advisory Interview Process (or Gateway in the case of the pilots) in a positive manner, dissatisfaction increased where interviews were infrequent, irregular, subject to change, not undertaken punctually or lacked privacy. In some cases clients complained that they saw different advisors at interviews and did not have the opportunity to build up a good relationship with a single NDPA.

The principal objective of the initial stage of NDLTU (Advisory Interview Process on the national programme and Gateway in pilots) is to facilitate entry to unsubsidised jobs for those who are job ready. Where this is not possible because the individual still faces significant barriers to work, NDPAs may refer national NDLTU participants to NDLTU Opportunities, or pilot participants to IAP, to help the client overcome these barriers. These activities are intended to help clients acquire current work experience, references from employers or additional skills. Opportunities and IAP placements are also intended to overcome employer resistance to employing older long-term unemployed people by demonstrating that such jobseekers can do the job.

³⁸ Tavistock Institute, *Case Study Evaluation of New Deal for the Long Term Unemployed. National Provision for those aged 25 and over: A Review of Progress in Five Units of Delivery*, ESR31, Employment Service, November 1999.

³⁹ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38, *Op cit.*

⁴⁰ Tavistock Institute, ESR31, *Op cit.*

Stage 2: NDLTU Opportunities

Following the initial Advisory Interview Process, clients on national NDLTU are offered two specific Opportunities. Clients on the pilot programme are offered these Opportunities during the mandatory IAP (discussed above). In addition participants in pilots may seek to enter Opportunities under the national NDLTU programme when they have exceeded two years unemployment and become eligible for the national programme.

The Opportunities offered are subsidised employment and entry to education or training. Additionally, participants may transfer to one of a number of other mainstream ES programmes of which Work Based Learning for Adults is particularly important. As of November 1999, less than 5 per cent of participants on national NDLTU were in a subsidised job and just 3 per cent in ETO. Around 8 per cent of participants had entered Work Based Learning for Adults. For reasons cited earlier, no figures are available for numbers in Opportunities on the pilot programme.

Placement in subsidised employment

Under the national programme, employers recruiting eligible people can claim £75 per week for 26 weeks for jobs offering 30 or more hours per week. Jobs offering between 16-29 hours per week can claim a subsidy of £50 per week. A part-time job may be eligible for a full subsidy where the jobseekers hours of work are limited by disability. If a participant takes up a subsidised employment placement, they leave JSA and receive a wage at least equal to the subsidy payment.

Information about the nature of subsidised employment placements is limited pending the results of the quantitative surveys of NDLTU participants and employers. Qualitative research with participants on both national and pilot NDLTU programmes does provide some information on these issues but, being based on a very small qualitative sample of participants, these findings must be regarded as indicative only⁴¹. Qualitative interviews with employers providing subsidised job placements were omitted from the evaluation programme for national NDLTU. Some evidence from an employer's perspective can be found in the qualitative case studies of NDLTU pilots⁴².

Employers appear to have an open attitude towards the NDLTU client group and claim to favour the recruitment of adults over young unemployed people. The duration of unemployment did not appear to be a significant factor for employers when determining whether or not to recruit a person from NDLTU pilots except in cases of very long spells of unemployment. However, employers were strongly averse to recruiting people with specific attributes, such as criminal records, language problems and mental health

⁴¹ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38, *Op cit.*

⁴² Atkinson J., Barry J., Blanden J., Dewson S. and K. Walsh, ESR43, *Op cit.*

problems. Employers seem more willing to recruit from NDLTU when labour market conditions are 'tight' or when they have a strong link to the local community in which they are located. Employers do not generally regard the offer of a wage subsidy as a factor encouraging recruitment. These findings are very much in line with earlier research into employers' recruitment practices⁴³.

Employers in pilot areas were generally very positive about the calibre and helpfulness of NDPAs. Insofar as they were dissatisfied with NDLTU, employers pointed to delays in seeing candidates, submission of unsuitable candidates and early wastage from job placements. Taken together, such unsatisfactory experience of recruiting from NDLTU had led to disenchantment amongst a minority of employers⁴⁴.

Participants interviewed in the qualitative research were working in retailing (2), the service sector (3) and a variety of trade and manufacturing jobs (6). The wages they received varied from £80 per week to £160 per week although in some cases this was for part-time work. In general, participants in subsidised job placements were very positive about their job placements but this was more often a reflection of the perceived benefit of working *per se* rather than the specific merit of the job itself. Indeed, many were very critical of the job they were given. Some clients felt that they had been given the most unpopular or 'dirty' jobs while others felt that their employer was reluctant to provide the proper protective clothing or equipment supplied to other employees. Although based on a very small sample, qualitative interviews with participants suggest that many in a subsidised job felt they were being exploited in terms of what the employer was paying for them. This view was manifest not so much in terms of the absolute wage paid but in terms of the employer's net contribution after the subsidy⁴⁵.

Notwithstanding the common criticisms, good job placements were valued by participants. This was especially so for older jobseekers who had been out of work for a long time and who had become extremely pessimistic about their prospects of ever returning to work. The benefits accruing to participants from a job placement included the re-establishment of work routines, making contacts in the workplace and increased self-esteem as well as the direct financial benefit of a wage.

Unlike employers who recruit through NDYP, employers recruiting through national NDLTU are not obliged to provide training, although they are encouraged to do so. Where training was

⁴³ Hasluck, C. *Employers, Young People and the Unemployed : a Review of Research*, ESR12, Employment Service, March 1999.

⁴⁴ Atkinson J., Barry J., Blanden J., Dewson S. and K. Walsh, ESR43, *Op cit*

⁴⁵ A job paying a wage of £80 per week would appear to be costing the employer just £5 per week after deducting the subsidy of £75 per week (although this does not take into account other costs borne by the employer).

provided this was regarded as a positive benefit by participants while the absence of training was a disappointment. In some instances NDLTU participants had been recruited by employers who also recruited under NDYP. Where this had happened, the different entitlement to training was regarded as unfair by NDLTU participants.

Despite being in a job, NDLTU clients are expected to maintain job search activity during the placement period. Most participants in subsidised employment felt they had little time or inclination for job search during their placement. Where job search was undertaken it was generally by those who were less than happy with their job placement or who felt that there was little prospect of being retained by their employer at the end of the subsidised employment period. As might be expected, job search activity tended to increase towards the end of a subsidised job placement although most participants believed that the prospect of being retained by their placement employer was good.

Education and training opportunities (ETO)

A second specific NDLTU Opportunity is the Full-time Education and Training Opportunity (ETO). This offers full-time education and training for up to 12 months while remaining on JSA. Such education or training must be work-related and lead to an approved qualification at up to NVQ/SNVQ Level 3. Higher qualifications may be studied where it will clearly improve the jobseekers employability and is relevant to local skill needs. While the Full-time Education and Training Option on NDYP has been the option in greatest demand and numbers have exceeded the original planning assumptions about take up, this has not been the case in respect of NDLTU. Only 3 per cent of participants on the national programme (some 2,500 people) were in an ETO in November 1999 and 8 per cent in Work Based Learning for Adults.

