



Early Lessons from the Evaluation of New Deal Programmes

A review of the emerging lessons from the monitoring and evaluation
of the New Deals for Young People, Long-term Unemployed People,
Lone Parents and Disabled People

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by

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Contents

Section	Page
List of Tables and Figures	ii
Acknowledgements	iv
Executive Summary	v
1. The New Deal Reviews: context and aims	1
1.1 The New Deal Reviews	1
2. The New Deal programmes	3
2.1 The New Deal initiative	3
2.2 An outline of the New Deal for Young People	6
2.3 An outline of the New Deal for the Long-term Unemployed	7
2.4 An outline of the New Deal for Lone Parents	9
2.5 An outline of the New Deal for Disabled People	11
3. The evaluation process and sources of information	13
3.1 The evaluation programme	13
3.2 The New Deal Evaluation Database	14
3.3 Progress in the evaluation of New Deal programmes	15
3.4 The use of evaluation evidence in the Review	19
4. Early evidence relating to New Deal programmes	21
4.1 Implementation of programmes	21
4.2 Delivery of programmes	22
4.3 New Deal clients	23
4.4 The operation of New Deal	31
4.5 Initial destinations of New Deal clients	40
4.6 The impact of New Deal programmes	46
5. Key issues arising from evaluation	55
5.1 Reflections on the New Deal programmes	55
5.2 Positive aspects of New Deal	55
5.3 The emerging policy and evaluation issues	56
6. Policy responses to evidence on key issues	65
6.1 The evolving form of New Deal programmes	65
6.2 Quality assurance and programme management	65
6.3 Programme developments on NDYP	66
6.4 Programme developments on NDLTU	68
6.5 Programme developments on NDLP	69
Annex 1: Sources referred to in the Review	73

List of Tables and Figures

Table No.		Page
2.1	The main elements of the New Deal initiative	4
 Figure No.		
4.1	Distribution of NDLTU participants by unemployment duration and gender	26
4.2	Total numbers entering, participating and leaving NDYP	32
4.3	Total numbers entering, participating and leaving national NDLTU	33
4.4	Total numbers entering, participating and leaving national NDLP	34
4.5	Cumulative exits from NDYP for unsubsidised employment	41
4.6	Exits from NDYP to unsubsidised employment at different stages of the programme	42
4.7	Proportion of NDYP participants entering unsubsidised employment by sex and membership of an ethnic minority	42
4.8	Monthly flows from NDLTU into unsubsidised employment by type of employment	44
4.9	Destinations of leavers from NDLP, Quarter 4 1998 to Quarter 4 1999	45

The Institute for Employment Research

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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

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. The New Deal is delivered by means of a number of programmes aimed at different target groups. New Deal for Young People (NDYP) is aimed at young people (18-24) who have been unemployed for six months or more. The national New Deal for the Long-term Unemployed (NDLTU) is aimed at adults (25 or older) unemployed for two years or more (earlier entry to NDLTU is possible in areas where the NDLTU pilot programme is operating). New Deal for Lone Parents (NDLP) is aimed at lone parents on Income Support while the New Deal for Disabled People (NDDP) is intended to help people on Incapacity Benefit and similar benefits to re-enter the labour market.

New Deal programmes are being comprehensively evaluated. 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, therefore, timely to draw together current knowledge of the programmes and to identify early lessons. To achieve this, a series of New Deal Reviews were commissioned by the Employment Service.

Three programme specific New Deal Reviews have been carried out relating to the NDYP, NDLTU and NDLP programmes. Each Review provides a summary and assessment of the relevant monitoring and evaluation evidence for that programme. This report is the fourth in the series and provides an overall assessment of the common experience of the New Deal programmes, identifies issues raised by evaluation and highlights early lessons to be drawn from the evaluation of the New Deal programmes.

New Deal evaluation

Monitoring and evaluation has been built into New Deal programme designs from the start and is intended to address seven research questions:

- 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 New Deal?
- what is the impact on total unemployment?
- what is the net impact on Exchequer costs?
- what are the wider consequences of New Deal on social exclusion and other social issues?

The precise form of evaluation varies from one New Deal programme to another. In general, evaluation has embraced both quantitative and qualitative research methods and utilised administrative and survey-based data. At its most comprehensive, New Deal evaluation consists of the following elements:

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

Not all of these elements are present in the evaluation of each programme. DfEE and ES also conduct internal monitoring and evaluation activities. These activities are focussed on the operation and delivery of the programmes and on the setting and measurement of performance measures.

One key difference bearing on evaluation is whether a programme is a pilot or a national programme. Pilot programmes (NDLP Phase 1, NDDP and the NDLTU pilot programme) provide opportunities to use 'experimental' methods in which comparisons are made between pilot areas and selected geographical comparison areas (NDLP), comparison with the national situation (NDDP) or comparisons between programme participants and non-participants, ideally, randomly assigned to, or excluded, from the programme (NDLTU pilots). Experimental control is more difficult, if not impossible, in the case of national programmes. In this case, evidence of impacts must be discerned by means of more complex analytical methods and by reference to 'cross-sectional' variation within the programmes.

The structure of the Review

The Review focuses on generic New Deal issues and the summary takes the following form:

- a description of the New Deal initiative and the key features of the programmes covered by the Review;
- an outline of the main elements of evaluation programmes (highlighting differences) and a consideration of the opportunities and challenges faced when evaluating New Deal;
- a summary of the evaluation evidence up to the end of 1999. This section examines the characteristics of New Deal clients, delivery, participation, activities on programmes and the evidence relating to outcomes and impacts;
- the identification of a number of key issues that have emerged from the evaluation;
- an account of the operational response to the emerging issues from evaluation.

An overview of the evaluation evidence

The greatest volume of evidence to date relates to NDYP. This evidence points to the large volume of clients dealt with by the programme over the first two years of operation: 392,000 up to November 1999. Of these, 133,000 entered sustained jobs (lasting more than 13 weeks). Large numbers of young people have entered one or other of the Options and obtained valuable work experience or gained a qualification. There is much goodwill towards NDYP amongst clients, providers and other organisations involved with it. Participants see significant benefits from NDYP and most believe that it helped them when seeking work. Macroeconomic evidence suggests that such perceptions may be justified. Although the long-term impact of NDYP remains to be seen, there is a common perception that something new and positive is being done to deal with the problem of longer-term unemployment amongst young people and NDYP appears to have had a profound and largely positive effect on all concerned.

NDLTU has yet to establish similar support and identity with its aims. While there are positive messages to be found in the evaluation of NDLTU, these are mixed in with more negative findings. For some clients the programme has been a helpful intervention with positive outcomes. This was especially true of those with low expectations of the programme on entry but who were re-motivated and supported by NDLTU. More highly motivated clients appear to have been frustrated by the inflexibility of provision (or lack of provision) while a body of clients was deeply cynical about all

government programmes and resented any compulsion to take part in NDLTU. Some ES staff see the national programme as adding little to existing provision for long-term unemployed adults. 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.

NDLP and NDDP are qualitatively and quantitatively different from the other two programmes; entry is voluntary and each programme consists of a single advisory stage with referral to existing ES provision and other support. Evaluation of the NDLP Prototype showed that in the course of fifteen months, almost a quarter of the target group of lone parents took part in the programme and most of these chose to become full participants and have further contact with a NDPA. Almost half of those who participated in the prototype were successful in finding jobs. More recent qualitative research from NDLP Phase 3 concluded that NDLP is working well and satisfaction was high. Participants felt that NDPAs provided a good service and treated them well.

It is also too early in the evaluation of the NDDP pilot to have more than an indication of its operation and effect. An early report shows, however, that a very high proportion of participants have given the programme a positive rating and more than half of participants had increased their level of job search and were pleased with the training courses they had attended. Criticisms of NDDP mainly concerned the quality of advice and support or differences between client and NDPA over the most appropriate strategy for a return to work.

The emerging policy and evaluation issues

The Review highlights a number of evaluation findings that have implications for policy development and the evaluation of programmes. The emerging issues are:

- **The diversity of New Deal client groups.** Clients face very different barriers to work and have different motivations and aspirations. New Deal programmes attempt to tailor provision to meet these differing needs but it is not evident that differences between clients across programmes are sufficient to justify the major differences in programme design.
- **Comparisons of programmes.** The difference in clients and provision across

programmes suggests that comparisons of evaluation results should be treated with caution.

- **Voluntary or mandatory entry.** Participation in NDYP and NDLTU are mandatory while participation in NDLP and NDDP is voluntary. This difference raises issues about programme take up, the differences between participants and non-participants and the outcomes that can be expected.
- **Jobs first or 'human capital'?** New Deal programmes are principally concerned with getting clients into work and improving their long-term employability. This can conflict with efforts to improve 'human capital' by means of training or education. Many of those involved with NDYP and NDLTU see activities (e.g. gaining a qualification) as ends in their own right and this can conflict with an emphasis on active job search. Provision under NDLP and NDDP is principally advice and this tends to emphasise entry to employment over other forms of activities, although there is an increased emphasis on training in NDLP Phase 3.
- **Variations in the New Deal experience.** There is growing evidence of differences in 'the New Deal experience' between areas, within programmes and between different programmes. This raises issues of equity.
- **New Deal Personal Advisors.** NDPAs have emerged as critical to the operation and success of New Deal programmes. While NDPAs are highly regarded in general, some concerns have emerged about the size of caseloads and their training for the new NDPA role.
- **Improving the quality of provision.** Issues have emerged about the quality of some provision, especially training in work experience placements and low pay in subsidised employment.
- **After the New Deal?** How to deal with clients who have passed through their New Deal programme without a 'successful' outcome has begun to emerge as an issue on the programmes that have operated longest.
- **The limitations of pilot programmes.** The special circumstances of pilot programmes may limit the extent to which they provide a guide to the operation or impact of national programmes.
- **The problem of isolating impact.** Estimating the long-term impact on employment and the economy is a complex evaluation issue that is

particularly difficult for national (as opposed to pilot) programmes and made more difficult by the proliferation of New Deal interventions. On voluntary programmes there is also the possibility that clients are more job ready than the population from which they are drawn.

- **Additionality and programme design.** Targeting programmes on the hard to employ may lower programme performance in terms of job outcomes but might make a greater additional impact in the long-term.
- **The limited knowledge of impact on employers.** Research into employers' responses to New Deal programmes has been rather limited and where it has taken place it is often restricted to employers providing subsidised employment places. More research is needed.

Policy responses to key issues

The Review concludes by examining the responses to the emerging evaluation evidence. In broad terms these responses take the form of:

- the development of quality assurance mechanisms. Instruments for improving quality and performance include a Continuous Improvement Strategy, the development of Core Performance Measures and the development of specific Employment Service products for training and marketing;
- changes in the operation of programmes, for instance, the re-orientation of NDYP and NDLTU in October 1998 to give greater emphasis to job search and, more recently, an intensification of Gateway activities on NDYP.
- strategic changes in programme design. These include possible national implementation of features of the NDLTU pilot programmes and the extension of the target group of lone parents on NDLP to include lone parents with children aged 3-5 years of age.

Details of policy developments on each New Deal programme are provided in the main report.

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) is aimed at young people (18-24) who have been claiming Jobseekers Allowance (JSA) for six months or more. Adults (25 or older) with a JSA claim of two years or more are the target group for the national New Deal for the Long-term Unemployed (national NDLTU). In areas where the NDLTU pilot is operating earlier entry to the programme may be at 12 or 18 months unemployment. New Deal for Lone Parents (NDLP) is aimed at lone parents on Income Support while the New Deal for Disabled People (NDDP) aims to help people on Incapacity Benefit and similar benefits to re-enter the labour market.

New Deal programmes have been submitted to a comprehensive and rigorous programme of evaluation. The form of evaluation and the stages reached varies from one New Deal programme to another. 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 timely to draw together this evidence and to establish current knowledge of the programmes and to draw out early lessons. To achieve this, a series of New Deal reviews have been commissioned by the Employment Service.

Three programme specific New Deal Reviews have been undertaken relating to the NDYP, NDLTU and NDLP programmes.

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

Each Review provides a summary and assessment of the relevant monitoring and evaluation evidence for that programme. This report is the fourth report in the series of New Deal Reviews. It provides an overall assessment of the common experience of the New Deal programmes, identifies issues raised by evaluation and highlights early lessons to be drawn from the monitoring and evaluation of the New Deal programmes. This report draws upon the material presented in the three programme Reviews (together with some evidence from NDDP) but it considers issues that are 'over-arching' or generic to the New Deal initiative in the light of the differences between the programmes. This report can be read independently and without reference to the three programme-based Reviews. However, those wishing more detail of the issues raised in relation to specific New Deal programmes should consult the programme-based Reviews² and, of course, the original published research on which the summaries and reviews were based. A list of New Deal evaluation research publications is provided in Annex 1.

The remainder of this Review is presented in the following manner. First, Section 2 provides a description of the New Deal initiative and the key features of the programmes covered by the current Review. Section 3 describes the main elements of the New Deal evaluation programme and considers some of the opportunities and challenges faced by those evaluating the initiative. Section 4 sets out a summary of the evidence to date relating to the operation and experience of the New Deal programmes. Section 5 provides the core of the Review and considers a number of key issues that have emerged from the evaluation. Finally, Section 6 concludes by describing the operational and policy responses to the issues raised by monitoring and evaluation.

² Hasluck C. *The New Deal for Young People: Two Years On*, ESR41, Employment Service, February 2000.
Hasluck C. *The New Deal for the Long-term Unemployed: A Summary of Progress*, ESR46, Employment Service, April 2000.
Hasluck C. *The New Deal for Lone Parents: A Review of Evaluation Evidence*, ESR51, Employment Service, June 2000.

2. The New Deal programmes

2.1 The New Deal initiative

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 incentive to work while the latter, which covers a range of programmes aimed at young unemployed people, long-term unemployed people, lone parents and disabled people, is intended to help non-working people into jobs and to increase their long-term employability.

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

- helping young and long-term unemployed people, lone parents and disabled people who wish to work, into jobs and helping them to stay and progress in employment;
- increasing the long-term employability of young and long-term unemployed people, and lone parents and disabled people who wish to work.³

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

Table 2.1 lists the core New Deal programmes in order of their introduction. New Deal for Lone Parents (NDLP) was introduced in mid 1997 and was intended to help lone parents on Income

³ *New Deal: Objectives, Monitoring, Evaluation*, Employment Service, 1997

Support to leave benefit and obtain employment. Phase 1 (the NDLP Prototype) was launched in July 1997 in eight areas and operated until October 1998 when the programme was extended nationally (Phase 3). A transitional (national) Phase 2 operated between April to October 1998 when invitations to join the programme were restricted to lone parents making new and repeat claims for Income Support. 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, although NDDP is aimed at a completely different group of clients.

New Deal for Young People (NDYP) was introduced in 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 pilot phase. The programme was targeted at unemployed adults (aged 25 plus) who had claimed JSA for at least two years. In November 1998, a number NDLTU pilot programmes were introduced in selected local areas to test the effectiveness of innovative provision and early entry criteria prior to possible national implementation. Both NDYP and NDLTU are programmes aiming to break down barriers to immediate employment and to enhance long-term 'employability'.

Table 2.1
The main elements of the New Deal initiative

New Deal for	Entry	Stage and Period	
Lone parents (NDLP)	Voluntary	Phase 1	July 97-Sept 98
	Voluntary	Phase 2	Apr 98–Sept 98
	Voluntary	Phase 3	October 98
Young people (NDYP) (18-24 years of age)	Mandatory	Pathfinders	Jan 98-Mar 98
	Mandatory	National	April 98
Long-term unemployed (NDLTU) (25 years or above)	Mandatory	National	June 98
	Mandatory	Pilots	November 98
Disabled people (NDDP)	Voluntary	Pilots	Oct 98 – Apr 00
Partners of Unemployed (NDPU)	Voluntary	National	April 99
People aged 50 plus (ND50plus)	Voluntary	Pathfinders	Oct 99

		National	April 00
New Deal for Musicians	Voluntary	National	October 99

More recent additions to New Deal are New Deal for People aged 50 plus (ND50plus), New Deal for Partners and New Deal for Musicians. The latter is really an enhancement of NDYP as it targets young people aged 18-24 who wish to work 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 work-less household).

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. The NDLP and NDDP designs offer intensive support from an NDPA who can offer a comprehensive package of advice and support including access to ES programmes and outside training courses. NDYP and NDLTU designs are, however, more elaborate. Both offer an initial period of intensive advisory interviews with an NDPA. This is then followed by opportunities to enter 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 NDYP and NDLTU offer a final Follow-Through stage for those who have not obtained employment.

Reflecting the target groups at which they are aimed and the underlying purpose of each programme, the requirement to participate in New Deal varies. Entry to NDYP and NDLTU is mandatory. Young people are required to participate in all stages of NDYP unless they leave JSA for a job, transfer to another benefit or leave for some other reason. While the spirit of NDYP is to seek agreement on an Action Plan for returning to work, NDPAs can compulsorily refer clients to provision if necessary. In national NDLTU, only the initial advisory stage is compulsory, at the end of which participants may return to normal jobseeking activities on JSA if they wish. In this regard, the NDLTU pilot programme is different as it requires participation in all parts of the programme. In contrast, where New Deal programmes are aimed at increasing labour market activity – NDLP and NDDP – programme participation is on a voluntary basis although participation is actively encouraged.

The New Deal differs 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.

2.2 An outline of the New Deal for Young People

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

The Employment Service has the lead responsibility for delivering NDYP working in partnership with others in the community. These partnerships bring together a range of organisations, including ES itself, Training and Enterprise Councils and Local Enterprise Companies, local authorities, voluntary sector organisations and private companies. The delivery of NDYP through local Units of Delivery was designed to allow local knowledge of the labour market, unemployed clients and provision to inform New Deal delivery and to meet more closely local needs⁴. Four different partnership arrangements have operated: joint venture partnerships, consortia, private sector led and ES led. Issues relating to partnerships and delivery are discussed in greater detail in section 4.2.

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

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

Young people are offered a range of opportunities within the Options phase of NDYP. Subsidised Employment (SE) and work placements in the Voluntary Sector (VS) or with the Environment Task Force (ETF) are intended to increase employability through work experience and an element of training. The fourth Option, Full-time Education and Training (FTET), provides a means of acquiring skills and qualifications although it may also contain an element of work experience. All on Options continue to be subject

⁴ *Design of the New Deal for 18-24 Year Olds*, Department for Education and Employment, NDD1, 1997.

to JSA rules, such as the obligation to actively seek work whatever the financial arrangements for the specific Option. If a young person completes or leaves an Option and still has not obtained a job, they can reclaim JSA (if previously paid a wage) and enter the Follow-Through period. During Follow-Through they receive further intensive help with job search in order to find a job, re-enter an Option or even, in some cases, return to the Gateway.

