

The impact of devolution

Employment and employability

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An exploration of the initiatives on employment and employability undertaken by devolved governments in Scotland, Wales and Northern Ireland from devolution to 2008, and their impact.

Ten years since policy on employability and skills was devolved to elected governments in Scotland and Wales, this report examines how they, and the Northern Ireland Government, have responded to the needs of their nations. The report compares the overall results with the three northern regions of England, where devolution did not take place.

- Before the recession, employment rates in all three devolved nations had risen faster than in England.
- However, there is no strong evidence that actions by the devolved governments had accounted for that progress.
- Comparison of labour market and Jobseeker's Allowance (JSA) claimant trends in Scotland and Wales and the North of England shows that the similarities outweigh the differences.
- In Northern Ireland, performance for the key group of JSA claimants – at whom most initiatives have been targeted – has been substantially weaker.

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Executive summary

This report examines labour market trends in Scotland, Wales and Northern Ireland from devolution to 2008, and analyses whether there is evidence that actions by the devolved governments have made a noticeable difference to the chances of workless residents moving into work.

The broad conclusion of this study is that while there has been substantial progress in raising employment rates in all three devolved nations, there is no strong evidence that actions by the governments have accounted for that progress.

We have come to that conclusion after examining how the trends differ between the devolved nations and the three northern regions in England,¹ which have also seen substantial progress in employment and in employment rates over the last ten years. Data analysis uses the North of England as our 'counterfactual' on the basis that, in 1999, the economic structures and levels of key variables had a broad level of similarity with the devolved nations, and also had a considerable shared economic history prior to devolution, conditioning responses to economic changes. Together, the three North of England regions are larger than any of the devolved nations, but they vary in size, with the North East of England having the smallest economy. Therefore, changes that are common to the devolved nations and to the North of England cannot be ascribed to the separate activities of the devolved governments.

For devolution to be shown to have made a difference, progress in the devolved nations would need to have been greater, and changes in the difference between the North of England and each nation would have had to coincide with the implementation of relevant initiatives from the devolved governments.

Comparison of labour market and Jobseeker's Allowance (JSA) claimant trends in Scotland and the North of England shows that the similarities outweigh the differences. The major

difference appears from late 2006 onwards, in favour of Scotland. This does not seem particularly to match initiatives from the Scottish Government. There is some difference over the same period for the JSA flows through duration analysis where the Scottish improvement is greater than that for the North of England. This may be due to more people leaving JSA to jobs, tighter JSA enforcement in Scotland, or some combination of the two. There is no evidence of differential trends in incapacity benefits (IB) claims or lone-parent benefit claims over that period.

In Wales trends in employment rate and number and people claiming workless benefits have broadly followed those in the North of England. JSA flows through duration analysis show generally better performance in Wales than in Northern England over the post-devolution period, particularly from 2005 onwards, but have broadly followed the GB trend. Wales has had a consistently and significantly higher rate of IB claimants than the North of England.

The strengthening and occasional weakening of the peace process in Northern Ireland has had a major influence on economic progress. The current recession hit Northern Ireland earlier, and its effect has been more marked, than in Northern England. Until the recent recession, Northern Ireland has had declining and comparatively low unemployment, partly because of the relatively high and persistent rate of inactivity. Variations in Jobcentre Plus claimant count and flow rates in comparison to Northern England are likely to be due to the different administration of Jobcentre Plus services in Northern Ireland. Broadly, these do not show devolution to have had a positive

impact. Where Northern Ireland has performed better than Northern England, it is largely due to the relative improvement for the short-term unemployed and for reductions in new claims, rather than activities helping the long-term unemployed where progress has been comparatively slow.

Analysis of British Household Panel Survey findings finds no difference in economic activity or change in income between Scotland and Wales and comparison English regions large enough to suggest that devolution has had a significant impact on changing the circumstances of people in workless and/or low-income households.

There is scope for caution in the broad judgement that progress in these measures in the devolved nations would have to be greater than in Northern England and coincide with implementation of initiatives. The nature of the devolved powers, including adult skills, means that devolved initiatives may have longer-term returns than the short-term returns visible from well-evaluated employment programmes that operate across Great Britain.