Several reasons could lie behind the relatively low demand for ETO. National NDLTU clients are older and they may find the prospect of returning to full-time education or training daunting. Some older participants interviewed while in the Intensive Activity Period of the NDLTU pilots expressed reservations about returning to education even for a short intensive course in the IAP⁴⁶. Such participants may have similar reservations about ETO. College training providers have indicated that clients with low levels of literacy or numeracy are likely to find formal education courses threatening or futile⁴⁷. In addition, many adult unemployed already possess some skills and work experience and may not be interested in college courses and formal education.

The evidence relating to ETO, thus far, is fairly limited⁴⁸.

⁴⁶ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38, *Op cit.*

⁴⁷ Tavistock Institute, ESR31, *Op cit.*

⁴⁸ The number of NDLTU clients on ETO in the qualitative case studies of individuals was just three. It is not reliable to generalise on the basis of such limited data.

Nonetheless, it is of concern to note that even on this slight evidence, many of the same criticisms of ETO have emerged as of the equivalent NDYP Option – course content not meeting the needs of clients, training at too low a level or not leading to a qualification and poor course delivery – where the evidence is more robust. Many national NDLTU providers were of the view that the needs of NDLTU clients would be better met by shorter, more focussed training akin to provision found in the Gateway periods of NDYP and the Gateway period of the NDLTU pilots. Such training provision would focus on key factors affecting long-term employability, such as personal development, confidence building, motivation and the overcoming of specific barriers (homelessness, drug dependency and so forth)⁴⁹.

Stage 3: Follow-Through

On the national NDLTU programme which has been operating some six months longer than the NDLTU pilots, few participants have progressed as far as Follow-Through. In November 1999 the number in national Follow-Through was just 1,000. There is little evidence relating to Follow-Through on national NDLTU beyond the NDED monitoring data. Qualitative information from NDLTU pilot case studies suggests that clients were usually seen on a fortnightly basis by NDPAs in most pilot areas. Although the New Deal design suggests that continuity of NDPA support would be a feature of the programme, in some instances this does not seem to have been achieved⁵⁰.

The emphasis at this stage of NDLTU appears largely to have been on job search activities and the submission of clients to suitable vacancies. Some NDPAs in pilot areas have expressed concern that they have to deal at Follow-Through with a significant proportion of jobseekers who are difficult to help and motivate and for whom Follow-Through provision was insufficient either to overcome their barriers to employment or to re-motivate them⁵¹.

Further information about the delivery of, and activities on, Follow-Through will become available when further stages of the qualitative research with participants has been carried out and, eventually, when the results of the quantitative surveys of individuals are reported.

4.5 Immediate destinations after national NDLTU

People leave NDLTU for a variety of reasons. They may leave for unsubsidised employment, they may return to normal jobseeking activity on JSA, they may transfer to another benefit or leave for some other reason (such as leaving the country). In addition, a proportion of leavers go to unknown destinations. Research for

⁴⁹ Tavistock Institute, ESR31, *Op cit*.

⁵⁰ Atkinson J., Barry J., Blanden J., Dewson S. and K. Walsh, *Op cit*.

⁵¹ Atkinson J., Barry J., Blanden J., Dewson S. and K. Walsh, *Op cit*.

the evaluation of NDYP has suggested that up to half of leavers to unknown destinations have, in fact, entered a job⁵². However, as the NDYP evidence relates to leavers from Gateway and to young people it may not be applicable to the long-term unemployed or to unknown destinations at later stages of programmes. Internal ES analysis suggests that the proportion of unknown destinations from NDLTU that were exits to employment is probably much smaller than 50 per cent (perhaps in the region of 25-30 per cent) and the proportion has been decreasing over the life of NDLTU.

This section examines the evidence relating to the immediate destinations of people leaving NDLTU. Quantitative data from the NDED is available only in regard to the national programme. All numbers and figures thus relate only to national NDLTU unless otherwise indicated.

Exits from the Advisory Interview Process

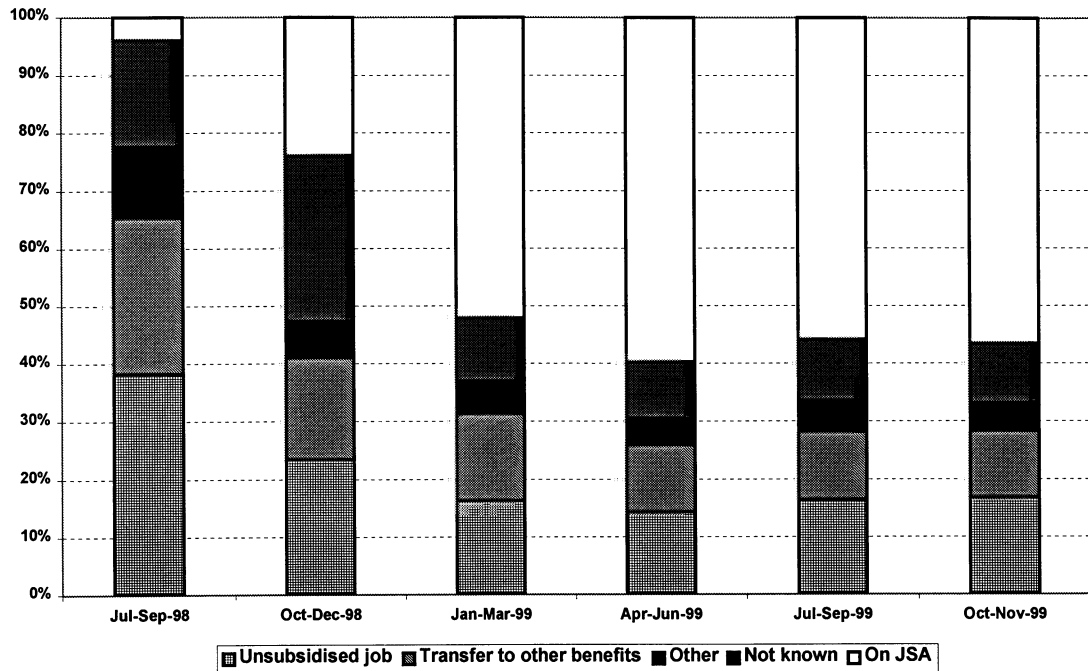
It is clear that the majority of participants leave national NDLTU at the end of the Advisory Interview Process (see Figure 4.4 above). This may be because the jobseeker has secured an unsubsidised job as the result of job search or they leave for some other positive reason. Some exits from national NDLTU may occur at this time because it is the earliest opportunity to leave (the Advisory Interview Process being mandatory but NDLTU Opportunities are not). Arguably, it is less desirable for clients to leave NDLTU and remain on JSA since they will be not be able to benefit from the opportunities offered by the programme to increase their employability. However, even in this case, there may be a positive benefit if the period on NDLTU has re-motivated jobseekers or improves their normal job search activity on JSA. These issues will be explored at a later stage in the evaluation.