A key feature of the New Deal is the way in which help for young jobseekers is integrated and tailored to meet their individual needs. The design of New Deal is intended to meet several objectives. First, to place young unemployed people more rapidly into jobs. Second, to reduce recruitment costs and employer prejudice. Third, to improve work skills, experience, qualifications, motivation, self-esteem and job search skills. Fourthly, to enable the individual to choose the most appropriate method of obtaining and keeping jobs. Finally, the programme seeks to maintain and improve effective job search throughout the programme⁵.

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

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. 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.

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, literacy or numeracy difficulties, if 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

⁵ *New Deal: Objectives, Monitoring, Evaluation*, Employment Service, 1997

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 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 Process interviews is mandatory. Failure to attend interviews or to maintain active job search as required by JSA rules may lead to sanctions being applied.

Participants who do not find employment during the Advisory 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 pilot programmes

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

- variations in eligibility criteria, with 'normal' entry to pilot programmes 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 some type 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. These common elements are as follows:

- 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 full-time programme of 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. Opportunities for subsidised employment and full-time education and training can also be accessed during the IAP;
- 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.

2.4 An outline of the New Deal for Lone Parents

The New Deal for Lone Parents was introduced by the Department of Social Security (DSS) in prototype form in eight areas from July 1997 (NDLP Phase 1). The Employment Service managed delivery in four areas while the Benefits Agency managed delivery in the remainder. While all lone parents on Income Support were eligible to enter NDLP prototypes, the 'target' group was those lone parents whose youngest child was over five years and three months of age and who had been claiming Income Support (IS) for at least eight weeks. The target group was invited to join the prototype programme although other lone parents on Income Support could do so if they wished.

The programme was extended nationally as Phase 2 in April 1998, although only lone parents making a new or repeat IS claim were invited to join the programme. Phase 2 was essentially a transitional phase pending the full national implementation of NDLP in October 1998. After that date, NDLP was offered to all lone parents on Income Support (both existing claimants and new claims). Corresponding with national 'roll out' of NDLP in October 1998, responsibility for all NDLP delivery was transferred from DSS to the Employment Service. Despite these changes, the

NDLP programme design remains largely unchanged although the national programme (Phase 3) offers greater access to training by providing help with course fees and other associated expenses.

The aim of the New Deal for Lone Parents is to help lone parents receiving Income Support take up paid work, to increase the amount of paid work undertaken (for instance by switching from part-time to full-time employment) or to take steps that are in preparation for employment. In particular, NDLP attempts to tackle the historical lack of support and information about work and benefits for lone parents and to counter other financial and non-financial barriers to employment. The main approach for helping lone parents move towards, enter, or increase employment is, in common with all New Deal programmes, the provision of an individually-tailored package of information and support about work opportunities, training, benefits, and childcare by means of a New Deal Personal Advisor (NDPA). NDPAs are trained specifically for NDLP although they may also be acting in a similar role on other New Deal programmes.

The basis for entry to NDLP is by invitation, referral or self-nomination. All lone parents making a new or repeat IS claim and whose youngest child is five years and three months or above (the target group) receive a letter inviting them to see a NDPA. This happens after the eighth week of their IS claim. After the introduction of NDLP Phase 3 existing IS claimants who already met the target criteria were invited for interview on a gradual basis in order to draw down the 'stock' of target lone parents. All of the stock had been invited to join the programme by April 1999. Other eligible lone parents outside the target group may put themselves forward for an interview with a NDPA (having heard of NDLP via the media or by other means) or they may be referred to NDLP (for instance, during a visit to the Jobcentre).

Whatever the route by which lone parents become aware of NDLP, the first step in the programme is to make contact with a NDPA and attend an initial interview. The purpose of the initial interview is to explain the NDLP programme to the lone parent, to discuss the help it provides and to invite them to join the NDPA caseload⁶. Attendance at the initial interview is voluntary as is subsequent activity with the NDPA. After the initial interview, lone parents who join the caseload may be invited back for further advisory appointments, and can continue to rely on the adviser for in-work support after a job has been found.

⁶ For monitoring purposes, lone parents who attend an initial interview are recorded as an NDLP start. However, they are not regarded as a full participant on NDLP until they opt to join the NDLP caseload. See 'Notes for Editors' appended to the DfEE Statistical First Release on New Deal for Lone Parents: Statistics, for further details of this and other definitions.

NDPAs can offer a wide range of support and guidance designed to identify skills, develop the confidence to seek work as well as practical help with job applications, finding childcare or obtaining training. Clients and NDPAs may jointly develop an Action Plan for returning to work although this is not a formal requirement of the programme. More specifically, NDPAs:

- help lone parents through the steps to finding a job,
- talk to lone parents about current job vacancies, and how to find them,
- help lone parents to apply for jobs, write a CV and prepare for interviews,
- give advice on the benefits lone parents can get whilst they are in work and help them apply for such benefits (previously Family Credit and now Working Families Tax Credit),
- provide a 'better-off' calculation of the income they could expect to receive in a job, from their wages and in-work benefits,
- help the lone parent to find childcare,
- help lone parents with their applications for child maintenance,
- help the lone parent decide whether he or she needs training, and then find a suitable course,
- continue to be available to lone parents once they have started work, providing support when difficulties arise.

Although NDLP largely relies on advice and guidance to help clients, such support for clients is backed up by a comprehensive package which includes access to ES programmes, Work Based Learning for Adults and short work experience placements. Such access is often immediately available and avoids waiting for places to become available. Funding for childcare and/or training course fees⁷ and help with travel expenses is also available as is 'fast-tracking' of in-work benefit claims to help ease the cost of making the transition from benefits to earned income. Lone parents are free to take up voluntary work to gain work experience and develop self-confidence if they wish to do so.

2.5 An outline of the New Deal for Disabled People

The New Deal for Disabled People aims both to assist disabled people and those with a long-standing illness who want to work to do so, and to help those who are already in work to retain their employment. The NDDP pilot programme is being run in 12 areas; six by the Employment Service and the remainder by

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Course fees may be paid if the course cannot be funded from another source, providing it meets NDLP conditions i.e. lasts no more than 12 months and leads to a qualification at NVQ Level 2 (exceptionally, at NVQ Level 3).

partnerships of private, public and voluntary organisations. The Employment Service pilots were launched in October 1998 and the partnership pilots in April 1999. Each partnership has a lead organisation managing the pilot on a day to day basis. The Employment Service and the Shaw Trust are involved in many of the partnership schemes.

As in NDLP, eligible clients are invited to make contact with a NDPA. Eligible clients are identified by the Benefits Agency (BA) in each pilot area from BA records. Those eligible for NDDP are those in receipt of benefit due to incapacity for 28 weeks or more and those approaching the 28 week point (some categories, such as the terminally ill or approaching minimum pension age are not sent the invitation letter). Invitations to contact the NDDP Personal Adviser Service are sent out from Benefit Agency offices on a monthly basis. By the end of the pilot period, all eligible claimants in the 'stock' will have received a letter of invitation.

In many respects the NDDP pilots programme follows the model of the NDLP Phase 1 Prototypes. After receiving an invitation letter, potential clients are expected to contact the Personal Adviser Service. Participation in NDDP is, of course, on a voluntary basis and eligible people may decline the invitation or simply ignore it. On the other hand, people who learn of the Personal Adviser Service by other means than receiving a letter of invitation may approach Personal Adviser service.

After initial contact is made with eligible clients, the first of a series of interviews with NDPAs may be arranged. These interviews have a number of objectives that include giving the client an overview of the programme, assessing eligibility and, if appropriate, their employability. During one or more introductory interviews, a client may be invited to agree an Action Plan and where this is done, the client joins the NDPA caseload. This point marks the commencement of a series of steps to be undertaken to help the client move back into, or remain in, work.

As in the case of NDLP, the NDDP design consists of a single advisory phase in which advice, guidance and support is given. However, NDPAs can refer clients who want to work to a wide range of support services within ES and can purchase appropriate services from other providers in order to help achieve the client's Action Plan.

3. The evaluation process and sources of information

3.1 The evaluation programme

Monitoring and evaluation of New Deal has been built into the programme designs from the start. The broad evaluation strategy is set out in '*New Deal: Objectives, Monitoring and Evaluation*' (Employment Service, 1997). There are seven questions that the evaluations of New Deals have 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 New Deal?
- what is the impact on total unemployment?
- what is the net impact on Exchequer costs?
- what are the wider consequences of New Deal on social exclusion and other social issues?

The precise form of evaluation programme varies from one New Deal programme to another, reflecting the nature of the programme and the resources available. In general, evaluation has embraced both quantitative and qualitative research methods and utilised both administrative and survey-based data. At its most comprehensive New Deal evaluation consists of the following elements:

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

Not all of these elements are present in the evaluation of each programme. DfEE and ES also conduct their own internal monitoring and evaluation activities. These activities are focussed on the operation and delivery of the New Deal programmes and on the setting and measurement of performance measures.

One critical difference between programmes that has a bearing on evaluation is whether the programme was initially implemented as a pilot or was immediately 'rolled out' on a national basis. Where programmes such as NDLP, NDDP and the NDLTU pilot

programme have been provided on a pilot or prototype basis, this provides an opportunity to use evaluation methods utilising 'experimental controls' or quasi-experimental methods. Such evaluation designs involve comparisons of pilot areas with selected geographical comparison areas (NDLP) and the national situation (NDDP) or comparisons within pilot area between individuals randomly assigned (or excluded) from the programme (NDLTU pilots and, arguably, NDLP). Where programmes have been provided on a national basis without a preceding pilot phase, experimental control is more difficult, if not impossible. There was no pilot phase for the national NDLTU programme while NDYP was operated in pathfinder form for only three months. When programmes are national in their coverage, evidence of impacts must be discerned by means of more complex analytical methods and by reference to 'cross-sectional' variation within the programmes.

3.2 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 main labour market New Deal Programmes. Two 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. A number of other sources, for instance CSL payment system records relating to payment of subsidies to employers, also feed into the NDED.

The NDED has the potential to provide a wealth of monitoring information about the volumes of people entering, leaving and currently participating on New Deal programmes, the characteristics of participants, immediate outcomes and information about the New Deal process itself. However, the range of information and its reliability varies across programmes. Fairly comprehensive monitoring information relating to NDYP and national NDLTU is published on a monthly basis in the form of a DfEE Statistical First Release (covering both programmes). Monitoring information about NDLP is published in a similar fashion. However, little information is currently published in respect of the NDLTU pilot programme or of NDDP where the programme is still in the pilot stage.

The NDED has some general limitations. While it has the potential to record considerable detail of the progress made by clients while on New Deal, it provides only limited data on outcomes. NDED records the immediate destinations of those leaving New Deal and it can identify individuals who return to benefits at a later date, although at present this is only possible in

regard to NDYP and NDLTU. In common with most administrative records based systems, NDED suffers from a large proportion of 'leavers to unknown destinations'. NDED also contains only limited information about employers and the jobs to which New Deal clients are recruited. Those employers who recruit from a New Deal programme offering subsidised job or work experience placements are recorded in NDED but employers who recruit from the New Deal without a subsidy payment being involved will not be recorded. These types of deficiency 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 the monitoring of the operation and outcomes of New Deal programmes. Indeed, it has been the most immediate source of information about programmes during their early stages while waiting for the results of evaluation research. The NDED also provides sampling frames for quantitative surveys of individual New Deal participants and employers offering subsidised employment. Moreover, as time passes the NDED is capable of providing a longitudinal perspective of programmes. A particularly valuable form of analysis is that of 'cohort analysis' where the progression on the programme and eventual outcome of a specific cohort of entrants to a programme is mapped out over time.

The NDED is described in greater detail in '*New Deal Statistics & the New Deal Evaluation Database*' (Labour Market Trends, April 1999).

3.3 Progress in the evaluation of New Deal programmes

The first New Deal programme – the NDLP Phase 1 prototype – was launched in July 1997 and a major programme of evaluation was established in parallel with the implementation of the programme. The evaluation incorporated a range of research components, including site visits, local labour market studies, in-depth interviews, surveys of lone parents, analyses of administrative data and work and benefit histories, and an assessment of the costs and benefits of the prototype⁸. The

⁸ Finch H., O'Connor W. with Millar J., Hales J., Shaw A. and W. Roth, *New Deal for Lone Parents: learning from the prototype areas*, DSS Research Report No. 92, CDS, Leeds, 1999.

Hales J. Shaw A. and W. Roth. *Evaluation of the New Deal for Lone Parents: A Preliminary Estimate of the Counterfactual*, DSS Social Research Branch, In-house Report No. 42, 1998.

Hales J., Roth W., Barnes M., Millar J., Lessof C., Gloyer M. and A. Shaw, *Evaluation of the New Deal for Lone Parents: Early Lessons from the Phase One Prototype. Findings of Surveys*, DSS Research Report No 109, CDS, Leeds, February 2000.

Hales J., Lessof C., Roth W., Gloyer M., Shaw A., Millar J., Barnes M., Elias P., Hasluck C., McKnight A. and A. Green, *Evaluation of the New Deal for Lone Parents: Early*

evaluation made use of comparisons between NDLP prototype areas and selected comparison areas as well as comparisons between lone parents within the prototype areas. The evaluation provides a comprehensive assessment of participation in NDLP, the operation of the programme and an assessment of impacts.

The assessment of the initial impact of the NDLP prototype is now complete. However, a longer-term perspective on the impact of the NDLP prototype is currently being sought by means of qualitative interviews with lone parents covered by the NDLP surveys in prototype area surveys and with NDPAs. In the meantime, attention has shifted to the national (Phase 3) NDLP programme. At the end of 1999 a comprehensive programme of research covering Phase 3 was started. As with other New Deal evaluations, this contains many of the elements set out in Section 3.2 above, namely a mixture of quantitative and qualitative research with participants and micro-economic modelling of the labour market participation of lone parents.

The most comprehensive evaluation programme is that of NDYP. This reflects the greater size and scope of this programme together with its role as a 'New Deal flagship'. Early qualitative research was conducted in the NDYP Pathfinder areas⁹. This included case studies of programme delivery and a series of interviews with participants at each of the Gateway, Options and Follow-Through stages of the programme. Qualitative research was also carried out with employers. The pattern of evaluation has been repeated in respect of the national NDYP programme with a further set of qualitative interviews with NDYP participants on the national programme, at the Gateway, Options and Follow-Through stages. By December 1999 the qualitative evidence relating to all three phases of NDYP in the Pathfinder areas had been published together with evidence relating to the national Gateway and Options¹⁰. Similarly, by the end of 1999 further

Lessons from the Phase One Prototype Synthesis Report, DSS Research Report No 108, CDS, Leeds, February 2000.

⁹ The Tavistock Institute. *New Deal for Young Unemployed People: Case Studies of Delivery and Impact in Pathfinder Areas*, ESR7, Employment Service, December 1998.
Legard R., Ritchie J., Keegan J. and R. Turner, *New Deal for Young People: The Gateway*, ESR8, Employment Service, December 1998
Woodfield K., Turner R. and J. Ritchie. *New Deal for Young People: The Pathfinder Options*, ESR25, Employment Service, August 1999.
O'Connor W., Bruce S. and J Ritchie, *New Deal for Young People: Pathfinder Follow-Through. Findings from a qualitative study amongst individuals*, ESR29, Employment Service, October 1999.
Snape D. *New Deal for Young Unemployed People: A Good Deal for Employers?*, ESR6, Employment Service, December 1998.

¹⁰ Legard R and J Ritchie, *New Deal for Young People: National Gateway*, ESR16, The Employment Service, April 1999.

qualitative case studies relating to national delivery and additional qualitative research with employers had also been completed¹¹.

Large-scale quantitative surveys of individuals and employers have been limited to the national NDYP programme. The first stage of a large survey of individuals was conducted in the Spring of 1999 and the results published in Spring 2000¹². This will be followed by a second survey of individuals in 2000. As regards employers, a single survey has been carried out focused on employers who were known to have participated in the subsidised Employment Option. Since only one survey of participating employers was to be undertaken, the survey was timed for late 1999 thus giving time for a proportion of the placements to have been completed. This would allow questions of impact (such as retention) to be addressed. The results of the survey of participating employers will be published in the Autumn of 2000. There is, therefore, no evidence from the survey of participating employers available at the time of the Review.

By the end of 1999 early indications of the macroeconomic impact of NDYP had become available. These analyses assessed the macroeconomic impact of NDYP in the Pathfinder areas and the impact over the first year of the national programme¹³ using data on aggregate flows into and out of unemployment as well as macroeconomic modelling.

In addition to the core data collection from qualitative research and quantitative surveys, a number of *ad hoc* studies and surveys have been undertaken together with a number of 'positioning' papers. Examples of the former include a survey of NDYP leavers with unknown destinations¹⁴ and a case study of job search and job matching in the Birmingham area¹⁵. The latter includes a

Woodfield K., Bruce S. and J. Ritchie. *New Deal for Young People: The National Options. Findings from a qualitative study amongst individuals*, ESR37, The Employment Service, January 2000.

¹¹ The Tavistock Institute, *New Deal for Young Unemployed People: National Case Studies of Delivery and Impact*, ESR30, Employment Service, November 1999.

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

¹² Bryson A., Knight G. and M. White. *New Deal for Young People: National Survey of Participants*, ESR44, Employment Service, March 2000.

¹³ Anderton R., Riley R. and G Young. *The New Deal for Young People: Early Findings from the Pathfinder Areas*, ESR34, Employment Service, December 1999.

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

¹⁴ Hales J. and D. Collins. *New Deal for Young People: leavers with unknown destinations*, ESR21, Employment Service, June 1999

¹⁵ Walsh K., Atkinson J. and J Barry. *The New Deal Gateway: A Labour Market Assessment*, ESR24, Employment Service, August 1999.

review of the literature and secondary evidence relating to the youth labour market and employers recruitment practices¹⁶ and a review of the European and US literature on youth labour market interventions¹⁷. Other evaluation work conducted outside the main evaluation programme also contributes to the overall understanding of the NDYP programme. Examples include assessments of the Environment Task Force Option (undertaken for the DTI), Intensive Gateway Trailblazers and the New Deal Innovation Fund.

The evaluation of national NDLTU to a great extent mirrors that of NDYP except that it has progressed less far. So far, three sets of qualitative evidence relating to NDLTU have been published. The first relates to delivery of the programme in five case study Units of Delivery¹⁸. These include some UoD providing only national NDLTU and others providing both the national programme and a NDLTU pilot programme. Qualitative research with individuals who participated in NDLTU has also been undertaken and reported¹⁹. 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). The second stage of the research will be conducted in Spring 2000 interviewing around half of those interviewed in Stage 1, thus providing a longitudinal element to the research. Finally, case study research has been carried out in eight of the 28 NDLTU Pilots during October and November 1999²⁰. These case studies map the provisions made in the eight pilot programmes and seek to identify some of the consequences of the variation in provision that is the hallmark of the NDLTU pilots.

