

Keeping track of welfare reform

The New Deal programmes

Jane Millar

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Summary

There are six main New Deal programmes, and they vary in a number of ways: size of target group, key aims and objectives, eligibility rules, conditionality, type of support offered and in relationship to other policy measures.

The *New Deal for Young People* (NDYP) is targeted on those aged 18 to 24 and unemployed for at least six months. It is compulsory, and includes a 'gateway' period of advice and support followed by one of four options (subsidised employment, full-time education and training, voluntary work, environmental work).

The *New Deal for Long-term Unemployed* (NDLTU) is targeted on those aged 25 plus who have been unemployed for 12, 18 or 24 months (depending on area). Personal Advisers offer advice and support, and there are two main options (subsidised employment and education/training).

The *New Deal for Lone Parents* (NDLP) is voluntary and consists of an initial interview with a Personal Adviser, caseloading, job search and in-work support. The target group is lone mothers on Income Support for six months or more and with a youngest child aged five years and three months or over.

The *New Deal for Partners of Unemployed People* (NDPU) is aimed at partners of unemployed jobseekers. It is voluntary and offers two main alternatives. For those aged 18 to 24 and without children, there is the option of voluntary participation in the NDYP. For those aged 18 to 24 and with children and those aged 25 plus, there is access to advice and guidance from a Personal Adviser.

The *New Deal for Disabled People* (NDDP) is voluntary and offers access to advice and information through a Personal Adviser. It is

also intended to raise awareness of the employment needs of people with disabilities among employers and service providers.

The *New Deal for People Aged 50 and Above* (ND50+) is another voluntary programme with the target group being those aged 50 and over, and receiving incapacity benefits or Jobseeker's Allowance/Income Support (JSA/IS) for at least six months. It offers access to a Personal Adviser and those finding work can receive an employment credit for up to one year.

These programmes are operating in the context of a wide range of other welfare-to-work policies, some not in place when the evaluations were carried out. These include the National Child Care Strategy, the tax and benefit changes intended to 'make work pay' (particularly through the introduction of tax credit schemes), the introduction of a National Minimum Wage and various area-based measures, such as Employment Zones.

The evaluation of the New Deal draws on two main types of data – administrative data collated in the New Deal Evaluation Database and data collected through individual research projects. This extensive evaluation programme reflects a strong government commitment to 'evidence-based' policy and practice, which is apparent in many other areas of policy. The aim is to provide information on both outcomes and processes – on what impact the programmes have and on how they achieve that impact. The early studies have tended to focus on the former, with the aim of learning lessons for national implementation. Over 20 reports have been published so far.

Labour market effects

Just under 440,000 young people had been through the NDYP by February 2000, and in total about 200,000 people had found jobs. Of these, around 146,000 were in sustained (lasting 13 weeks or more) jobs. This is equivalent to about 34 per cent of all participants, lower for women (31 per cent) and ethnic minorities (27 per cent). It is estimated that in the first year the NDYP led to a reduction in youth unemployment of about 30,000. About half of those who found work would probably have done so anyway. It is projected that about 250,000 young people will be moved into employment over the four years planned for the programme. This should make it more or less self-financing over that time.

Around 238,000 people had been through the NDLTU by February 2000 and in total about 38,000 people had found jobs. Of these, about 32,000 were in sustained (lasting 13 weeks or more) jobs. This is equivalent to about 13 per cent of all participants, about the same for men and women. Over half of those who leave the programme return to JSA/IS.

About 133,000 lone parents had attended an initial NDLP interview by February 2000. Just over half (54 per cent) came from the target group, that is women with school-age children, and among these 37 per cent were 'early' starts, people who came forward before being invited to interview. Of those who had left the NDLP, 39 per cent had gone into employment and 43 per cent returned to IS. Almost half of those in employment are continuing to receive Personal Adviser support. The additional employment effect – i.e. those who would not have found work without the programme – was estimated

at 20 per cent for the prototype scheme. The prototype more or less covered costs.

The numbers going through the NDDP and NDPU are still relatively small. Over the first three months of the NDPU, about 1,400 people were interviewed, 6 per cent of whom found jobs. Over about 15 months of the NDDP pilots and innovative programmes, just over 10,000 people had initial Personal Adviser interviews and around 6,600 had drawn up personal action plans. About 3,000 had been accepted on to innovative programmes and just over 2,000 had found jobs.

The impact on individuals

Generally, participants have positive attitudes to work, although they may be pessimistic about their chances of finding work. Some come into the programmes with very specific ideas about what they want to do, while others are much more vague. In the voluntary programmes, take-up is low, but not always because people were choosing not to take part – many did not remember having been invited, others could not do so at the time and might have joined later, if they had been contacted again. This suggests the need for a much more proactive approach to getting people to participate.

For all groups, the main barriers to work centred around lack of skills and work experience, low or inappropriate job search, psychological factors (including lack of self-confidence and lack of realistic goals), the level and type of job opportunities available in the local labour market, and employer attitudes. But different emphases were found for different groups. For young people, the key barriers were

lack of skills and work experience, ineffective job search, low pay, and access to and costs of transport. For the long-term unemployed, the key barriers were a mismatch between their skills and what was required, outdated skills and lack of transport. For disabled people, the extra barriers were special needs associated with their disabilities and employer attitudes. For lone parents, child care and money issues were paramount. For partners, it was also child care and a concern about role reversal. Each group included people with multiple barriers and special needs.

The most important thing in the way people perceive the programmes is the Personal Adviser. Effective Advisers are seen as friendly, helpful, approachable. Ineffective advisers treat people with a lack of respect and do not have enough of the right sort of information. However, a friendly attitude is not enough by itself – people also want their needs identified and practical help offered. The long-term unemployed are perhaps the most cynical about the programme (just another scheme) and tend to be most instrumental in their assessment of the Personal Advisers. The lone parents are probably most positive about the individual attention and support. Overall, participation led to a positive response. It boosted confidence, enhanced job seeking, improved skills. But more negative views were expressed where programmes were felt not to be meeting needs. Among young people, there was a clear hierarchy of views about the options – from jobs (for work experience), to education (for particular skills), to voluntary and environment.

On the delivery side, there were various different patterns of partnership working, some more involving of local stakeholders than

others. From providers in general, the most common complaint was that there was not enough basic skills training and motivation boosting before people came to them. Larger employers were sometimes reluctant to take part in the NDYP because they did not want to change existing training to National Vocational Qualification (NVQ) training. The environmental (and to some extent voluntary) options tended to have more polarised client groups, including both a high proportion of mandatory referrals and a small group of very committed people, who did not mix well.

From the Personal Adviser perspective, there was a lot of job satisfaction and they also enjoyed the changed nature of their interaction with clients. There was some evidence that Personal Advisers were less good at dealing with people with multiple problems and needs. As programmes moved to national level, advisers worked less intensively with individuals (as caseloads got larger) and became more employment oriented. Interactions with individuals tended to fall off the longer they stayed in the programme, especially in the voluntary programmes.

Emerging issues

The New Deal package for young people and long-term older unemployed workers aims to improve employability – the capacity to get access to work, to stay in employment and to move on to better jobs – through offering individualised support and a set menu of options, all including work experience and training. The New Deal package for lone parents, disabled people and the partners of unemployed people aims to reduce barriers to

work for these groups by providing them with information and advice to enable them to take up job opportunities. Participation is voluntary and training opportunities may be available but there is no menu of options as in the compulsory programmes. Thus, it could be argued that these voluntary programmes are in practice more 'work-first' than the compulsory programmes, which have a stronger 'human capital' element.

The role of the Personal Advisers is 'pivotal' for how both participants and providers assess the programmes, and both groups would like the Personal Advisers to do even more. Employers want Advisers to prepare people more and be more selective on their behalf. Clients want practical help with their specific needs. This raises potential conflicts in meeting these demands. As caseloads increase, and as the range of clients becomes more diverse, creating tailor-made packages is likely to become more difficult. In the ONE pilot programmes (recently introduced and bringing the Benefits Agency and Employment Service together), Personal Advisers will deal with all client groups, who will be required to attend interviews. This makes sense in that there are clear similarities in both perceived barriers and actual barriers across these groups. But there were also some more specific barriers/needs for different groups and a wide range of work readiness within each group. There is a potential tension between the welfare and the control roles of the Personal Advisers, heightened when compulsion is involved.

There was a range of views about the value or otherwise of compulsion among the various client groups in the programmes, with some people arguing that it is always

counterproductive and others that compulsion can help people who would not otherwise get into these sorts of programmes. Compulsion to attend an initial interview was generally looked upon more favourably than compulsion to take up particular options, whether these were training, work experience or jobs. Compulsion for certain groups (young people, long-term unemployed) was looked upon more favourably than compulsion for others (older workers, lone parents, disabled people, and partners). The difference seems to relate, at least in part, to the other roles and responsibilities of these groups, particularly caring roles.

The New Deal process is dynamic, and the routes people take through the process have to be flexible in order to meet individual needs. People may need to step back into previous stages, or continue to be helped after they have 'left' the programme and moved into work. There can, however, be tensions between flexibility and forward planning. The latter sometimes seemed to be missing from the voluntary programmes and people complained of lack of direction. On the other hand, the requirement to move into options was sometimes experienced as too rigid in the compulsory programmes, and the gap between the individualised assessment and the fixed options that followed was felt to be too large.

Labour market programmes are always more effective for those already closest to employment but, perhaps especially for groups such as lone parents and disabled people, access to support and accurate information may be an important element in helping people into work. Even those who are otherwise work-ready seem to benefit from this. The New Deal programmes will, however, have to work harder in order to

reach those with multiple disadvantages and special needs. Such people are a minority but they are found in all the New Deal client groups.

The research shows that the New Deal is having an impact on employment outcomes for a range of different groups of workless people, and suggests the Personal Adviser approach has

had a positive impact on the responses of both participants and providers. These evaluations have mainly been in relation to the prototypes and the initial stages of the national scheme, and the next stage of research will be able to tell us more about whether and how this picture holds when the national programmes for all these groups are fully up and running.

1 Background and context

Welfare reform is at the centre of the Labour government's programme and welfare-to-work at the centre of welfare reform. Among the first measures announced after the 1997 election was the *New Deal for Young People*, a major new programme aimed at eliminating unemployment among under 25 year olds, by offering them support to find work, or the opportunity for work experience and/or training, backed up by incentives to employers to take on these new young workers. The *New Deal for Young People* was rapidly followed by other New Deal programmes, including programmes for groups of people who had previously always been excluded from labour market programmes (lone parents, disabled people, partners of unemployed people) as well as programmes for more traditional target groups (the long-term unemployed and older workers). These programmes have been implemented across the country in different ways, in different contexts and with different levels of resources attached to them. Some were piloted at local level before national implementation. Some were delivered by the Department of Social Security (DSS) and others by the Employment Service (ES). Some included private and voluntary sector involvement. All, however, have been and are being subject to formal assessment and evaluation, using a variety of different methods and approaches with the aim of understanding both *what* impact the programmes have and *how* they achieve that impact.

The aim of this review paper is to summarise what these evaluations are telling us about how the New Deal is working in practice so far. This first chapter sets the scene by describing the various New Deal programmes and placing

them in the wider context of welfare-to-work policies. The evaluation strategy is also described. In general, these evaluations are ongoing, with some studies yet to be completed and results made available. Using the published material, the following chapters examine the labour market impact and how the programmes are operating in practice.

The New Deal programmes

Table 1 provides an overview of the six New Deal programmes,¹ showing details of the target groups, of the date of implementation, of the size of budget and of the options available to participants.

The *New Deal for Young People* (NDYP) was the first programme and remains the largest, both in terms of budget (£2,620 million) and numbers who have so far participated. It also has the most extensive list of options. It is compulsory for those aged 18 to 24 who have been unemployed continuously for six months (or for shorter periods under certain conditions). It starts with a four-month 'gateway' period of assessment and guidance. For those who do not find employment during this period, the gateway is followed by one of four options. These are subsidised employment, work experience with a voluntary organisation including training, work experience with an environmental task force including training, and full-time education or training. The first three options all include at least one day per week of approved training. In the subsidised employment option, employers receive a subsidy of up to £60 per week for up to six months (rising to £75 from April 2000) and up to £750 towards the cost of training. There is also a

Table 1 New Deal programmes: overview

Programme	Target group	Required for those in target group	Approx. no. in target group	Budget 1997-02		Start date		Options
				1997-02	1997-02	1 Pilot	2 National	
The New Deal for Young People	Aged 18-24 years claiming JSA continuously for 6 months; earlier entry for disadvantaged groups	Yes	0.4m	£2,620m	£2,620m	1 January 1998 in 12 Pathfinder areas	2 April 1998	Personal Adviser; gateway; four options (employment with subsidy; voluntary work; environmental work; full-time training or education); follow through
The New Deal for the Long-term Unemployed	Aged over 25 years, claiming JSA for over 2 years, earlier entry in 'pilot' areas	Yes, national, the initial interviews are compulsory	0.5m	£450m	£450m	1 National June 1998	2 Pilots November 1998 in 28 areas	Personal Adviser; gateway; two options (employment with subsidy; training for up to 12 months); training grant; 13 weeks 'advisory interview process' in pilot areas
The New Deal for Lone Parents	Lone parents with children aged over 5, claiming IS for at least 3 months	No	0.5m	£190m + £10m for 8 pilots	£190m + £10m for 8 pilots	1 July 1997 in 8 prototype areas	2 April (new) and October 1998 (all)	From April 2001, four options: employment with subsidy, work-based training, voluntary work, environmental work

Table 1 New Deal programmes: overview (continued)

Programme	Target group	Required for those in target group	Approx. no. in target group	Budget 1997-02	Start date		Options
					1 Pilot	2 National	
The New Deal for Partners	Partners of people unemployed for 6 months or more, claiming income-based JSA with partner's addition	No	0.2m	£60m	1 February 1999 in 3 pathfinder areas	2 April 1999	1 For 18-24, and no children, access to NDYP 2 For others, Personal Adviser
The New Deal for Disabled People	Claiming Incapacity Benefit, SDA or IS Disability Premium	No	0.9m	£200m	1 October 1998 in 6 ES areas and April 1999 for 6 innovative programmes	2 April 2000	Personal Adviser Various other services in the innovative programmes
The New Deal for 50 plus	Claiming IB, SDA or IS/JSA for 6 months plus partners of above	No	2.0m	£270m	1 October 1999 in 9 pathfinder areas	2 April 2000	Personal Adviser Training grant Employment credit for 52 weeks

Source: *Statistical First Release*, 24 June 1999; *NI Labour Market Bulletin*; *TUC New Deal Briefings*.

self-employment option. For those who reach the end of their option without finding work, there is a 'follow through' period of support, guidance and, if required, further training. The national programme was introduced in April 1998, but the programme was first introduced in January 1998 in 12 'pathfinder' areas. The aim of the pathfinder programmes was to provide guidance and lessons for the national roll-out.