Figure 4.6 describes the destinations of those who left national NDLTU from the Advisory Interview Process. The proportion of those remaining on JSA after leaving NDLTU has increased markedly since the launch of the programme. While the proportion was less than 25 per cent in October to December 1998, it rose to over 50 per cent between January and March 1999 and peaked at almost 60 per cent in the second quarter of 1999. This trend raises serious questions about the nature of the impact of national NDLTU and the extent to which the national programme merely represents a relatively short interlude of intensive support for long-term unemployed clients within their normal job search activity on JSA.

⁵²

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

Figure 4.6: Destinations of those leaving NDLTU at the Advisory Interview Process stage



Monitoring information indicates that males are slightly more likely than female participants to have left the Advisory Interview Process for a subsidised employment placement but no more likely to have left for an unsubsidised job. Female participants are more likely than males to leave NDLTU to transfer to another benefit. Overall, participants from ethnic minority groups or people with disabilities are just as likely to progress from the Advisory Interview Process to one or other of the specific NDLTU opportunities (subsidised employment or an education and training opportunity) or to enter Work Based Learning for Adults. However, members of ethnic minorities are only half as likely to enter subsidised employment as other participants and rather more likely to enter an education or training opportunity. Older NDLTU participants are progressively less likely to have entered the post Advisory Interview Process stage of the programme⁵³.

Differences in destinations amongst NDLTU clients

Tables 4.7 and 4.8 describe the distribution of destinations of people leaving national NDLTU by age group and by unemployment duration, respectively. The tables refer to the total number of participants leaving NDLTU from all stages of the programme but these figures are dominated by exits from the Advisory Interview Process as exits at this stage account for the great majority of people leaving the programme.

The pattern of destinations by age group revealed in Figure 4.7

53

DfEE Statistical First Release, *New Deal for Young People and Long-term Unemployed People aged 25+: Statistics*, SFR 36/1999, 25 November 1999.

indicates the importance of age as a barrier to employment. As already noted, leaving NDLTU and continuing to sign on for JSA is the largest single category of destination amongst all age groups. However, the likelihood of entering unsubsidised employment is greatest for young clients and decreases with age. The proportion of leavers aged 25-29 entering unsubsidised employment is twice that of leavers aged 50 or above (more than two in every ten and around one in ten, respectively). Correspondingly, the proportions of leavers who transferred to other benefits or who remained on JSA tends to increase with age. Leaving NDLTU to continue on JSA constitutes the majority of destinations for all participants aged over 35. Whatever the claims of employers regarding their attitudes towards older jobseekers, the reality is that the older the NDLTU participant, the less likely they are to leave the programme for employment.

Figure 4.7
Destinations of those leaving NDLTU by age group

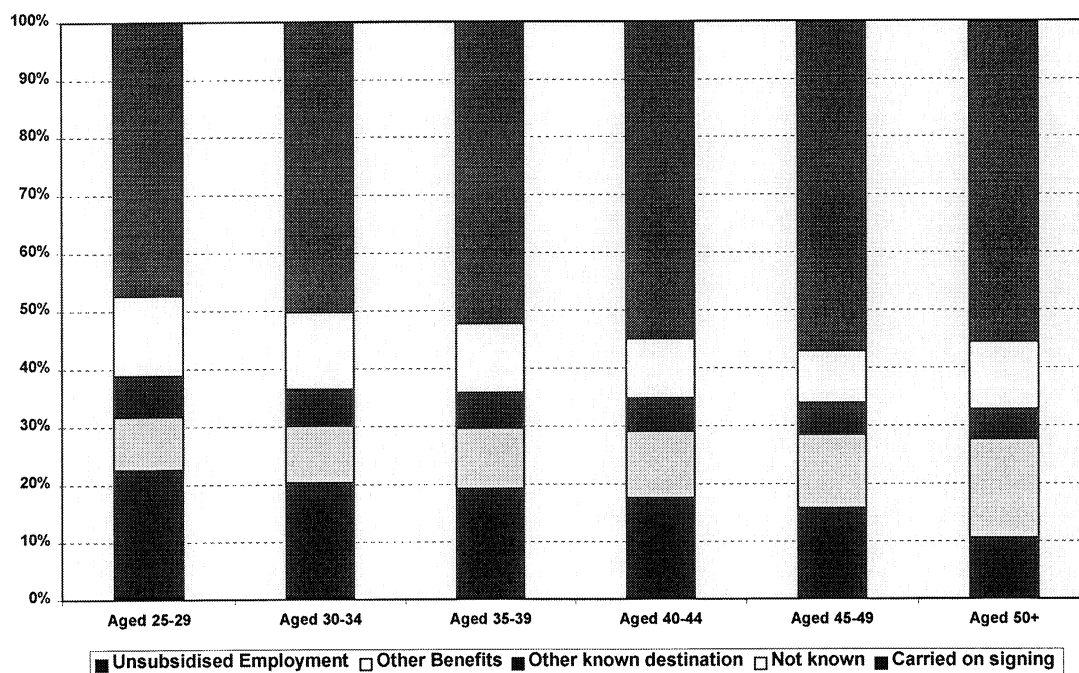


Figure 4.8 describes the distribution of destinations by duration of unemployment. As might be expected, the proportion of leavers entering unsubsidised employment is a decreasing function of unemployment duration. Amongst early entrants to NDLTU (with unemployment spells of less than 2 years) more than 20 per cent leave for unsubsidised jobs. This proportion drops quite sharply for those participants whose unemployment spell was three years or longer and little more than 10 per cent of those who had been unemployed for five years or more left the programme to enter unsubsidised employment. The differences in the likelihood of leaving the programme for employment are almost entirely accounted for by differences in the proportions leaving NDLTU to continue on JSA. Amongst participants who had been

unemployed for five or more years this category accounted for well over 60 per cent of destinations. There is some indication from Figure 4.8 that the proportion of exits to other known destinations – often education and training – is somewhat greater amongst those whose unemployment spells were shortest and least amongst those with very long unemployment spells.