Two large-scale quantitative surveys of individuals will provide evidence about NDLTU participants. The first such survey covered around 2,500 participants in the national programme and

¹⁶ Hasluck C. *Employers, Young People and the Unemployed: A Review of Research*, ESR12, Employment Service, March 1999.

¹⁷ Auspos P. Riccio J. and M. White, *A Review of US and European Literature on the Microeconomic Effects of Labour Market Programmes for Young People*, ESR20, Employment Service, July 1999

¹⁸ 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.

¹⁹ 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.

²⁰ 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.

was conducted in late 1999 and is due to report in Spring 2000. A second quantitative survey looks at participants in pilot areas and individuals in comparison areas. As regards employers, a single large survey has been carried out jointly with the NDYP survey of participating employers and this determined the timing of the survey. The joint NDYP and NDLTU employer survey was carried out in late 1999 and the results will become available in Summer 2000.

The NDLTU evaluation programme also embraces assessments of impact in the random assignment areas and the macroeconomic effects of the programme. 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 (this analysis is not reported here). The impact of NDLTU on the labour market and on the macroeconomy is being explored using data from the Labour Force Survey and JUVOS. The first findings from the macroeconomic assessment are expected later in 2000.

Finally, evaluation is currently being undertaken of the NDDP pilot programme. The research, which commenced in early 1999, consists of visits to the pilot areas, group and in-depth interviews with Personal Advisers, survey and in-depth interviews with clients and disabled people who had chosen not to approach the Service and depth interviews with employers. The research is continuing but an Interim Report of findings has been published. These findings relate only to the first 10 months of the pilot and are limited to experience in the six pilot areas run by ES and which were established first. The NDDP research programme is supported by local labour market studies of the pilot areas (and some comparison areas) in order to provide a context for the evaluation and to inform comparisons between area. There is also research to assess Innovative Schemes. This research comprises qualitative research to assess the effectiveness of different approaches to helping disabled people to move into or remain in work. The results of this research will be published in the first half of 2001.

There is, therefore, no shortage of empirical evidence relating to the New Deal programmes both in terms of the experiences and perceptions of participants as well as from the perspectives of NDPAs, ND partners, providers and employers. Indeed, the scale of the evaluation and the 'openness' of the evaluation process are probably unprecedented. However, much remains to be done. The bulk of the data needed for the evaluation of NDYP has now been collected. Further data collection remains to be undertaken on other programmes such as NDLTU while it is 'early days' for the evaluations of NDLP Phase 3 and of the NDDP pilots (although much can be learnt from the evaluation of the NDLP

Phase 1 prototype). In addition to the evaluation of the main programmes there are also a number of evaluations taking place through 1999 and 2000 into related innovative pilots and other potential developments of the New Deal (see Section 6).

The evaluation of New Deal programmes can be expected to increasingly turn from the process of data collection to analysis and the assessment of impacts. Such assessments will relate to the impact of New Deal programmes on individuals, on employers and on the macro-economy. A period of analysis and digestion of the rich data collected since the start of New Deal and reflection on its interpretation will take place during 2000. This review is part of this process of reflection.

3.4 The use of evaluation evidence in the Review

This review provides a summary and synthesis of the evaluation evidence relating to the four New Deal programmes, NDYP, NDLTU, NDLP and NDDP. As discussed above, this evidence has been drawn from a variety of evaluation projects that employ different research methods to address different research objectives. It is important to bear in mind that where evidence is drawn from qualitative research, the samples are generally small and often purposively selected to provide a cross-section of the group being investigated (participants, employers etc.). Such qualitative samples make no claims to be statistically representative of the populations from which they are drawn. Robust estimates of the incidence of population characteristics require large-scale representative samples providing quantitative data. This is not to denigrate the qualitative research on New Deal. Quite the contrary, such research has provided valuable insights into the early operations of the programmes and revealed much about the attitudes, motivation and responses of key actors to the introduction of the programmes.

4. Early evidence relating to New Deal programmes

4.1 Implementation of programmes

The time allowed for the design, testing and implementation of New Deal programmes varies significantly. New Deal for Lone Parents benefited from development that was undertaken prior to May 1997. NDLP was introduced in prototype form in July 1997 in eight prototype areas. These 'pilots' ran for 15 months before NDLP was launched as a national programme in October 1998. This lengthy NDLP prototype phase contrasts sharply with the three months period of New Deal for Young People Pathfinders and the lack of any pathfinder or pilot phase on the national New Deal for Long-term Unemployed.

The reasons for the different form and speed of implementation probably relates to the fact that NDYP and national NDLTU are aimed at unemployed people. Both programmes built upon experience gained by the Employment Service with earlier programmes for the unemployed, both unemployed young people and adult long-term unemployed. Two previous programmes – Workstart pilots (of which there were three variants during the early 1990s) and Project Work - appear to have been especially influential in the development of the NDYP and national NDLTU designs²¹. Elements of the eventual New Deal design can be seen in many of these earlier programmes, many of which contained intensive case loading of clients and personal advice, subsidised work placement and work experience.

The development of programmes to encourage participation in the labour market by groups such as lone parents and the disabled, by comparison to programmes for the unemployed, was relatively uncharted territory²². A greater degree of experimentation was necessary to assess what was possible and to identify best and most effective practice. Consequently, more extensive provision was made for piloting the NDLP programme. A similarly lengthy pilot programme for NDDP is currently being undertaken while a programme of Innovative Schemes will test out different approaches to helping disabled people into work.

Whatever the justification for the speed with which NDYP and

²¹ Hasluck C. *Employers, Young People and the Unemployed: A Review of Research*, ESR12, Employment Service, March 1999.

²² Hales J., Lessof C., Roth W., Gloyer M., Shaw A., Millar J., Barnes M., Elias P., Hasluck C., McKnight A. and A. Green, *Evaluation of the New Deal for Lone Parents: Early Lessons from the Phase One Prototype Synthesis Report*, DSS Research Report No 108, CDS, Leeds, February 2000.

national NDLTU were implemented, there is little doubt that such haste had an impact on the initial quality and scope of provision on the NDYP and national NDLTU programmes. Inevitably there was an element of 'learning by doing' during the NDYP Pathfinder period and the early months of the national programme. This was particularly evidenced by the limited nature of the support services available in NDYP Gateway and the range of provision under both Gateway and Options. Case studies of delivery of NDYP and qualitative interviews with individual NDYP participants both concluded that provision had improved greatly between the time of the Pathfinder research and the later national NDYP research. To a great extent, both national NDLTU and NDLTU pilot programmes (introduced in June and November of 1998) were beneficiaries of this gain in experience and improvement in provision²³.

4.2 Delivery of programmes

In very broad terms there are two forms of delivery of New Deal programmes. Delivery of national NDLTU and NDLP is the responsibility of the Employment Service (responsibility for NDLP having moved from the Department for Social Security when NDLP entered Phase 3 in 1998). These programmes are delivered in a manner akin to other mainstream ES programmes. In contrast, NDYP and NDLTU pilots must be delivered through local partnerships. In the case of NDDP, the pilot programme is the joint responsibility of ES and the Department of Social Security. Six of the 12 pilots are delivered directly by ES while the remaining six pilots are delivered through local partnerships.

Local partnerships were first formed to deliver NDYP in pathfinder areas and then extended to deliver the national NDYP programme. New Deal partnerships involve the Employment Service contracting for programme provision through a number of different partnership models (ES-led, joint ventures, consortia and private sector-led partnerships). Although there was no obligation to use existing partnership arrangements for the delivery of NDLTU pilots, in general, existing partnership arrangements for NDYP were utilised.²⁴

New Deal programmes are delivered through Units of Delivery (UoD) of which there are 144 across the whole of Great Britain.

²³ 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.

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.

²⁴ Tavistock Institute, ESR31, *Op cit*

Whether delivered through partnerships or directly by ES, New Deal programmes are delivered side by side within UoD. Case studies of delivery of NDLTU have observed that the operation of national NDLTU alongside NDYP and, in the pilot areas, alongside the pilot programme had served to highlight differences in provision for the different client groups²⁵. Further overlaps between New Deal provision were evident in respect of New Deal Personal Advisors. In some areas NDPAs dealt with clients on more than one New Deal programme (usually NDYP and national NDLTU). This resulted in large caseloads for NDPAs and pressure on their time and expertise. There is some evidence that where NDPAs have specialised in just one client group they have made better use of existing provision²⁶.

At the outset of the New Deal it was expected that partnerships would bring benefits in the form of local 'ownership' of New Deal through involvement of partners in decision taking, facilitating a broad mix of provision by involving a range of partners, accessing resources through partners, and influencing partner's policy towards the longer-term unemployed. While there is no evidence so far of partnerships acquiring resources from hitherto untapped sources, it does appear that New Deal partnerships have greatly broadened the range of provision on offer by building up networks of providers and employers (thus answering early criticism of programmes such as NDYP). The influence of New Deal on partners' attitudes to the longer-term unemployed is less clear but the ES was widely perceived as being constrained by the need to operate within national and regional management procedures²⁷.

Evaluation evidence suggests that the ways in which partnerships have been implemented at local level were extremely varied and shaped by previous local partnership arrangements, local administrative networks and local labour market conditions. Indeed, particular management arrangements appear to have been more important than partnership models in determining how New Deal programmes have been delivered.²⁸ This diversity of delivery arrangements has meant that it has been difficult to associate 'best practice' or effectiveness with any particular delivery model.

²⁵ Tavistock Institute, ESR31, *Op cit.*

²⁶ 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.

²⁷ The Tavistock Institute, *New Deal for Young Unemployed People: National Case Studies of Delivery and Impact*, ESR30, Employment Service, November 1999.

²⁸ The Tavistock Institute, ESR30, *Op cit.*

4.3 New Deal clients

The labour market operates as a filter. Individuals who are most 'employable' on entry to the labour market tend to enter jobs quickly while those who face the greatest disadvantages (or are most unlucky) remain unemployed. This filtering process continues during unemployment, with those who are most 'employable' leaving unemployment after a short spell while those facing the greatest barriers to employment remain unemployed for longer periods and, in extreme cases, indefinitely. Employability is a difficult concept to define and measure but it is a quality conferred on jobseekers by employers who assess the employability in terms of the cost and suitability of a recruit²⁹. Cost and suitability, in turn, are related to the effort required to make the individual work-ready (existing skills and qualities, training required, attitudes and motivation and an assessment of any 'risk' involved, for instance where a recruit leaves a job before the costs of recruitment and training are recovered). Individuals with low employability face significant barriers to obtaining employment.

All New Deal clients share the characteristic that they face barriers to employment. This is evident from their long spells of unemployment or economic inactivity. However, beyond this truism, the nature and the scale of the barriers to employment differ considerably both between programmes and within programmes. The situation of an 18 year old unemployed school leaver on NDYP is likely to be quite different from that of a 50 year old who enters NDLTU after several years of unemployment after being made redundant from a skilled job in manufacturing. Both are likely to be in a different situation from a lone parent with sole responsibility for a number of children or a disabled person with a severe work limiting disability. Moreover, within each group of New Deal participants there is a spectrum of 'employability' ranging from those who are job-ready or close to it on entry to the programme and those for whom the barriers to employment appear virtually insurmountable.

Personal characteristics

One fairly obvious difference between the client groups is that those on unemployment related New Deals (NDYP and NDLTU) are predominantly male while those on NDLP are predominantly female. Over 70 per cent of entrants to NDYP have been males while the corresponding figure for national NDLTU, at 84 per cent, is even greater. In sharp contrast, 95 per cent of those attending an initial interview on NDLP have been female reflecting the predominantly female population of lone parents.

Members of ethnic minorities represent a greater proportion of

²⁹ Hasluck C. ESR12, *Op cit.*

entrants to NDYP than NDLTU. Around 14 per cent of entrants to NDYP were from ethnic minority groups compared to 10 per cent on NDLTU. At least 6 per cent of NDLP starts were by lone parents from an ethnic minority group³⁰. Of those members of ethnic minority groups on NDYP, around 20 per cent were of Pakistani ethnic origin, around a third were Black African/Caribbean and around 12 per cent Indian. However, the proportion of female entrants from ethnic minority groups (34 per cent) has been somewhat above the average for the programme as a whole (27 per cent). Older entrants to NDLTU are 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 per cent amongst those aged 25-29.

There is some overlap between the programmes in terms of clients with disabilities or long-term illness. To be eligible for NDDP entrants must be claiming Incapacity Benefit by virtue of a disability or long-term illness. However, around 4 per cent of NDLP starts and 13 per cent NDYP starts have also been by people with a disability. The overlap is greatest, however, in respect of NDLTU where a substantial number of entrants have been people with some form of disability³¹. 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 problems³². There appears to be a greater incidence of disability amongst females on NDLTU. Over the life of national NDLTU (up to November 1999) around 23 per cent of female entrants had some form of disability (compared to 19 per cent of male entrants).

Employment history

Participants in NDYP and NDLTU are, by definition, unemployed and not currently in employment. However, evaluation evidence suggests that many of the participants on these two programmes have little or only sporadic experience of employment or that such experience was obtained a long time ago.

A large-scale survey of individuals on NDYP found that around one third of clients had been unemployed for more than 12 months and 8 per cent for at least three years. Around one third of young people on NDYP had never had a job since leaving school (not

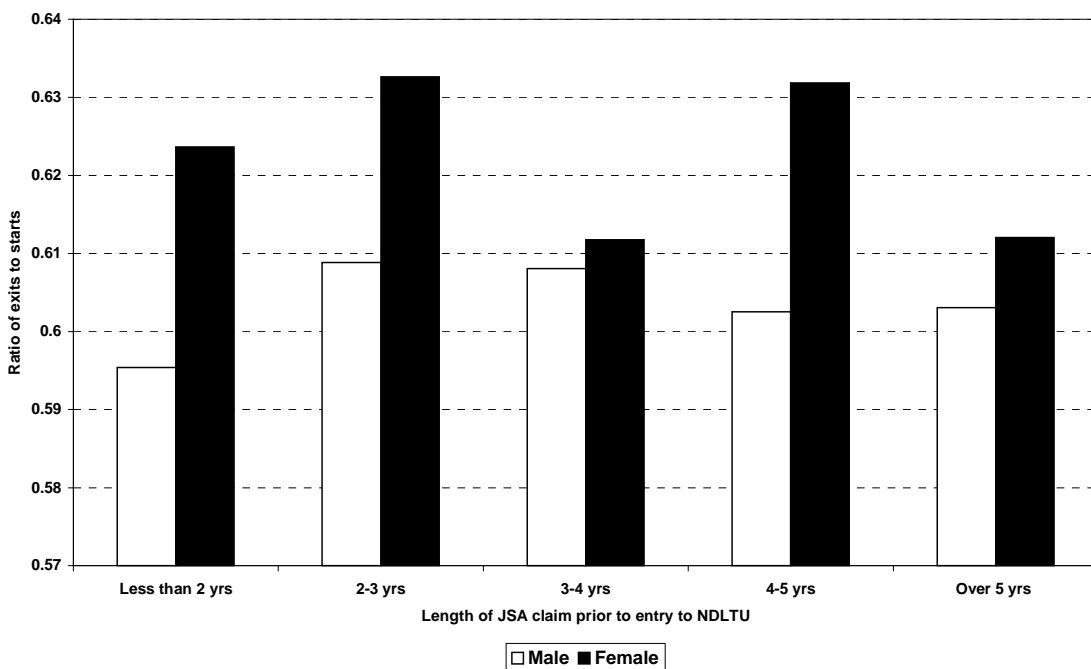
³⁰ The ethnic origin of entrants to NDLP is currently recorded in only around 60 per cent of cases.

³¹ 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.

³² Tavistock Institute, ESR31, *Op cit*.

even a short-term or casual job)³³. Recent qualitative research with NDLTU participants found many of those interviewed had experienced spells of unemployment of five years or more before entering the programme³⁴. As an example, Figure 4.1 shows the distribution of national NDLTU clients by qualifying spell of JSA claim. The figure suggests that the national NDLTU client group is somewhat polarised in terms of prior duration of unemployment spell. 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 prior spells of unemployment of at least five years or longer. Female jobseekers are more likely than males to have been amongst the shorter duration categories while males are more likely to have been unemployed for five years or longer³⁵.

Figure 4.1
Distribution of NDLTU participants by unemployment duration and gender



The duration of qualifying JSA claim prior to entry to NDLTU is likely to understate the full extent of the experience of

³³ Bryson A., Knight G. and M. White. *New Deal for Young People: National Survey of Participants*, ESR44, Employment Service, March 2000.

³⁴ 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.

³⁵ Tavistock Institute, ESR31, *Op cit.*

³⁵ The evidence relates to qualifying JSA claim. Unregistered unemployment and other forms of non-employment are not taken into account here.

unemployment amongst programme participants. Qualitative research with NDLTU participants found that around a fifth of those interviewed had not worked in a full-time job for the majority of time since leaving school or after having children. 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 having regular but short spells of employment early 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 for older people³⁶.

The situation regarding lone parents is similar but not as extreme. A large survey of lone parents who participated in NDLP prototypes found that about seven per cent of respondents had never had a paid job, and these were usually young, single women. However, only one quarter of lone parents said that they had 'spent the majority of their working lives in steady jobs'. Others had mainly combined family care with spending time in and out of work, and one in five (22 per cent) said that they had 'spent more time out of work than in work'³⁷. In stark contrast, nearly half (47 per cent) of a sample of NDDP participants had been receiving a disability related benefit for more than three years. Four per cent had never had paid employment and 36 per cent had not worked for five or more years. Of those who had worked, 76 per cent gave health reasons as the main or a contributory factor in their decision to leave their last job³⁸.

Attitudes and motivation

While there is no denying that some New Deal participants were uninterested in finding employment, evaluation evidence strongly suggests this was a minority perspective. However, the situations of clients on different New Deal programmes vary and this is reflected in participant attitudes and motivation.

For most unemployed young people on NDYP there was a strong antipathy to being out of work. Over a quarter of young people interviewed six months after starting NDYP described being out of work as '*just about the worst thing that ever happened to me*'³⁹. The position is more complex amongst NDLTU clients. Early qualitative evidence suggests that participants display different

³⁶ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR 38, *Op cit.*

³⁷ Hales J. *et al*, *Evaluation of the New Deal for Lone Parents: Early Lessons from the Phase 1 Prototype - Findings of Surveys*, DSS Research Report No 109, CDS, Leeds, February 2000.

³⁸ Arthur *et al.*, *New Deal for Disabled People; early Implementation*, DSS Research Report No 106, CDS, Leeds, 1999.

³⁹ Bryson A., Knight G. and M. White. ESR44, *Op cit.*

levels of motivation⁴⁰. Some participants were very keen to find work and, in some instances, less 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.