The *New Deal for Long-term Unemployed* (NDLTU) was introduced in June 1998. It consists of a 'national' programme targeted at those aged 25 plus who have been unemployed for two years or more and a 'pilot' programme operating in 28 areas of the country, in which eligibility is extended to those unemployed for 12 or 18 months.² The key features of the national provision are interviews with the Personal Adviser, followed by a tailored programme for participants. The two main options available are subsidies for employment (employers receive a subsidy of £75 per week for up to six months, £50 for part-time workers) and access to one year's vocational training while still receiving JSA. The advisory aspect of the national programmes is compulsory, but further participation is not. The pilot programmes vary in provision but all include a gateway period (six to 13 weeks) of help and support followed by an 'Intensive Activity Period' of up to 13 weeks. Participation in the latter is compulsory. In some pilot areas, participants can receive top-up payments (£15 per week over and above JSA) and are eligible for the employment subsidy of £75 per week (as in the national programme). Follow-through support is also available for all participants. In two pilot areas, there has been random assignment to options (allowing a more

controlled evaluation). From April 2000, there will be four options available (subsidised employment, work-based training, voluntary and environmental work) and it will be compulsory to take up one of these.

The *New Deal for Lone Parents* (NDLP) is funded with £190 million over four years. It was introduced in eight prototype areas in July 1997, and extended nationally in April 1998 to include all lone parents making new or repeat Income Support claims. From October 1998, existing lone parents were also included in the programme, with those on Income Support for six months or more and with a youngest child aged five years and three months or over being sent an invitation letter (this group comprises the 'target group'). The programme consists of an initial interview, caseloading, job search and in-work support. While on the NDLP, registered child-care costs can be paid.

Lone parents within the target group receive a letter from the ES inviting them to attend an interview when their youngest child is aged five (the target group is to be extended to all lone parents with children aged three and above from summer 2000). The Personal Adviser explains the structure of the New Deal and records information about the lone parent's circumstances and any barriers to employment. In-work benefit calculations are made to see whether the lone parent would be better off in work. An action plan is drawn up if the lone parent agrees to participate in the scheme. Regular contact is maintained with the participant through follow-up interviews when the lone parent is helped to search for work or to increase their skills through training and other support. Participants who gain employment are eligible to receive in-work

support for which there is no time limit.

The *New Deal for Partners of Unemployed People* (NDPU) is a smaller programme, aimed at partners of unemployed job seekers, who have been in receipt of JSA as a partner for at least six months. It is non-compulsory and offers two main alternatives. For those aged 18 to 24 and without children, there is the option of voluntary participation in the NDYP. For those aged 18 to 24 and with children, and those aged 25 plus, there is access to advice and guidance from a Personal Adviser. From October 2000, participation will become compulsory for young people (under 25) without children.

The *New Deal for Disabled People* (NDDP) also offers advice and information through a Personal Adviser. It is also intended to raise awareness of the employment needs of people with disabilities among employers and service providers. The programme is being developed jointly by the Department for Education and Employment (DfEE) and the DSS. Those targeted for the programme are claimants in receipt of Incapacity Benefit, Severe Disablement Allowance and Income Support with a disability premium. The first pilots were started in October 1998 in six areas, all administered by the ES. A further six pilots started in April 1999, these being the 'innovative programmes', run by non-government providers (both private sector and voluntary) following a competitive bidding process. The national programme started in April 2000.

Finally, the *New Deal for People Aged 50 and Above* (ND50+) is another voluntary programme with the target group being those aged 50 and over, receiving either JSA/IS or Incapacity Benefits for at least six months. Their partners may also be eligible. From October 1999, it was

operating in nine pathfinder areas and went national from April 2000. Participation will give access to a Personal Adviser who can offer individual advice and support. There are also training grants of up to £750 and employment credit of £60 per week for full-time and £40 per week for part-time work, for up to 52 weeks.

The *ONE* programme is a direct follow-on from the New Deal programmes. It provides a single entry point to the employment service and benefits system for all claimants.³ It is being piloted in four BA areas from June 1999 and in another eight areas from November 1999, and will run alongside the existing New Deal programmes for the pilot periods. The private and voluntary sectors have been invited to provide innovative programmes in four of the eight November start areas. A key feature – and departure from previous practice – is that from April 2000 it will be mandatory for all claimants in ONE areas to attend the initial 'work-focused' interview with a Personal Adviser. ONE Personal Advisers will therefore include a range of client groups in their caseloads, not just young people or lone parents, but potentially all groups of claimants.

Comparing the New Deal programmes

There are thus some significant differences across the various programmes. The compulsory programmes (NDYP and NDLTU) cover groups who have traditionally been the targets for labour market programmes, and their needs and problems are probably the most familiar to researchers and policy-makers, as well as to the staff operating the programmes at local level. The budgets for these programmes are the largest, both absolutely and per person,

and they offer a wider range of options. In addition, these programmes offer direct subsidies to employers, potentially making these participants the most attractive for employers to take on. The ND50+ also covers a group – older unemployed workers – who have been targeted in previous labour market programmes. The NDYP is, however, the only one of these programmes to include access to training in all the options.

The other three programmes are the most innovative in terms of client group. Lone parents are not required to register for employment as long as they have children under 16 and so in general have not previously had access to ES and other training programmes. Similarly, many disabled people have had to prove incapacity for employment in order to receive benefits and so have been excluded by definition from labour market programmes. The partners of unemployed people have been something of an invisible group in the past, receiving benefits as dependants of their unemployed partners but not themselves required to consider seeking work. New Deal participation is voluntary for all three groups, although a degree of compulsion will be introduced under the ONE programme. The main element of these New Deal programmes is access to a Personal Adviser, who provides information, advice and support. Participants can take part in training and in some cases get access to training grants.

The key objectives of the programmes also have some small, but possibly significant, differences. These are summarised in the evaluation reports as follows.

- The NDYP aims to ‘assist young people who are unemployed to find sustainable employment by enhancing skills, providing vocational qualifications and work experience and by encouraging personal development’ (Woodfield *et al.*, 1999, p. i).
- The NDLTU aims to ‘help long-term unemployed people aged 25 and over into jobs and improve their prospects of staying and progressing in employment; increase the long-term employability of the participant group; make a positive contribution to sustainable levels of employment and a reduction in social exclusion’ (Legard *et al.*, 2000, p.2).
- The NDLP aims to ‘promote movement from Income Support to paid work’ and other outcomes such as improved job search or enhanced skills are ‘stepping stones to a job rather than outcomes themselves’ (Finch *et al.*, 1999, p. 1). Thus, the main aim is ‘to help lone parents on Income Support move into work, or towards work’ (Hales *et al.*, 2000a, p. 1).
- The NDDP aims to ‘assist disabled people and those with a long-standing illness who want to work to do so, and help those already in work to retain their employment’ (Arthur *et al.*, 1999, p. 13).
- The NDPU aims to ‘help partners in workless households to achieve a successful and sustainable entry into employment and help progression to better and/or full-time work for those already in part-time work’ and ‘to give partners equal access to ES programmes’

and, for the 'not job-ready', to 'create the conditions for them to make or regain contact with the labour market' (Stone *et al.*, 2000, p. 1).

The welfare-to-work package

Another difference between the programmes relates to the way in which they are embedded in the wider welfare-to-work policies of the government. Included under this heading are a range of measures – changes to taxes and benefits, to employment regulations and to child-care provision – which are summarised in Table 2. These measures will impact on different groups of New Deal clients in different ways. Young people benefit from the National Minimum Wage (albeit at a lower rate than older workers), and also from the changes to starting rates of tax and NI. But there is not yet a tax credit for this group and nor are they generally affected by measures such as the child-care provisions. The same is true for long-term unemployed workers, except insofar as they have children.

Families with children, including lone parents, and disabled people are the main groups to gain from the new tax credit schemes. The Working Families Tax Credit (WFTC) provides a 'guaranteed minimum income' of £200 per week, for a family with one earner in full-time work and receiving the National Minimum Wage (DSS, 1999). This will rise to £214 from April 2001 (HM Treasury, 2000). The Disabled Persons Tax Credit (DPTC) works in much the same way as the WFTC, and provides a minimum income guarantee for full-time workers at National Minimum Wage level of over £150 per week for a single person, and £230

per week for a one-earner couple with one child aged under 11 (DSS, 1999). The child-care needs of parents are to be tackled through the National Child Care Strategy, which guarantees a nursery place for all four year olds and increases the supply of after-school provision for older children; and by the child-care component of the WFTC, which will pay the costs of registered child care up to a certain level. Other measures to encourage 'family-friendly working' are also being put into place.

There is also a set of area-based measures, outlined in Table 3, which are intended to channel additional resources into areas of particular deprivation. These include 17 New Deal for Communities programmes, 15 Employment Zones and 12 Health Action Zones. The New Deal for Communities and the Employment Zones are intended to target areas of particular disadvantage and channel extra resources into these, with the aim of improving employability of individuals within these areas. They are, thus, like the individual New Deal programmes, primarily aimed at improving labour supply and not at stimulating labour demand.

Thus, the NDLP and NDDP in particular are very much part of wider packages of measures, while the other New Deal programmes are rather more free standing. However, it is important to note that these other measures have either started recently or are in the process of being implemented and so the existing New Deal programmes, and especially the prototype or pilot programmes, were implemented without the full set of supporting policies in place. For some groups, such as lone parents, this is of particular importance and the overall impact cannot be fully assessed until the whole

Table 2 Services and benefits to support employment

Main tax and benefit changes

- 1998: Changes to 'linking rules' for lone parents and disabled claimants, so that they can return to benefits if necessary (October); removal of 16 hours' limit on voluntary work for IB recipients (October); lone-parent benefits run on, allowing lone parents to continue receiving IS/JSA for two weeks in work and Housing Benefit/Council Tax Benefit for four weeks (October).
- 1999: National Minimum Wage (April); reduction in NICs and starting rate of income tax (April); increase in Child Benefit for oldest child (April); replacement of Family Credit by Working Families Tax Credit and Disabled Person Tax Credit (October).
- 2001: Further increases to Child Benefit and to children's rates in IS/JSA and WFTC/DPTC; Children's Tax Allowance to replace the Married Person's Tax Allowance; introduction of a £100 Jobgrant for people moving from IS/JSA into work after one year on benefit; an increase in the earnings disregard to £20 per week for lone parents, disabled people and carers on IS/JSA; a four-week run-on into work of IS mortgage interest payments and a 52-week linking rule for mortgage interest payments; extended payments for HB and CTC to be made automatically for first four weeks in work.
- 2002: IS/JSA claims can be suspended for up to 12 weeks for people taking short-term jobs.
- 2003: Employment Credits and Integrated Child Credit to replace WFTC and children's additions to IS/JSA.

The National Child Care Strategy

To provide good quality, affordable child care for children aged 0–14, in every neighbourhood. This includes formal child care and support for informal arrangements with a focus on out-of-school provision. It includes, from 1999, the guarantee of a free nursery place for all four year olds whose parents want one, and a commitment to make similar provision for all three year olds. Means-tested financial support for child-care costs, through the WFTC, which will meet up to 70 per cent of registered child-care costs, up to a maximum amount.

Other employment-related measures

Extension of maternity rights; adoption of European Community Directives on parental leave (unpaid); on working time; and on pro-rata rights for part-time workers; bringing employers with at least 15 employees into the scope of the Disability Discrimination Act (December 1998).

Table 3 Area-based measures to support employment**New Deal for Communities**

The aim of the New Deal for Communities Pathfinder is to tackle multiple deprivation in the poorest areas. The initiative will target money on 17 deprived neighbourhoods to tackle worklessness, improve health, fight crime and raise educational standards. Other objectives include improving the physical environment, neighbourhood management, local services and facilities, whilst building the capacity of the local community, tackling racial disadvantage and encouraging enterprise. The DETR are responsible for co-ordination and are putting the following mechanisms in place:

- the twinning of a senior Whitehall official with each NDC partnership
- the identification of issues on which the cross-departmental Policy Action Teams can offer advice and support to the pathfinders
- the identification and signposting of sources of expert advice
- the provision of guidance and advice through the Internet
- the development of a database of key contacts
- the setting up of regular meetings with representatives of NDC partnerships.

The government has set aside £800m over three years to support the initiative. Funding will be channelled to partners by Government Offices for the Regions in the form of NDC grants, or via the Housing Corporation as a Social Housing Grant and Supported Housing Management Grant. At the same time, partnerships will be expected to encourage private investment and look for opportunities to make use of European Funding.

Employment Zones (EZs)

The initiative aims to help the long-term unemployed, particularly those with multiple social problems, to enhance their employability in order to obtain sustainable employment or self-employment. Prototypes were implemented in five areas in February 1998. Glasgow Development Agency (2000) reports on these prototypes. Fully fledged EZs will be implemented in 15 areas from April 2000 with a budget of £112m over two years. These EZs will be operated by a mixture of public/private partnerships. Jobseekers in the EZ will be able to access Personal Job Accounts worth up to £5,000 to help them find jobs, gain skills or set up in self-employment. They will have access to a Personal Adviser and there will be a three months' gateway, followed by up to six months in an ES training scheme or intermediate labour market programme. Participation is compulsory and some groups (disabled people, returners to work, lone-parents, ex-offenders) are eligible from the first day of unemployment.

Health Action Zones

In 12 areas, to develop local health strategies through partnerships between the NHS, local authorities, community and voluntary groups, and the private sector.

package is operational. In addition, teasing out the specific impact of the New Deal programmes in the context of this 'rich matrix of innovative policies being implemented by central government to operate at both national and local level' (Walker, 2000) is a complex task.