Figure 4.8
Destinations of those leaving NDLTU by duration of unemployment

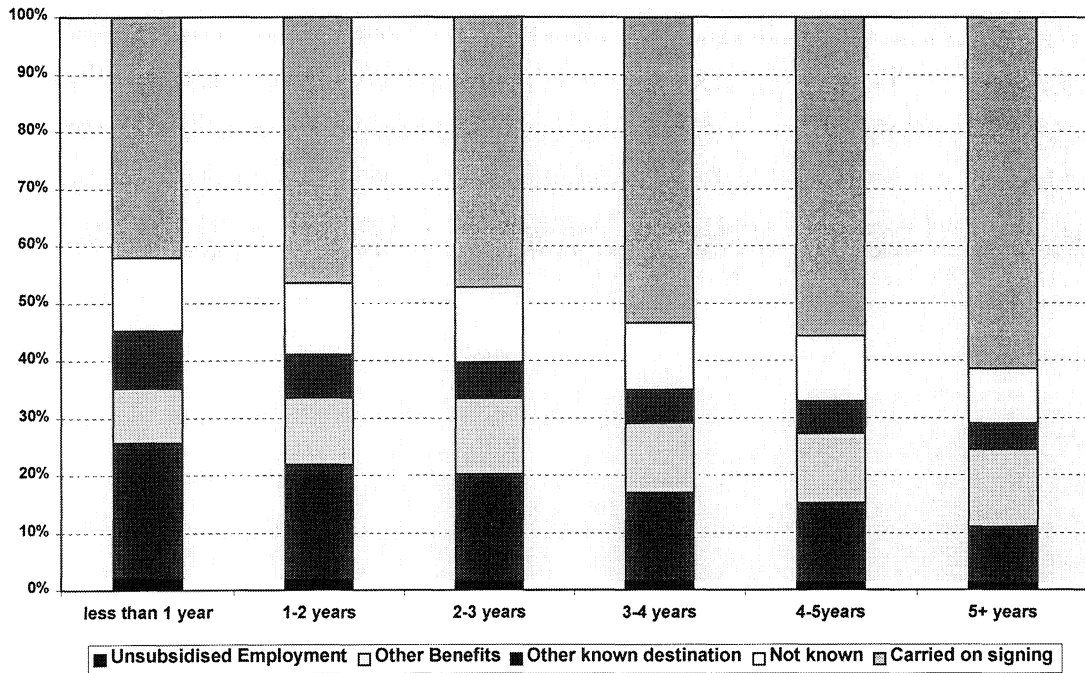


Figure 4.9
Destinations of different groups of NDLTU clients

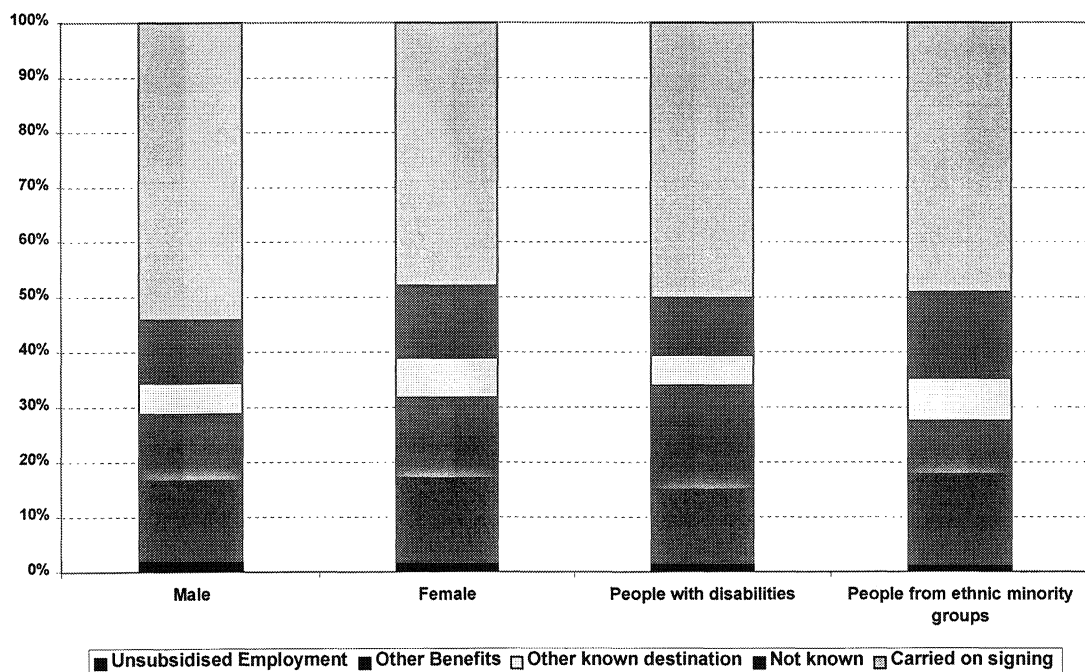


Figure 4.9 examines the destinations of leavers from the four main categories of NDLTU participant, males, females, members of ethnic minorities and people with disabilities. There is little difference between males and females in the proportion of exits to unsubsidised employment. However, males who do not leave NDLTU for a job are more likely to resume jobseeking on JSA than female leavers who are somewhat more likely than males to transfer to other benefits or leave to other known destinations.

The proportion of exits to employment amongst members of ethnic minority groups is no different from the average for the programme as a whole. Ethnic minority participants are least likely to transfer to other benefits and the most likely to leave to other known destinations. An exit to employment is least likely amongst NDLTU clients who were disabled. This group of clients is also the most likely to have transferred to other benefits

Exits to employment

The main measure of intermediate impact of NDLTU is the number of jobseekers 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 NDLTU where the individual does not return to claim JSA within a period of 13 weeks. Other jobs are those where the individual leaves NDLTU 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 4.10 describes the monthly flows into employment from national NDLTU, distinguishing between sustained and other jobs and subsidised and unsubsidised jobs. The flow of participants to employment displays considerable monthly variation⁵⁴. Nonetheless, there is a clear underlying upward trend in the figures (despite reductions in the flow in the Winter of 1998 and during early Summer of 1999). The numbers entering all types of employment have tended to change in unison and display much the same trends as the overall flow of exits to jobs. However, it is clear that the largest number of exits to employment have been to unsubsidised sustained jobs. The overall flow to employment towards the end of 1999 appears to be around 2,500 per month although this is subject to considerable monthly variation.

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Much of the monthly variation in recorded exits to jobs is due to some months covering a five week period (for instance, April and July 1999).