Participants in NDLP and NDDP are in a somewhat different position to unemployed jobseekers. Lone parents may legitimately choose to defer labour market participation in order to devote themselves to full-time childcare (in some cases, for instance when there are several children, this is less a matter of choice than necessity) or may be very restricted in the types of job that could be combined with childcare. Similarly, disabled people may be unable to take up job opportunities because of their disability or poor health or may be severely restricted in the type of work that could be undertaken. Survey evidence of lone parents on Income Support and with a youngest child over five found that 37 per cent wished to postpone employment and just 8 per cent indicated that they would never work. Thus more than half wanted to obtain a job (41 per cent were 'job ready' while 11 per cent were already in some form of work)⁴¹.

The situation is surprisingly similar with regard to clients on NDDP. A survey of NDDP participants in ES pilot areas found that 53 per cent wished to obtain work immediately while 39 per cent aspired to work sometime in the future. Only 8 per cent indicated that they did not wish to work. Where respondents indicated that they did not wish to work, at least in the short-term, the majority cited their impairment or illness as the main reason.

Although the motivation to find employment amongst people entering New Deals was generally strong, this motivation was affected by the extent to which participants have a clear view of the job(s) they would like to do. Having a clear career or employment goal tended to raise the desire to find employment. On the other hand, the experience of unemployment and spells of economic inactivity, especially for long periods, was often associated with a reduction in motivation to find work. The experience of not being in paid work had clearly taken its toll on many New Deal participants. Many were acutely conscious of the low status attached to unemployment and non-employment and

⁴⁰ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38, *Op cit.*

⁴¹ Hales J. *et al*, DSS Research Report No 109, *Op cit.*

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 for some was a lack of structure to life and a decrease in self-esteem and self-confidence. Some clients appear to have become used to a way of life out of work and living on benefits, while some even found virtues in this situation. However, such experiences could also be a spur to seek a better standard of living, to seek a 'normal working life' and to add interest to life.

Some New Deal participants, especially those on NDLTU, have had previous experience of one or more ES programme before the New Deal. Such participants have often attended Jobclubs and participated in Youth Training, Employment Training or similar programmes. While experience of other programmes and attitudes towards them was inevitably mixed, in general there was a fairly high level of disaffection with government programmes before the New Deal. 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 objections to the mandatory nature of some programmes which forced jobseekers to attend irrespective of the relevance of the programme to their needs. These views inevitably coloured the expectations of and attitudes towards the New Deal. Overcoming such negative preconceptions is a critical issue to be addressed by the New Deal initiative.

Labour market disadvantage

New Deal clients face a variety of disadvantages in the labour market and barriers to employment. One general indicator of disadvantage is housing tenure which is widely recognised as a good predictor of social disadvantage and is strongly correlated with the likelihood of being long-term unemployed or a non-participant in the labour market. Evidence from NDYP evaluation found that almost half (48 per cent) of respondents in a large-scale survey of participants lived in social rented accommodation⁴².

Qualitative research with individuals⁴³ and case studies of delivery⁴⁴ have identified a wide range of specific barriers to employment faced by New Deal clients on all programmes. These were:

- lack of skills
 - *lack of basic skills*
 - *lack of vocational/occupational skills*

⁴² Bryson A., Knight G. and M. White. ESR44, *Op cit.*

⁴³ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38, *Op cit.*

⁴⁴ Tavistock Institute, ESR31, *Op cit.*

- *lack of job attainment skills*

- outdated skills
- lack of appropriate training
- lack of work experience
- lack of confidence
- lack of motivation to find work
- transport/travel difficulties
- lack of affordable childcare or reluctance to use childcare
- reservation wage/benefit received
- employer attitudes towards employing older workers
- employer attitudes towards employing the long-term unemployed/lone parents/people with disabilities
- local labour market conditions/lack of suitable jobs

Around a third of NDYP participants and a half of those on NDLTU held no academic qualification. Of those with qualifications, the great majority was qualified only at NVQ Level 1 or 2 (or equivalent). Early qualitative research with individuals found that many NDLTU clients had 'dropped out' of an educational course in the past (often because of ill health)⁴⁵. Around a third of participants on NDLP prototypes held no qualifications⁴⁶. Here it is important to note that lone parents with no qualifications were more likely to 'opt out' of the programme and not to participate thus increasing the proportion of participants with qualification. The same was the case in regard to participation in NDDP⁴⁷. This suggests that those who join voluntary programmes such as NDLP and NDDP may be the more highly motivated to obtain work or those who believe that obtaining work is possible.

New Deal clients on all programmes often see their lack of qualifications, both as the explanation of their unemployment and non-employment and obtaining a qualification as a necessary route into a job. Older clients often see their lack of contemporary and up to date skills as a compounding factor⁴⁸. However, participants on NDLTU and NDDP also see employer discrimination towards older people as a serious impediment to obtaining a job. However, while some employers are undoubtedly reluctant to employ older people, this is not universally the case. Both ES staff and some employers see older people as having greater knowledge, skills and experience than younger unemployed jobseekers as well as greater maturity and better

⁴⁵ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38, *Op cit.*

⁴⁶ Hales J. *et al*, DSS Research Report No 109, *Op cit.*

⁴⁷ Arthur *et al*, DSS Research Report 106, *Op Cit.*

⁴⁸ Legard R., Molloy D., Ritchie J. and T. Saunders, ESR38, *Op cit.*

personal attributes⁴⁹.

Unemployed young people on NDYP tend to have a rather different perspective on the barriers they face in obtaining work. Many see a lack of job opportunities in their local area as the most serious problem preventing them from obtaining a job. This was particularly the case where sectors traditionally recruiting young people in the past had ceased operations, leaving a pool of unskilled or semi-skilled young people competing for too few jobs. In other instances, jobs were seen to be available but regarded as poorly paid, repetitive and boring and lacking in long-term prospects. Such perceptions may or may not be well founded but where held they act as a discouragement to job search and the acceptance of unsubsidised employment. A case study of clients on the Gateway in Birmingham highlighted a possible mismatch between the expectations of NDYP clients and the requirements of employers in this respect⁵⁰. There may be an association between perceptions of the availability of work in the local area and difficulties with travel and a reluctance to seek work outside the immediate area of residence.

Limited access to personal transport and difficulties with public transport are commonly cited by New Deal participants as a barrier to their obtaining work. This is the case for all four New Deal client groups. Other barriers included a lack of employer references, lack of affordable childcare and personal problems with debt⁵¹.

4.4 The operation of New Deal

The four New Deal programmes considered in this Review share a fundamental design concept. This is the idea that participants in programmes can be helped into work, either immediately or in the future, by means of advice, guidance and measures that address the barriers to employment faced by such individuals. Central to this process is the provision of a New Deal Personal Advisor who can provide the necessary support and steer the client towards any activities that will help to improve their employability and chances of placement into a job. However, the design details of the New Deal programmes differ.

In the case of NDLP and NDDP the programme design consists of a single advisory process. However, although NDLP and NDDP largely rely on advice and guidance to help clients, such support is backed up by comprehensive packages which include access to

⁴⁹ Tavistock Institute, ESR31, *Op cit.*

⁵⁰ Walsh K, Atkinson J. and J Barry. *The New Deal Gateway: A Labour Market Assessment*, ESR24, The Employment Service, August 1999.

⁵¹ Bryson A., Knight G. and M. White. ESR44, *Op cit.*
Arthur *et al*, DSS Research Report No 106, *Op Cit.*

ES programmes and Work Based Learning for Adults, funding for childcare (NDLP), training course fees and travel expenses, and 'fast-tracking' of in-work benefit claims to help ease the cost of making the transition from benefits to earned income. Specialist provision may be bought in where appropriate. In the case of NDYP and NDLTU, the programme design is more elaborate. In addition to the initial advisory stage there are additional stages in the programme that offer options/opportunities for subsidised employment, full-time education and training and work placements in the voluntary sector or with the Environment Task Force and a final Follow-Through for clients who remain without employment.

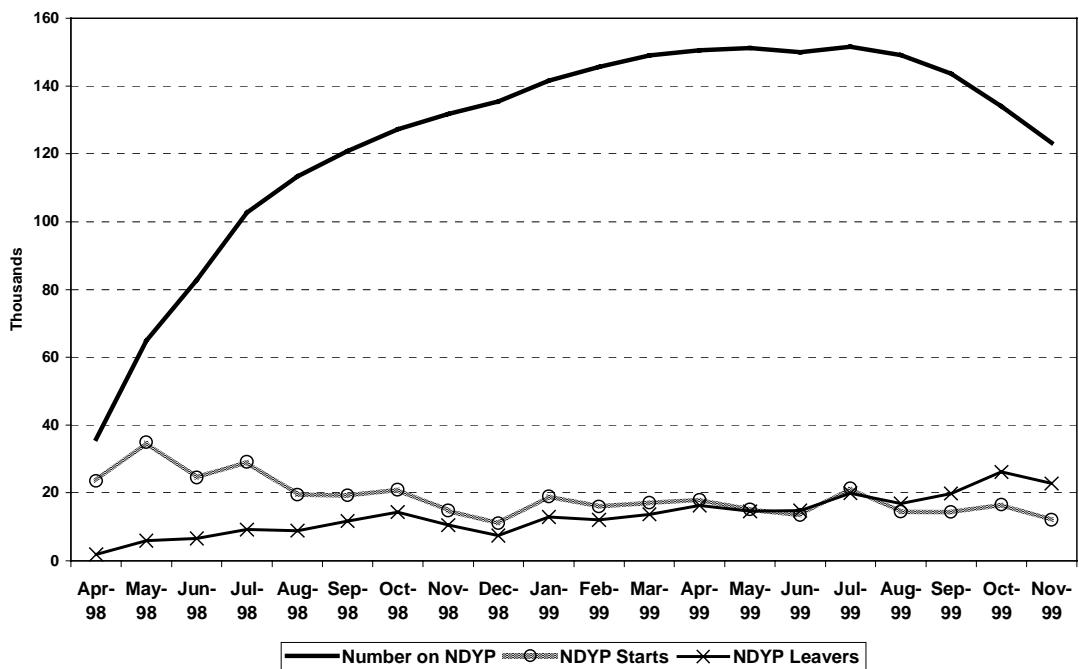
In view of the range of activities across programmes, it is difficult to generalise about the experience of 'New Deal'. This is doubly so since the underlying aim of the NDPA service within each programme is to provide a menu from which clients and NDPAs can construct a set of activities that matches the needs of the individual client.

Participation in New Deal Programmes

Participation in New Deal programmes may be mandatory (NDYP and NDLTU) or voluntary (NDLP and NDDP). Where entry is mandatory the scale of the programme reflects the size of the client population, that is, respectively, the number of young people aged 18-24 on JSA for at least six months and the number of people aged 25 or over who have been on JSA for two years or more. However, where entry to a programme is voluntary an additional factor comes into play: the extent to which potential participants do, in fact, take up the offer of participation. In the case of national NDLTU, participation is only mandatory during the Advisory Interview stage so a similar issue arises about 'take up' of activities beyond the initial advisory stage.

Figure 4.2 illustrates the growth in numbers on the NDYP programme since its national launch in April 1998. Between April 1998 and May 1999 the total number of NDYP participants increased rapidly but began to stabilise by Spring 1999. The total numbers on the programme began to decline slightly after May 1999 and decreased quite markedly from September to November 1999. At its peak (July 1999), the number of participants on NDYP reached around 150,000.

Figure 4.2
Total numbers entering, participating and leaving NDYP



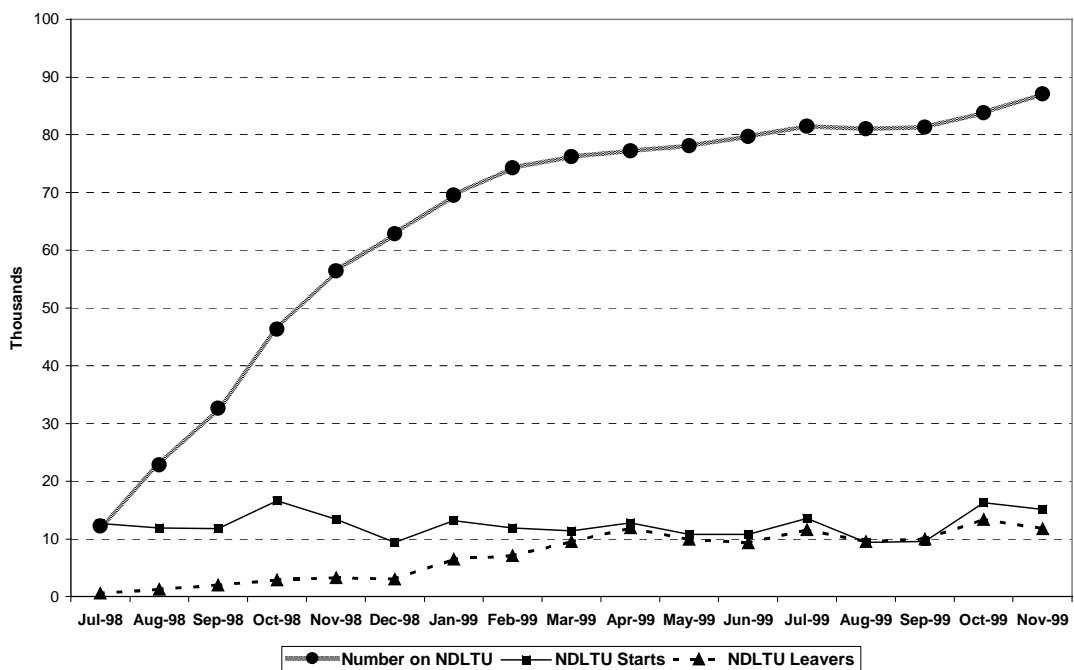
The pattern of growth and then decline in numbers on NDYP is a reflection of two factors. The first is a cohort effect of a type that will occur after any labour market programme is introduced. This effect arises because it takes a period of time for each cohort of entrants to pass through the programme – around 12-15 months if participants progress all the way to Follow-Through. It takes time for the number of participants leaving the programme to grow to a level sufficient to offset the flow of people joining the programme. In the meantime the number on the programme builds up. Figure 4.2 shows how the number of participants leaving NDYP each month has been steadily rising. Given sufficient time, the numbers on the programme will eventually settle down to a ‘steady state’ in which the number of young jobseekers entering the programme approximately equals the number leaving.

The second factor affecting numbers entering a programme is the treatment of the ‘stock’. The stock consists of people already eligible to join the programme at the time of its launch. There are two options: to exclude the stock or include it. The effect of extending programme coverage to the stock as well as the flow is that it often presents the newly introduced programme with a large backlog of eligible potential participants in addition to the flow of newly eligible people. In the case of NDYP, the stock of young people already unemployed for more than six months has entered the programme relatively quickly. This resulted in a very high level of entry to NDYP during the first six months of operation as can be seen in Figure 4.2. This boosted the growth in numbers on NDYP during this period but it meant that the stock of long-term unemployed young people had largely been cleared by the end of

1998⁵².

The national NDLTU programme also had to cope with a backlog of long-term unemployed adults after its launch. However, because NDLTU participants can leave the programme and re-enter at a later date, the stock of long-term unemployed is unlikely ever to be completely eliminated (although it will diminish over time). For this reason there is little evidence in Figure 4.3 of any significant 'bulge' in the rate of entry during the early months of the programme (although the numbers joining NDLTU in October and November of 1998 do appear to have been above the average monthly level of intake). A steady expansion in numbers on NDLTU has taken place since its launch in June 1998 with the number of participants rising to just short of 90,000 by November 1999.

Figure 4.3
Total numbers entering, participating and leaving national NDLTU



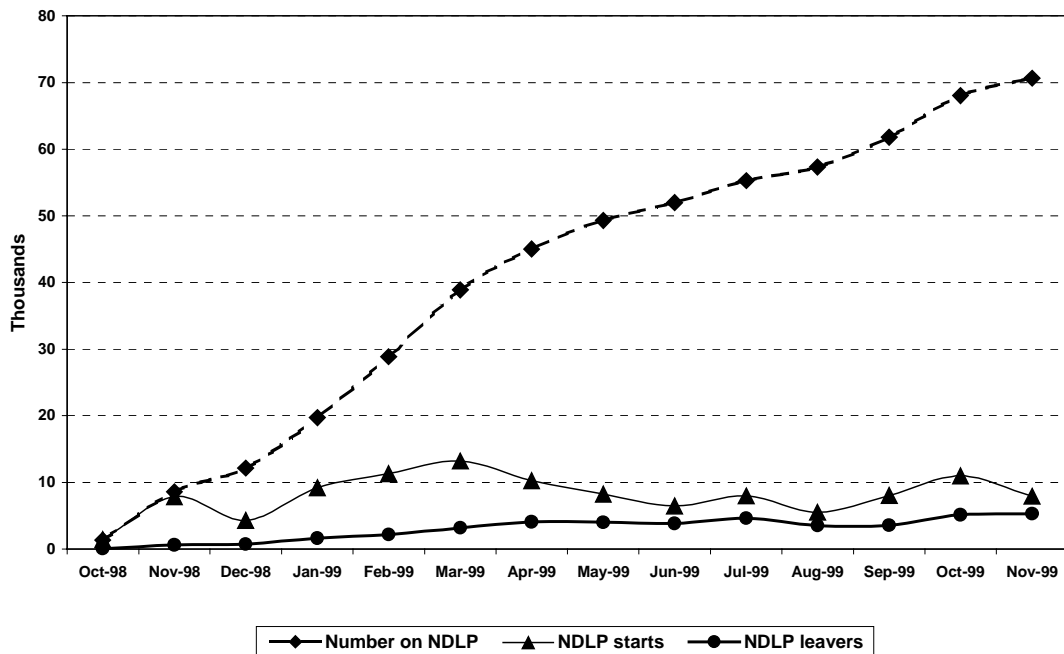
The question of whether to include the stock in any new programme (or exclude them) and how to deal with the stock is an issue facing all new programmes at their start. In the case of NDLP Phase 1 Prototypes the problem was dealt with by inviting 10 per cent of the stock per month to join the programme based on the last digit of the lone parents National Insurance Number. This not only spread the intake of the stock over a period of time but also provided a novel form of experiment since a selection

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

based on NINO digits is tantamount to a random assignment to the programme. In Phase 2 of NDLP, invitations to participate were only sent to lone parents making a new and repeat claim for IS and the national stock of eligible lone parents was not invited (although they could enter the programme by self-nomination). However, when NDLP Phase 3 was introduced in October 1998, both the stock and flow were invited to join. Stock cases were invited to join the programme over the first six months of the national programme and letters of invitation had been sent to all by April 1999.

Figure 4.4
Total numbers entering, participating and leaving national NDLP



The treatment of the stock of eligible lone parents is evident in the above average number of lone parents attending an initial interview during the first six months of 1999 (Figure 4.4). Between October 1998 and November 1999 around 112,570 lone parents had attended an initial interview with a NDPA and 65,000 lone parents were on NDLP at that time.