Evaluating the New Deal

The government is collecting two main types of information in order to evaluate the New Deal programmes.⁴ First, there is an extensive programme of monitoring, based on the New Deal Evaluation Database, established and maintained by the ES. So far, the database covers the NDYP, NDLTU (national programme) and the NDLP, with the other programmes to be added. It includes information on individuals, their labour market

experience before and after New Deal, and their experience on the New Deal. It provides the information for the monthly *Statistical First Release* series, which gives statistics for the overall numbers of these groups on New Deal, leavers by destination and ethnic minority statistics and various other data. This material is made available via the Internet, as well as by more conventional means. Table 4 shows the type of 'performance indicators' involved, as yet in most detail in respect of young people.

Second, there are the evaluation studies commissioned by the ES and DSS, and carried out by a range of independent research organisations. The ES has generally taken the lead in this but the DSS has responsibility for the prototype NDLP, the NDDP (pilot and national) and the ONE programme. In Northern Ireland, there are separate evaluations taking

Table 4 New Deal core performance measures

The following are planned:

- 1 The numbers of New Deal participants and the proportion of each cohort moving into (i) unsubsidised jobs, (ii) subsidised jobs and (iii) all jobs.
- 2 The numbers of participants and the proportion of each monthly cohort moving from the gateway and each of the options into unsubsidised jobs.
- 3 The unit costs of the outcomes covered at above.
- 4 The number of participants and the proportion of each monthly cohort remaining in jobs 13 weeks, six, 12 or 18 months after leaving New Deal, as measured by the renewal or otherwise of claims for JSA or other benefits.
- 5 The numbers and proportions of participants who are disabled, from ethnic minority backgrounds and who are men and women achieving the outcomes above.
- 6 The numbers of subsidised jobs made available by employers and the level of employer satisfaction.
- 7 The level of satisfaction among participating young people.
- 8 The number and level of qualifications achieved by New Deal participants.
- 9 The number of participants and the proportion of each monthly cohort leaving the New Deal for known destinations.

Source: <http://www.dfee.gov.uk/ndimprove/>

place and there is also a separate NI New Deal Evaluation Database (Rogers, 1999).

The evaluations of the various programmes broadly follow the same basic model, which was originally devised for the evaluation of the NDYP (Hall and Reid, 1998). This has three main strands:

- the *macro* impact: examining the impact on overall unemployment levels and sustainable employment; effects on wages, tax revenues, benefit receipt, etc; cost–benefit analyses
- the *micro* impact: the effects on participants, employers and those involved in delivering the programmes
- the quality of the different *delivery* arrangements, examining the quality of the service, of the training and of partnership arrangements.

Walker (2000) summarises these as summative (examining impacts), formative (examining processes) and didactic (identifying good practice and learning lessons). Each requires a different methodological approach. The macro analyses use econometric modelling based on survey, administrative and other background data, for example on labour market trends. The micro evaluations have usually included both quantitative and qualitative interviews, with both individuals (participants and non-participants) and employers, as well as information from the New Deal Evaluation Database. Often these involve some panel element, so that individuals are followed over time, but typically the time periods are fairly short, measured in months rather than years. The most common methods for examining

delivery issues have been case studies, using a range of qualitative and quantitative information.

Much of the material published so far relates to the pilot/prototype programmes and these have focused in particular on the micro impacts and delivery issues. These are summarised in the Appendix. The NDYP reports cover various aspects of the evaluation, both pilot and national, with the majority of these based on qualitative data. The NDLP prototype evaluation includes both quantitative and qualitative data, and there is one study so far of the national programme. The NDDP report also includes both quantitative and qualitative data from the first six pilot areas. The NDPU and NDLTU reports are qualitative or case study only. These reports form the basis of our discussion in the following chapters.

Evaluating the evaluations

The programme of evaluation for the New Deal is the most detailed and extensive government policy-related research programme carried out in the UK in recent years, costing in the region of £10 million over five years (including the establishment of the New Deal Evaluation Database). It reflects a strong government commitment that has been given to ‘evidence-based’ policy and practice, which is also being applied in many other areas of policy. For example, Table 5 summarises the evaluation strategies for other key welfare-to-work programmes (ONE, WFTC and DPTC), showing a similar mix of evaluating processes and outcomes.

The evaluation programme is a compromise between various competing demands and agendas. There is something of a tension

Table 5 Other related evaluation programmes: ONE, WFTC and DPTC

The ONE service pilots

The aims of the evaluation are (1) to test the delivery of the ONE service and its variants; and (2) to test the effectiveness of the different variants in improving the quantity and quality of the labour market participation of people of working age. The research design will involve comparisons between the different delivery variants; between pilot and non-pilot areas, and between the non-compulsory and compulsory phases. This will include both quantitative and qualitative methods and a cost-benefit analysis based on the ONE evaluation database. Results will be published between 2000 and 2001.

The Working Families Tax Credit

The aims of the evaluation are to assess the effects on family income and labour market participation. It will also consider effects on child-care arrangements; on employer behaviour; on take-up and choice of delivery mechanism (i.e. through wage packet or not). There will also be an assessment of the effectiveness and costs of delivery. The research design will involve special analysis of the DSS Survey of Low Income Households, a panel study involving three interviews between 1999 and 2001; qualitative research with recipients and those involved in delivery; and employer surveys. There will also be ongoing monitoring of administrative statistics. Results will be published between 2000 and 2001.

The Disabled Persons Tax Credit

The aims of the evaluation are to assess the impact on work incentives and on poverty; to estimate employment additionality; to examine impacts on the type of work obtained and training; and to examine the costs to business and the relationship with other government programmes. The research design will include drawing upon existing data (including the Low Income Household surveys); analysis of administrative data; quantitative and qualitative research with recipients and those involved in delivery; a survey of eligible non-claimants; and adding a subset of questions to the WFTC employer survey. Results will be published between 2000 and 2001.

Sources: HC Select Committee on Social Security (1999) *The One Service Pilots*; Inland Revenue (1999a) *Evaluation Programme for the WFTC*; Inland Revenue (1999b) *Evaluation Programme for the DPTC*.

between the need for information on outcomes and the wish to learn lessons for future development. As Walker (2000) points out, 'the pilots being employed in Britain are not truly intended as comprehensive tests of policy. Rather they are prototypes or pathfinders in which results from pilot implementation are used to shape national implementation.' The strong emphasis on case study and qualitative work at the start of the evaluations reflects this aim of collecting data that can be used to evaluate how the programmes are working in practice and what lessons can be learned from this. However, this may not be the best test of longer-term outcomes. Prototypes are limited in time, they may attract more enthusiastic providers and easier-to-place clients, and they are often better resourced than national programmes.

In addition, in order to measure impact, it is necessary to identify the 'counterfactual' – what would have happened in the absence of the programme – which is far from straightforward. There are two main alternatives for assessing this. Experimental designs involve random

assignment of individuals to either 'treatment' or 'control' groups and then comparing outcomes between these two groups. Non-experimental designs also involve comparing participants with non-participants, but using either before-and-after samples or samples in different, but matching, geographical areas. The relative merits of these approaches are much debated and the former have been used extensively in the US, much less so in Europe (Auspos and Riccio, 1999). In these New Deal evaluations, random assignment to programmes has not generally been used, for a combination of political, ethical and technical reasons (Walker, 2000). Instead, there has been a range of quasi-experimental methods, for example, comparing matched areas, comparing participants and non-participants within pilot areas, comparing early and late participants, and using national data to construct comparison groups.

The next three chapters summarise the evidence available so far, starting by discussing labour market outcomes and then examining the impact on individuals and delivery issues.

2 Labour market effects

Although the UK has been a relatively low spender on active labour market policies compared with many other European countries (OECD, 1997), the New Deal programmes were not introduced on to a previously blank sheet. Over the past two decades at least there has been a steady stream of programmes and subsidies intended to help unemployed people move from unemployment into work. These have included 14 employment subsidy programmes and 11 government training programmes (Hasluck, 1999a, 1999b). Gardiner (1997) estimated that there were 42 'welfare-to-work' programmes operating in the UK just prior to the introduction of the New Deal programmes. In addition, in some areas, local welfare-to-work programmes have been developed, involving local authorities, voluntary organisations and the private sector (Campbell *et al.*, 1998; Turok and Webster, 1998; Sanderson *et al.*, 1999). The New Deal programmes are therefore being implemented in the context of existing national and local, public and non-public, provision. Here, we first summarise the information available from the *Statistical First Releases*, tracking participants through the administrative records.

New Deal participation and exits

Just under 440,000 young people had been through the NDYP by February 2000 (23 months into the national programme), of whom 72 per cent were men, 13 per cent were people with a disability and 14 per cent were from non-white ethnic groups.

About 129,000 people – 30 per cent – were still on the programme in January and of these 50 per cent were in the gateway, 34 per cent

were on one of the options and 16 per cent were in the follow-through. People with disabilities were less likely to be on the gateway (44 per cent) and more likely to be on an option (38 per cent) or in the follow-through (18 per cent). People from ethnic minority groups were most likely to be in the gateway (55 per cent) and less likely to be on an option (30 per cent) or in the follow-through (15 per cent).

For those on options, the largest group was in full-time education and training (41 per cent). Women were more likely than men to be on this option (45 per cent compared with 39 per cent) and so were people from ethnic minority groups (56 per cent). The next largest group was the employment option, with 24 per cent. Disabled people (22 per cent) and those from ethnic minorities (17 per cent) were less likely to be on the employment option. The voluntary and environmental options each had about 16/17 per cent, but men were most likely to be on the environmental option and less likely to be on the voluntary option, while the reverse was true for women. Indeed, women were rarely on the environmental option (4 per cent), nor were people from ethnic minorities (7 per cent).

About 308,000 people had left the NDYP by February 2000 and of these leavers about 41 per cent had gone into employment, about 12 per cent had transferred to other benefits, 19 per cent had left for other known reasons and 28 per cent for unknown reasons. Those who leave from the gateway are more likely to go into employment (46 per cent) than those who leave from an option (36 per cent) or from the follow-through (31 per cent). Among the options, those who leave from subsidised employment are the most likely to go into work (41 per cent compared with 33 per cent from education, 37

per cent from voluntary work and 34 per cent from environmental work). A special study of the leavers to unknown destinations found that they were similar to other ND participants and that most had left to start work or a course, or because family and health circumstances had changed (Hales and Collins, 1999).

The *Statistical First Release* data count employment outcomes in various ways, including both those who have left the New Deal for employment and those still on the New Deal working in subsidised employment. Counting everyone who has found a job through the NDYP, about 200,000 people had found jobs by January 2000. Counting just those who have left the New Deal for employment lasting at least 13 weeks, then about 146,000 had moved into these 'sustained' jobs. This is equivalent to about 34 per cent of all participants, lower for women (31 per cent) and ethnic minorities (27 per cent).

Around 238,000 people had been through the NDLTU over the first 20 months, of whom 84 per cent were men, 19 per cent were people with limiting disabilities and 10 per cent were from non-white ethnic groups. About 28 per cent were aged over 50. About 86,000 people – 36 per cent – were still on the programme at the end of January 2000 and most (81 per cent) of these were receiving assessment and support from Personal Advisers. About 15 per cent were in work-based placements, either subsidised employment (5 per cent) or work-based learning (9 per cent).

About 151,000 people had left the programme by February 2000. Of those who had left, about 16 per cent had gone into employment, about 5 per cent had left for known reasons and about 12 per cent for

unknown reasons. However, many of those who had left the programme had gone to other benefits (13 per cent) or had returned to JSA/IS (54 per cent).

Counting everyone who has found a job through the NDLTU, about 38,000 people had found jobs by February 2000. Counting just those who have left the New Deal for employment lasting at least 13 weeks, then about 32,000 had moved into these 'sustained' jobs. This is equivalent to about 13 per cent of all participants, the same for men and women and ethnic minorities.

Turning to the voluntary programmes, about 133,000 lone parents had attended an initial NDLP by February 2000 (i.e. over 16 months); 95 per cent of these were women, 4 per cent had limiting disabilities and 7 per cent came from non-white ethnic groups. Just over half (54 per cent) came from the target group, that is women with school-age children and, among these, 37 per cent were 'early' starts, people who came forward before being invited to interview. A substantial number of lone-parent participants are therefore opting into the programme from outside the target group.

There were about 70,000 NDLP participants at February 2000, of whom 64 per cent were seeing Personal Advisers, 11 per cent were in education/training and 25 per cent were employed and continuing to receive support from Personal Advisers. Of those who had left after the initial interview, 39 per cent left for employment, 43 per cent remained on Income Support, 6 per cent declined to join, 5 per cent left for unknown destinations. Women were more likely to have left for employment than men (40 per cent compared with 35 per cent). Lone parents from ethnic minority groups were

much less likely to have left for employment (27 per cent).

These data do not distinguish between sustained and unsustainable employment. They do show, however, that many lone parents continued to receive NDLP support when in work. In total, 40,270 lone parents were in employment (34 per cent of participants), including 1,380 who had increased their hours of work and 33,870 who had found new jobs. Around two-fifths – 44 per cent – of these were still receiving in-work support from Personal Advisers. This suggests that more help is required by this group and/or Personal Advisers in the NDLP were more willing or able to offer such help than Personal Advisers for other groups.

The numbers going through the NDDP and NDPU are still relatively small. Over the first three months of the NDPU, about 1,400 people were interviewed and 6 per cent of them found jobs. About one-quarter went into education/training, which could indicate a high degree of interest in training among early participants to this programme (TUC, 1999). This is the first time partners of unemployed claimants have been able to get access to training through the ES. Over about 15 months of the NDDP innovative programmes, just over 10,000 people had initial Personal Adviser interviews and around 6,600 had drawn up personal action plans. About 3,000 had been accepted on to innovative programmes and just over 2,000 had found jobs – a quarter of all those interviewed (TUC, 2000).

Thus, there are some differences in both the use and outcomes of the different New Deal programmes. The participants in the NDYP and NDLTU are more likely to be men than women,

but women are very much the majority in the NDLP and NDPU. Reflecting the target groups from which they are drawn, the NDYP and NDLTU both include an over-representation of people from non-white ethnic groups and people with disabilities compared with the population as a whole. In the NDYP, it is not possible for participants to return to benefits (there is 'no fifth option') although some do move on to other benefits. However, around two-fifths of NDLTU and NDLP participants return to JSA/IS. It is striking that many lone parents from outside the target group take part in the programme and also that many of those who find jobs continue to have contact with Personal Advisers.