Figure 4.10
Monthly flows from NDLTU into employment by type of employment

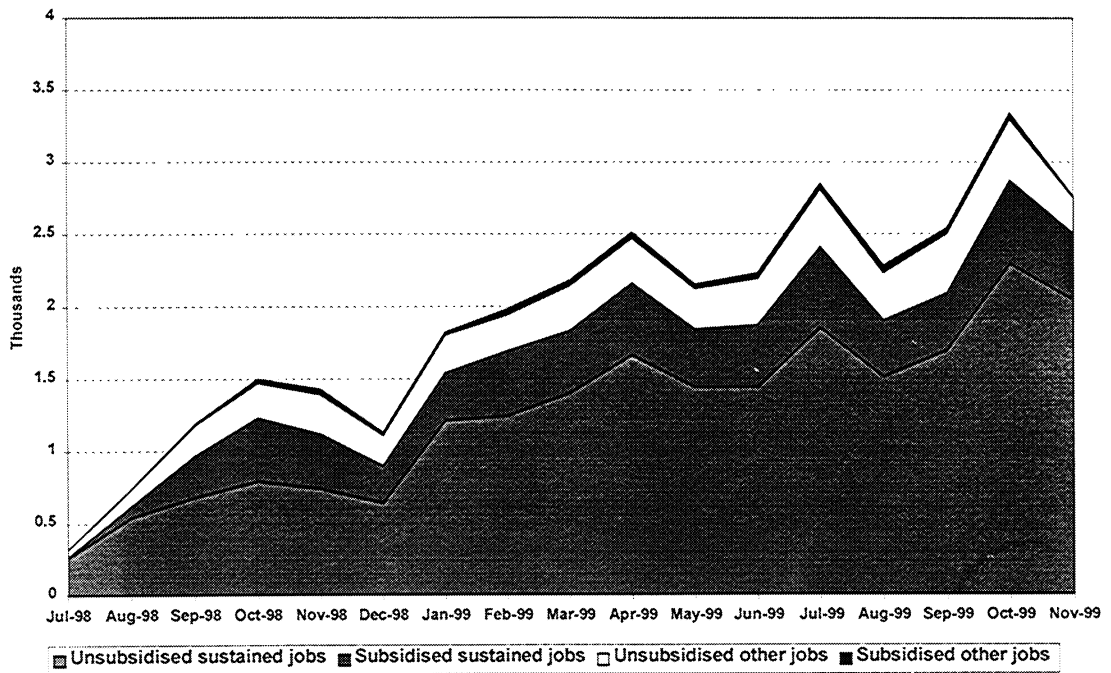
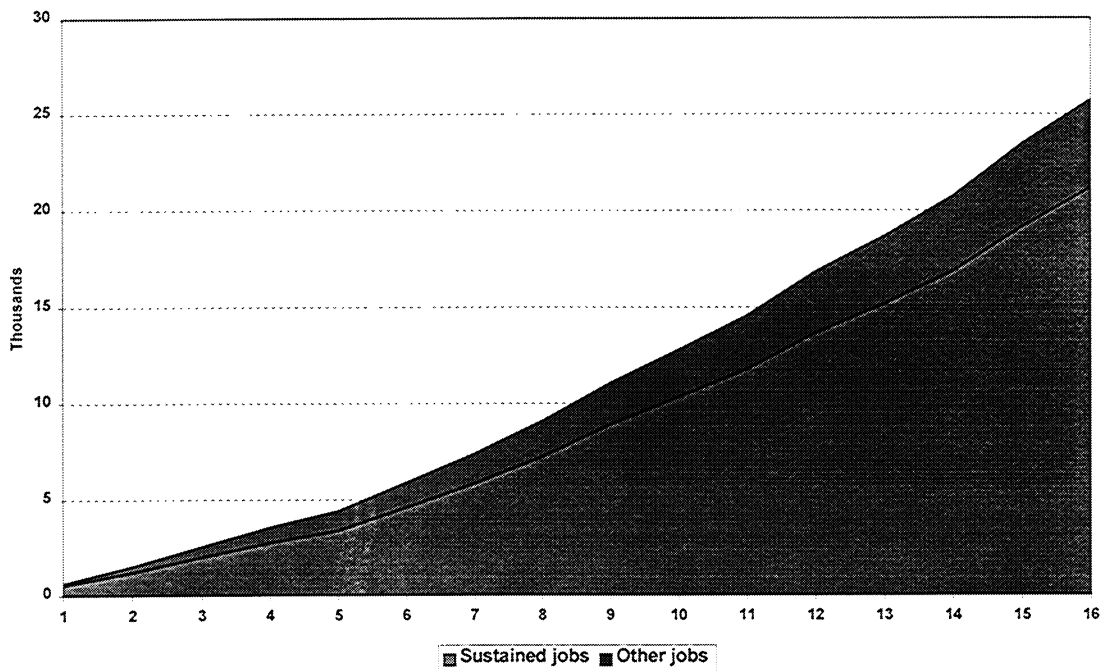


Figure 4.11
Cumulative exits from national NDLTU for unsubsidised employment



The main purpose of NDLTU is to facilitate entry to unsubsidised jobs. Figure 4.8 illustrates the total number of exits from NDLTU to unsubsidised employment, distinguishing between jobs lasting more than 13 weeks (sustained jobs) and those lasting for a shorter time (other jobs). Cumulated over the first 17 months of

the operation of NDLTU (up to November 1999), a total of just under 26,000 long-term unemployed adults left NDLTU to enter an unsubsidised job, of which just over 21,000 were sustained jobs and a little less than 5,000 were not sustained (other jobs).

A typology of NDLTU leavers

Qualitative research with NDLTU participants⁵⁵ has suggested that people leaving NDLTU can generally be grouped into four categories. These categories are assisted leavers, reactive leavers, JSA returners and other leavers. Assisted leavers were those who had been helped to leave NDLTU. This group had high or latent motivation to find work. NDLTU helped them into unsubsidised employment by improving their self-confidence, raising or mobilising motivation and providing help with job search. Reactive leavers, in contrast, left NDLTU as a reaction against the programme. All such participants in the qualitative research were from pilot areas so this category may not be found nationally. This group appeared to suffer from low self-confidence and self-esteem. While individuals in this group varied, they tended to have reacted adversely to the Intensive Activity Period or the subsidised Employment Opportunity or, more generally, to have felt that NDLTU was unable meet their needs.

JSA returners, as the term implies, had left NDLTU and remained on JSA⁵⁶. This group consisted of people who had completed their programme of activity (and were, therefore, amongst the first entrants to the programme). A distinctive feature of this group was the variable level of awareness about their situation. While some were quite clear that they had ended their time on NDLTU, others were less clear. Such confusion about current status appeared to be related to the variable and erratic level of contact with NDPAs on national NDLTU that has already been noted. Like reactive leavers, JSA returners tended to have negative views about the programme, based on their treatment (or perception of treatment) on the programme and a view that their needs and aspirations were not being catered for. Other people left NDLTU for reasons unrelated to the programme. Examples of this type were transfers to other benefits (especially Incapacity Benefit because of illness or the manifestation of a condition) and securing an unsubsidised job independently of NDLTU. It is not always easy to isolate jobs gained through NDLTU and those gained independently. Instances could include jobs obtained through a personal contact or where the jobseeker has been on some form of waiting list.

⁵⁵ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38, *Op cit*.

⁵⁶ Although Legard *et al* use the term 'JSA returners' in their typology of leavers, strictly speaking the term is inaccurate since participants would have been on JSA while on NDLTU and are merely resuming normal jobseeking activity while continuing on JSA.

4.6 Outcomes on the pilots

The discussion of destinations in the previous Section (4.5) exclusively relates to the national NDLTU programme. The reason for this was discussed earlier in this Review and relates to the fact that monitoring information from the pilots is not yet published. Most of the evidence relating to the pilots elsewhere in this Review is derived from evaluation reports that have been based on interviews with individual participants and with those responsible for running the pilots. In order to put this qualitative information in context it is useful to consider what is known of the extent to which the pilots have helped long-term unemployed people into work, which is the key test of its success, whilst recognising that assessments of particular variants of the pilot programme must await the results of the full evaluation. The following information was supplied by the Employment Service.