A critical issue facing both NDLP and NDDP is the issue of take up of the programme. Both programmes write to eligible people and invite them to attend an initial interview with a NDPA. In the case of NDLP the invitation is sent to the target group of lone parents (those whose youngest child is five years and three months or above). Whereas eligible jobseekers on JSA are required to enter NDYP and NDLTU, lone parents and disabled people receiving an invitation to an initial interview are at liberty to

decline the invitation. From February 2000, all NDLP stock cases that have not responded to their invitation will be sent a reminder.

Evidence from the NDLP prototype programme suggested that over three-quarters of lone parents did not take part in NDLP. Correspondingly, 23 per cent of lone parents did attend at least one interview but most of these (93 per cent) joined the NDLP caseload. Recent evidence relating to the NDDP pilot programme suggests that NDDP has experienced a lower level of take up of around 6-7 per cent. The factors associated with taking up an invitation to join a New Deal programme are likely to be a mix of operational factors (how the invitations were made, amount of follow-up and so forth) and factors relating to the potential client (attitudes to work and benefits, household and personal circumstances).

Comparisons of participants and non-participants on the NDLP Prototype found little difference between the two groups in terms of their age, sex or ethnic origin. Non-participants were slightly more likely to have larger numbers of children or contain a household member with a health problem. This suggests that non-participants were probably more constrained in their activities by household responsibilities. The most significant factors associated with take up of NDLP appear to be those associated with employability. Lone parents who participated tended to be better qualified, to possess basic skills, to have some previous work experience and to have engaged in recent job search on their own initiative. Participants may thus be those with the greatest motivation to find work or those who feel that, with help, such an outcome is feasible. Operational factors also contributed to take up. The extent to which lone parents felt that attendance at an initial interview was compulsory or not and the tone and content of the invitation letter played a role in determining take up. Access to NDPAs was important, with longer or difficult travel to the NDLP office apparently discouraging participation⁵³.

A very similar set of factors has been identified in respect of the NDDP pilot programme, although it is early in the evaluation process. Disabled people not taking up the invitation to join NDDP were much less likely to want to work immediately and a large proportion said they would never work. Often the reason for non-participants wishing not to work was the severity of their health problem or impairment. Non-participants also faced greater non-disability related barriers, being considerably older than participants and much less likely to possess any educational qualifications. There also appeared to be lower awareness of

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Hales J., Lessof C., Roth W., Gloyer M., Shaw A., Millar J., Barnes M., Elias P., Hasluck C., McKnight A. and A. Green, *Evaluation of the New Deal for Lone Parents: Early Lessons from the Phase One Prototype Synthesis Report*, DSS Research Report No 108, CDS, Leeds, February 2000.

NDDP amongst non-participants with some claiming not to recall receiving an invitation letter⁵⁴.

The evidence from NDLP and NDDP is remarkably consistent and points to a fairly obvious conclusion. Where participation in a programme is mandatory, take up is not an issue. Where participation is voluntary, take up is strongly influenced by perceived relevance to the individual. Where potential participants want work, are able to work and feel that with the assistance of New Deal it is feasible for them to obtain work they will participate. Where this is not the case they will not participate.

Activities on New Deal programmes

Section 2.2-2.5 above has already set out the details of the structure of individual programmes. The most significant difference between programmes is that those aimed at economically inactive clients (NDLP and NDDP pilots) offer a single advisory stage with (for NDLP) support for work-focussed training where appropriate. Unemployed clients on NDYP and NDLTU can progress beyond the advisory stage to Options (NDYP) and Opportunities (NDLTU) and both provide a third, Follow-Through stage. Detailed discussion of the key stages of NDYP, NDLTU and NDLP are contained in three programme specific reviews of New Deal programme evaluations⁵⁵. This Review does not attempt to repeat those Reviews. Instead, the discussion attempts to highlight some general characteristics of the programmes and to highlight some of the key findings from the evaluation process. Readers wishing more detail should refer to the three review reports and the original evaluation research on which they were based.

Whatever it is called, the initial advisory stage of New Deal lies at the heart of the initiative. This is the stage at which clients make initial contact with the programme and develop plans jointly with New Deal Personal Advisers (NDPAs) to prepare for finding a job, to enhance their employability and engage in job search. In the case of NDYP and NDLTU the advisory stage also prepares clients for New Deal Options/Opportunities. It is central to the design of New Deal that clients receive support and advice from NDPAs that is tailored to their individual needs and circumstances. NDPAs provide structured support, advice and access to training with regard to job search, basic skills (literacy and numeracy) and

⁵⁴ Arthur *et al*, DSS Research Report No 106, *Op Cit*.

⁵⁵ Hasluck C. *The New Deal for Young People: Two Years On*, ESR41, Employment Service, February 2000.

Hasluck C. *The New Deal for the Long-term Unemployed: A Summary of Progress*, ESR46, Employment Service, April 2000.

Hasluck C. *The New Deal for Lone Parents: A Review of Evaluation Evidence*, ESR51, Employment Service, June 2000.

personal problems that relate to employability. The relationship between NDPA and client is intended to be a continuing one, both in terms of seeing the same NDPA during the advisory phase and in terms of continuity of support during later stages of programmes or in employment after leaving New Deal.

Qualitative research on NDYP has shown that a wide range of activities has been carried out during client interview with NDPAs or as separate activities. These include the following⁵⁶:

- *Explanation about New Deal*
 - structure and purpose of New Deal
 - function of Gateway
- *Assessment*
 - discussion of career history and aspirations
 - preparation and revision of Action Plan
- *Job search*
 - direct help with job search
 - help with job search skills
 - support and encouragement
- *Careers advice and guidance*
 - discussion of career goals
 - advice and guidance about realistic expectations
 - referral to Careers Advisers
- *Referral to training course*
 - placement on course to obtain vocational qualifications
 - placement on course to obtain specific skill
 - placement on course to obtain basic skills
- *Personal issues such as:*
 - homelessness
 - criminal record
 - drugs
 - pregnancy
- *Financial help;*
 - discussion of entitlement to benefits
 - arrangement of housing grant
 - debt counselling
- *Preparation for Options*
 - discussion of Options available
 - arrangement of placement on an Option
 - arrangement of an Option 'taster'

Obviously not all activities are appropriate for every programme

⁵⁶

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

and some activities are specific to a single programme. Preparation for Options/Opportunities is not part of the advisory process on NDLP or NDDP, although clients may be prepared for any provision to which they are referred. On the other hand, an important element in the discussion between NDPAs and lone parents or disabled people is a comparison of their financial situation in work and on benefits (the so-called 'better off calculation'). NDLP and NDDP also place a greater emphasis on support that will facilitate labour market participation, for instance childcare for lone parents

With such an array of potential activities, a critical issue is how activities have been selected and packaged for individuals. The NDPAs are central to this selection process. In general, activities reflect the needs of individual clients, but the responsiveness and commitment of the NDPA as well as local area provision also appear to have a crucial bearing on this. Qualitative research with individuals on the national NDYP Gateway⁵⁷ suggested that activities tended to be grouped according to four main strategies. The strategies, which reflect both differences in individual client needs and aspirations and NDPA guidance, were:

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

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

Assistance with job search remains a crucial element of the advisory phase. Clients on NDYP and NDLTU spend a great deal of their time in discussion with NDPAs about job search. NDPA direct support for job search takes many forms including finding vacancies, helping with applications and arranging interviews. Less direct help involves the provision of encouragement and advice and guidance on job search and careers choices. A formal means of assisting job search is an Action Plan (found on all programmes) in which the client and NDPA agree job search aspirations and goals. However, few clients actually seem to use the Action Plan in their job search activity⁵⁸.

Some clients attended short courses as part of their advisory stage. These courses are intended to support the process of

⁵⁷ Legard R and J Ritchie, ESR16, *Op cit*.

⁵⁸ Legard R., Ritchie J., Keegan J. and R. Turner, *New Deal for Young Unemployed People: The Gateway*, ESR8, Employment Service, December 1998.

making clients job ready by addressing deficiencies and improving job attainment skills (interview techniques and so forth), basic skills, personal development and, less frequently, specific occupational skills. These courses were delivered by a variety of providers. Evaluation evidence about this provision is partial and given the enormous variety of such courses across the country as a whole, it is risky to generalise about them. However, while many clients felt very positively towards the courses they attended, there were inevitable criticisms too. These criticisms appear to be most sharply focussed where provision was through local colleges of further education⁵⁹.

Serious concerns have emerged during the operation of New Deal programmes about the length of time spent by clients on Gateway and Advisory Interview Process. In part this reflects the lack of job-readiness of many clients, which was often greater than expected by NDPAs. Where full-time education or training opportunities were available after the advisory stage, clients often remained on the initial stage of the programme while waiting for their education or training course to start (many courses were still tied to the traditional academic year with intakes in September-October of each year). Attempts have been made to reduce the time spent on the initial stages of NDYP and NDLTU by placing greater emphasis on job search in order to place job-ready clients into employment more quickly. A further concern affecting national NDLTU is that participation is compulsory only at the initial advisory stage. A large and increasing number of NDLTU clients leave NDLTU from the Advisory Interview Process to return to normal jobseeker activity on JSA and did not enter employment or progress to an NDLTU Opportunity.

NDYP and NDLTU offer specific New Deal activities beyond the advisory phase. This is Options in the case of NDYP and Opportunities on NDLTU. Substantial numbers have started on NDYP Options, with Full-time Education and Training being the most frequently entered Option (the other Options being subsidised Employment, work in the Voluntary Sector and work with the Environment Task Force). Relatively few participants on national NDLTU progress to an Opportunity. Of those that do, most entered Work Based Learning for Adults and ES mainstream programmes rather than entering Full-time Education and Training or a subsidised Employment Opportunity.

Clients on both programmes appear to rate highly opportunities to enter subsidised employment. Many feel that this represented 'a real job' and provided valuable work experience. Many clients in this situation were just pleased to have a job although many

⁵⁹ The Tavistock Institute, *New Deal for Young Unemployed People: National Case Studies of Delivery and Impact*, ESR30, Employment Service, November 1999.

criticised the job itself, usually because of low pay or unequal treatment in comparison with other employees in the workplace. Members of ethnic minority groups tend to be under-represented in subsidised employment on both programmes. As this group of clients is apparently submitted for job vacancies just as frequently as other clients, this under-representation appears to result from either client preferences or else reluctance by employers to recruit such individuals.

Ethnic minority groups are over represented in Full-time Education and Training Options/Opportunities. Young people entering to the Voluntary Sector and Environment Task Force Options on NDYP tend to be the least qualified and possibly those least likely to secure a place in subsidised employment (although this is by no means true of every client). This suggests that these Options may have become the 'Options of last resort' for clients who cannot obtain an unsubsidised job or cannot be placed on another Option. For this reason it is also a matter of concern that the quality of training provision on the VS and ETF Options has also been brought into question by clients through the evaluation process. There is currently no equivalent to the Voluntary Sector and Environment Task Force NDYP Options on the national NDLTU.

A significant number of young people on NDYP have now entered the third and, possibly, final stage of New Deal: Follow-Through. Very few national NDLTU clients have reached the Follow-Through stage and this partly reflects the fact that NDLTU started after NDYP but also reflects the longer duration of the Advisory Interview Process and the fact that most clients leave the programme from the AIP stage and do not progress to the Opportunities stage. Qualitative evidence and monitoring information suggests that clients who had been in subsidised Employment (Option or Opportunity) were very much less likely to enter Follow-Through and, where they did so, they tended to remain on Follow-Through for a shorter time. This was because many clients in subsidised employment remained with their employer at the end of the placement or were fairly successful in obtaining another job if they could not do that.

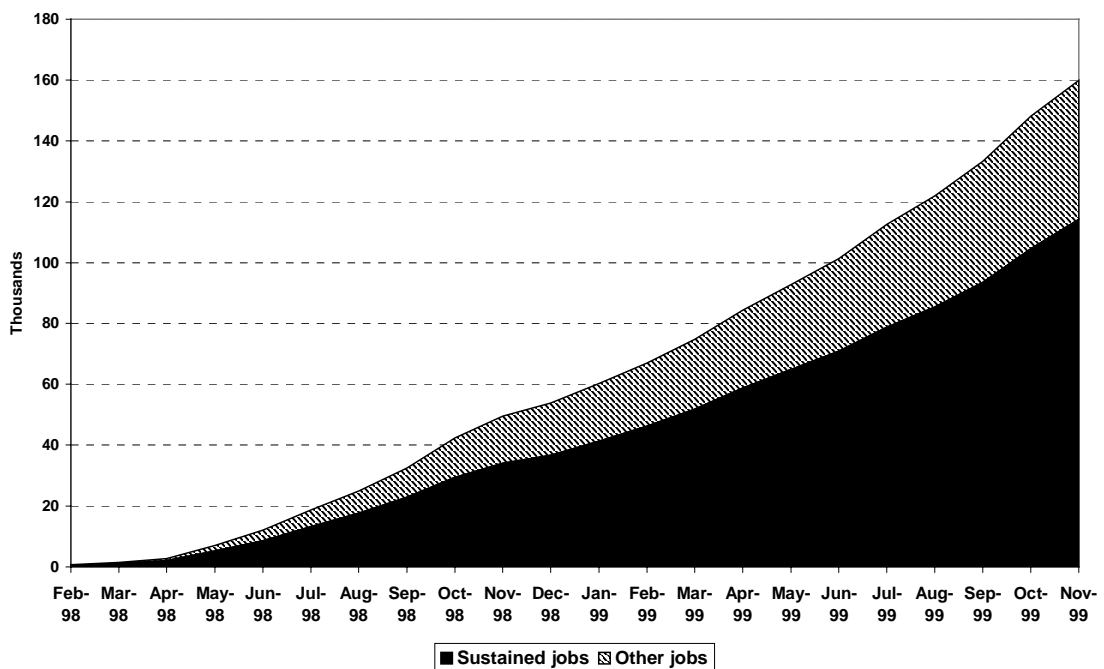
4.5 Initial destinations of New Deal clients

The most obvious measure of the impact of New Deal is the number of people entering employment from the programme. This, of course, relates only to the intermediate effect of programmes and not to any longer-term consequences brought about by any improvement in 'employability'. In this regard the Employment Service make a distinction between 'sustained' jobs and 'other' jobs. The former is defined very narrowly as jobs taken on leaving New Deal where the individual does not return to claim benefits (JSA or other benefits) within a period of 13 weeks. Other

jobs are those where the individual leaves New Deal for employment but returns to JSA within a 13 week interval.

To illustrate some of the issues raised by evaluation of New Deal programmes, consider clients on NDYP. Figure 4.5 describes the cumulative number of NDYP clients leaving to unsubsidised employment. By November 1999, a total of just almost 160,000 young people had left NDYP to enter an unsubsidised job, of which over 114,000 entered sustained jobs and almost 46,000 entered other jobs (that lasted less than 13 weeks). This total is rapidly converging on the Government's commitment that NDYP would help 250,000 young people into jobs over the lifetime of the current Parliament. Projections by the Employment Service suggest that, at the current rate of entry into jobs, the target will be reached.

Figure 4.5
Cumulative exits from NDYP for unsubsidised employment



Participants can leave NDYP for an unsubsidised job at any time during the programme. Indeed, they are encouraged to do and required to maintain active job search throughout. Consequently, exits to unsubsidised jobs are observed at all stages of NDYP. Figure 4.6 shows the distribution of exits to unsubsidised jobs across the main stages of NDYP for selected months. By November 1999, just under 10 per cent of participants had left for a job before their first interview. Slightly over 50 per cent had left NDYP to a job from the Gateway. Somewhat over 10 per cent left

from an Option and over 20 per cent obtained a job from Follow-Through. The pattern of exits to jobs from NDYP has changed over the life of the programme. In the early months of operation most participants who left for a job did so from Gateway. However, as the programme has 'matured', an increasing proportion of exits to jobs has taken place from Options and, particularly, from Follow-Through. This pattern is largely a cohort effect occurring because of the time taken to reach the later stages of the programme.

Figure 4.6
Exits from NDYP to unsubsidised employment
at different stages of the programme

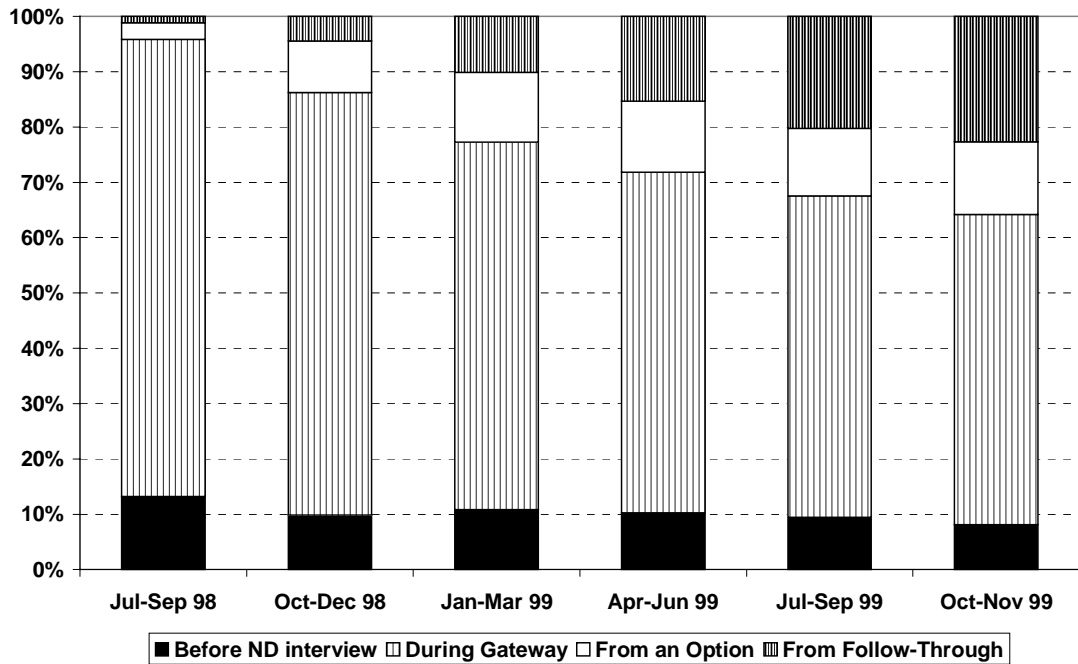


Figure 4.7
Proportion of NDYP participants entering unsubsidised employment
by sex and membership of an ethnic minority

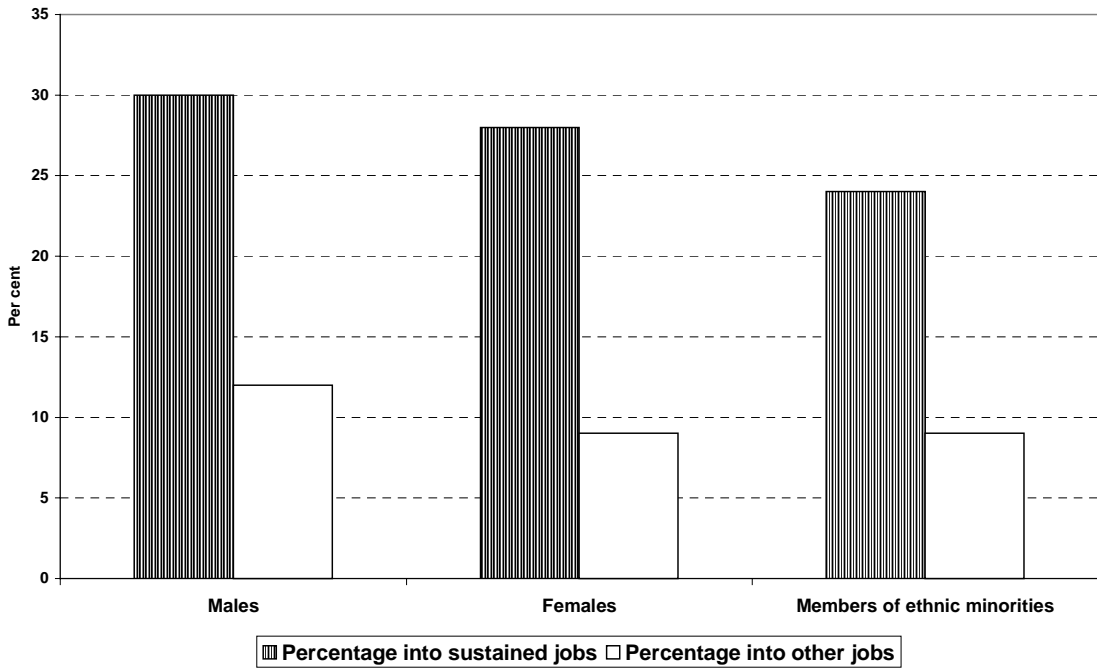


Figure 4.7 sets out two crude measures of outcome: the proportion of participants who entered an unsubsidised job and the

proportion of participants who entered a job that did not turn out to be sustainable. The figure suggests that there have been some differences in outcomes for males and females and members of ethnic minorities. Around 30 per cent of males who had entered NDYP up to November 1999 had subsequently left for an unsubsidised job. This is a slightly higher proportion than amongst female participants (28 per cent) and considerably higher than ethnic minority participants. A similar difference is evident in respect of entry to other (non-sustained) jobs where the proportion of men entering such jobs (12 per cent) is about one quarter greater than the corresponding figure for female and ethnic minority participants (9 per cent).