However, for us to be sure whether the skills initiatives and activities of the devolved governments were having positive effects, these would need to have been evaluated to standards that were international best practice. There is substantial scepticism in the academic economics community, following much research across the world, whether adult skills activities designed to boost employability either can be shown to have positive effects or, if they do show some small positive effect, are cost-effective. This is not the case for the more work-first active labour market programmes such as those run on a GB basis by Jobcentre Plus. These programmes, when evaluated, show positive but small effects and some have been shown to be cost-effective.

The devolved governments should try to ensure that their initiatives on employment and employability can be shown to be more cost-effective than English comparisons at helping their residents gain and keep rewarding work. Our review of initiatives and evaluations shows that even this limited objective cannot be shown to have been met.

Introducing more consistent and robust evaluation would enable devolved nations to demonstrate to their residents that not only are they doing something to help the out-of-work get and keep rewarding jobs, but that they are doing something not only effective but more effective than if devolution had not taken place.

At present, our judgement on whether devolution has helped the poorest in employment has to be 'not proven'.

This report does not cover the response of the devolved governments to the recession from early 2008 onwards. Even by late 2009 (when this report was finalised) the effectiveness of recession responses could not be disaggregated between devolved nations and English regions.

1 Introduction

This report examines the changes in employment and employability post-devolution in each of the devolved nations, and examines these in comparison with the non-devolved North of England. The aim of undertaking the comparison is to identify whether changes or initiatives made by the devolved administrations had impacts over and above those arising from either broader economic trends or from UK-level or GB-level policies.

Devolution was expected to make a significant impact on employment through providing local accountability in relation to employability and skills. While powers in relation to what is now Jobcentre Plus were not devolved, the relevant agencies were required to work together with the devolved governments in developing and administering programmes such as the New Deals. Northern Ireland is a little different.

The report is structured in the following manner. Following a brief summary of the extent of devolved powers in the employment and employability area, there is a chapter that examines the strategies on employability and employment agreed by the three nations (Chapter 2). This is followed by a short chapter locating the improvements in employment rates in the three nations within the UK regional pattern (Chapter 3). Chapters 4–6 compare the nations' economic trends with those in the North of England¹ based on published employment and benefits data, including detailed analysis and comparison of claimant flows. Chapter 7 is based on analysis of the British Household Panel Survey and compares the subsequent histories of those who were in work, unemployed or inactive at devolution, to see if there are particular differences compared with the northern English regions. Both the Scottish and Welsh governments fund enhanced samples for this data set to enable analysis of the progress made. Chapter 8 is a review of the initiatives introduced by each of the governments in the employment and employability area. The final chapter draws together conclusions.

Employment had, until the onset of the recession starting in 2008, increased dramatically in each of the devolved nations. This is based on the total number of people employed, full-time or part-time.² The employment rate³ had also increased, though employment numbers and the employment rate diverged due to population changes (particularly in Scotland). At the same time, numbers and rates of working-age people claiming benefits fell in the devolved nations.

However, broadly similar trends also occurred in the North of England, where proposals for limited devolution were rejected in a referendum in the North East in 2004. Proposals to hold similar referenda in the North West and Yorkshire and the Humber had earlier been shelved.

We are using the North of England as our 'counterfactual' on the basis that, in 1999, the economic structures and levels of key variables had a broad level of similarity with the devolved nations, and also had a considerable shared economic history prior to devolution, which we see as conditioning responses to economic changes. In some of the analyses we will be comparing the North of England *en bloc* with each devolved nation and, in a few cases, individual regions within the North of England. Together, the three North of England regions are larger than any of the devolved nations, but they vary in size, with the North East of England having the smallest economy. Changes that are common to the devolved nations and to the North of England cannot, therefore, be ascribed to the separate activities of the devolved governments.