Up to the end of October 1999, approximately 7,600 people had moved into unsubsidised employment, which represents 38 per cent of all leavers from the pilot programme. The Employment Service has also conducted some internal analysis of movements off JSA in the pilot areas and a set of control areas. The results of this early evidence are that the pilots are proving effective. In the 18 month pilots, for instance, there was a 12 percentage point difference in the flows off JSA and a 6 percentage point difference in the flows into employment compared to the control areas.

4.7 Initial assessment of impact

A number of critical issues relating to the longer-term impact of NDLTU have yet to be addressed by the evaluation programme. These issues relate to the impact of NDLTU on the employability of the participants, the impact on the sustainability of their employment and the wider labour market and macroeconomic effects of the programme. It is too early to make any pronouncements on most of these issues as the evaluation evidence is not yet available.

Qualitative research with participants found that NDLTU participants believed a number of positive effects were associated with participation on NDLTU. As might be expected, positive assessments tended to be given by participants who had achieved a specific positive outcome, such as a job, obtaining a qualification or overcoming a particular barrier to employment. However, the cumulative effect of advice, guidance, support, work experience, training and all the other elements of the programme also appeared to have created other benefits, such as increased motivation, greater self-confidence and self-esteem. In particular, participants identified the following benefits from NDLTU participation:

- re-establishing in-work routines and overcoming the psychological barriers to returning to work;
- improved job search skills;
- expanded career horizons, either by increasing aspirations or opening up new opportunities;
- help with personal problems;
- increasing social interaction

Of course not all programme participants were so positive in their view of NDLTU. The principal reason for negative assessments was the participant's perception that the programme offered nothing new, that their particular needs had not been met, or that they were compelled to participate in the programme even though it had nothing of interest to them. It is of some concern to note that on-going participants were almost equally divided between those who felt the NDLTU experience to have been positive and those who felt it was unsatisfactory.

Amongst those who had left NDLTU (many of whom were amongst the first entrants to NDLTU), a majority had negative views of the programme. In some exceptional cases negative appraisals were delivered because the programme had actually had a negative impact on participants. Dissatisfaction with the NDLTU was prevalent amongst those who left the programme but remained on JSA and amongst 'reactive leavers' who tended to be the most negative group of participants.

It is, of course, necessary to reiterate that the qualitative research is based on a very small sample and makes no claims to be statistically representative of NDLTU participants as a whole. Nonetheless some factors associated with positive appraisals can be discerned. The first factor is what is actually delivered as part of NDLTU. As already noted, there is considerable variation in programme provision across Units of Delivery. There are indications that NDPA contact with clients on the national programme has been very inconsistent. In the NDLTU pilots, Gateway provision has been patchy while IAP was generally regarded with dissatisfaction. Where NDLTU was well delivered, where a good relationship was built up with a NDPA, the programme was well received. Assessments by participants were also greatly influenced by their perception of the relevance of the programme to meeting their needs. This factor also includes the extent to which the participant was able to secure a programme that was customised to their needs rather than having to accept provision that was available.

Participant appraisals have to be seen in relation to their prior expectations of the programme. Many of the most disadvantaged – those over 55 years of age, those with very long unemployment spells, those facing major barriers to employment, such as criminal records – had low expectations of NDLTU based on their previous experience of labour market programmes and a generally poor

assessment of their job prospects. For this group, almost anything achieved by NDLTU exceeded their expectations and was seen as a very positive outcome. Other NDLTU participants had greater expectations, perhaps fuelled by NDLTU promotional material, news media or information received from NDPAs. These high expectations were met in many instances but where delivery was poor or not focussed sufficiently on the needs of the participant, there is an inevitable conflict between expectation and reality resulting in a negative assessment of NDLTU.

There was a link between expectations, motivation and appraisals. Interviews with participants suggest that those who gained most from NDLTU were clients with latent motivation that was stimulated by the programme. These were often older or more disadvantaged jobseekers who had become demoralised by lengthy spells of unemployment and who had low expectations of the programme. The attitudes towards NDLTU of the more highly motivated to return to work appears to have depended very much on the extent to which they felt that NDLTU had met their needs or been a distraction. Jobseekers with low motivation were generally less positive about NDLTU and, in some cases at any rate, appeared to have reached this conclusion irrespective of the provision made available to them.

5. NDLTU: some early lessons from the evaluation

This section briefly considers the main lessons to be drawn from the Review of NDLTU monitoring and evaluation evidence to the end of 1999. This evidence is, as already noted, is modest and consists of monitoring data from NDED and qualitative data from interviews with participants. Observations about NDLTU must, therefore, be regarded as initial or interim findings pending the results of further evaluation. The following early lessons are thus to be treated with caution.

5.1 Reflections on NDLTU

The distinctive nature of the NDLTU client group

Each New Deal programme is targeted on a specific client group. In the case of NDLTU the client group is people aged 25 or over who have been unemployed for two years or more (less in the case of the pilots). It is quite clear that this client group has distinctive characteristics and is markedly different from clients on other New Deal programmes. NDLTU clients are characterised by a long separation from employment and, in some cases having hardly ever worked or having worked only sporadically. While this group faces many barriers to employment, one of the key barriers is that of the length of their unemployment spell. This has often reduced their motivation to find work and undermined their capacity to do so. Unlike most young jobseekers, many NDLTU clients possess some skills and work experience although these are often outdated. They also have the qualities of maturity and stability that can appeal to employers, although employers are concerned about the risks of recruiting long-term unemployed and older people. A large proportion of the NDLTU client group has experience of a previous government programme and this also provides an important context of expectations and attitudes within which NDLTU must operate. The distinctive nature of the NDLTU client group is reflected in their specific needs. These needs can be very different from other New Deal clients. A key issue being addressed by the evaluation is the extent to which these client needs are being met by the NDLTU programme.

The limited scope of national NDLTU

The predecessors of New Deal were programmes which unemployed people entered, stayed for some period undertaking an activity (for example training in the workplace) and then left. New Deal marks a sharp break with this type of labour market intervention and is best understood as a dynamic process designed to help people into paid employment. The key feature of this process is its flexibility and focus on the needs of the individual client. Unemployed people enter New Deal and proceed within it as far as is necessary to achieve the end of obtaining employment.

Although the NDLTU design corresponds to the above description, the practice is somewhat different. For the great majority of participants, their only experience of the national NDLTU programme has been the Advisory Interview Process. Few progress to take up specific NDLTU Opportunities or enter Follow-Through. Most leave NDLTU from the Advisory Interview Process and the majority of such leavers simply return to normal jobseeking activity on JSA. This is not to belittle the Advisory Interview Process. Evaluation evidence clearly shows that high quality and individually tailored advice, guidance and support have been provided in most cases. However, the Advisory Interview Process is essentially a period of intensified job search with active support from NDPAs. The evidence suggests that it lasts too long a time, it lacks intensity and pace and, since most clients are not expected to move to Opportunities, it lacks purpose other than placement in a job. The Advisory Interview Process provides an opportunity for clients to reflect on the barriers to employment they face but offers only limited scope for addressing those barriers.