Many factors will lie behind these apparent differences in outcome. It is known that female and ethnic minority participants have been less likely to have entered the Employment Option (which had the highest rate of exits to jobs) and more likely to have entered other Options. Members of ethnic minorities also entered Full-time Education and Training in disproportionate numbers and if they have continued in education and training this would explain the lower rate of exit to jobs. There are also regional differences in outcomes and these regional differences probably reflect the combined effect of differences in the demographic composition of client groups, differences in regional labour demand and employment structure together with local variations in the delivery of New Deal programmes.

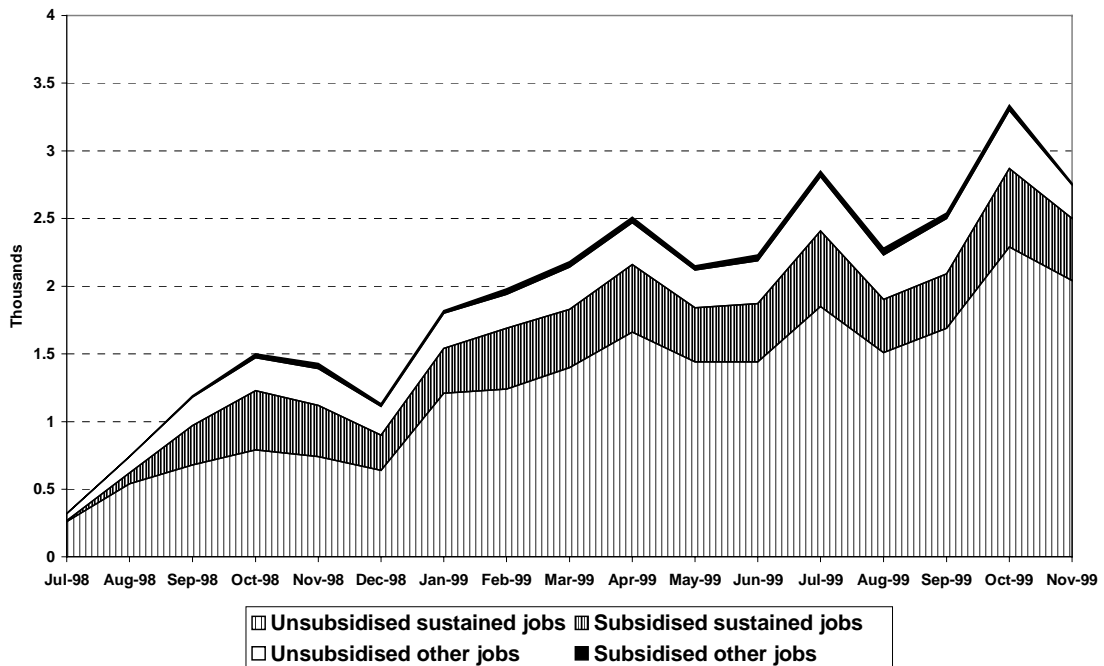
Further light will be shed on the association between NDYP outcomes and client characteristics when the results of microeconomic modelling of individual data become available. Such analysis should allow the probability of entering a job to be 'explained' by a range of factors including NDYP. Nonetheless, whatever the outcome of the analysis, it would be unreasonable to expect NDYP, however good, to address and overcome all of the disadvantages faced by some participants or to completely offset differences in local job opportunities for young people. This needs to be taken into account when assessing the intermediate outcomes of NDYP.

Similar issues have been identified in respect of other New Deal Programmes and it is not necessary to repeat the above analysis for each programme. However, for completeness, some additional information concerning the destinations of clients on NDLTU, NDLP and NDDP are briefly considered below.

Figure 4.8 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 variation⁶⁰. 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. Total exits from NDLTU to unsubsidised employment, cumulated over the first 17 months of operation (up to November 1999), was just under 26,000, of which just over 21,000 were sustained jobs and a little less than 5,000 were not sustained (other jobs).

Figure 4.8
Monthly flows from NDLTU into unsubsidised employment
by type of employment



Evidence from the evaluation of NDLP prototypes showed that at the time they were due to be invited to participate in the programme, it was not uncommon for lone parents to be working while claiming Income Support. Only half of the target group of lone parents in prototype areas described themselves in an early survey of participants as economically inactive. The other half were already involved in part-time work, education or were looking

⁶⁰ 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).

for work. By the end of the prototype period around a third of participants were in paid work (this figure was little different from the corresponding figure in comparison areas).

More recent evidence from the national NDLP programme indicates that around 42,000 participants have left NDLP since its launch in October 1998. As Figure 4.9 shows, NDLP clients can leave the programme for a variety of reasons. Some leave when they become ineligible for NDLP (they cease to claim IS, transfer to another benefit or they are no longer a lone parent). Others leave IS and NDLP for employment while a small number leave NDLP and remain on IS. Finally, participation being on a voluntary basis, clients can withdraw at any time. Some decline to join the NDLP caseload at or around the time of their initial interview while others withdraw later.

Figure 4.9 describes the destinations of participants leaving NDLP during each quarter from the launch of the programme to the end of 1999. The figure shows the relative importance of two destinations. These are exits to employment (off IS) and withdrawal from NDLP for other reasons while remaining on IS. Around 15,000 lone parents (or 35 per cent of those leaving NDLP) have left IS for employment (with a further 300 entering employment but remaining on IS, usually because the hours worked per week are small). Over 18,000 (or 43 per cent) withdrew from the programme but remained on IS. Recent qualitative research has found no single over-arching reason for such withdrawals⁶¹ but dissatisfaction with NDLP does not appear to be a factor in such exits from the programme. These two categories account for almost four out of every five exits from the programme.

Figure 4.9
Destinations of leavers from NDLP, Quarter 4 1998 to Quarter 4 1999

⁶¹ Cragg, Ross and Dawson, *Evaluation of New Deal for Lone Parents. Qualitative Studies with Individuals*, ESRXX, Employment Service, Forthcoming.

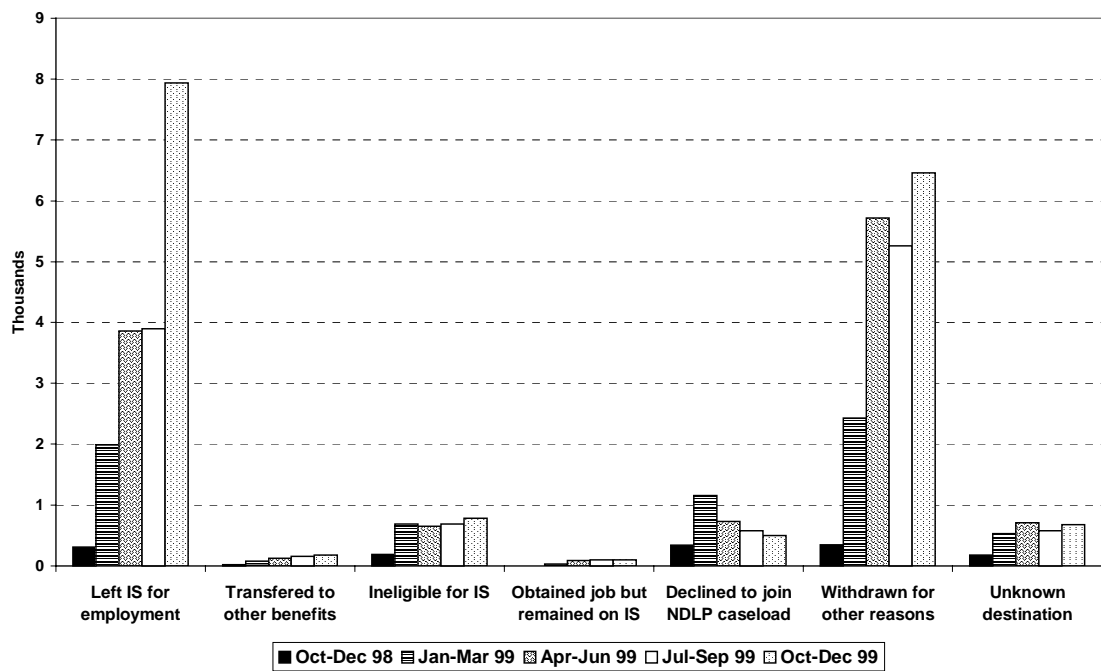


Figure 4.9 also highlights the changing relative importance of destinations. During the first three months of NDLP operation, the most numerous exits from NDLP were refusals to join the caseload after an initial interview and withdrawal from the programme at a later date while remaining on IS. As time has passed, the relative importance of exits to employment has increased. So too has exits from NDLP for other reasons while remaining on IS. The numbers entering some other destinations have changed very little over the life of the programme (for instance relatively few lone parents transfer to other benefits and few enter employment while remaining on IS) while the small number who refuse to join the NDLP caseload after the initial interview has actually declined.

Monitoring evidence from NDED suggests that, as on NDYP, there are inequalities in employment outcomes for participants on NDLP. Lone parents with disabilities are less likely than the average lone parent to leave the programme for employment, as are members of ethnic minority groups.

It is too early to be able to report any outcomes from NDDP.

4.6 The impact of New Deal Programmes

The rationale for New Deal is to bring about long-term change in the employability of participants in New Deal programmes, to increase labour market participation and break down social exclusion. Using the well-worn cliché of evaluation literature, it is probably 'too early to tell' what the full labour market and social impact of New Deal will be in the long run. The evaluation programmes covering the different elements of New Deal are at different stages and not all are capable of addressing the full range of research questions relating to impact. Some of the evidence relates to pilot, pathfinder and prototype programmes and there are issues here about the extent to which such experience can be applied to a national programme.

Assessment of both national and pilot programmes have mainly been concerned with assessments of delivery and the operation of New Deal programmes rather than with outcomes. This is because insufficient time has elapsed for outcomes to be observed and measured. Evidence relating to outcomes beyond the initial post-New Deal destinations of participants is now beginning to emerge although it may take a little more time before such evidence can be fully assessed. This will allow the questions that really matter - of long-term impact – to be considered. This section examines the early evidence relating to these long-term effects.

Impact on individuals

There are two aspects to impact on individuals. First, there is the first hand experience of programme participants and their subjective assessments of the impact that the programme has had on them. Second, there are methods for quantifying the impact on the employment prospects of participants (relative to non-participants) and assessing the consequences for other people in the labour market.

Qualitative evidence from NDYP studies suggests that most young people who have participated in NDYP felt that the programme had made some positive impact on them. In the main this impact related to enhanced job-related skills, personal skills, job search skills and a more disciplined lifestyle. Participants in national NDLTU have been more mixed in their assessments. Where assessments were positive this was often associated with the achievement of specific outcomes (a job or a qualification) but participants also reported benefits such as increased motivation, greater self-confidence and self-esteem. However not all participants, especially on national NDLTU perceived any positive impact on them. In some exceptional cases NDLTU participants felt that the NDLTU programme had actually had a negative impact in terms of damaging confidence, increasing anxiety or in compounding the sense that they would never get a job.

The great majority of participants on the NDLP prototype were positively impressed by the efforts made by NDPAs to help them, although around 10 per cent described the advice provided as ineffective⁶². Clients were generally appreciative of the information provided (especially that relating to benefit entitlements) and felt that contact with the programme had boosted their self-confidence and given them encouragement. Although based on a small sample of participants, evidence from NDLP Phase 3 indicates that the great majority rated NDLP as very good or fairly good⁶³. Attitudes towards NDPAs were generally extremely positive. Where criticisms were made they related to failures by NDPAs to provide sufficient information, especially in regard to benefit entitlements and in-work 'better off' calculation. Views were mixed about confidence building and increasing the effectiveness of their job search. Sometimes a negative work-benefit calculation could actually have an adverse effect on motivation and confidence. As with other programmes, positive assessments of NDLP tend to be associated with positive outcomes from the programme (obtained employment or a place on a training course, received concrete help and positive advice) while negative assessments are associated with failure to secure a

⁶² Hales J. , Roth W., Barnes M., Millar J., Lessof C., Gloyer M. and A. Shaw, *Evaluation of the New Deal for Lone Parents: Early Lessons from the Phase One Prototype. Findings of Surveys*, DSS Research Report No 109, CDS, Leeds, February 2000.

⁶³ Martin Hamblin. *A Report on Lone Parent Client Satisfaction Survey: Part of Evaluation of NDLP Phase 3*, ESR39, Employment Service, February 2000.

job or an inability to satisfactorily arrange for childcare or secure funding for training⁶⁴.

⁶⁴ Cragg, Ross and Dawson, ESRXX, *Op cit.*

So far, the main quantitative assessments of impact on individuals relates to the impact of the NDLP prototypes⁶⁵. Around 45 per cent of participants in prototype areas had left Income Support for employment by the end of the prototype period. Of these, around half said that NDLP had helped them find and start their jobs, mainly by encouraging a more positive attitude, rather than by extending the range of types of jobs or methods of looking in use by lone parents. When lone parents who had left IS for employment were asked directly “...*did finding and starting this job have anything to do with the New Deal for Lone Parents or would it have happened anyway?*” 28 per cent of participant felt that finding and starting their job was significantly related to participation on NDLP, although the majority felt that they would have obtained a job in any event (68 per cent) or it was impossible to tell (3 per cent).

Direct evidence from participants, while important, is not generally regarded as the most reliable method of assessing the impact of programmes since it is questionable whether participants are able to assess their situation in the absence of the programme. A better approach is to estimate impact using multivariate methods which can take into account differences between individuals and the local labour markets within which they reside. Two approaches were taken in the evaluation of the NDLP prototype. First, comparisons were made between the prototype and selected comparison areas. Second, the method of spreading invitations to the stock of eligible lone parents based on National Insurance numbers allowed an approximation to a random assignment amongst lone parents in prototype areas (it is only approximate because some lone parents from the later NI numbers opted in to NDLP on a voluntary basis while procedures for inviting participation were not followed rigorously in every area). Analysis of Income Support administrative records suggested that the effect of the programme by December 1998 amounted to an additional movement off Income Support of some 3.3 percentage points⁶⁶. A further analysis based on benefit histories provided by survey respondents concluded that, after controlling for differences between areas in the composition of lone parents (ages of lone parents, ages of their children, prior experience of work and Income Support) and taking account of variations in job opportunities (for which female unemployment rates were used as an indicator), the rate at which lone parents left Income Support

⁶⁵ Hales J., Lessof C., Roth W., Gloyer M., Shaw A., Millar J., Barnes M., Elias P., Hasluck C., McKnight A. and A. Green, *Evaluation of the New Deal for Lone Parents: Early Lessons from the Phase One Prototype Synthesis Report*, DSS Research Report No 108, CDS, Leeds, February 2000.

⁶⁶ McKnight A., ‘Transitions off Income Support: estimating the impact of the New Deal for Lone Parents using administrative data’, in Hasluck *et al*, *Evaluation of the New Deal for Lone Parents: Early Lessons from the Phase 1 Prototype – Cost Benefit and Econometric Analyses*, DSS Research Report No 110, CDS, Leeds, February 2000.

remained higher in the prototype areas than in the comparison areas.

Similar micro-econometric assessments of the impact of other New Deal programmes, particularly NDYP, national NDLTU and Phase 3 of NDLP will be undertaken when large-scale quantitative survey data is available. Such assessments are still a little way in the future.

Impact on employers

The main source of evidence relating to employers and the New Deal is, at present, qualitative evidence. This is derived from qualitative interviews with employers as part of the NDYP evaluation and the NDLTU pilot area case studies. No qualitative research with employers is being undertaken in the evaluation of national NDLTU but further qualitative evidence is to be collected from employers with respect to NDLP Phase 3 and NDDP. There is, so far, little available quantitative evidence relating to employers. This will be partially remedied when data from a large-scale survey of employers providing subsidised employment through NDYP and NDLTU reports in 2000. This data will also provide a basis for an assessment of the additional impact of the latter programmes on employment at the establishment level⁶⁷.

One of the most important mechanisms through which New Deal programmes work, and indeed which forms an objective of the programmes, is the placement of clients in unsubsidised employment. Little is known of the impact of New Deal on this aspect of employers' recruitment. Given the relative scale of placements into unsubsidised jobs compared with placements into subsidised employment, such an omission could leave the impact of the New Deal programmes on employers seriously understated. It is possible that such effects will be detected by means of macroeconomic studies of employment and unemployment. However, while such analysis can measure the net impact of programmes it cannot shed light on the gross changes in employers' recruitment nor on the mechanisms by which employment change (if any) come about.