Northern Ireland has had a more substantial improvement than Scotland and Wales, or the North of England. In this case, the changes combine the effects of the activities of devolved government (in two phases), direct rule but through local administration, the peace process and the variations in its progress, and wider economic forces. In particular, economic trends in Northern Ireland bear comparison with those

in the Republic of Ireland as well as with those in the rest of the UK.

We examine, first, the overall employment trends and trends in benefits and related issues in Scotland, Wales and Northern Ireland, compared with the North of England. This is followed by an analysis of the impacts on workless individuals since devolution based on evidence from the British Household Panel Survey, and, third, a review of what the devolved governments have done in relation to employment and employability. This element looks at strategies and initiatives, and in particular whether there is evidence of effectiveness of such strategies and initiatives.

Devolution, in the field of employment and employability, is not complete. The degree of completeness varies between devolved nations, with Northern Ireland having a greater level of devolution than Scotland or Wales. Scotland has had, largely for historical reasons rather than the legislative differences in this field, a greater level of devolution than Wales.

The tax credit system operated by HM Revenue and Customs (HMRC) covers the UK. This impacts on the extent to which people are better off in work by improving net incomes of working households where gross earnings levels are low. In 2006/7, approximately 16.4 per cent of working households in the UK were receiving Working Tax Credit or the means-tested element of Child Tax Credit above the family element. This was substantially higher in Wales, Northern Ireland and the North of England at 20.2 per cent, 20.4 per cent and 19.4 per cent respectively. Scotland had a proportion slightly under the UK average at 16.3 per cent. The difference for Scotland is likely to be driven by the very high female employment rate in Scotland discussed below.

Employment services provided by Jobcentre Plus are delivered across Great Britain, but not in Northern Ireland. Benefit systems in Great Britain and Northern Ireland are legislatively different but there is both a commitment to parity between the systems and practical reasons for commonality, namely that the benefit processing systems are managed by the GB Department for Work and Pensions (DWP) on behalf of the Northern Ireland Department for Social Development. Jobcentre services in Northern Ireland are separately

administered by (now) the Department for Employment and Learning (DEL) and previously by the Training and Employment Agency. In Northern Ireland there remains a departmental split between benefits provision and employment provision, though both are now provided through a common Jobcentre network. This departmental split mirrors to some extent the GB pattern up to 2001, when the Benefits Agency was part of the Department for Social Security, and Jobcentres were part of the Department for Education and Employment.

The service delivered by Jobcentre Plus across Great Britain is based on standard procedures and Standard Operating Models. However, in some respects devolved skills provision provides a differing possible menu of opportunities in each country. Both Scotland and Wales have retained elements of work-based training that enable referral by Jobcentre Plus, whereas in England there have been greater changes, first to all referrals by Jobcentre Plus (to Work-Based Learning for Adults or WBLA) and subsequently such provision being transferred to the Learning and Skills Council, with fewer referrals.

Both youth and adult skills services have been devolved to each of the nations. However, in Scotland and Northern Ireland the provision differed substantially prior to devolution. Arguably, the design and provision of skills services were already devolved, but not controlled by democratically elected national bodies.

This difference in the degree of devolution between different elements of the employment and employability agenda means that there are much greater differences regarding provision in the skills and employability area than there are in the employment field, with the exception of Northern Ireland.

There are also substantial differences in the culture of evaluation between the employment and employability fields.

In the employment field, evaluation, led on a GB-level by DWP and on a Northern Ireland level by DEL, has concentrated on the effectiveness of getting people into jobs (a 'hard' outcome). Analysis has been compared to much international research on the effectiveness of 'active labour market programmes' using control groups and in some cases control areas, propensity score

matching to identify close match controls, or random assignment. These methods have also been applied to 'human capital' (i.e. skills) interventions in a welfare-to-work context. This work has produced a corpus of evidence on the impact (or otherwise) of a range of programmes with evaluations that can be compared with international best practice (not always adversely). This applied to the work led by DEL in Northern Ireland as well as DWP in Great Britain.