Many NDLTU clients have previous experience of a period of intensive interviewing (as part of mainstream ES provision or as part of an earlier programme). Such clients may not see the Advisory Interview Process under NDLTU as offering anything different. Perhaps it is not surprising that a high proportion leave NDLTU at the earliest opportunity and do not take up the specific employment or training opportunities offered by the programme.

The limited scope of national NDLTU can be contrasted with the more varied provision on NDLTU pilots. Moreover, as referral to the Intensive Activity Period is mandatory for those not obtaining a job from the Gateway, the advisory element of NDLTU pilots is more intense and has a purpose over and above job placement, namely diagnosis and preparation for later stages of the programme. Thus it appears that, in many respects, the NDLTU pilots have addressed the problem highlighted here.

Even without compulsion, it ought to be possible to make the Advisory Interview Process on national NDLTU a more intense and purposive activity and thereby raise the number of participants entering employment or training opportunities and reduce the number of exits from the Advisory Interview Process to JSA. To bring about such changes is a critical challenge for national NDLTU for the future.

Job search on NDLTU

The NDLTU design aims to enhance 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 jobseeker. Those clients who undertake job search but are unable to enter

unsubsidised jobs clearly require further support and assistance and need to take up employment or education and training opportunities.

An emphasis on continuous job search is to be found on all New Deal programmes. It is quite clear from *'Making a Difference'* (an ES guide for NDPAs on NDLTU) that the primary role of the NDPA is to assist the client with job search and secure an unsubsidised job. The issue to be faced here is that too great an emphasis on job search can conflict with the longer-term aims of improving employability. Where job placement is the main activity (as in the Gateway period of NDLTU pilots) resources may be focussed on job-ready clients to the detriment of meeting the needs of those clients who are hard-to-place. Where clients are encouraged to undertake activities intended to overcome barriers to employment and improve long-term employability (such as activities in the IAP on pilots and Opportunities on both programmes), it must be acknowledged that completion of such activities (keeping the job or obtaining the qualification) will become short-term goals in their own right and may conflict with any requirement to undertake job search. The evaluation evidence suggests that there is a low level of job search amongst NDLTU clients in subsidised employment. There is also the risk that if all that NDLTU can offer is intensified help with job search (valuable as that might be) participants may find it difficult to see what makes NDLTU different and to identify with its longer-term aims. There is a tension between enhanced employability as an aim and more conventional measures of output such as completing a period of work experience or obtaining a qualification.

The role of NDPAs

The evaluation evidence points to the pivotal role of the NDPA in the NDLTU programme. Indeed, for the majority of participants this has been the central element of their experience of the national programme since they tend not to take up NDLTU opportunities thereafter. The continuity and the form of support offered by NDPAs distinguishes New Deal from what went before. The relationship between client and NDPA is crucial in determining the way in which the NDLTU helps the unemployed person.

It is disappointing to note that as the numbers on national NDLTU has expanded, the pressures on NDPA caseloads have increased. This is particularly so where NDPAs provide support for both NDLTU clients and young people on NDYP. There is evidence that in this situation NDYP clients tend to take priority, to the detriment of NDLTU clients. Early qualitative evidence points to the advisory function being very patchy with some excellent provision but also instances that were less satisfactory. Instances of the latter include clients with little or no contact with their NDPA after the initial interview, infrequent or irregular interviews and, less commonly, a lack of continuity in advisory work.

Variations in the New Deal experience

The early findings from the NDLTU evaluation point to two types of inequality in the New Deal experience. The first relates to differences in the individual experience of NDLTU. There are many factors contributing to this. First, there are differences in the clients themselves in terms of their qualities, aspirations and previous experience of ES programmes. Second there is little uniformity in the way Units of Delivery are managed and operated. Differences in NDLTU provision at the local level also contribute to differences in the opportunities available.

A sense of inequality also emerged in relation to other New Deal programmes, notably NDYP. By comparison with NDYP, the NDLTU programme was seen by many (participants, NDPAs and providers) as offering far less in terms of provision and, when resources were under pressure, taking second place to NDYP.

The quality of provision

NDLTU is intended to provide a higher quality of support for long-term unemployed people than existed before. As has already been noted, the quality of NDPA support is rather variable and not always satisfactory. The quality of provision was undoubtedly adversely affected by the speed with which the national programme was implemented. The NDLTU pilots were also introduced within a short period of time. Here the issue appears less one of quality but rather a limitation of innovation. While there are many examples of innovative provision on pilots, there is also some evidence from the pilot area case studies that existing provision has been adapted to meet the immediate need to create a programme rather than the development of really new and innovative approaches.

Case studies of delivery on NDLTU have also noted that NDPAs have less training in the specific needs of the NDLTU client group and in the marketing of NDLTU provision to clients. Concerns are also already emerging about the quality of training provision although the evidence on this is so far rather limited. There are indications that the quality of training varies across Units of Delivery and between subsidised job placements. Such concerns have been raised in relation to other New Deals (notably NDYP). Finally, there is concern that levels of pay in subsidised employment placements are (or are perceived by participants to be) relatively low. An assessment of how far this is a real issue (especially after the introduction of the National Minimum Wage) requires the kind of robust information that can only be provided by the quantitative surveys of participants and employers.

Participant appraisals

It is clear, even from the limited evidence so far available, that the experience of participants on NDLTU is fairly mixed. For some it has been a helpful intervention with positive outcomes. For others the experience has been less productive and even unsatisfactory.

Criticism has been particularly prevalent in regard to national NDLTU. Perhaps the most critical of the national NDLTU programme have been some ES staff who saw the national programme as adding little to existing provision for long-term unemployed adults and not fully meeting the needs of this client group.

NDLTU clients are more supportive of the programme. This is especially true of those who, despite initial low expectations of the programme on entry, have been re-motivated and supported by the programme. Some highly motivated clients appear to have been frustrated by NDLTU provision, or rather lack of it, while a body of participants were deeply cynical about all government programmes and resented any compulsion to take part in NDLTU. NDLTU has yet to establish anything like the body of support and identity with its aims found on other New Deal programmes. Early qualitative evidence relating to people actually on the programme when interviewed found participants fairly evenly split in terms of positive and negative assessments, albeit on the basis of a small qualitative sample. Amongst clients who had left NDLTU, negative assessments predominated. Clearly, NDLTU faces a major challenge in persuading long-term unemployed adults of the benefits of NDLTU and in encouraging them to identify with the goals and aspirations of the programme.

