

The New Deals: the experience so far

The six New Deal programmes set up since 1998 constitute an ambitious attempt to improve job opportunities for people out of work. Drawing on over twenty evaluation studies of the New Deal, Professor Jane Millar of the University of Bath has analysed the experience so far. She found that:

- f** The programmes have made a real difference to a range of different groups. Of those who have been through the programmes, just under half of the young people, two-fifths of the lone parents, and one in six of the long-term unemployed people have so far found work.
- f** An encouraging proportion of the jobs were sustained. Three in four of the young people and five in six of the long-term unemployed people who found jobs were still in them three months later.
- f** Some of these participants would probably have got jobs without the programme, perhaps about half the young people. Nevertheless, the New Deal for Young People led to a reduction in youth unemployment by about 30,000 in its first year.
- f** The New Deal's most important innovation was to assign a Personal Adviser to every participant. Most participants felt that they were being dealt with individually. The quality of the relationship with the Personal Adviser had strong effects – good or bad – on experience of the programme.
- f** Compelling people to take part could have mixed effects. At present some groups, such as lone parents, are not obliged to take part; many think this allows a more constructive relationship with Personal Advisers. But many also believe that requiring some groups at least to attend a first interview can help oblige people to consider the programme's merits. Many lone parents not taking part had low awareness of the programme.
- f** The New Deals serve a very wide range of clients with varied needs. Most benefit from better labour market information. Some need a lot of extra help, but the programme currently puts relatively low emphasis on training. It has on the whole been better at serving people who need a bit of help than those who need a lot. The New Deal will therefore have to work harder to reach those with multiple disadvantages and special needs.

The New Deal programmes

There are six main New Deal programmes, varying in a number of ways: size of target group, key aims and objectives, eligibility rules, conditions of involvement, type of support offered, and 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 and support whilst looking for work and once in work. The target group is lone mothers on Income Support for six months or more and with a youngest child aged 5 years 3 months or over.
- The *New Deal for Partners of Unemployed People* (NDPU) is aimed at partners of unemployed job-seekers. It is voluntary and offers two main alternatives. Those aged 18 to 24 and without children can choose to join the NDYP. For parents aged 18 to 24 and those aged 25 plus, there is access to a Personal Adviser.
- The *New Deal for Disabled People* (NDDP) is voluntary and offers access to a Personal Adviser. It is also intended to raise awareness of the employment needs of disabled people among employers and service providers.
- The *New Deal for People Aged 50 and Above* (ND50+) is voluntary, 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 operate within 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', the National Minimum Wage and various area-based measures, such as Employment Zones.

The effect on jobs

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, about 146,000 lasted 13 weeks or more. This is about 34 per cent of all participants, lower for women (31 per cent) and ethnic minorities (27 per cent). It is estimated that the first year of the NDYP saw youth unemployment go down by 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 find work 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. About 32,000 of these jobs lasted 13 weeks or more. This is around 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 (women with school-age children) and 37 per cent were 'early' starts - people who came forward before being invited to interview. Of those who have left the NDLP, 39 per cent have gone into employment and 43 per cent are again claiming IS. Almost half of those in employment are continuing to receive Personal Adviser support. The number of those who would not have found work without the programme was estimated at 20 per cent for the prototype programme.

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, six 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 almost 6,600 had drawn up personal action plans. About 3,000 had been accepted onto innovative programmes and just over 2,000 had found jobs.

The impact on individuals

Generally participants had positive attitudes to work, although they were often pessimistic about their chances of finding jobs. Some came into the

programmes with very specific ideas about what they wanted to do, while others were much more vague. In the voluntary programmes, take-up was low, especially for the NDDP. However, this was not always because people were choosing not to take part - many did not remember having been invited, others could not participate at the time for various reasons but 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, ineffective ways of looking for work, psychological factors (including lack of self-confidence and 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-seeking, 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 key barriers were special needs and employer attitudes.
- For lone parents, childcare and money issues were paramount. For partners, it was also childcare and a concern about role reversal.

Each group included people with multiple barriers and special needs.

The most important thing in the way people perceived the programmes was the Personal Adviser. Effective advisers were seen as friendly, helpful and approachable. Ineffective advisers treated people with a lack of respect and did not have enough of the right sort of information. However, a friendly attitude was not enough by itself - people also wanted their needs identified and practical help. The long-term unemployed were perhaps the most cynical about the programme (seeing it as 'just another scheme') and tended to be most instrumental in their assessment of the Personal Advisers. The lone parents were probably most positive about the individual attention and support offered.

Overall response to participation was positive. It boosted confidence, enhanced job-seeking and 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 the Employment option at the top (for work experience), to Education and Training (for particular skills), to

the Voluntary and Environment options at the bottom. The limited access to training in the voluntary programmes meant that these were in effect more 'work-first' than the compulsory programmes, which have a stronger 'human capital' element.

On the delivery side, there were various different patterns of partnership working, some involving local stakeholders more than others. From providers of employment and training, 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 NVQ training. The Environmental option (and to some extent the Voluntary option) 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.

Personal Advisers had a lot of job satisfaction and 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 concentrated more on finding clients work. Interactions with individuals tended to fall off the longer they stayed in the programme, especially in the voluntary programmes.

Emerging issues

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. These demands may potentially conflict. As caseloads increase and the range of clients becomes more diverse, creating tailor-made packages is likely to become more difficult. In the recently introduced ONE pilot programmes, Personal Advisers will deal with all client groups, who will be required to attend interviews. This makes sense in that there are clear similarities across these groups. But there were also specific needs for different groups and a wide range of 'work readiness' within each group. There is also a potential tension between the welfare and the control roles of the Personal Advisers, heightened when compulsion is involved.

Views about the value or otherwise of compulsion varied among the various client groups in the

programmes. Some people argued that it is always counterproductive, others felt compulsion can help people who would not otherwise get into these programmes. Compulsion to attend an initial interview was generally viewed more favourably than compulsion to take up particular options. Compulsion for certain groups (young people, long-term unemployed) was viewed 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 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 for a range of different groups. It suggests that the Personal Adviser approach has had a positive impact on both participants and providers. However, these evaluations have mainly been in relation to the prototypes and the initial stages of national implementation. The next stage of research will be able to show more about whether and how this picture holds when the national programmes for all these groups are fully up and running.

About the study

The analysis is based on over twenty reports published by the Employment Service and the Department of Social Security. These include data

from the New Deal Evaluation Data-Base, survey data, in-depth interviews and local case studies. The research has included a wide range of people - people in the New Deal target groups; New Deal participants; participating employers; employers in general; Personal Advisers; Employment Service/Benefit Agency managers; providers of places on the various New Deal options in local colleges and voluntary organisations; and other local stakeholders. It is part of an ongoing programme of evaluation, aimed at both assessing outcomes and at improving practice.

How to get further information

Further details about the study can be obtained from Professor Jane Millar, Department of Social and Policy Sciences, University of Bath, Bath BA2 7AY, Tel: 01225-826141.

The full report, **Keeping track of welfare reform: The New Deal programmes** by Jane Millar, is published for the Foundation by YPS (ISBN 1 902633 92 X, price £12.95).