In the employability field, there has been a greater variety of views as to what employability means, and a lesser culture of identifying hard outcomes or using control groups to identify effectiveness. This is a problem because, where there is a crossover between the two fields, DWP evaluations of 'human capital' interventions such as Work-Based Learning for Adults in England and Wales have found relatively low levels of effectiveness for skills interventions compared with job search training interventions, and particularly so when cost-effectiveness is considered.

These DWP evaluations have been conducted using jobs as the measured outcome. Some of the evaluations of learning interventions have included as positive outcomes undertaking further learning and more qualitative assessments of whether people feel the education or training was useful.

The view taken here is that, while there may be many factors underlying employability, in the ultimate sense employability is about jobs and pay. The learning outcomes are an intermediate outcome that needed to be measured as to whether they were related to job entry, duration and pay.

Unfortunately, experience shows that programmes that are evaluated without a control group and without assessing the impact of selection effects can overstate the impact of employability interventions.

These issues apply to a large proportion of the evaluations of programmes and projects in the devolved nations, and also to evaluations of European-funded employability interventions.

2 Strategic context

Devolution was expected to impact on employment and employability by enabling local accountability and control, particularly in areas which had become run by a 'quango state'. A range of bodies ran significant aspects of the employment and training services, controlled by people appointed by the Secretaries of State for Scotland, Wales and Northern Ireland within the Westminster Government. While in the case of Scotland, the Secretaries of State represented Scottish constituencies in the Westminster Parliament in the decades before devolution, this was not the case for Wales or Northern Ireland. From 1987 onwards, the Secretary of State for Wales in the Conservative Westminster Government represented an English constituency. For Northern Ireland, the direct rule period led to no Northern Ireland MP being Secretary of State, a situation that continues to this day while significant powers are devolved to the Northern Ireland Executive.

The devolution debate

The Secretaries of State in the Westminster Government before devolution appointed people to run bodies such as Training and Enterprise Councils (TECs), which operated in Wales and England, and Local Enterprise Companies (LECs) in Scotland. These organisations funded employment training for adults and young people who could not find work. The intention was that these would be business-led, and responsiveness to local needs would be provided by appointing local business people and sometimes local council representatives to their boards. No accountability to local people was provided through this system. Other parts of the employment and enterprise infrastructure were led by the Welsh Development Agency, Scottish Enterprise and Highlands and Islands Enterprise, with appointed business and other people in leadership roles.

The lack of local accountability, with significant parts of the local infrastructure run by people appointed by Secretaries of State, contributed significantly to the groundswell of support for devolution that led up to the enactment of the devolution laws.

In this discussion we will concentrate on analysis of Scottish documents, noting where the resulting powers differed for Wales. The differences in powers over employment, employability and skills are rather less than in some other areas of the devolution settlement. While the powers devolved to Wales are in general rather less than those devolved to Scotland, in the employment and employability area the differences are less material.

The final report of the Scottish Constitutional Convention, Scotland's Parliament, Scotland's Right, published in 1995, provided a blueprint agreed by several major political parties and wide sections of civil society for devolution. The Scottish National Party and the Conservative Party (for different reasons) did not participate. The Convention report heavily influenced the devolution proposals as implemented in Scotland and also those implemented in Wales, although Wales did not get a tax-raising power or certain legislative rights that were devolved in Scotland.

Scotland's Parliament, Scotland's Right stated that:

It will be the Scottish parliament's responsibility to channel the energies and the knowledge of the people of Scotland into creating an economy of efficient, competitive companies providing worthwhile jobs ... It will be able to judge and reflect Scotland's priorities with regard to improving health or housing or community care or education ... Within the UK framework of benefits and allowances, Scotland's parliament will co-operate with the Scottish offices of the Department of Social Security and with other agencies in the field to

ensure that benefits are administered in a way sensitive to Scotland's needs. This role, coupled with direct responsibility for community care, health and social work, will give the parliament a powerful capability to plan strategically all welfare service provision in Scotland ... The parliament will also have responsibility for investing in research, and in training and retraining programmes, and for setting up accountable systems to direct this investment. The Convention regards education as a process to which all the people of Scotland have the right of access throughout their lives. It is therefore essential that Scotland's parliament has responsibility for the full scope of educational provision and thus the power to restore the unique Scottish education system to its position as a world leader.