5.2 The emerging issues

It is too early to draw definitive conclusions about the operation and impact of NDLTU given that the existing evaluation evidence is qualitative and the quantitative research has yet to report. Nonetheless, such evidence as there is, taken together with experience of operating NDLTU suggests that there are a number of issues that have to be addressed in the future. These mainly relate to the national programme as the diversity of provision in pilots, the shorter time that they have been operating and the paucity of evaluation evidence mean that the issues relating to pilots are less clear. The key issues are as follows:

- to provide a clearer purpose and focus for activity on the Advisory Interview Process;
- to improve the intensity and continuity of client-NDPA contact at the advisory stage;
- to improve the quality of NDLTU provision;
- to reduce the number of participants leaving national NDLTU for jobseeking activity on JSA;
- to increase the numbers taking up NDLTU Opportunities;
- to increase the flow into unsubsidised jobs
- to reduce the variation in NDLTU experience across Units of Delivery and between individuals;
- to improve the marketing of NDLTU to clients;
- to secure a greater level of identification with the goals of NDLTU amongst clients, providers and ES staff.

5.3 Responses to the issues

Many of the issues identified above have already or are being addressed. A number of Employment Service 'products' have been developed with the aim of assisting improvements in delivery and employment outcomes. For instance, operational guides and checklists for ES staff and NDPAs have been introduced (such as the '*Making a Difference*' package for NDPAs).

This review has illustrated the barriers into work faced by those aged 50 and over, as evidenced by the evaluation of NDLTU. There are a number of measures in place to help those aged 50 or over into work, one of which is New Deal 50 plus (ND50+). ND50+ is additional provision, available to clients aged 50 or over, who have been claiming benefits for 6 months. It is not specifically available to JSA claimants and so has a broader client group than NDLTU. The programme is designed to assist clients back into work through NDPA support, an employment credit of up to £60 per week and an in-work training grant. This will come into effect nationally in April 2000.

In response to operational experience and the emerging evaluation evidence, a number of improvements to the NDLTU programme itself are to be introduced during 2000/2001. In broad terms these changes are:

- to enhance the national NDLTU in combination with an increased emphasis on the responsibility of clients to seek work;
- additional, geographically targeted, provision;
- to extend the period covered by the NDLTU pilots.

Enhancing national NDLTU

A number of enhancements will be made to national NDLTU from April 2000. These changes are focussed on the Advisory Interview Process and are intended to improve the range of help on offer and intensify the process with an increased emphasis on supported job search and placement in unsubsidised jobs. In many respects the enhancements represent the introduction of features found to be operating successfully on the NDYP and NDLTU pilot Gateways. Specifically, the enhancements will take the form of:

- additional and more regular interviews with NDPAs;
- a renewed emphasis on client responsibilities and additional case conferences to facilitate meaningful Action Plans and their effective implementation;
- improved assessment and diagnosis of basic skills needs and barriers to employment;
- an extension of specialist careers guidance and mentoring services (currently available through NDYP) to national NDLTU;

- an addition of specialist and other externally contracted provision not currently available through the programme (but currently available through NDYP). Such provision would be aimed at meeting the needs of the most disadvantaged clients, such as the homeless or those with drug or alcohol problems or in need of short motivational training;
- the making available of Jobseeker's Grant to participants on NDLTU. This discretionary grant (normally up to a maximum of £200 or, exceptionally, up to £300) is designed to help jobseekers be more active in their job search and meet some of the costs of returning to work and provide an additional tool for NDPAs.

In order to inject pace and purpose into the Advisory Interview Process, it is intended to introduce a number of 'milestones'. There will be a review of progress at three months in order to ensure that all options for employment and the enhancement of employability were being actively pursued. Clients entering NDLTU for a second time would be subject to a more thorough and rigorous interview and Action Plan development process.

Additional geographically targeted provision

The variation in NDLTU provision and the differences in clients experiences of the programme have already been noted. In order to address this issue some Units of Delivery will be permitted to develop additional provision. Such additional provision will be targeted on deprived areas. Examples of additional provision is likely to include:

- an extension of some of the Intensive Gateway Trailblazers in NDYP to cover the NDLTU client group.
- use of work experience provided through NDYP Voluntary Sector and Environment Task Force Options as an Opportunity for NDLTU clients.
- to implement a number of activities intended to reduce social exclusion, tackle high unemployment in deprived localities and meeting the needs of ethnic minorities.

Extending the period covered by NDLTU pilots

The initial contracts for NDLTU pilot programme end at the end of May 2000. While the pilot programme would have retained a responsibility for those clients who entered the programme between November 1998 and May 2000, no further entry to the programme would have taken place. In fact, pilot contracts will be extended to enable further lessons to be learned from the evaluation and to ensure a smoother transition to new provision after April 2001.

A revised national NDLTU in 2001

The government has already announced that the national NDLTU programme will be extensively revised and re-launched in 2001. A revision at that time would allow the lessons learnt from evaluation

to inform the re-design process. Enhancements to the national programme during 2000 may be seen as interim steps in the direction of re-design while the extension of the pilot programme is intended to further inform the re-engineered of the national NDLTU programme.

ANNEX 1: Welfare to Work and The New Deal

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 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.⁵⁷

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 long-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) was introduced in late 1997 and 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

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New Deal: Objectives, Monitoring, Evaluation, Employment Service, 1997

People (NDYP) was introduced as Pathfinder form in 12 local areas from January 1998 and became 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 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

New Deal for	Entry	Period
Lone parents (NDLP)	Voluntary Voluntary	Prototypes Oct 97-Sep 98 National Oct 98
Young people (NDYP) (18-24 years of age)	Mandatory Mandatory	Pathfinders Jan 98-Mar 98 National April 98
Long-term unemployed (NDLTU) (25 years or above)	Mandatory Mandatory	National June 98 Pilots Nov 98
Disabled people (NDDP)	Voluntary	Pilots Oct 98 – Apr 00
ND for Partners of Unemployed (NDPU)	Voluntary	National Apr 99
People age 50+ (ND50plus)	Voluntary	Pathfinders Oct 99 National 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 (ND50plus), 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 as performers in the music industry. ND50plus 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 NDPU 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).

A2 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 an 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

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

New Deal Documents

New Deal: Objectives, Monitoring, Evaluation, Employment Service, 1997

Operational Vision: New Deal for long term unemployed people aged 25 plus, Employment Service, NDOP2, 1998.

Design of New Deal Pilots, Department for Education and Employment, The Scottish Office and the Welsh Office, NDD3, 1998.

Employment Service Research Reports

ESR12 *Employers, Young People and the Unemployed : a Review of Research*, Hasluck, C, March 1999.

ESR21 *New Deal for Young People: leavers with unknown destinations*, Hales J. and D. Collins, June 1999

ESR31 *Case Study Evaluation of New Deal for the Long Term Unemployed. National Provision for those aged 25 and over: A Review of Progress in Five Units of Delivery*, Tavistock Institute, November 1999.

ESR38 *New Deal for Long-term Unemployed People: Qualitative Work with Individuals, Stage 1*, Legard R., Molloy D., Ritchie J. and T. Saunders, January 2000.

ESR43 *New Deal for Long Term Unemployed People: Case Studies to Evaluate the pilots*, Atkinson J., Barry J., Blandon J., Dewson S. and K. Walsh, March 2000.

DfEE Statistical First Release

New Deal for Young People and Long-term Unemployed People Aged 25+: Statistics. Published monthly.