Employment additionality

How far these employment results can be directly attributed to New Deal participation requires some way of estimating what would have happened in the absence of the programme. Would those who found jobs have found them anyway (deadweight)? Have they simply pushed other workers or other unemployed people out (substitution)? Have the employers who have taken them on, often with subsidies, gained some economic advantage over their competitors (displacement)? What is the overall impact on employment, taking account of all these factors (additionality)? As Hasluck (1999a, p. vi) points out, deadweight is generally regarded as undesirable but substitution and displacement are not necessarily so: 'if the object of the programme is to give a target group access to jobs they would not otherwise have, then substitution (or even displacement) could be

said to be the goal of the programme’.

As yet, there are only preliminary estimates of the outflows from unemployment and of the macro-economic effects of the NDYP. The estimates of net employment outcomes suggest positive results from both the Pathfinder programmes (Anderton *et al.*, 1999b) and the first year of the national programme (Anderton *et al.*, 1999a). Unemployment has been falling since the early 1990s but, since 1998, when the NDYP started, youth unemployment has been falling more rapidly than unemployment rates for other age groups, which suggests a positive impact of the programme. Taking a range of factors into account, Anderton *et al.* (1999a) conclude that the first year of the NDYP reduced youth unemployment by about 30,000 compared with what it otherwise would have been. They estimate deadweight at approximately 50 per cent, but suggest that there is little evidence of recycling (i.e. circulating young people back into unemployment) or substitution. Overall, they estimate that 250,000 young people might be moved into employment over the four years planned for the programme and that this should make it more or less self-financing over that time.

Looking at changes over the first two years of the NDYP, Hasluck (2000a) points out that the pattern of exits has changed over that time. At the start of the programme, more people left during the gateway but, later, more have gone on to take part in the options. Thus, young people are staying in the programme longer, perhaps indicating that there are ‘an increasing proportion of really disadvantaged clients who require the whole NDYP programme to help them overcome their barriers to employment’

(Hasluck, 2000a, p. 52). He also points to the uneven outcomes by gender, ethnicity and region. Men are more likely than women to go into employment and those from ethnic minorities are the least likely to do so. There were also substantial regional variations, with the proportions going into work ranging from 47 per cent in London and the South East and the West Midlands to 57 per cent in the South West. Who you are and where you live seem to make a difference to NDYP outcomes, as they do to employment prospects more generally.

Positive conclusions were also drawn about the impact of the NDLP on the movements of lone parents off Income Support and into work (Hasluck *et al.*, 2000; Hales *et al.*, 2000b). The NDLP evaluation found that the number of lone parents claiming Income Support fell more rapidly in the eight prototype areas than in six comparison areas and that the difference was particularly marked in the case of the target group (lone parents with children aged five and over). The estimated size of this effect was about 3.3 percentage points (‘small but positive’). Those who joined the NDLP earlier were more likely to have found jobs than those who joined later, suggesting that employment outcomes may take some time to become apparent. It was estimated that 75–80 per cent of lone parents who found jobs through the NDLP would have found jobs anyway. But, even with this level of deadweight, the programme was still estimated to have been close to breaking even in terms of cost. The researchers suggest that the impact of the programme could have been greater if it had been dealing in more depth with a smaller group of people. It is also important to remember that the other policies to help lone parents – the WFTC, the child-care policies –

were not in place at this time and, when fully available, these policies will provide additional support for employment.

There are no estimates of the employment impacts of the NDDP and indeed these estimates of the employment impacts of the NDYP and NDLP are at a very early stage. However, the results so far are as good, or better, than might be expected from previous experience with labour market programmes and with the evidence from other countries (Gardiner, 1997; Auspos and Riccio, 1999;

Hasluck, 1999a). Gardiner (1997), for example, found employment effects of between 2 and 28 per cent for the schemes she reviewed.

Although only a minority of participants have so far been able to find jobs, nevertheless the New Deal employment effects are positive and the programmes broadly self-financing. There is little evidence so far of significant substitution or displacement. The next two chapters examine in more detail the ways in which the programmes have operated and how people have responded to them.

3 The impact on individuals: the compulsory programmes

In this chapter, we explore the impact of the various New Deal programmes on the individuals involved, starting with the two compulsory programmes for which results are available: the NDYP and the NDLTU.

The New Deal for Young People

Enhancing 'employability' is central to the NDYP objectives. Hillage and Pollard (1998) suggest that the concept of employability has four main elements. It includes the *assets* that people have to offer to employers, how they *deploy* these assets, how they *present* themselves to employers and the *context* in which they are seeking work, including their personal characteristics (e.g. skills, experience, health, attitudes) and external factors (e.g. local labour market conditions, recruitment practices, access to transport). Thus, employability is 'the capacity to move self-sufficiently within the labour market to realise potential through sustainable employment' (Hillage and Pollard, 1998, p. xi). The NDYP is not simply about getting young people into jobs but also about enhancing their employability. This is seen as particularly important in the context of a more flexible labour market, where the most employable people are those who can change and adapt, and develop new skills as required. Before considering the impact of the New Deal on the young people who have taken part, we first provide a context by briefly considering the changing nature of the youth labour market.

Young people and the labour market

The number of young people aged 16 to 24 fell from around eight million in the mid-1980s to around six million in the late 1990s. Nevertheless, youth unemployment remains relatively high. In summer 1999, using the International Labour Organization (ILO) unemployment measure, the seasonally adjusted unemployment rate for all people of working age was 6.5 per cent, rising to 24 per cent for 16–17 year olds and 12.3 per cent for 18–24 year olds (ONS, 1999). These high levels of youth unemployment are explained by a combination of structural change, especially the decline of manufacturing, and changing employer skill needs. The key changes to the youth labour market identified by Hasluck (1999b) can be summarised under four main headings:

- 1 *A stretching of the young labour market:* during the 1960s and 1970s, most young people entered the labour market between the ages of about 16 and 19. Now, a substantial proportion remain in full-time education and so do not enter the labour market until they are in their early twenties or even later. The transition from full-time education to full-time employment is increasingly protracted and complex, and there is some evidence that young men in particular feel poorly prepared for this but are nevertheless reluctant to seek, and take, advice (Lloyd, 1999).
- 2 *A polarisation between different groups of young people:* this is a combined age and

qualifications polarisation. Those young people who are staying in full-time education past the age of 18 are gaining qualifications and are able to enter relatively high-paying and secure employment. Those young people who are leaving school at 16 and who lack qualifications often enter low-paid employment and are more likely to experience unemployment.

- 3 *Training and employment are increasingly closely intertwined:* not only have government youth training programmes expanded significantly, but most young people who find jobs also take part in training. In 1998, over 70 per cent of 16–25 year olds recruited by employers also entered training programmes, as part of their employment. Getting access to training places is thus an important part of entry to employment.
- 4 *Employment is increasingly concentrated into a few sectors, differentiated by gender:* for young men, the main sectors of employment are distribution and construction, and the jobs are most commonly unskilled, sales and craft. For young women, the main sectors are distribution or other services and the jobs are most commonly sales, clerical and related occupations.

Meadows (2000), reviewing the evidence from a number of recent studies, suggests that the majority of young people make the transition from education to employment in a relatively straightforward way. However, there are a minority, mainly young men, who are very

poorly prepared for this transition. Meadows suggests that these fall into two main groups. The first group are those who ‘drift’ between unemployment and short-term jobs and who lack direction for the future. These young people are likely to experience a broken employment record, including spells of unemployment, and often work in relatively low-paid jobs in the service sector. Second, there are young people with multiple disadvantages and problems who are likely to require substantial help, not only to improve basic skills, but also to address serious problems such as substance abuse and homelessness.

Previous research has found that the young people who face the highest barriers to sustained employment tend to be: men rather than women; Pakistani or Bangladeshi more than other ethnic groups; living in social housing or homeless; lacking skills and qualifications; lacking work experience; with health problems or disabled; without a driving licence; living alone rather than with parents; and unwilling to be flexible about different types of work (Hasluck, 1999b; Stafford *et al.*, 1999; Walker *et al.*, 1999). The research also shows that these factors are not independent of each other. On the contrary:

... there is a considerable degree of interdependence between the factors associated with poor prospects for employment ... [some young people] are in the centre of a nexus of factors that are all associated with reduced employability and this effect may be greater than the simple sum of the separate risk factors. The combined effect of single risk factors may act in a multiplicative fashion on overall employability rather than in an additive fashion. (Hasluck, 1999b, pp. 42–3)

This suggests that the NDYP will be dealing with young people with a range of needs, some relatively easy to help but others with complex problems and multiple needs.

External factors also play a crucial role in providing, or not providing, employment opportunities for young people. Youth unemployment is highly concentrated in particular geographical areas and, although there has been substantial growth in jobs as a whole, these new jobs are not spread evenly across the country. Some commentators have argued that geographical variations in unemployment and labour demand present a serious challenge to the whole New Deal approach (Turok and Webster, 1998; Webster and Edge, 1999; Martin *et al.*, 2000). Webster and Edge (1999, pp. 51–2) argue that: ‘... the Welfare to Work programme implies pushing all workless groups into jobs in local labour markets that are already experiencing a substantial over-supply of labour. It is difficult to see how policy can succeed in these circumstances.’ Furthermore, even where jobs are available, employer recruitment practices play a significant role in determining who gets access to employment and some employers treat young people with a degree of wariness. Long-term unemployed young people are particularly likely to be seen as a high-risk group by employers.

Thus, young people face barriers to employment that are created by a combination of their personal characteristics and attitudes, their educational and employment experience, where they live, and how they are perceived by employers. The cumulative impact of these is likely to be greater than the sum of their parts.

Joining the NDYP

One of the conditions for eligibility for the NDYP is six months’ registered unemployment, with early entry possible for particularly disadvantaged groups. Thus, the young people joining the programme are those who have already experienced some problems in finding a place in the labour market. As described in the previous section, about seven in ten NDYP participants are men, about one in seven are from ethnic minorities and about the same proportion report a work-limiting disability. The qualitative studies give a fairly consistent picture of the characteristics of the young people. For example, of the sample of 87 young people taking part in NDYP options (Woodfield *et al.*, 1999) about half had left school at the minimum school-leaving age and overall about a fifth had no qualifications. Four main types of employment history were identified. At one end were those who had never been in full-time work (about a third) and at the other were those with stable employment records (about a quarter). In between were the job mobile (about a fifth, with only short spells of unemployment), and those in and out of work (about a quarter, where spells of unemployment were longer than spells in work).

The barriers to work and factors affecting job readiness of the NDYP target group are summarised in Table 6. This is based on the analysis by Walker *et al.* (1999) of JSA recipients in the NDYP target group and on Atkinson’s (1999) review of the first eight months of the NDYP. This suggests that positive attitudes to work exist alongside pessimistic views about the chances of finding work, but also that some young people lack the confidence and practical skills to search for work effectively. In general,

Keeping track of welfare reform

Table 6 Barriers to work: NDYP target group

NDYP target group are likely to have	NDYP target group face barriers to work
Positive attitudes to work Pessimistic attitudes to their chances of finding work Concerns about the financial implications of moving from benefits to work Flexible attitudes to pay and conditions they would be willing to accept Concerns about benefit sanctions if they did not follow job-seeking requirements Experience of looking for work via Jobcentres and other formal means rather than through informal contacts Experience of studying/training while claiming JSA	Lack of skills, qualifications and work experience Low job-search resources (lack of transport, no access to telephone, lack of permanent address, limited financial resources) Psychological disadvantages (lack of self-confidence and low motivation) High competition for jobs Employer attitudes (discrimination against young people, specific race and disability discrimination)

Source: Walker *et al.* (1999); Atkinson (1999).

young people are motivated to work although, as the qualitative studies show, aspirations to work vary quite widely. For example, Legard and Ritchie (1999) and Woodfield *et al.* (1999) identify five groups: those with vocational/career orientation; those who were job oriented and clear about the type of job they wanted; those who were job oriented but unclear about the type of job; those who were job oriented and not fussy about the type of job; and those who were disinterested in work. The latter included those who were most pessimistic about their chances of finding work, those who had experienced repeated rejection and those who had got into the habit of non-working.

The main barriers to work – identified both by the young people and by the Personal Advisers – centred around lack of skills and work experience, low or inappropriate job search, psychological factors (including lack of self-confidence and lack of realistic goals), the

level and type of job opportunities available in the local labour market, and employer attitudes. In addition, the qualitative studies highlight the extent of multiple barriers and special needs, the issue of low pay for young people, and access to and costs of transport. They also show that, for many of the young people, job search presents particular problems, including problems with CVs and application forms, and lack of confidence in interviews.

The first stage of the NDYP is the gateway period, which lasts up to four months. The aim of the gateway is to help people find jobs, to offer careers and vocational guidance and, for those who do not find jobs during this period, to select and prepare for one of the four options. Two studies have focused specifically on the experience of the gateway (Legard *et al.*, 1998, on the pilot gateway and Legard and Ritchie, 1999, on the national gateway) and they show a similar picture, with some differences of

emphasis in the national programme. A key part of the gateway and reactions to it relate to the Personal Advisers and, indeed, 'the quality of the relationship with the personal adviser is fundamental to the young people's appraisal of the Gateway' (Legard and Ritchie, 1999, p. iv). Most of the young people reported positive relationships with the Advisers and valued their friendliness, flexibility, the interest they took, and the information and advice they provided. There was a very strong positive response where the young people felt that their needs were being identified and met. Those who took a negative view felt that Advisers were not meeting their needs or were trying to push them in directions they did not want to follow. There was also some concern that Advisers were not always picking up on special or multiple needs.

A range of activities took place in the gateway, including help with job search, careers advice and short training courses. Many participants reported an increase in confidence and self-esteem and this helped to re-motivate them towards seeking work as, somewhat more negatively, did the fear of losing benefits. For some, however, there was something of a feeling of marking time while waiting to get into one of the options. There was some evidence that, as the end of the gateway period approached, some young people felt they were being pressurised, either to move into work or into one of the options. There was also some evidence that some young people were unrealistic in their expectations and that 'an important reason for the failure to achieve a greater level of placements into unsubsidised jobs was a fundamental mismatch between client perceptions of their own job readiness and the level of readiness required for the job to

which the client aspires' (Hasluck, 2000a, p. 33).