The qualitative evidence suggests that knowledge of the New Deal has been very uneven across the population of employers in Britain⁶⁸. Some, usually large, employers were well informed and

⁶⁷ Hasluck C, *Employers and the Employment Option of the New Deal for Young Unemployed People: Employment additionality and its measurement*, Employment Service, ESR14, April 1999.

⁶⁸ Snape D., *New Deal for Young Unemployed People: A Good Deal for Employers?*, ESR6, Employment Service, December 1998.

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

enthusiastic about New Deal whereas others knew much less, if anything at all, about programmes or were confused about the differences between New Deal programmes. However, as a rule, whatever the level of knowledge of NDYP, few employers had allowed the programme to change their recruitment practices.

When employers had recruited through New Deal they often demanded the same qualities and capabilities of unemployed people as they expected of 'normal' recruits. Employers, in the main, have been concerned to recruit 'the right person' for the job irrespective of any incentives offered by a New Deal programme. The duration of unemployment did not appear to be a significant factor for employers when determining whether or not to recruit a person from New Deal but employers were strongly averse to recruiting people with specific attributes, such as criminal records, language problems and mental health problems. There is some evidence that employers may prefer to recruit unemployed adults (even if they have a long record of unemployment) than recruit young people. Employers seem more willing to recruit from New Deal 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 practices⁶⁹.

Recent evidence relating to NDYP Options has indicated that employers have mainly recruited young people in order to fill existing vacancies suggesting that additional employment effects might be small. However, some examples of new jobs were found during the research. Where new jobs were created such jobs were often extra-numerary members of staff, trainee assistants for senior staff, additional staff to expand the business or meet contracts, or were entry level posts in large companies⁷⁰.

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

⁶⁹ Hasluck, C. *Employers, Young People and the Unemployed : a Review of Research*, ESR12, Employment Service, March 1999.

⁷⁰ Elam G. and D. Snape, ESR36, *Op cit*.

equipment caused by unskilled NDYP recruits as placing their business at a disadvantage.

Impact on the labour market and the economy

A central concern of assessments of impact is the establishment of the difference New Deal programmes made to the employment prospects of people who participated in them, compared to what would have happened in the absence of the programmes. It is also necessary to establish whether there are any adverse effects on others in the labour market who did not participate⁷¹. Such effects would include reduced employment opportunities for other jobseekers as a consequence of any improvement in the employment of young people (the so called 'substitution effect').

To establish the net impact of a New Deal programme requires the modelling of the labour market and employment. Such modelling can only be undertaken after the event when sufficient time has elapsed to observe any effects and to collect the necessary data. A final macroeconomic assessment has yet to be carried out on any New Deal programme. However, some preliminary macroeconomic findings relating to the NDYP Pathfinder programme and the first year of national delivery of NDYP suggest the possible scale of impact that might be expected⁷².

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

The results of the modelling of exit rates suggest that NDYP had positive effects on the exit rates of the target group. In seven of the eight pairs of areas (Pathfinder and comparison) the NDYP effect was largest in the Pathfinder areas, reflecting the longer

⁷¹ The net impact of a programme on the labour market is often described as employment 'additionality'. For a detailed discussion of the scope for, and methods of assessing, employment additionality, see Hasluck C., *Employers and the Employment Option of the New Deal for Young Unemployed People: Employment additionality and its measurement*, ESR14, Employment Service, April 1999

⁷² Anderton B., Riley R. and G. Young. *The New Deal for Young People: Early Findings from the Pathfinder Areas*, ESR34, Employment Service, December 1999.

period of operation of the NDYP. The effects varied by area, possibly due to different methods of delivering NDYP. Concerns about possible substitution effects appear unfounded. Although unemployment outflows from other groups of unemployed people had fallen during the time NDYP had operated, this negative effect was seen as unrelated to NDYP. In fact, the fall in non-target group unemployment outflows was more significant in the comparison areas than in Pathways areas and reduced as more people passed through the programme. The study offers a number of plausible explanations for the lower than expected outflow rates in the non-target groups.⁷³

In quantitative terms, analysis of the impact of NDYP indicates that outflows from the target group in the Pathfinder areas had increased by between 7 and 18 thousand (or between 7 and 19 per cent) as a consequence of the NDYP. This finding relates only to the first year of the programme and outflows will have risen further due to NDYP since then. Translated to the national scale, this would imply a reduction in youth claimant unemployment of 15 to 55 thousand.

Using a macroeconomic modelling approach, the potential impact of NDYP has been narrowed down still further⁷⁴. The assessment concludes that because aggregate unemployment is relatively low, the impact of the programme was likely to be modest. The stock of unemployment amongst young people is estimated to have fallen by around 30,000 compared to its level in the absence of NDYP. This represents a fall in long-term unemployment amongst young people of about 40 per cent. Using the pathfinder evidence that around half of all exits from NDYP to jobs would not have occurred without the intervention (deadweight) suggests that around 10 thousand individuals per month leave unemployment as the result of NDYP. Little evidence has so far been found of adverse (substitution and displacement) effects on jobseekers not covered by the programme. Over the life of NDYP, the total number of young people expected to pass through the programme is estimated to amount to around 500 thousand, with around half entering jobs as the result of NDYP. The modelling of NDYP also identifies the likely macroeconomic impact of the programme. The impact on the economy is likely to be small (around 0.1 per cent being added to national income) but of a sufficient scale to generate additional government revenues to largely offset the Exchequer costs of the programme⁷⁵.

⁷³ Anderton B., Riley R. and G. Young, ESR3, *Op cit.*

⁷⁴ National Institute for Economic and Social Research, *The New Deal for Young People: First Year Analysis of Implications for the Macroeconomy*, ESR33, Employment Service, December 1999.

⁷⁵ Anderton B., Riley R. and G Young, ESR33, *Op cit.*

While there is no comparable macroeconomic analysis of the NDLP prototypes, the evaluation of that programme did include a cost-benefit study. Using information derived from survey evidence and administrative data relating to the characteristics of participants in the programme and the jobs that some of them enter, estimates were made of the value of additional output for the economy and the net Exchequer gains (i.e. the effect on public finances)⁷⁶. The results suggested that the net economic benefits of the NDLP prototype were a gain in the region of £3.6 million while the net Exchequer cost of the prototype was, after the impact on tax revenues and benefit savings were taken into account, almost neutral, amounting to a cost of around £600,000. Given the difficulties of measuring net additional employment, these estimates were based on conservative estimates of the impact of NDLP and may represent the minimum financial impact. A very small increase in the estimate of the proportion of additional employment attributable to NDLP was required to make the programme completely self-financing. In any event, the cost-benefit study was short-term in focus (relating to immediate outcomes within the prototype period) and did not attempt to take into account longer term impacts such as additional entry to work after the prototype period or future access to better paid or more stable jobs.

Impact on the Employment Service

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

In the past, ES was often perceived in a negative manner by clients in terms of processing the unemployed, administering ever stricter rules about jobseeking and applying sanctions to those in breach of the rules. The New Deal does not deny such a role for ES in relation to young jobseekers on NDYP and NDLTU but making jobseekers aware of their responsibilities is only part of the deal. In addition, ES is now responsible for national NDLP (DSS being responsible for the prototype) and is a partner with DSS for the delivery of NDDP. Participation on both NDLP and NDDP is

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Hasluck C., 'The Net Economic and Exchequer Benefits of the New Deal for Lone Parents' in Hasluck *et al*, *Evaluation of the New Deal for Lone Parents: Early Lessons from the Phase 1 Prototype – Cost Benefit and Econometric Analyses*, DSS Research Report No 110, CDS, Leeds, February 2000.

voluntary and job search is not obligatory. The emphasis of these New Deals has, therefore, been much more firmly on the positive aspects of intervention: help, guidance, encouragement and support. In the words of the Prime Minister, "*It's not just what is being done, but how it is being done*"⁷⁷.

The implementation of New Deal has impacted on all levels of ES. At the 'frontline', the role of the New Deal Personal Adviser, and their skill and expertise, has become critical to the operation and success of the initiative. However, the NDPA role differs greatly from ES roles that preceded it. It requires important inter-personal skills and specific skills relating to advice, guidance and mentoring. Not all ES staff have the experience or innate skill to undertake the new NDPA role without training and support from their organisation. This has generated an on-going need for training. Methods of working are also different. NDPAs must juggle conflicting priorities and often have to work in a pro-active manner in order to achieve successful results. The job of NDPA has the potential to be simultaneously more isolated than previously and more open. It can become isolated because the NDPA may be the single point of contact with clients and they may work in relative isolation from colleagues. In some regions team working has been encouraged to overcome this problem. The NDPA role is also more open in that it requires NDPAs to work closely with a wide range of providers, employers and other agencies.

The requirement for partnerships for delivery of some New Deal programmes has also impacted on ES. ES leads delivery in only a minority of partnerships. The majority involve ES in some form of arrangement, whether a formal partnership such as a consortia or Joint Venture Partnership or a working relationship with a private sector organisation. To make these new arrangements work, ES has had to develop new ways of working with partners and this has drawn ES into closer relationships with key agencies in local labour markets and communities.

ES has for many years been driven by performance targets. In this regard the introduction of Core Performance Measures represents little change. However, CPM are recognised as insufficient on their own for day to day management of performance. The Strategy for Continuous Improvement is a response to this need and it has encouraged partners at the local level to take responsibility for quality control and improvement of New Deal delivery.

Cumulatively, these changes are profound. As Leigh Lewis, Chief

⁷⁷ Quoted in *Conference Report 1999, Birmingham Conference Centre, 22 June*, Employment Service, 1999.

Executive of the Employment Service, remarked at a New Deal Conference in June 1999 (quoting Andrew Smith, the then Employment Minister) “*New Deal is not just another Programme – it’s a crusade*”⁷⁸.

⁷⁸ Quoted in *Conference Report 1999, Birmingham Conference Centre, 22 June*, Employment Service, 1999.

5. Key issues arising from monitoring and evaluation

5.1 Reflections on the New Deal programmes

This Review has considered a wide range of evidence relating to the operation and effects of four New Deal programmes. This Section briefly reflects on some of the key issues to emerge from the Review.

5.2 Positive aspects of New Deal

Before examining some of the issues it is important to emphasise the many positive findings from the evaluation evidence relating to all four programmes. Any discussion of issues is inevitably focused on concerns, difficulties and problems and therefore appears unduly negative. This is not to diminish the importance of the issues raised but simply to ensure a balance in the discussion.

The greatest volume of evidence relates to NDYP. This evidence points to the large volume of clients dealt with by the programme over the first two years of operation: 392,000 up to November 1999. Of these participants, 133,000 entered sustained jobs (lasting more than 13 weeks). Large numbers of young people have entered one or other of the Options and obtained valuable work experience or gained a qualification. There is a tremendous amount of goodwill towards NDYP amongst its clients, providers and other organisations involved with it. Participants see significant benefits from NDYP activities and most believe that these have helped them in seeking work. Macroeconomic evidence suggests that such perceptions may well be justified in the reality of the labour market. Whether such positive views are justified in terms of long-term effects on future employability remains to be seen. However, in terms of a perception that something new and positive is being done to deal with the problem of longer-term unemployment amongst young people, NDYP appears to have had a profound and largely positive effect on all concerned.

NDLTU has yet to establish anything like the body of support and identity with its aims found on other New Deal programmes. While there are positive messages to be found in the evaluation of NDLTU, these are mixed in with some rather negative findings. For some long-term unemployed adults the programme has been a helpful intervention with positive outcomes. This was especially true of those who had low expectations of the programme on entry but who had been re-motivated and supported by the programme. Other more highly motivated clients appear to have been

frustrated by NDLTU provision, or rather lack of it, while a body of long-term unemployed people were deeply cynical about all government programmes and resented any compulsion to take part in NDLTU. Perhaps the most critical of national NDLTU programme have been some ES staff and other providers who see the national programme as adding little to existing provision for long-term unemployed adults and not fully meeting the needs of this client group. 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.

NDLP and NDDP are qualitatively and quantitatively different from the other two programmes. Entry is voluntary and neither has the benefit of Options or Opportunities in which clients can be placed to gain substantial work experience or obtain qualifications (although clients do have access to a range of specialist ES and other programmes). There is, as yet, little evaluation evidence for the national (Phase 3) NDLP programme. However, the evaluation of the NDLP Prototypes shows that in the course of about fifteen months, almost a quarter (23 per cent) of the target group of lone parents took part in the programme. Of those who attended an initial interview, 93 per cent were full participants and most of them chose to have further contact with a personal adviser. Almost half those who participated were successful in finding jobs during the time-scale of the prototype, and more could be expected to do so in the period thereafter. Against a background of some initial suspicion, the great majority of participants were impressed by the efforts made by their NDPA to be helpful. Around 64 per cent indicated that they had gained from participation in the programme. Most found the format of individual interviews to have been fairly effective at allowing the lone parent to explain his or her circumstances, and for the personal adviser to help to focus on an action plan, as well as to gain a commitment to seek work.

It is too early in the evaluation of the NDDP pilot programme to have more than an indication of outcomes. However, an interim report from early evaluation found that many participants gave the programme a positive rating, many had increased their level of job search and those who had undertaken some form of training courses were in general pleased they had attended. Criticisms of NDDP mainly concerned the quality of advice and support received or reflected differences between the client and their NDPA over the most appropriate strategy for a return to work.

5.3 The emerging policy and evaluation issues

This review of evaluation evidence has highlighted a number of findings that have implications for both for policy development and

the evaluation of labour market programmes. These are discussed below.

The diversity of New Deal client groups

While the four programmes covered by this Review share a generic New Deal vision and purpose, they are clearly aimed at very different groups of clients. Examination of the characteristics of New Deal clients has highlighted the different circumstances within which each group is situated, the differences in the barriers to work that each face and the variations in their attitudes and motivation to find work. The different forms of New Deal programmes and the different provision available under each reflect the differences in target client groups and this can be regarded as one of the strengths of the New Deal initiative.

However, while the client groups are undoubtedly different, it is not always apparent that they are sufficiently different to justify the different levels of support currently available. Young unemployed people have available to them a wide range of advisory, guidance and support services together with opportunities to enter full-time education or training, subsidised work experience or work experience placements. Long-term unemployed adults have similar but less comprehensive provision. Lone parents and people with disabilities, some of whom face severe barriers to employment, do not have the range of provision available under NDYP or NDLTU. There is evidence from NDLP prototypes and the national programmes that lone parents received good support from NDPAs but little help in the process of actually obtaining work although such help does seem to have been provided on NDDP pilots. The interview process does not appear especially intensive (around half of all clients attend only one further interview after their initial interview) and while a comprehensive range of support is potentially available to clients, the evaluation evidence suggests that few are referred to other agencies for more specialised help in obtaining paid work.

Comparisons of programmes

The differences that exist between and within the client groups served by New Deal programmes, the different forms in which the generic New Deal design has been implemented, differences in the level of compulsory participation and local variation in delivery of programmes make comparisons between programmes problematic.

Even with regard to a single programme, it is important to take account of the differences between clients and the context within which the programme operates when assessing operation and outcomes of the programme. There is a risk that attempts to generalise and simplify conclusions from evaluation will be

misleading. For instance, NDLTU appears to have been fairly effective when dealing with discouraged and poorly motivated clients, but less effective with highly motivated jobseekers. This suggests that establishing 'what works and what does not', a common quest in policy evaluation, is a more complex task than is often assumed. What works for some may not work for others and great care must be exercised when drawing out the lessons from evaluation.

Voluntary or mandatory entry

A crucial difference between the unemployment related New Deal programmes and those aimed at economically inactive lone parents and disabled people is the voluntary nature of the latter. Mandatory participation and voluntary participation in programmes both have their merits and drawbacks.

Mandatory participation ensures that all eligible clients do in fact receive the benefit of the programme and are encouraged and helped to find work. Evidence from both NDLP and NDDP shows clearly that those who volunteer to participate in programmes tend to be those with the greatest motivation to find work and who are facing the least barriers to employment. In some respects these are the clients who least need help. Compulsion to participate in a programme will draw in those who are de-motivated, feel they have nothing to gain from a programme or who have been put off by previous experience of government programmes. The evidence from NDLTU evaluation is that intervention can have a positive outcome for this group of clients even though they do not recognise this at the outset and would not have participated from choice.

The argument against compulsion and for voluntary participation is that by compelling all eligible people to participate, programmes must be on a scale large enough to deal with the entire population of eligible people (and a backlog of eligible people if the stock is allowed to enter the programme). This can make the programme costly. Moreover, since many participants would not have entered voluntarily, the programme may be less efficient with NDPA time and resources being spent on individuals who are reluctant participants and who are resistant to help. This has the added disadvantage that the apparent capacity of the programme to achieve positive results is likely to be understated. It is notable that on national NDLTU where participation is required at the initial Advisory Interview Process only, the great majority of participants leave the programme at the earliest opportunity – the end of the AIP – and simply return to normal jobseeking activity on JSA. There is evidence from interviews with participants on NDLTU that there was a sizeable minority that reacted adversely to compulsion, seeing the programme as irrelevant to their needs or offering nothing new. Voluntary entry would ensure that those who entered a programme were those who wished to participate and, probably, were those who would benefit most.

Where participation is voluntary, one issue to be faced is that take up of programmes appears very low, especially on NDDP.

Jobs first or 'human capital'?

In broad strategic terms the New Deal design is quite clearly

aimed at enhancing long-term employability and the ability of clients to enter unsubsidised employment. Such an approach places a greater emphasis on job search during the programme than more conventional programmes. This view of New Deal is particularly prevalent on the New Deal programmes for unemployed people (NDYP and NDLTU), reinforced by the fact that jobseekers on JSA are required by JSA rules to engage in active job search. This approach was further reinforced by a re-orientation of NDYP and NDLTU in late 1998 that placed an even greater emphasis on job search activity as part of New Deal programmes and as a responsibility for participants. However, the idea of 'jobs first' is not a view of New Deal that is always fully appreciated or even shared by some unemployed jobseekers and, perhaps, some providers.

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

A similar ambiguity arises in respect of the Advisory Interview Process on NDLTU. It is often not clear to clients whether the purpose of this stage of the programme is to create a period of intensified job search or whether it is to prepare clients for entry to Employment or Full-time Education and Training Opportunities. Since most clients only experience of NDLTU is the Advisory Interview Process, the strong emphasis on job search runs the risk of leaving clients with the impression that this is the sole purpose of the programme and that it differs little from other programmes of which clients have already had experience.

The emphasis in the NDLP Phase 1 prototype was very much on 'jobs first' with provision under the programme being predominantly advice and guidance. Phase 3 of NDLP has increased the emphasis on training courses as a means of facilitating entry to jobs. While this increase in training provision is nowhere near that of NDYP and NDLTU, similar issues about the relative role of job search and human capital investment can be expected on the national programme and in the future if additional training or work experience opportunities were to be introduced.