The report clearly considered that Scots should continue to be entitled to social security benefits defined UK-wide, with the UK continuing to be responsible, rather than, say, the Northern Ireland system where benefits are nominally locally determined but in practice are determined by the Westminster legislature. The role of the Employment Service (the predecessor of Jobcentre Plus) is by implication included under the 'other agencies in the field' as administering Unemployment Benefit (re-labelled Jobseeker's Allowance at about the same time as the Scottish Constitutional Convention was sitting).

At the time the plans for devolution were being laid, employment and employability support was divided. Training programmes were delivered by LECs in Scotland and TECs in Wales and were included in the subjects to be devolved. Employment programmes such as Project Work were contracted by the Employment Service, on a GB basis. Project Work had been planned to be rolled out nationally over the course of 1997, and involved mandatory work experience for the long-term unemployed, presented by ministers as a means of weeding out those unwilling to look for work. It was clearly understood by the promoters of devolution that any government that would enact devolution would also terminate Project Work. Whether an employment programme would replace this on a GB basis was less clear.

In the event, New Deal was planned on a UK basis and implemented on a GB and Northern Ireland basis. The incoming Labour administration wished to enable all long-term unemployed young people in the UK to benefit from New Deal, and the manifesto pledge was UK-wide.

The administration of New Deal was in the hands of the Employment Service in Great Britain and the Training and Employment Agency in Northern Ireland. New Deal for Young People (at first, the more intensive of the New Deal programmes for Jobseeker's Allowance claimants) included at the start a requirement for training in all its four options, one day per week for the employment option (subsidised employment) and similarly for the two work experience options. The full-time education and training option was full-time for up to a year.

A crucial decision was for the Employment Service to carry out the contracting for the training elements, rather than the pre-existing TEC and LEC infrastructure. Some TECs and LECs succeeded in becoming lead contractors for options within their areas, but they were in competition with FE colleges and with a number of private and voluntary sector contractors who also bid for lead contractor status.

If the contracting for training elements of the New Deal had been handled by the TECs and LECs, then it would have been devolved when the TEC and (control of the) LEC infrastructure was devolved. If this had happened, the New Deal programmes would have had a much stronger accountability to the devolved governments than eventually happened.

The decision as to why the New Deal contracting was handled by the Employment Service seems to have been unrelated to devolution. It related more to similar attitudes as held in Scotland and Wales to the 'quango state' in relation to the performance of TECs in high unemployment areas in England, i.e. the administration of substantial parts of the welfare state by bodies that were not accountable to elected local or national representatives. The Employment Service as subject to the direction of ministers did not have this drawback.

In the historical context, therefore, when the plans for devolution were being drawn up, it

seems as though a greater level of devolution than eventually emerged was envisaged. The reasons why this did not emerge in practice seem to have been a combination of factors that do not seem to have been consciously planned in relation to the issue of devolution.

For Wales, prior to devolution, responsibility for administration of the TECs had been delegated to the Welsh Office and therefore passed to the Welsh Assembly Government.

For Northern Ireland, all relevant powers were locally administered by the Northern Ireland Office. Employment programmes in operation in Northern Ireland were different from those in Great Britain and resembled those in operation over a decade previously in Great Britain, with one of the main programmes being Action for Community Employment, a parallel programme to the earlier Community Programme in Great Britain. There were also parallels to programmes in operation in the Republic of Ireland. The implementation of New Deal in Northern Ireland was the innovation of applying a UK programme. The detail of implementation was, however, local, and differed in several respects from the GB version.

A major difference between Northern Ireland and Great Britain has been that the underlying benefits and sanctions administration was unified in Great Britain under the Employment Service and later Jobcentre Plus. The Northern Ireland administration remains separated into two departments, the Department for Social Development (DSD) handling benefits and the Department for Employment and Learning handling employment, though with a departmental focus on learning and skills. Local offices are staffed jointly by DEL and DSD staff in much the same way as early Jobcentres in Great Britain had Employment Service and Benefits Agency staff working side by side.