The point of moving from the gateway to the options was one of the most problematic in the process. This is where the highest levels of dissatisfaction were reported, arising when the young people felt that they had not had enough time to explore choices and make an informed decision, and when they felt that they had not been fully involved in the decision-making process. This could colour their attitude to taking part in the option stage and was also a point where dissatisfied young people were likely to leave the programme. The way in which young people moved through the gateway and options tended to change over the two years, reflecting differences both in the characteristics of the participants and operational factors (Hasluck, 2000a). In the early stages, many young people left for jobs during the gateway and did not move on to the options stage. As time went on, people spent longer on the gateway and were more likely to move on to an option. This probably reflects less job-readiness, and greater needs for assistance, among later cohorts.

For most young people, there was a clear hierarchy in perception of the four options. Subsidised employment was placed at the top (generally seen as most valuable for providing work experience), followed by full-time education and training (valued by those who identified lack of skills as a key issue). The voluntary sector and environmental options were the least highly valued, except by those who had a high level of personal commitment to working in these areas (and that also could lead to problems as many others on these options were less than enthusiastic). People on these last two options generally kept looking for

work. This ordering of preferences broadly reflects the ordering of employment outcomes, so the young people seem to have been quite realistic in their views. Dissatisfaction was often high among those who did not get the option they wanted, or who felt coerced into one they did not want. Those most likely to enter the subsidised employment option were those who were the most work ready and young people without skills and experience were least likely to enter this option. Young people from ethnic minority groups were also substantially less likely to go into this option and, since they were no less likely than others to be submitted for job vacancies, this must reflect a degree of employer prejudice.

Those who did get the option they wanted often reported very positive responses:

Successful Option placements were found to have improved qualifications, occupational skills and to have increased individuals' work experience. In turn, work experience helped young people to improve their interpersonal and workplace skills. Participation in an Option was also found to increase personal confidence and motivation. (Woodfield et al., 2000, p. iii)

However, there were problem areas, in particular issues relating to the training received and to the financial support offered. There was a general view that the training was not as good as it should be – not available, not well targeted, badly organised, not enough places or choices – and this was especially true for the voluntary and environmental options. Many of those in the subsidised employment option (who received wages as set by the employer) and on the voluntary / environmental options (who either received a wage set by the employer or JSA plus

£15.38 per week) said they found it hard to manage and in some cases that they felt exploited by the low pay they were receiving. Those in full-time education and training continued to receive their JSA, with no additional payments, and this caused problems and resentment for some.

Relationships with Personal Advisers changed once the young people moved into options, and almost all reported reduced contact. This was fine where there were no problems but there was also a feeling that the Adviser should be available to provide help if problems arose. In general, also, there was some confusion about the future with most people unclear about what exactly would happen when the option ended. The structured approach of the options seemed to dissipate somewhat when people moved into the follow-through stage, which was characterised by a wide range of approaches (O'Connor et al., 1999). Some of those who reached the follow-through had become much more work-focused, others had changed their minds about what they wanted to do and others were simply waiting to return to an option. There were also some who had major personal problems affecting their NDYP activities (and their employment chances). The support received in the follow-through ranged from almost nothing to very intensive help and it may be that Personal Advisers need more guidance – and more time – to work more effectively with people at this stage.

In Chapter 5, we examine the NDYP from the perspective of employers and others involved in training and other support. From the perspective of the young people, there were mixed views, but participants were more often positive than negative. Those who were most

positive were those with good relationships with their Advisers, who felt their needs were being identified and met, and that they were improving their employability, particularly through work experience and training. The lesson that the labour market requires certain attitudes, qualifications, experience and skills seems to be taken to heart by many young people and they were working hard at improving their employability. Those who were least positive reported that they felt pressurised by their Personal Advisers, that their needs were not being identified and met, and that they were not getting any closer to the type of jobs they wanted. Two potential drop-out points were at the point of choosing an option and during what was felt to be an unsatisfactory option. Problems sometimes resulted from a mismatch between the expectations of the young people and the actual opportunities open to them.

The New Deal for Long-term Unemployed People

The NDLTU is targeted upon people who have been unemployed for at least two years, or 12 to 18 months in the pilot areas. Those who took part in the evaluations included people with a range of previous labour market experiences (Legard *et al.*, 2000; Atkinson *et al.*, 2000). At one extreme were those who had been in long-term stable jobs before they became long-term unemployed, often after redundancy or illness. At the other were people who had hardly worked full-time at all since leaving school, apart from casual or temporary work. About one-third had particular problems, such as literacy/numeracy or health problems, had

experienced unstable housing including homelessness, were ex-offenders, or had current or past drug/alcohol dependency problems. Most were motivated to work, although some were discouraged or disillusioned and some were quite restrictive about what type of work they would consider. Only a few had no real interest in working, and caring responsibility and/or health problems were often part of this.

Prior to taking part, attitudes to the NDLTU tended to be polarised. On the one hand, many of these people had been on labour market or training programmes in the past, and this tended to lead to a negative attitude ('just another scheme'). Some also disliked the fact that the programme was mandatory. This was especially true for the older people (who tended also to be those with more stable employment histories) and they felt it was 'humiliating' to be made to take part. On the other hand, there were positive responses from those who felt that the programme would be able to meet their needs – in particular help them with job search, updating their skills and confidence and presentation.

The perceived barriers to work were similar to those experienced by the young people – age, lack of skill and work experience, employer attitudes, lack of jobs and so on. Among this group, however, there was 'extremely wide range of job readiness, ranging from those who could, and sometimes did walk into a suitable job almost from day one, to those with the most profound, and frequently multiple, problems, who face an extremely long and difficult route back to work' (Atkinson *et al.*, 2000, p. 9).

There were some barriers that were particularly important for these long-term unemployed people. Many of these were related

to the perceived mismatch between what they had to offer and what they thought was required in the labour market. Thus, there were problems for those with outdated skills and/or lack of contemporary skills (typing rather than word-processing, printing rather than desktop publishing and so on). There were also problems with specialist skills for which there was little demand in the local labour market. Similarly, some felt they were over-qualified for the jobs available. Many felt that employers were not interested in them because of their age. Women returners often felt the barriers they faced to be 'virtually insurmountable'. On a more general level, problems with transport were very commonly mentioned.

In both the national and pilot NDLTU programmes, the first step was spending time in the intensive interview period or the gateway. The former lasts for up to six months and is the main element in the national programme. The latter lasts for about three months and the nature and content of what is on offer vary across different pilot programmes. However, in both cases, the Personal Advisers represent the main point of contact with the programme and most people were generally positive in their responses to this role. Again, the personal qualities of the Personal Adviser were important and, for many, the helpfulness and friendliness of the Advisers 'was a real change from their previous experience at the Jobcentres. The Adviser seemed genuinely interested in them as an individual' (Legard *et al.*, 2000, p. 33). Those with low confidence and morale responded especially well. Advisers who were perceived as insensitive, authoritarian or only interested in getting them placed quickly into work were viewed negatively.

However, a friendly manner was not enough; people also wanted Advisers to be able to identify and meet their needs, to be able to provide them with the information they needed not just about the NDLTU but also about the labour market more generally, and to be accurate and efficient. Some preferred older rather than younger people as their Personal Advisers, and they wanted privacy and regular contact with the same individual. Thus, the four main factors determining how people responded to the NDLTU Personal Advisers were: the range of activities they could offer help with, the nature of the interpersonal contact, their manner and approach, and their knowledge and efficiency.

Other forms of help that were received by those on the national gateway included help with job search, which was generally positively received, as was participation in specific training programmes. However, few participants received vocational guidance or basic skills training. There was some feeling that there was 'no clear goal' for the end of the gateway period; for those who failed to find a job the only option was a return to JSA. In the pilot programmes, the 13-week gateway was followed by a move into the 'advisory interview process'. Here, a much wider range of activities was available, including job-seeking activities, career and occupational guidance, personal development, basic skills training, occupational and vocational training, workplace skills, work experience and help with special needs/problems. Taking part in some activity is compulsory but those with the most positive reactions were also those who felt they had had some choice in what they did. The lack of choice was often a source of frustration. Another

source of frustration was the perceived mismatch between the very detailed and individualised assessment of their needs, which people found helpful and supportive, and the rather routinised and standardised types of options that they were offered (Atkinson *et al.*, 2000). Expectations were raised but not always met.

How the various activities were rated was very closely related to how well they were felt to match to needs and whether they offered any added-value – for example, training which provided marketable skills, work experience which opened new doors. The same was true for those who took part in subsidised employment, which was valued where it gave real possibilities to improve work opportunities but was rated very negatively where it was felt that it was exploitative. The financial arrangements were heavily criticised and many people thought that the employers were receiving financial subsidies but paying them inadequately (wages were generally low). There was something of a tension between the perceived positive value of getting ‘work experience’ against the perceived negative value of ‘working for nothing’. Training, full-time or on-the-job, was likewise valued when it was seen to connect to specific needs but criticised where choice was limited and delivery inefficient.

Overall, there were a number of positive outcomes and responses; people valued the help with job search, help in improving skills, opportunities for work experience and re-establishing work routines. This boosted self-confidence. But, on the negative side, some felt that the programme was nothing new and was as much a waste of their time as other

programmes had been. Some also felt that the programme had ‘set back rather than helped their work related requirements’ (Legard *et al.*, 2000, p. 67). These tended to be people with particular vulnerabilities and needs, and for whom the compulsory nature of the programme seems most inappropriate. Benefits sanctions, which could be applied for failure to take part in various activities, were experienced as very demoralising and demotivating.

The picture that emerges is of a diverse client group with a wide variety of needs and expectations, but which included many people who were looking for real employment outcomes and who tended to judge the programme accordingly. Participation seems to have been most effective for those who wanted work but had been disillusioned and stuck. The NDLTU could offer new suggestions and opportunities to them. Those who wanted a specific job, or who did not want to work at all, were the most negative. The programme did not meet their needs. Those who were very keen to find work were divided in their views – if the programme responded to their needs and helped them to find work they were positive, but not otherwise.

The compulsory programmes: emerging issues

The NDYP and NDLTU are targeted upon groups who have traditionally been the main recipients of labour market programmes and the evidence from these evaluations points both to what is similar to previous programmes and what is new about the New Deal. The characteristics of the participants, their orientations to the labour market and the

barriers they face in getting into work, especially sustainable work, are broadly familiar. A small, but not insignificant, proportion of participants face multiple barriers, both internal and external, and some are very pessimistic about their chances of ever finding work. But, generally, people want to get into employment and they welcome support that will meet their needs and help them to do so. They are not unwilling to participate in programmes, but need to feel that these are worthwhile and will help them to meet their needs. Taking part in options which offer work experience and/or training is generally seen as worthwhile, even if pay is low. But taking part in low-paid work without opportunities for useful training is often seen as exploitative since the advantage is seen as mainly accruing to the employer, or indeed to the government, in terms of the political benefit of keeping unemployment down. Complaints about the type, nature and quality of the training on offer were, as in previous labour market programmes, one of the main sources of dissatisfaction. Another was a lack of clarity about goals, once participation in options was over and if no job was in sight.

Compulsion is not unfamiliar to these groups and the qualitative data showed that views about compulsion and about the use of sanctions were mixed, for both younger and older workers. Fear of benefit loss did seem to help to re-motivate some of the younger people. The older workers tended to feel insulted by this, but some also felt a degree of compulsion was not inappropriate. Those in favour of compulsion argued either that people should not be able to choose not to work, or that long-term unemployed people needed a stimulus

and had to be required to participate otherwise they would not do so. Those against thought compulsion was counter-productive and unfair, or that people would not be motivated if they were compelled to attend. In general, it was felt that sanctions should be used selectively and sparingly. The use of sanctions to compel people to take part in particular options was unpopular and many thought that it would be better to allow people more time to get into an option which they wanted and which was suitable for their needs.

The importance that people, especially the older unemployed workers, attach to being treated with dignity and respect is not new, nor is it surprising, but the fact that people felt this did, in general, happen is rather different from the past. People commented upon how different their interactions with the ES were and this was largely a result of the role played by Personal Advisers. These were pivotal to how individuals reacted to the programmes and this was true for both the young and the older people. Relationships with Personal Advisers were very important, and their style and manner crucial. They could provide new ideas and information, help boost confidence, point people towards the help they needed, support them during training and in employment. Participants wanted both individual support and results, and so it was the combination of personal service and effective help that was most valued. Those least positive about participation were those who felt their Adviser to be pushing them into particular directions, not offering them real choices and not treating them with respect. Thus, the New Deal programmes did seem to be offering these participants something different from previous

labour market programmes. In the next chapter, we examine the experience of those groups for whom participation in labour market programmes was usually a new experience.

4 The impact on individuals: the voluntary programmes

Here, we examine the responses of individuals to taking part, or being invited to take part, in the three voluntary programmes in their prototype phases. We start by summarising key findings for each programme in turn, focusing on the responses of participants and non-participants, and then we draw out some comparisons between them.

The New Deal for Disabled People

The response to the opportunity to take part in the NDDP was somewhat mixed. On the one hand, many of those who were invited to take part did not do so – only about 3 per cent of those who were sent letters of invitation took up the interview offer. On the other hand, almost half of those who did participate had either put themselves forward or been referred by another agency, and showed a high degree of commitment to the programme. Thus, the participants and non-participants were different in their characteristics, with the former more likely to be interested in taking up paid work. Just over half of the participants said they wanted to work immediately compared with one in six of non-participants. Half of the non-participants said they would never want to work, mainly because of their impairment or illness. So participants were more motivated to work than non-participants and they also tended to have characteristics that meant they were better placed for employment: they were younger, better qualified, more likely to have a working partner, to have access to transport, to have had their health problems for shorter periods, to have been out of work for shorter

periods, and to have had previous work experience.