Variations in the New Deal experience

The early findings from New Deal evaluations point to two types of inequality in the New Deal experience. The first relates to differences in client experiences of individual programmes. The second relates to differences between programmes.

Many factors contributing to differences within programmes. First, there are differences in the clients themselves in terms of their qualities and aspirations. Second, there is little uniformity in the way Units of Delivery are managed and operated. Differences in local New Deal provision also contribute to differences in the opportunities available to clients. In some instances client activities appear to be determined more by availability of provision rather than by need. Differences also emerge during the operation of the programme with some groups of clients being under or over represented in some forms of activity. For instance, members of ethnic minorities are under-represented on the subsidised employment Option of NDYP while those with little work experience and no qualifications are over-represented on the Environment Task Force. In some cases these differences are the result of choice but may reflect other factors (such as employer discrimination). Finally, there are differences in outcomes for different groups of clients, in terms of entry into unsubsidised employment and client satisfaction. A recent survey of NDLP clients found that participants in London and the South East Region had the lowest proportion of exits to employment (28 per cent compared with, for instance, the highest rate of 48 per cent in Wales) while the same region also had the lower client satisfaction ratings⁷⁹.

A second form of inequality has also emerged from research. This relates to comparisons between programmes. Where clients on different programmes are in close proximity, for instance in subsidised employment placements on NDYP and NDLTU, comparisons will inevitably be made. 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. Although less obvious, provision under NDLP and NDDP is even more restricted when compared with the other two programmes.

Issues relating to NDPAs

The common core of the New Deal initiative is the advisory service provided by New Deal Personal Advisors. Evaluation evidence from all four programmes indicates that clients have been impressed by the helpfulness of NDPAs and have found the

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Cragg, Ross and Dawson, *Evaluation of New Deal for Lone Parents. Qualitative Studies with Individuals*, ESRXX, Employment Service, Forthcoming.

continuity and content of NDPA support well beyond their previous experience of the Employment Service or previous government programmes. This might be expected in the case of pilot programmes – NDYP pathfinders, NDLP prototypes or NDDP pilots – where delivery staff may have a level of commitment to the new initiative that a national programme would find difficult to match. However, evaluation of the NDYP and NDLP national programmes has found that the commitment of NDPAs and the standard of service remain as high as on the pilots during the advisory phase.

While a continuity of NDPA support throughout New Deal programmes is an important design feature of the initiative, it would appear that on the NDYP and NDLTU programmes the level of NDPA support falls off markedly during the Options or Opportunities period and is very patchy during Follow-Through. The quality of NDPA support on NDLTU is also rather variable across Units of Delivery and not always satisfactory. This appears to have arisen because of the speed with which national NDLTU was introduced, the lack of any uniform practice across local units of delivery and to competing demands on the time and resources of NDPAs. As programmes have increased in scale, the pressure on NDPA caseloads has increased.

A recurrent theme of research findings is the need to provide better and more training for NDPAs in the specific needs of their NDLTU client groups. The NDPA role, while not unknown within ES, is nonetheless being undertaken on an unprecedented scale. The skills required to provide advice, guidance, counselling and mentoring are not universally held by ES staff. With the growth in number of New Deal programmes and their extension to national coverage, the demand for staff with such competencies has grown proportionately. It is not clear that the supply of NDPA skills has kept up with the demand. Evidence of this is to be found in increasing NDPA caseloads and doubling up with NDPAs providing advisory services to more than one New Deal programme. Evaluation suggests that where NDPAs specialise in just one programme they understand better the needs of clients and how to access provision for clients.

Improving the quality of provision

The range of activities and opportunities on programmes has undoubtedly increased since the launch of the New Deal, within the constraints set by individual programme designs. Much of the initial restricted range of provision can be attributed to the speed with which programmes were implemented during 1998.

Concerns have emerged about the quality of training provision on NDYP and NDLTU. There are clear differences in the scope and quality of training across these programmes. This ranges from

local differences in provision during the Gateway and Advisory Interview Process to major concerns about some training provision (or lack of it) in the three work experience based Options. A further difficulty relates to college based training where the inability of further education to provide a 'roll-on, roll-off' system of entry to courses has meant that clients wishing to enter full-time education and training other than in September and October may be unable to do so or are forced to wait in the advisory stage of their programme. Greater flexibility by colleges to match the New Deal process would help in this regard.

Other concerns relating to quality centre on the level of pay and conditions of service in subsidised job placements. Such concerns only relate NDYP and NDLTU since the other two programmes do not offer this opportunity. Qualitative evidence about levels of pay in NDYP subsidised employment placements suggest that pay was relatively low even by the standards of earnings in the youth labour market while clients working in other Options continue to receive, in many cases, little more than their JSA entitlement. Participants on NDLTU often perceived their pay to be low in the sense that the employers paid only a little bit more than the value of the employment subsidy. Assessment of the extent to which 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.

After the New Deal?

Some New Deal programmes have now been operating for two years or more and, where it is part of the programme design (NDYP and NDLTU), a growing number of clients have moved on to Follow-Through where they have remained unemployed. The issue then arises as to what should happen to these clients? Normally clients cannot continue on Follow Through for more than six months. After six months NDYP clients will be referred back to the Gateway or to the Employment Option. Exceptionally, clients may be removed from the New Deal caseload but their NDPA is required to continue to help them with job search if required. It is a moot point whether recycling very difficult to place clients back to the initial advisory stage of the relevant New Deal programme is appropriate and it may not always be welcomed by clients in this situation. It also raises the question of whether such clients are in need of some type of support or activity that New Deal does not currently provide.

In the case of NDLP and NDDP the issue arises in a different form. As both programmes are voluntary, do not require specific activities to be undertaken and provide 'Follow-on' when participants enter employment, it is not at all clear as to when a client can be said to have finished or completed the programme.

The administrative answer to this question will be that it happens when a client leaves the caseload. However, it remains unclear when this happens and participation or completion appear to be a subject of negotiation between client and NDPA. In some instances, participation simply 'fades away' as contact with NDLP becomes very infrequent. This may be the appropriate way for the programme to operate but, if so, it has implications for the monitoring and evaluation of the programmes (not least the measurement of outcomes) and may also affect participant perceptions of programmes.

The limitations of pilot programmes

Pilot programmes are an invaluable aid to programme design and management and provide insights into the likely effects of programmes when implemented on a national scale. However, pilot programmes also have limitations that need to be taken into account. First, the resources devoted to the pilot may exceed that available at national roll out. There may also be a greater level of commitment and a 'pioneering spirit' amongst staff involved in delivery. Both factors tend to flatter pilot programmes. On the other hand, pilot programmes may operate in circumstances that limit their operation when such constraints would not apply to a national programme. Key provision may not be available or levels of awareness amongst potential clients or employers may take time to build up. Some of the evidence relating to New Deal comes from pilot programmes and where this is the case caution should be exercised when extrapolating to national programmes.

The problem of isolating impact

Evaluations seek to identify the impact of programmes. This should involve an assessment of the extent to which outcomes differed from what would have happened in the absence of the programme (the counterfactual). Pilot programmes provide opportunities to rigorously test programme performance using comparisons against other areas or against control groups of individuals. The NDLP Phase 1 Prototype provides a good example of a quasi-experimental approach based on the order in which lone parents in the target stock group were invited to participate. Similarly, the NDLTU pilot programme is utilising random assignment methods in two pilot areas. However, the use of such methods is not practical when programmes are offered on a national scale. Alternative forms of comparison ('before and after studies or against groups of individuals who are not the targets of policy) are fraught with difficulties. This is not a problem specific to New Deal, but it is an issue that will be faced in the later stages of evaluation programmes.

A further issue is that participants in New Deal programmes may not be typical of the populations from which they are drawn. This

is most evident when programme participation is voluntary. Selective participation tends to lead to an above average proportion of job ready clients. Participants are thus biased towards those who are most to obtain paid work and this is likely to increase the apparent success of the programme. Since many clients are job ready, they could have been expected to obtain employment in any event thus reducing the net impact, or additionality, of the programme.

The proliferation of recent labour market interventions also hinders the isolation of impact of any specific programme. With a number of New Deals operating side by side it is difficult to distinguish the effects of one from another since other programmes may have had effects reinforcing or offsetting the impact of the programme of interest. An early proposal to measure the impact of NDYP by comparing young unemployed people with those aged 25 and over was undermined by the launch of NDLTU which might be expected to affect adults in the labour market and render their use as a comparison group less appropriate.

Additionality and programme design

The issue of net impact also relates to programme design. The issue is whether programmes should target job ready or hard to employ clients. If job ready clients are encouraged, or volunteer, to enter programmes, a larger proportion of participants can be expected to enter employment from the programme. However, the additional effect of the programme may be low, as such participants were likely to find work even without New Deal. On the other hand, if clients lacking 'employability' are encouraged or compelled to enter programmes, the effort and resources needed to move such clients into paid work may be very considerable, and in some cases ineffectual, and inevitably a smaller proportion will be helped into paid work. Despite this, since such clients would probably not enter work without an intervention, those obtaining a job represent a net gain (are additional).

This issue is clearly related to the issue of voluntary entry and programme take-up. It also affects comparisons between programmes. The issue raises some very fundamental policy questions as to the relative importance of, on the one hand, reducing non-employment to a minimum level of people who cannot work and, on the other, seeking to reduce the hardcore of really difficult to employ people. Which approach or the relative weight to be attached to each is not clear.

The limited knowledge of impact on employers

New Deal evaluation has provided only a patchy picture of the impact of the initiative on employers. Evaluation of NDYP has been informed by two qualitative studies while recent case studies of NDLTU pilots also collected qualitative information from employers. This qualitative research has provided a valuable impression of the attitudes of employers to the New Deal's unemployed client groups and employers' recruitment practices. No employer-focussed research was undertaken for the NDLP Phase 1 Prototype although this omission will be addressed as part of the evaluation of NDLP Phase 3 during 2000. The evaluation of the NDDP pilot programme also involves some depth interviews with employers.

These qualitative findings will be greatly enhanced when the results of a large-scale employer survey (covering both NDYP and NDLTU employers) become available in 2000. However, this quantitative survey relates only to employers who provided subsidised employment placements. No other quantitative employer surveys have been undertaken in respect of other New Deal programmes. Consequently, there are considerable gaps in current knowledge of employers and New Deal. This is especially so in regard to the impact of New Deal on employers other than those offering subsidised employment, namely those who recruit

explicitly from New Deal or less consciously to unsubsidised jobs.

6. Policy responses to evidence on key issues

6.1 The evolving form of New Deal programmes

New Deal programmes do not stand still but are actively managed and developed in the light of operational experience and evaluation evidence. Many of the issues identified in Section 5 are already well known to ES, DfEE, DSS and BA, and steps have been or are being taken to address problems and to improve programmes. As was also seen in Section 5, the nature of the issues to be faced are somewhat different across the different programmes and, consequently, the policy and operational responses also differ.

In NDYP attention has focussed on the length of time spent on the Gateway and the quality of work experience placements in some Options. In national NDLTU concern has also focussed on the initial Advisory Interview Process stage of the programme, especially in regard to the quality and intensity of the advisory service and the large proportion of participants who leave the programme from the advisory period to return to normal jobseeker activity on JSA. Both programmes are concerned to raise the volume of job search amongst participants. Unlike the New Deal programmes for the unemployed, the issues faced by NDLP and NDDP are more concerned with how take up of the programmes can be increased (since the programmes are voluntary) and increasing the range and appropriateness of the provision available to clients.

The extent to which there have been developments on New Deal programmes in response to issues raised by monitoring and evaluation depends on the length of time that each programme has operated and the weight of evidence available. This section examines current and forthcoming developments in New Deal programme design and delivery. In the case of NDDP, the Chancellor, in his March 2000 Budget statement, announced the intention to develop plans for extending NDDP nationally. Building on what has been learnt from the pilot so far, NDDP will continue to test and evaluate the most effective ways of helping disabled people on incapacity benefits to secure employment. DfEE and DSS intend to announce detailed plans in the summer of 2000. In the case of NDYP, NDLTU and NDLP, significant changes to programmes are planned and these are set out in more detail below.

6.2 Quality assurance and programme management

In order to address issues of quality of provision, the Employment Service has developed a *Continuous Improvement Strategy* for New Deal although this has been implemented to a greater extent in the case of some programmes. This strategy has a number of components. One crucial element of this strategy for management and improvement of New Deal has been the development of Core Performance Measures (CPM). CPM are intended to inform Units of Delivery and local ES offices about local performance and lead to the development of strategies for managing delivery and improving outcomes.

The ES has developed a range of CPM based on measures such as the number of clients entering jobs, numbers remaining in job for 13 weeks or more, unit costs, client satisfaction, qualifications gained and so on. However, the production of CPM is crucially dependent on the availability of regular and reliable information about clients and programmes. Such information is most comprehensive in regard to participants on NDYP. In the case of that programme, CPM are provided to each Unit of Delivery on a monthly basis and ranked so that UoD can gauge their relative performance against national and regional benchmarks. The use of CPM on other New Deal programmes is more limited but can be expected to increase as management information systems are improved.

In addition to the development of CPM, a number of Employment Service 'products' have been developed intended to assist the improvement of delivery and employment outcomes. Examples of the latter include operational guides and checklists for ES staff and NDPAs, such as '*Ten Top Tips for More Jobs from New Deal*' and the '*New Deal Driver*'⁸⁰ on NDYP and the '*Making a Difference*' package aimed at NDPAs on national NDLTU⁸¹.

6.3 Programme developments on NDYP

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

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

⁸⁰ *The New Deal Driver: A performance review programme for New Deal*, The Performance Management Company and Employment Service, 1999.

⁸¹ *Making a Difference*, Employment Service, 1999.

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

In order to bring about the desired changes, a number of revisions in NDYP operations have been introduced. These include:

Gateway

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

Options

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

Follow-Through

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

Equality of outcomes

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

facing severe disadvantage in the job market.

6.4 Programme developments on NDLTU

In the light of 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 intended to:

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

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:

- intensify the Advisory Interview Process,
- increase the emphasis on supported job search and placement in unsubsidised jobs,
- improve the range of help on offer.

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:

- 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 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.

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 client's 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 pilot programmes

The initial contracts for NDLTU pilot programme were due to 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, most pilot programme contracts will be extended (there may be some revision of contracts and, exceptionally where performance has been poor, a re-letting of a contract may occur). The extension of the pilot programme is intended to allow greater time for the further development of delivery structures and to ensure that some forms of provision not currently being tested in the pilots can be tried out.

A revised national NDLTU in 2001

It seems likely 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 monitoring and evaluation to inform the re-design process. The enhancements to the national programme in 2000 may be seen as a step in that

direction while the continuation of the pilot programme is intended to further inform the re-engineering of the national NDLTU programme.

6.5 Programme developments on NDLP

Since its introduction on a national basis in October 1998, the form and content of NDLP has evolved with, in particular, enhanced provision to support work-focused training, improved guidance from NDPAs and the facility, where necessary, to pay for course fees, childcare and travel costs incurred by lone parents undertaking training.

In response to monitoring and evaluation, a number of significant additions to the NDLP programme are being piloted. During the second half of 1999 ten innovative pilots were established across the country, with each pilot running for approximately 12 months. The main objective of these pilots is to increase participation in NDLP and/or to improve lone parents' prospects within the labour market. In addition, In-Work Training Grants are being piloted in selected ES districts for a 12 month period starting in early 2000. Employers who recruit eligible lone parents may be able to claim up to £750 towards the costs of accredited training.

Further to these pilots, a number of significant changes were announced in November 1999 under the title of the 'Next Steps' initiative and are being introduced during the course of 2000/01. These changes are designed to:

- increase the proportion of lone parents from the target population who take up the programme;
- improve the range of provision available;
- extend the target group of lone parents who are sent initial NDLP invitation letters.

Revisions to existing NDLP delivery include:

- initial NDLP letters, formerly issued only to lone parents with children aged 5 or over, to additionally be sent to lone parents whose youngest child is aged 3 or 4. This extra provision has been prompted by the significant level of NDLP participation amongst lone parents with children aged under 5;
- NDLP advisers are encouraged to undertake telephone 'follow-ups' to the initial letters to further encourage participation. This, and some of the other developments, takes account of the finding from the evaluation of the prototype phase that about one in three of those who were sent an initial letter failed to respond but might have

participated if the adviser made a follow-up approach;

- tailored invitation letters to be issued by the Benefits Agency to lone parents whose youngest child is aged 14 or 15, pointing out that their Income Support entitlement is likely to end once their child is 16, and to encourage take up;
- Benefits Agency staff in two Pathfinder areas to undertake visits to lone parents whose youngest child is aged 14 or 15 in order to encourage participation in NDLP;
- provision through Employment Service Programme Centres which is more closely tailored to the specific needs of lone parents;
- the making available of the Jobseeker's Grant to participants on NDLP. This discretionary grant is designed to help jobseekers meet some of the costs of, and remove obstacles to, job search;
- the introduction of an NDLP Innovation Fund to explore new and innovative ways of helping and encouraging lone parents to take up work, to improve their work-readiness, or to participate in NDLP.

In addition to these changes, further developments were announced in the Budget in March 2000. These developments are to be as follows:

- the introduction of point-of-claim and annual work-focused interviews for all lone parents claiming Income Support whose youngest child is aged 5 or over. The interviews will act as the Gateway for the NDLP programme, although participation in NDLP itself will remain voluntary. These will be introduced in two pathfinder areas from October 2000 and rolled out nationally for new and repeat claims from April 2001. Interviews for those currently claiming Income Support will be phased in gradually from April 2001 to March 2004;
- the introduction of a £15 Training Premium for lone parents on Income Support taking up an approved training course;
- from April 2001, NDPAs will be given access to resources to provide help with childcare for lone parents on Income Support who take up work of less than 16 hours a week.

The changes to NDLP set out above are supported by other strands of Government policy that are designed to encourage and support the transition of the unemployed and economically inactive into work and to help ensure that work pays. These include:

- the National Childcare Strategy that was launched in 1998 to increase and improve childcare provision;

- the introduction, in October 1999, of the Working Families' Tax Credit (WFTC) which improves on the levels of support previously available through Family Credit. It also includes a 100 per cent maintenance disregard and a childcare tax credit for those who use officially-registered services;
- and, specifically directed at lone parents to ease the transition from benefits to work, the introduction in October 1999 of the Lone Parent's Benefit Run-On which means that lone parents who have been getting Income Support, or income-based JSA, for at least six months, who move into work of at least 16 hours a week which is expected to last for at least five weeks, may be able to carry on receiving benefit for two weeks after they start work.

These developments are likely, over time, to have a significant impact on the take up and effectiveness of the national NDLP programme.

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