Current understanding of the differing contributions of employment and skills provision to job entry and sustainability

There has been a considerable amount of research over the period since devolution was being considered in the 1995/6 time frame on the relative contributions to job entry of employment programmes and skills development. The then DfES and DWP published a joint report in 2007 summarising the state of knowledge up to then.

This report, DfES and DWP: *A Shared Evidence Base: The Role of Skills in the Labour Market* (DfES and DWP, 2007), was a contribution to the Leitch Review (HM Treasury, 2006) of Skills. The Executive Summary commented:

Employment focused programmes have generally had more impact on initial employment chances for the low skilled, and are typically more cost-effective than education focused programmes. However, the jobs low-skilled people enter (either through employment or education focused programmes) are typically low-paid and provide few prospects for progression and training.

More recent research than that summarised by the DfES/DWP report has generally produced results that are similar (see, for example, the work of Michael Lechner on European examples; Lechner 1999, 2004, 2009).

While the early work in this pattern was being published in the USA when devolution was under consideration, earlier views emphasised the importance of human capital development in improving employability. This was consistent with the theory of 'post neo-classical endogenous growth theory' that was famously endorsed by Gordon Brown, and followed from earlier analysis of education-led employment progress in Ireland.

The intellectual climate has thus changed, following research evidence, away from an emphasis on the elements of the employability agenda that were devolved towards those that were not devolved.

The current strategic context

As stated in the Introduction, employment and employability policy is only partially devolved (to varying degrees across the three nations) while education and learning is more fully devolved. Consequently, many of the strategies and initiatives with intended or potential impact on employability introduced by the devolved administrations have a skills focus. This is apparent in the following review of relevant devolved administration strategies and in the subsequent review of initiatives. While skills is a core focus in all three devolved nations, there is also a significant degree of devolved administration action around employment and employability in Scotland and Northern Ireland, but less so in Wales. Of the three devolved nations, Scotland has had the most explicit and rounded strategic approach to tackling poverty: primarily set out in the Closing the Opportunity Gap strategy, the related employability framework and NEET (not in education, employment or training) strategy, and now the new framework for tackling poverty, inequality and deprivation.

The current strategic context regarding skills in Scotland is informed by the new approach to skill development set out in the 2007 skills strategy and government budget in which priority was given to developing learning support and opportunities for low-paid/low-skilled workers working towards a more effective mix of vocational skills and working with employers to meet their skill needs. The new skills strategy for Scotland is not as structured around the Leitch Review as the strategy in England, but adopts similar aspirations while emphasising the importance of utilising skills effectively.

The strategy in Wales also adopts similar principles and aims to Leitch. As with the strategy in Scotland it places great emphasis on strengthening employer involvement, influence and investment and on a more integrated approach to skills and employment policy through: improving information advice and guidance to employers and individuals; focusing funding on the skills most needed by employers; ensuring vocational qualifications better meet the needs of learners

and employers; and revising the quality assurance framework and expanding the Workforce Development Programme and apprenticeships.

Northern Ireland had already set out on a similar path to the one advocated by Leitch and prior to the Leitch report had moved towards a more demand-led system.

While there may be differences in emphasis across the skills strategies of England, Northern Ireland, Scotland and Wales, particularly in the detail of the policies they adopt and the delivery organisations and mechanisms, there are key similarities, for instance in terms of the step change in investment and the greater emphasis on employers as the locus for demand within a set of shared responsibilities between individuals, employers and the state.