Motivation to work was clearly a factor in the decision to participate or not. However, not all non-participants were actively deciding not to take part; some simply did not remember ever receiving any information about the programme and could perhaps have been encouraged to participate if further contact attempts had been made. Those who did take part generally had positive reasons for doing so – they wanted to work or get access to training and felt that the programme could help them. Few were taking part because they felt coerced or thought they had to do so, although some did want reassurances that there would be no negative consequences if they did not take part. The reasons for wanting to work were various – to get an income, to have a purpose in life, to live a ‘normal’ life, to have social contacts with workmates, to feel independent and self-sufficient. However, there was a range of different immediate aspirations and needs expressed. Some people had quite specific ideas about what they wanted to do and what help they needed, while others were much more vague about both their aims and their needs. This meant that the Personal Advisers were dealing with a wide range of people and differing needs. These included people with what were seen as rather unrealistic aspirations, which could cause tensions between what clients wanted and what Advisers felt could be achieved.

Most of those who participated felt that they could find suitable employment but they also recognised that they faced a number of barriers

to work. The most common barriers mentioned were their disability, health problems, the lack of suitable jobs, their lack of confidence, their age and employer attitudes. There were also concerns about the financial implications of working. The factors that they thought could make work easier for them included a flexible job, work that does not demand physical strength and work that is not stressful. Concerns about health were wide ranging – coping with pain and exhaustion, the effects of medication, needing to take time off for treatment, the unpredictability of some conditions, problems with concentration – all these presented challenges to work, especially full-time work. There was some feeling that employers were unsympathetic to their needs and would generally prefer to employ people without such problems (see Chapter 5 for a discussion of employer attitudes).

Thus, there was quite a range of ‘work-readiness’, even just among the participants, more so if all of the potential client group are included. Among the participants, six main groups were identified:

- 1 Those who had identified a specific job, were confident and saw no major barriers to work. They mainly wanted financial advice.
- 2 Those who had identified a specific job, but had concerns about their ability to work because of their fluctuating health problems, including mental health problems.
- 3 Those who were actively seeking work, but felt that there were few suitable jobs for them and that employers’ attitudes were against them.
- 4 Those who were actively seeking training, who felt their lack of qualifications was their largest barrier to work.
- 5 Those who were a long way away from the labour market and who were anxious about their ability to work. They perceived high barriers and had no clear ideas how to overcome these.
- 6 Those who were a long way away from the labour market, with considerable concerns about their health, who were mainly engaged in domestic activities and were not sure how they could move closer to work.

As Stafford *et al.* (1999) note (p. 160): ‘Such a diversity of circumstances, motivations and readiness to work makes considerable demands on the scope, quality and pace of the Service available to individual clients through the Personal Adviser Service’.

The initial interviews with Advisers were generally seen as helpful and positive. In particular, people reported feeling valued, that new options and ideas were opened to them, and that they were given access to services and new sources of help. Some also valued the way Personal Advisers could intervene on their behalf with other agencies and employers. More negative responses related to gaps in the help offered (in particular, a lack of information about in-work benefits and other financial support); to what were perceived as unhelpful attitudes on part of the Advisers; and to inappropriate advice or ideas. People also felt frustrated if nothing seemed to move forward and indeed this was one of the key criticisms made – that they did not feel part of an ongoing process with a specific goal in sight, but more as

if they were moving in and out of what was on offer in a rather incoherent and unplanned way.

In part, this may have been because they rarely recalled taking part in activities such as making progress plans, constructing timetables for action and getting access to other ES services. Some people were very frustrated by this lack of formal planning and of knowledge about what was going on. To some extent, this seems to reflect differences between Advisers and clients in the way they defined the caseworking role. Advisers were trying to create individual, tailor-made packages and some felt they should avoid overloading clients with too much information. But this could leave clients feeling powerless and not in control of the process. Some clients wanted a mentor and ongoing individual support while others simply wanted someone who could provide them with accurate and relevant information, when they wanted it.

The type of specific help that Personal Advisers provided was therefore wide ranging. It included general counselling and support; work guidance and assessment; provision of funding and financial aid; advice about the financial implications of working; assistance with job search; and ongoing support for people in work. Some of these were seen as more successful than others. In particular, some clients felt they wanted contact with a wider range of organisations and that the Advisers were not as well informed about these other possible sources of support as they could have been. In addition, there was concern that the financial advice offered should be comprehensive and accurate, and clients were not always convinced this was the case.

To sum up, the effectiveness of the programme, from the viewpoint of the clients, relied upon a number of factors, summarised as:

... the accessibility of the Service and the Personal Adviser; the perceived quality of the human interactions; the match between expectations and outcomes; the perceived skills and competencies of the Personal Adviser; the amount and quality of information exchanged; the perceived pace of the interaction; the appropriateness of the choices available; perceptions of control over what happens; perception of the allocation of responsibilities between client, Personal Adviser and other actors. (Arthur et al., 1999, p. 188)

These are not placed in any sort of order and, given the diversity among these clients, it is likely that different factors have different levels of importance for individuals at different times.

The New Deal for Lone Parents

Participation in the prototype NDLP was at a higher level than participation in the NDDP. Of all lone parents in the prototype areas, about one-quarter took part in the programme (2 per cent attending just an initial interview and 21 per cent going on to take part in further interviews and/or using other parts of the service). This included some people who had put themselves forward, rather than waiting for an invitation letter, including some outside the target group. Most people took part for positive reasons – because they were interested in work or training, because they wanted to find out more about what help they might get and because they wanted to know more about the

possible financial implications of working. However, for substantial numbers, more negative factors were also present. Almost half thought that they had no choice and that participation was compulsory, while about a quarter thought that they might lose benefit if they did not attend the interview.

Some of the non-participants said that they could not remember ever receiving an invitation letter, and others said they did not take part either because they felt they did not need the help offered (i.e. they could find jobs by themselves) or that they did not want to seek work, at least not at this stage. Few of the non-participants were followed up with further letters or contacts and it seems that for a significant group – as many as two-fifths of the non-participants – taking part ‘just did not happen’. There may have been particular circumstances at the time (such as illness in the family, school holidays) or they may have been waiting for further contact to come from BA/ES. Thus more lone parents ‘might have taken part in the programme if some more impetus had been applied’ (Hales *et al.*, 2000a, p. 70).

Perhaps because the NDLP participants included a sizeable group of those who felt they were required to come along, they were not such a self-selected group as the participants in the NDDP. This meant that there were not such large differences in the characteristics and circumstances of the participants and non-participants as there had been in the NDDP. The NDLP non-participants seem to have been somewhat less work-ready than the participants – they were more likely to report health problems (themselves or in the family), to have larger families, to have no qualifications and to lack basic skills, and to have less previous work

experience – but the differences were not dramatic. The NDLP participants tended to be a bit older than lone parents in general and had been lone parents for longer. About half had no qualifications and, although most had had some work experience, only one-quarter reported that they had spent the majority of their working lives in steady jobs. Many had combined family care with periods in and out of work. Two-fifths reported some health problems, either themselves or their children.

Both participants and non-participants felt that they faced a number of barriers to work. These included factors familiar from other groups – health problems, lack of work experience and skills, lack of suitable jobs, etc. – but the employment barriers most likely to be emphasised by lone parents were those relating to the financial consequences of working and to difficulties with child care. Financially, lone parents were concerned with making the transition to work, getting access to in-work benefits, how to make ends meet and what would happen if they had to return to Income Support. Many reported that they were very badly off financially, with debts and difficulties in making ends meet, so it is probably not surprising that these financial concerns should loom so large. As Bryson *et al.* (1997) and Noble *et al.* (1998) have pointed out, there is a ‘hardship trap’ which can make lone parents on Income Support reluctant to risk a move into work. Child care also raised a whole range of concerns, not just in respect of problems of finding care but also that the care would have to be affordable, convenient, reliable, of high quality and appropriate to the needs of their children. There was also some ambivalence about the impact of working on children and a

feeling that employment would have to wait if it was not seen to be in the best interests of the children.

Again, then, there was a range of positions in relation to the labour market. Of those not employed, about two-fifths wanted to work straight away or soon, and this included people already seeking work as well as those who wanted to work but had not been actively looking. These lone parents were motivated to work to increase their income, to get out of the house, to support the family and to improve their quality of life. A similar-sized group said they did not want to work immediately, but that they would want to work in the future.

Children's needs were the main reason given for postponing work, although a few of these lone parents were in education or recovering from sickness. A small group (less than one in ten) said they thought they would never work, these being more likely to be older women, to have been widowed and to be receiving sickness-related benefits.

As with other programmes, perceptions of the programme were very closely bound up with their perceptions of the effectiveness of the Personal Adviser. Effective Advisers did not necessarily (or even usually) find jobs for them, but they were friendly, enthusiastic, supportive, positive, treated people as individuals, and provided relevant and useful advice, especially about benefits. Ineffective Advisers, by contrast, were inexperienced, unclear and sometimes patronising. Views were very polarised – the Adviser was either seen positively (about four-fifths said this) or negatively (by about one in ten) with few in the middle. Hales *et al.* (2000b, p. 79) conclude that:

... there were not many occasions when the personal adviser helped the lone parent do something that she or he could not have done of their own accord. The significant difference made by the more effective personal advisers was to impart the sense that someone was on their side, could understand their situation, would support them in whatever decision they made about their options and would help them make sense of the system.

This was reflected in the type of things discussed at the interviews, which most commonly included steps towards looking for jobs, advice on benefits and 'better-off' calculations, child care, and help with CVs and other aspects of job applications. As with the NDDP, there was only limited referral to other services. And few lone parents went into education or training. Indeed, many of the participants had just one interview and this was particularly true for those who joined the programme later on, suggesting that there was some reduction in the intensity of caseworking activity over time.

The prototype NDLP was thus in practice very much an advice and information service, and hence the strong importance placed on the role of Personal Advisers – for most lone parents, the Personal Advisers *were* the New Deal. Thus, when asked to give an overall rating of satisfaction, there was a strong correlation between perceptions of the Personal Advisers and overall assessment of the effectiveness of the programme. The mean satisfaction score was 6.6 (out of 10) but those who were positive about their Advisers had a mean score of 7.4 while those who were negative had a mean score of 2.4.

The first evaluation of the national programme, based on just over 300 interviews in nine areas, tended to confirm the findings from the prototype (Martin Hamblin, 2000). Those who participated were generally positive in their view of the programme, and especially in respect of their contacts with Personal Advisers. About two-thirds of the participants were already looking for work and about half had a specific job in mind. At the time of the interview, about three to five months after their NDLP contact, about 12 per cent claimed to have found jobs as a result of their participation. The non-participants also generally thought the programme was a good idea but they were less satisfied with the information and support they received. People were very put off if they received an unfavourable work/benefit calculation. Non-participants also tended to think that the Personal Advisers were poorly informed and did not try hard enough to bring them into the programme. Thus, as in the prototype, the national programme seems to be best able to help those already closest to the labour market and the role of the Personal Advisers remains crucial in how people respond.

The New Deal for Partners

The published evaluation of the NDPU is based on interviews with partners (both participants and non-participants), with jobseekers and with NDPU Advisers (Stone *et al.*, 2000). Most of these partners were married women with children and some had had very little recent employment experience. In general, there was rather a low take-up for this programme, but again this was not necessarily because people

were actively opting out. Many said they could not remember receiving a letter; others who did remember the letter did not think the programme was really relevant for them. Few had heard of the programme before receiving the invitation letter, so they were not already aware of it. Take-up was better in areas that also made use of follow-up contact by telephone.

In general, people thought the programme was a good idea – it was seen as providing women with greater, and more equal, opportunities and as representing a more ‘modern’ approach to families and work. On the other hand, both participants and non-participants felt that the programme might not be able to tackle many of the barriers to work. These included many of the same barriers identified by other groups – their age, experience, the lack of suitable jobs, their health, lack of confidence and so on. There was some concern about using the Jobcentre and other ES services, and also some women took the view that, if the ES had not helped their husbands into work, it would not be likely to help them either.

As for lone parents, child care was a big issue for this group. This was a ‘recurring theme’ and a key barrier, not just to employment but also to participation in the programme. Some of the women wanted to stay at home and care for their children themselves and were not interested in the programme for that reason. But others did want access to child care that was affordable, of good quality and located where they could easily reach it. They were not generally aware of the existence of help with child-care costs, nor did they feel they could rely upon other family members to help with child care.

Another striking finding from this study was the importance of issues around gender roles and concerns about role reversal. Although the women often felt that it was a good thing for their needs to be considered, they were not keen on an outcome which would result in work for them while their partners remained unemployed. It was felt that this might cause friction in families, and that men would not wish to take on child caring and domestic tasks. The invitation to their partners to participate in the programme caused many jobseekers to think again about their own employment prospects and needs. Some felt resentful at the help being offered to their partners and concerned about possible competition for jobs. But others welcomed an approach which could consider the needs of the family as a whole.

Initial interviews covered a range of topics – past work experiences, aspirations, information about vacancies, help with CVs and other aspects of job applications, and calculations of the financial consequences of working. Most found the initial interview helpful although, as with other programmes, much depended on their reactions to the Personal Advisers. Being treated as an individual, being helped and encouraged, being given good advice and new information – all these were very positively valued. Being pointed in particular directions, being expected to work when they felt unconfident, being patronised and treated with a lack of interest or enthusiasm – these were negatively valued.

Following the first interview, the NDPU Advisers tended to take on to their caseload those who were job-ready, or with a real interest in finding work, or with work potential. From the other side, some people dropped out

because they were not happy with their first interview and others for a variety of family and other reasons. For those who stayed on, there was some disappointment with the follow-up and they felt that the Advisers tended to lose interest in them over time. There was little sense of progression or clear forward planning.

The voluntary programmes: emerging issues

Disabled people, lone parents and partners of unemployed people are relatively new target groups for labour market programmes and this is reflected in the way they responded to the programmes. At the very first stage – participation or not – there were clearly mixed responses. Many had not heard of the programmes before and so were unsure what was being offered, whether it was required of them or not and what impact it might have on their benefits. Some pre-knowledge, perhaps gained through local publicity, did seem to be helpful in bringing people in. Some of those who did not participate were not actively opting out – they did not remember receiving a letter, or the letter came at a time that was difficult for them, or they somehow just did not take up the interview offer. If the letters specified a time for an appointment, people were more likely to take part than if they had to make further contact to arrange a time. Take-up also improved if letters were followed up by phone calls. Thus, more proactive attempts to encourage participation could probably have increased take-up rates.

Some of those who participated did so because they thought they were required to do so and would lose benefit if they did not. Lone parents were particularly likely to fall into this

category. But most participants took part because they wanted work or training and they felt the programme would help them. There were also 'volunteer' participants – people who put themselves forward even though they did not fall into the target group (e.g. lone parents with pre-school age children) or who were referred from other agencies (a common route in for disabled people). Participants were thus to some degree a self-selected group of people, although this was probably more true in respect of the NDDP and NDPU than the NDLP.

Nevertheless, even with an element of self-selection, the participants were people with a wide range of experiences, motivations, expectations and goals. Their previous employment experience tended to be patchy. Among the lone parents and the partners, this was often because they had had breaks in employment while caring for their children. Among the disabled people, this was because of various factors – those with long-standing disabilities had already had difficulties in finding suitable work and those with more recent health problems may have had difficulties in finding, and getting access to, work of a different type from their previous employment.

Motivations to work varied. There were very few people who thought they would never work, but not everyone wanted a job straight away, or to work full-time, or to take jobs that might make caring for their families more difficult. The partners were also concerned about the possible implications of 'role reversal' and did not necessarily want to work instead of their husbands. Related to the different motivations to work, people also had different ideas about what they might want to do. Some

were very vague and unaware of the type of opportunities available while others had quite specific ideas about what they wanted to do and were not willing to consider other options. Thus, these potential workers were in some ways more flexible than the NDYP and NDLTU clients – they were not only interested in full-time jobs but were willing, or even preferred, to take part-time jobs and in a range of occupations. However, they were certainly much more constrained by both their personal characteristics and their caring responsibilities.

Thus, while the main employment barriers were not dissimilar to those faced by the NDYP and NDLTU groups – lack of skills and work experience, the level and type of job available locally, employer attitudes, poor job-search skills and lack of confidence – there were also more specific problems. For disabled people, practical issues to do with their individual circumstances were central and in particular there was a view that employers were not willing to consider people with disabilities, and were not flexible in recognising the limitations and demands of their conditions. For lone parents, the two big issues were the financial implications of working and child care. They were concerned that taking a job would leave them worse off (and many already had debts and money problems) and that they would not be able to find, or afford, good quality child care to fit in with working hours. Child care was also a key issue for partners.

Again, it was relationships with Personal Advisers which coloured people's perceptions and valuations of their participation in the programmes. In general, these were very positive, certainly in respect of the interpersonal interactions between Advisers and participants.

People, especially the lone parents, were appreciative of the way in which Personal Advisers sought to respond to them as individuals, to identify and meet their needs. They welcomed the information – especially about benefits and other financial implications of working – and wanted more of this. But they strongly disliked being patronised, pushed in particular directions, or treated with a lack of interest or enthusiasm. The NDDP participants seem to have been the most instrumental in their evaluations. They certainly wanted the Personal Advisers to listen to them and treat them with respect, but they also wanted results and positive outcomes. The lone parents and partners were often positive in their appraisal of the programme, even if it had not been able to help them find suitable jobs. However, some participants reported a feeling of drift or lack of clear direction – once they had had an interview and discussed their situations, it was not clear what should happen next. Many were quite happy with the one-off contact which they had had, but others felt that the Personal Advisers lost interest in them as time went on. There was little by way of referring people on to training courses or other services and so there was some frustration among participants at their lack of direction or progress. Providing a clear menu of options, as in the NDYP and NDLTU, would help with this.

As noted in Chapter 2, there was a clear deadweight effect in the NDLP, and it was estimated that the majority of the lone parents who left Income Support would have done so anyway, in the absence of the programme. The same may be true of the NDDP and NDPU. However, these studies of the impact on individuals suggest we should be cautious in

interpreting this. The lone mothers who found work may have done so anyway but the ‘push’ that the NDLP gave them may nevertheless have been crucial in giving them the knowledge and confidence they needed to make the move. Getting information about in-work benefits was important and could itself boost confidence since uncertainty about outcomes makes informed choice possible. Having someone directly offering encouragement and support, including after starting work, was also valued and lone parents were the group most likely to maintain contact with their Personal Advisers after they moved into work, suggesting that an ongoing mentoring role is helpful to them.

One of the key policy issues under debate concerns the voluntary nature of these programmes. In future, it is planned to make attendance at an initial interview a requirement for all claimants. How far does the evaluation evidence support this strategy? The results are somewhat ambivalent. Certainly, take-up was generally rather low but a significant number of non-participants might have taken part if they had been pursued more vigorously, and this could be a better option than compulsion. The benefits of participation were clear – most people felt that they were better informed and hence more confident, as a result of taking part – but it is not clear whether these benefits would be sustained with a much larger, and even more diverse, client group. Compulsion can also lead to resentment and it may be that these groups – disabled people and people with caring responsibilities – will feel this in particular. Some lone parents, for example, strongly feel that they are already engaged in an important activity – bringing up their children – and that this should also be valued more generally by

The impact on individuals: the voluntary programmes

society. Disabled people may well feel that compulsion is equivalent to blaming them for their situation, rather than recognising the very serious difficulties that they face in getting access to the labour market. Positive contact with Personal Advisers may have gone some

way towards persuading lone parents and disabled people that these programmes are meant to help, not to harm, them and so have helped to restore some trust in government policies towards them. Compulsion could put that at risk.

5 Delivering the New Deal: changing cultures and ways of working

This chapter examines the way in which the New Deal programmes have been delivered, focusing on three issues which are relevant to all of the programmes: the role of partnerships, the involvement of employers and the way the Personal Advisers perceive their role.

New Deal partnerships

The New Deal programmes are national programmes, but they are also intended to be responsive to local conditions and labour market variations. As we have seen, many of the programmes have included pilot or prototype programmes, in which one of the aims has been to test out differences in organisation and delivery. The NDLTU pilot programmes, for example, were given discretion to test out a range of different delivery approaches (Atkinson *et al.*, 2000). Two had random assignments, which meant that some people entered the programme much earlier than others but this seemed to make little difference to either processes or outcomes. The main variation across the pilots was in the way in which employment subsidies were used. Some paid these to employers as single amounts at the start of a placement while others made ongoing payments; and some targeted payments on particular client groups or to encourage particular types of employer. Overall, however, these variations seemed to make little difference, perhaps because the amounts of money involved were not large.

It is the NDYP that has been at the forefront of the attempt to marry national objectives with local autonomy. The national NDYP is

organised into 144 'units of delivery', each of which covers a particular area (of varying sizes) and is managed by a local partnership (of varying types). The ES local office takes responsibility for setting up these partnerships, which are intended to operate at two levels. At the strategic level, partnerships are responsible for assessing local labour market needs and at the delivery level, they are responsible for the design of the programme locally. However, as Martin *et al.* (2000, p. 8) note:

... the degree of local flexibility in the programme should not be exaggerated. In some ways, the key parameters – the 'nationally set standards' – of the New Deal are uniform and quite strongly defined, particularly on budgets and costs.

The first Tavistock Institute evaluation of NDYP delivery took place at a fairly early stage of the Pathfinder programmes (Tavistock Institute, 1998). This highlighted the success in putting complex partnership arrangements in place in a fairly short period of time and noted that there was much innovation in setting up delivery models. The ES was required to take the lead in setting these up and this could sometimes cause problems if other stakeholders felt they had not been adequately consulted, or if existing partnership arrangements had been ignored. Four main types of NDYP delivery model were identified. These are the *independent contracts model*, in which the ES contracts individually with the various service providers; *joint venture partnerships*, in which the ES is one member of equal partners who collectively contract with the ES regional office to deliver the programme; *consortia*, in which the ES

contracts with a lead organisation contracting with individual providers; and *private sector*, in which the ES contracts directly with private employers who then lead delivery. Partnership members varied but could include employers, voluntary organisations, Training and Enterprise Councils (TECs), other training providers, careers services, trade unions and local authorities. The research pointed to the need to involve employers at the strategic level, as this had an impact on the extent to which they were willing to be engaged in delivery. Similarly, the take-up of the full-time education and training option was also related to the extent of strategic involvement of local TECs and other training providers.

The later study (Tavistock Institute, 1999a, 1999b), based on case studies carried out between November 1998 and April 1999, noted that actual partnership working was strongest in the joint venture partnerships and consortia and weakest in the ES and private-sector-led areas. They found that membership of the partnerships had changed little during the first year or so, but many had been able to increase participation of ethnic minority, disability and trade union representatives. However, smaller and more specialist agencies often found it difficult to take part. The focus of the work of partnerships tended to have shifted from strategy to delivery, although one of the areas of success was in partnerships bringing in additional sources of funding (e.g. EU funds).

Providing New Deal places: employers and others

One of the main messages – from employers, colleges and TECs, voluntary and

environmental organisations – was that there was not enough basic skills training in the gateway. It was generally felt that time spent in the gateway should be used to develop these basic skills and that Personal Advisers should be playing a more active part in the selection of appropriate people. If necessary, this would mean that some people would need to spend longer periods in the gateway, rather than being required to move on after a specified period, regardless of progress.

The service sector provided the largest number of employers for the New Deal. Employers said they were motivated to take part for a variety of reasons, including a sense of social responsibility (Snape, 1998; Arthur *et al.*, 1999; Elam and Snape, 2000). In general, the employment subsidies were not seen as a key factor in determining participation although such payments were considered to be important as insurance, or to help meet costs of employment.

When asked about general recruitment practices, employers said that they were not against employing young people, or disabled people, or long-term unemployed people *per se*, but they did also express some concerns about each of these groups. Disabled people were seen as presenting three main challenges: ‘the requirements of the job and the ability of disabled people to meet them; the working environment; and the reactions of others to disabled employees’ (Arthur *et al.*, 1999, p. 197). There were concerns that young people and long-term unemployed people might lack motivation and skills. Many employers were ‘strongly averse’ to those with certain attributes – criminal records, substance abuse problems, mental health problems (Atkinson *et al.*, 2000).

Long-term unemployment was sometimes seen as a marker to indicate lack of work readiness (Hasluck, 2000a).

Employers said that their main concern was to find the right person for the job and most said they preferred people to be 'work-ready' rather than 'job-ready'. They were looking less for particular skills and more for the right motivation. One of the main criticisms raised by participating employers was that, in their view, many of the people sent to them were not sufficiently work-ready, they lacked basic skills and were insufficiently motivated. For NDYP employers, the training requirements also presented problems. Larger employers were sometimes reluctant to take part because they did not want to change their existing training provision to the NVQ training required under the programme. In fact, the requirement to provide training of a particular amount and type was one of the biggest problem areas and a key reason why some employers did not want to get involved and/or dropped out of the NDYP.

Personal Advisers were also seen as 'pivotal' in the employers' experiences and perceptions. Proactive Personal Advisers motivated employers, addressed their problems, helped complete any paperwork and supported the young people in work. They played a central role but, as noted above, many employers felt that Personal Advisers should do even more to screen applicants and make sure that they were sent suitable people. Black and ethnic minority employers reported more problems than other employers and many felt that the New Deal was not very well targeted to them. Some employers were confused by the existence of various different New Deal programmes, with different

client groups and different rules (Atkinson *et al.*, 2000). Elam and Snape (2000) suggest that there is a need for 'an employer-centred equivalent to the Personal Adviser to ensure employers' needs are consistently met' and highlighted the priorities for change as including 'greater consistency in ensuring employability of New Deal clients before they are sent to employers' and a 'more flexible interpretation of the training requirements' (Elam and Snape, 2000, Executive Summary).

The main problem faced by training providers (colleges, TECs, etc.) was matching supply to demand. As Hasluck (2000a, p. 39) notes, this option 'is the most complex to deliver since it requires NDYP delivery to mesh with an existing system of education and training'. In the early stages in particular, there was some over-contracting of college places and it was difficult to balance level of provision with providing a good range of courses and so promoting wider choice. Funding was often a problem for training providers, and this could lead to courses being cancelled at short notice, which caused problems for participants. Colleges usually work with an autumn start to courses and there can be problems in providing courses that start at different times throughout the year. However, quality control was often better in the training options than elsewhere, mainly because there were existing systems of quality control already operating in the training sector that could be transferred to NDYP. Again, the training providers wanted the Personal Advisers to play a stronger role in assessing and improving basic skills and motivation. This was seen as very important in order to prevent drop-out from training.

It was mainly men rather than women who

took part in the environmental option, which was usually manual work. There were, however, two very different groups of participants. On the one hand, there is a high proportion of mandatory referrals to this option – it ‘tends to be seen by Personal Advisers as an option for clients for whom no other option is suitable because of limited ability of the clients or their barriers to work’ (Tavistock Institute, 1999a, p. IV). On the other hand, there is a small group of very committed people who choose this option. The two groups do not mix well. Some job displacement does seem to occur here (e.g. in home insulation work, in local authority services such as recycling). Because they are dealing with many of the most difficult young people, outcomes in this option tend to be seen by providers in terms of the ‘distance travelled’ towards employability rather than getting participants to be work ready. This raises issues about the nature of support still likely to be needed after this option finishes.

There are some similar issues in the voluntary sector option, where there is also some polarisation of participants between the highly committed and those required to take this option under threat of sanctions. Voluntary group providers face particular problems. There are many small organisations in this sector that find it difficult to cope with the administrative and financial demands of the New Deal bureaucracy. In addition, the goals of these organisations are focused on their community development aims and this can give rise to some tension with the goals of the New Deal, making some organisations query whether this sort of delivery role is the ‘right’ sort of activity for them to take part in.

The views of Personal Advisers

The pivotal role of the Personal Advisers has come across from all perspectives – participants value their support, employers feel that they are an essential part of the process and want them to play an even more proactive and selection role. As Hasluck (2000a, p. 59) notes, the Personal Adviser role:

... differs greatly from the ES roles that preceded it. It requires important inter-personal skill and expertise and specific skills relating to advice, guidance and mentoring ... Methods of working are also different. NDPAs must juggle conflicting priorities and often have to work in a pro-active fashion to achieve successful results.

From the perspective of the Personal Advisers themselves, the studies generally found high levels of job satisfaction. Advisers enjoyed the changed nature of their interaction with clients and of being able to offer help and support on an individualised and ongoing basis. The need for more training, especially for dealing with groups with complex needs, was often a theme. There was some evidence that Advisers were less well equipped for dealing with people with multiple problems and needs, and may have found it difficult to know how to raise certain issues with participants.