Northern Ireland

The Department for Employment and Learning has developed a strategy to support the vision and priorities for education and skills in the Northern Ireland Executive's Programme for Government:

- providing high quality education for all, with equal access for all;
- ensuring that all our young people have the skills and qualifications to gain employment in a modern economy;
- enabling people to update their knowledge, skills and qualifications;
- assisting and supporting all those in the education system, including the socially excluded, to enable them to enter or return to the workforce, or to improve their quality of life. (DEL, 2002)

The *Essential Skills for Living Strategy*, published in 2002, sets out key strands containing DEL actions:

- strong leadership at all levels to deliver the strategy;

- a structured and coherent framework which is based on common standards, a common curriculum and robust assessment and accreditation procedures;
- quality in all aspects of provision which is key to the success of the strategy and which in practice will be monitored and evaluated;
- a diverse range of provision which is key to building capacity and which must be flexible and creative to suit the needs of the learner;
- a comprehensive promotional campaign which is essential to increasing awareness and driving up demand among adults for Essential Skills (DEL, 2002).

A skills strategy, *Success Through Skills* (DEL, 2006), was published in draft form for consultation in 2004 and launched in 2006. It defined three different types of skills:

- the essential skills of literacy and numeracy and, increasingly, information and communications technology (ICT);
- employability skills, including the key skills of teamworking, problem-solving and flexibility;
- work-based skills, specific to a particular occupation or sector.

It highlighted the need to focus on:

- raising the skills of the current workforce;
- enhancing the 'knowledge base' of those entering the workforce;
- addressing the employability skills of those not in employment.

Key programmes to improve the skills levels include the Essential Skills Programme; development of an independent all-age Careers Education, Information, Advice and Guidance (EIAG) strategy; and an increase in the number of apprenticeships and introduction of all-age

apprenticeships. Key actions set out to improve the quality and relevance of education and training include implementation of the Further Education Means Business strategy and reform of vocational qualifications (DEL, 2006).

These are set to be developed and expanded through new proposals contained in the 2009 DEL and the Department for Education joint strategy for careers education, information, advice and guidance (DEL and DE, 2009).

Scotland

Until it was recently replaced (see below), the strategic driver behind tackling poverty and promoting social inclusion in post-devolution Scotland was the Closing the Opportunity Gap (CtOG) strategy, adopted by the Scottish Executive in 2004. CtOG had the three basic aims of preventing poverty, providing routes out of poverty, and sustaining poverty-free lives. The six CtOG objectives were:

- to increase the chances of sustained employment for vulnerable and disadvantaged groups – in order to lift them permanently out of poverty;
- to improve the confidence and skills of the most disadvantaged children and young people – in order to provide them with the greatest chance of avoiding poverty when they leave school;
- to reduce the vulnerability of low-income families to financial exclusion and multiple debts – in order to prevent them becoming over-indebted and/or to lift them out of poverty;
- to regenerate the most disadvantaged neighbourhoods – in order that people living there can take advantage of job opportunities and improve their quality of life;
- to increase the rate of improvement of the health status of people living in the most deprived communities – in order to improve their quality of life, including their employability prospects;

- to improve access to high quality services for the most disadvantaged groups and individuals in rural communities – in order to improve their quality of life and enhance their access to opportunity.

In 2006, two key further strategies were launched under the Closing the Opportunity Gap approach: an employability framework (Scottish Executive, 2006a) and a strategy to reduce the proportion of young people not in education, employment or training (NEET) (Scottish Executive, 2006b). These were underpinned by the same aim and underlying principles: ‘entering the labour market as a realistic option for those who are currently furthest away from it through appropriately designed support and opportunities’ (Scottish Executive, 2006b, p.1).

Workforce Plus, the employability framework, stated a target of helping 66,000 individuals, in seven local government areas, to move from benefits to work. The framework set out six themes for transforming performance:

- early interventions;
- client-focused interventions;
- employer engagement;
- sustaining and progressing employment;
- joined-up planning and delivery of services;
- better outcomes.

The framework asserted a key role for local employment partnerships. It announced the establishment of focused local Workforce Plus partnerships and formation of a National Workforce Plus Partnership to provide leadership, strategic direction and support for the local partnerships.

The NEET reduction strategy (Scottish Executive, 2006b), published alongside Workforce Plus, established an objective to eradicate the problem of NEET throughout Scotland. The strategy seeks to ensure that all policies and programmes aimed at people or people at risk of

becoming NEET (e.g., health, housing, social care) have an employability focus.