As programmes move to national level, there is again some evidence that Personal Advisers work less intensively with individuals (as caseloads get larger) and also that the pressure to get people into jobs (a more work-first role) increased as time went on. In the NDYP, there was a policy shift (at the end of 1998) towards a stronger focus on getting people into work and this seems to have a negative impact on

relationships with Personal Advisers (Hasluck, 2000a). Also, interactions with individuals tended to fall off the longer they stayed in the programme, especially in the voluntary programmes where Advisers seemed a bit prone to lose interest if they were unable to help people to do something immediately.

New Deal, new approach?

Each of the New Deal programmes is somewhat different in respect of aims and objectives, eligibility rules, conditionality, type of support offered and in relationship to other policy measures. The New Deal package for young people and long-term, older, unemployed people aims to improve employability – the capacity to get access to work, stay in employment and move on to better jobs – through offering individualised support and a set menu of options, all including work experience and training. It includes an element of local autonomy, with local partnerships between the ES and employers, training providers and voluntary groups involved in the design and delivery. Substantial numbers of people have already moved through the programme. This includes some who probably would have found work anyway but, taking this into account, there does seem to have been a positive effect on unemployment exits. Most participants have responded positively to the programme as a whole, although critical of certain aspects (e.g. the level and type of training offered, the lack of choice of options).

The New Deal package for lone parents, disabled people and the partners of unemployed people aims to reduce barriers to work for these groups by providing them with

information and advice to enable them to take up job opportunities. Participation is voluntary and take-up of these programmes has been slow. However, more efforts to attract people in could be effective, as non-participants are not necessarily actively rejecting these programmes. Those who take part generally respond positively, especially to the contacts with Personal Advisers. They are able to call upon their Personal Advisers to help with any aspect of getting into, and staying in, work. Training opportunities may be made available but there is no training requirement as in the compulsory programmes. Thus, it could be argued that these voluntary programmes are in practice more ‘work-first’ than the compulsory programmes, which have a stronger ‘human capital’ element. Previous research (Bryson *et al.*, 1997) has shown that lone parents who get access to training, including on-the-job training, do improve their earnings, so there is a case for extending this aspect of the voluntary programmes. The lack of referral options also meant that there was sometimes a feeling of drift in the voluntary programmes.

One of the most innovative features of the New Deal programmes is the focus on treating people as individuals and addressing the whole range of their needs and the barriers they face to work. The Personal Adviser plays a key role in this and, indeed, this relationship is the means of delivering this more holistic approach. The role of the Personal Advisers is pivotal for how both participants and providers assess the programmes. Participants value Advisers who treat them as individuals and with respect, and who offer real practical help, in the form of information, support and access to new ideas or services. Employers and training providers

value Advisers who can send them people who are well motivated, ready to work (not necessarily trained for a particular job), keen and with basic skills already in place. Both participants and employers generally like the service that they get from Advisers but they would also like more.

Employers in particular would like Advisers to act more strongly as filters in selecting people to come to them. This raises potential conflicts with their responsibilities towards their individual clients. It also suggests that unrealistic expectations of what ES services can provide may be raised and there is some evidence that those hardest to help are already getting left behind. As caseloads increase, and as the range of clients becomes more diverse, creating tailor-made packages is likely to become more difficult. Within the ONE programme, Personal Advisers deal with all client groups. This makes sense in that there are clear similarities in both perceived barriers and actual barriers across these groups. But there were also some more specific barriers/needs for different groups and a wide range of work readiness within each group.

The role of Personal Advisers also needs to be considered in the context of the debate over compulsion. The potential tension between the welfare and the control roles of the Personal Advisers is much stronger when sanctions are involved. Compulsion, even just to attend an initial interview, would bring in a much wider range of people with a much wider range of work readiness and this could dilute the effectiveness of the programmes. There was some evidence from the NDLP evaluation that one of the reasons why the employment outcomes were not higher was that the

programme was dealing with such a wide range of people. A more targeted approach might have been more effective. Voluntary programmes allow a degree of self-selection, which makes them somewhat easier to administer.

It is not possible to draw conclusions about the effect of compulsion from these evaluations – we cannot compare the compulsory with the voluntary as there are too many differences between the groups involved and the sorts of options that were available. But we can learn something about how people responded to the idea and practice of compulsion from the qualitative studies. There was a range of views about the value or otherwise of compulsion among the various client groups in the programmes, with some people arguing that it is always counterproductive and others that compulsion can help people who would not otherwise get into these sorts of programmes. The issue of compulsion needs some careful unpacking in respect of when, what and to whom it should be applied, in order to be effective. Compulsion to attend an initial interview was generally looked upon more favourably than compulsion to take up particular options, whether these were training, work experience or jobs. Allowing people more choice in these may be the most effective way to ensure the best fit. Compulsion for certain groups (young people, long-term unemployed) was looked upon more favourably than compulsion for others (older workers, lone parents, disabled people and partners). The difference seems to relate at least in part to the other roles and responsibilities of these groups, particularly caring roles. In addition, it seems that compulsion is seen as particularly inappropriate for those groups suffering from

discrimination by employers (e.g. disabled people) and for those who have long records of steady employment (e.g. older workers). The positive experience created in particular by the Personal Advisers may be undermined by too much compulsion applied to the wrong people at the wrong time.

Hasluck (2000a, p. 61) points out that the NDYP is a 'dynamic process' and this conclusion also applies more widely, to the New Deal programmes as a whole. The New Deal process is not (or perhaps more accurately, should not be) either rigid or linear. The routes people take through the process must be flexible in order to meet individual needs and they may need to step back into previous stages, or continue to be helped after they have 'left' the programme and moved into work. There can, however, be tensions between flexibility and forward planning. The latter sometimes seemed to be missing from the voluntary programmes and people complained of lack of direction. On the other hand, the requirement to move into options was sometimes experienced as too rigid in the compulsory programmes, and the gap between the individualised assessment and the fixed options that followed was felt to be too large. The balance between flexibility and planning also depends upon individual circumstances and needs, and how these change over time.

Labour market programmes are always more effective for those already closest to employment but, perhaps especially for groups such as lone parents and disabled people, access to support and accurate information may be an important element in helping people into work. Even those who are otherwise work-ready seem to benefit from this. Taking part in the New Deal

seemed to provide a final push or boost for some people in these groups. The New Deal programmes will, however, have to work harder in order to reach those with multiple disadvantages and special needs. Such people are a minority but they are found in all the New Deal client groups.

The evaluations can tell only a partial story of the outcomes of these programmes. First, the time-period – one, two, three years – is very short and if we want to consider outcomes such as increased employability and sustainable employment then longer periods are required. Second, the New Deal programmes are only part of the story and until the full package – of increased financial support for families, improved child care services and help with costs of care – is in place the complete picture is not available. Third, the evaluations have so far focused on the prototypes or early stages of national programmes and the results may look different when all the programmes are up and running on a national basis. Finally, there is still insufficient information adequately to examine the outcomes at a local level, in the context of different labour market conditions. Given the very wide variations in labour demand, this local context may be one of the most important factors in determining outcomes.

This summary of the New Deal evaluations has highlighted some key points but there is a wealth of other information, both already published and coming forward into the public domain. As noted above, this has been an extensive evaluation programme and the combination of quantitative and qualitative data has been powerful in casting light on both outcomes and processes. It provides a strong baseline of information for the development and

evaluation of future policy options. The research shows that the New Deal is having an impact, and for a range of different groups of workless people, and suggests the Personal Adviser approach has had a positive impact on the responses of both participants and providers. Drawing employers directly into the design and delivery of programmes has been an important aspect of the NDYP in particular. These

evaluations have mainly been in relation to the prototypes and the initial stages of the national programme, and the next stage of research will be able to tell us more about whether and how this picture holds when the national programmes for all these groups are fully up and running, and the competition between different needs becomes more intense.

Notes

Chapter 1

- 1 There is also the New Deal for Musicians, which was introduced nationally from October 1999. There is little information available about this programme and so we have not discussed it in this report.
- 2 The terminology of pilot, pathfinder and prototype is used variously across the different programmes, and we follow that usage. Rather confusingly, in the case of the NDLTU, the national programme started before the pilots, with the latter being used to test out early entry and other innovations in delivery.
- 3 The merger of the Benefits Agency and the Employment Service announced in March 2000 will bring these services into one administrative unit.
- 4 There are also various independent research projects and commentaries. These include,

for example, two major ongoing cross-national studies funded by the EU. One is based at the University of Loughborough and is comparing 'workfare' policies across six European countries (Trickey and Løedemel, forthcoming, 2000). The second is based at South Bank University and compares recent developments in social assistance, workfare policies and their labour market interface in four European countries (Levy *et al.*, 1999). There are also a number of relevant House of Commons Select Committee reports (e.g. on the Employment Service, on lone parents and on the ONE proposals). Much use is made of the published New Deal statistics, e.g. by the TUC which is publishing a monthly series drawn from these.

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Appendix: Annotated bibliography of New Deal evaluations

New Deal for Young People

- 1 Case studies of delivery in seven Pathfinder areas, between April and June 1998, covering urban and rural areas, high and low unemployment areas; and main models of ND delivery: 135 interviews with clients, managers, advisers and partnership members (Tavistock Institute, 1998).
- 2 Case studies of delivery in eight national units of delivery, between November 1998 and April 1999, including revisits to three of previous case study areas. Areas chosen to cover urban and rural, and mix of partnership and delivery: 126 interviews and two evaluation workshops (Tavistock, 1999a, 1999b).
- 3 Case study of the gateway in Birmingham, to examine pattern of flows through the NDYP, using local labour market data and interviews with ES staff, participants, employers, partnership members (Walsh *et al.*, 1999).
- 4 Impact of Pathfinder, based on analysis of the New Deal Evaluation Database, comparing exits from unemployment in Pathfinder and comparison areas (Anderton *et al.*, 1999b).
- 5 Macro impact of first year, modelling the impact on the labour market and economic performance (Anderton *et al.*, 1999a).
- 6 Qualitative with employers: in-depth interviews with 24 employers between May and August 1998, participants and non-participants, from private, public and not-for-profit sectors. Follow-up planned. (Snape, 1998).
- 7 Qualitative with employers: in-depth interviews with 80 employers between April and June 1999, participants and non-participants; public, private and voluntary sectors; different sizes; national and local employers (Elam and Snape, 2000).
- 8 Qualitative with individuals in Pathfinder and lead private areas: group and in-depth interviews in May 1998 with 61 people (54 participants and seven leavers) in four ES districts, chosen to reflect different regional locations, labour markets and delivery models (Legard and Ritchie, 1999).
- 9 Qualitative with individuals in the gateway: group and in-depth interviews in September/October 1998, with 57 people (48 participants and nine leavers) in four ES districts chosen to reflect different regional locations, labour markets and delivery models (Legard and Ritchie, 1999).
- 10 Qualitative with individuals in options: group and in-depth interviews in September/October 1998 and February 1999 with 87 people (69 participants, ten leavers during option and seven leavers after option) in four ES district areas chosen to reflect different regional locations, labour markets and delivery models. Follow-up: 20 people re-interviewed six months later (Woodfield *et al.*, 1999).
- 11 Qualitative with individuals in options: in-depth interviews with 74 (including 20 follow-up interviews, from [10] above)

participants and leavers, between April and May 1999, in four areas reflecting different labour market conditions and delivery models (Woodfield *et al.*, 2000).

- 12 Qualitative with individuals in follow-through: in-depth interviews with 35 people in the follow-through plus seven who had completed an option and left. Interviews in four ES districts in early 1999, including 22 repeat interviews from previous studies (O'Connor *et al.*, 1999).
- 13 Quantitative with individuals: random sample of 680 leavers, interviews in August 1998, from 24 New Deal delivery units (Hales and Collins, 1999).
- 14 Summary report on first two years of programme (Hasluck, 2000a).

New Deal for Long-term Unemployed

- 15 Qualitative with individuals: 90 in-depth interviews and seven discussion groups in two national and five pilot areas, reflecting different regional locations and labour market conditions, May to June 1999. The sample included ongoing participants and those who had left the programmes (Legard *et al.*, 2000).
- 16 Case studies of pilot programmes: about 200 interviews with participants, advisers, employers and providers in eight pilot areas (Atkinson *et al.*, 2000).

New Deal for Lone Parents

- 17 Qualitative with individuals: site visits plus in-depth interviews with 78 lone parents, between January and February 1998, 30 in comparison areas and 48 in prototype, including 38 participants (Finch *et al.*, 1999).
- 18 Quantitative with individuals: interviews with about 4,500 lone parents (participants and non-participants) in eight prototype areas and six comparison areas, chosen to reflect areas of high, medium and low unemployment. Some respondents interviewed twice, with about eight months between interviews. Comparison area samples matched to random sample in prototype areas (Hales *et al.*, 2000a).
- 19 Analysis of administrative data and labour market analyses, cost-benefit analysis, synthesis of project as a whole (Hasluck *et al.*, 2000; Hales *et al.*, 2000b).
- 20 National programme: 309 in-depth interviews across nine ES regions, with participants and those who decided not to participate after an initial interview (Martin Hamblin, 2000).

New Deal for Disabled People

- 21 Qualitative: site visits plus two group and 12 in-depth interviews with Personal Advisers, 31 in-depth interviews with 31 people who had been in contact with Personal Advisers, between March and May 1999.

- 22 Quantitative: interviews with 450 participants and 80 non-participants, between April and September 1999.
- 23 In-depth interviews with 30 representatives of a range of businesses and organisations, between April and May 1999.

All the above published as Arthur *et al.* (1999).

New Deal for Partners

- 24 Qualitative with individuals: in-depth interviews with 134 people (84 partners, 39 jobseekers and 11 ES staff), in three Pathfinder areas, between April and May 1999 (Stone *et al.*, 2000).

Further reports have been published too late to be included in this review. These include:

Report of stage one of the national survey of NDLP participants (Bryson *et al.*, 2000; Coleman and Williams, 2000); a summary of the NDLTU findings (Hasluck, 2000b); a qualitative study of the NDLP follow through (O'Connor *et al.*, 2000).