Key areas of activity included:

- pre-16 (opportunities for young people of school age) – including developing employability;
- post-16 (post-compulsory education and training) – clear commitment on employment and learning options; expanding choice and improving quality of education and learning focusing on sustainable outcomes and progression;
- financial incentives (education, employment and training as viable options) – testing new financial incentives in order to remove financial barriers in progressing towards the labour market.

The first post-devolution skills strategy in Scotland was the Lifelong Learning strategy (Scottish Executive, 2003). It set out goals around increasing participation in learning; ensuring effective utilisation of skills; improving information, guidance and support to support effective learning decisions and transitions; and equality of opportunity in learning.

Key actions included:

- introducing Education Maintenance Allowances (EMAs) across Scotland;
- supporting Community Learning and Development Partnerships, linking learning to community regeneration in Scotland’s Social Inclusion Partnerships (SIPs) and elsewhere;
- launching a new scheme of Individual Learning Accounts during the year 2003/4 to widen participation in adult learning and encourage learner ownership;
- re-engineering work-based training for young people (Skillseekers), introducing pre-apprenticeships to link with vocational learning in schools;

- redesigning the Training for Work initiative to improve its effectiveness and flexibility in enabling jobless adults to enter sustained employment and to articulate better with other interventions available, including UK welfare-to-work programmes;
- expanding the Scottish Union Learning Fund scheme to further build trade union capacity to promote lifelong learning in the workplace;
- resourcing the development and implementation of the Scottish Credit and Qualifications Framework.
- individual development – aligning employment and skills; balancing needs of employers and individuals; equal access and participation in skills and learning;
- economic pull – stimulating increased demand for skills from employers; improving the utilisation of skills in the workplace; challenging employers, learning providers, awarding bodies and others to use the Scottish Credit and Qualifications Framework (SCQF) as a tool to support learning;
- cohesive structures – simplifying structures to make access easier; ensuring that Curriculum for Excellence provides necessary vocational learning and the employability skills.

This was supplemented by Determined to Succeed – a strategy for enterprise in education, which sought to increase the enterprise and vocational focus of learning for young people. Its four themes were: enterprising teaching and learning; entrepreneurial activities; work-based vocational learning; and appropriately focused career education (Scottish Executive, 2006d).

Since the advent of a new SNP-led Scottish Government administration in 2007, some of these strategies have been replaced. The CtOG approach was replaced in late 2008 by the new Scottish Government’s framework on tackling poverty, inequality and deprivation (Scottish Government, 2008a). The new framework seeks to build on action taken under CtOG, setting out further priorities for action and investment to deliver improvement across four main areas:

- reducing income inequalities;
- introducing longer-term measures to tackle poverty and the drivers of low income;
- supporting those experiencing poverty or at risk of falling into poverty;
- making the tax credits and benefits system work better for Scotland.

The new Scottish Government produced a new skills strategy for Scotland in autumn 2007 (Scottish Government, 2007a). The strategy focuses on:

- individual development – aligning employment and skills; balancing needs of employers and individuals; equal access and participation in skills and learning;
- economic pull – stimulating increased demand for skills from employers; improving the utilisation of skills in the workplace; challenging employers, learning providers, awarding bodies and others to use the Scottish Credit and Qualifications Framework (SCQF) as a tool to support learning;
- cohesive structures – simplifying structures to make access easier; ensuring that Curriculum for Excellence provides necessary vocational learning and the employability skills.

Wales

The Welsh National Assembly document The Learning Country (National Assembly for Wales, 2001) provided the first post-devolution comprehensive strategic statement on education and lifelong learning in Wales. It includes commitments to:

- transform provision for 14 to 19 year olds – including breaking barriers between vocational and academic pathways and between schools and employers;
- ensure that better services for young people develop coherently under the Extending Entitlement banner (see below);
- ensure high quality careers information, advice and guidance is accessible to all;
- promote greater access to lifelong learning post-16, notably through further education including a credit-based qualification and transfer framework and new measures of financial support to students, apprentices and trainees;
- tackle skills deficits through engaging businesses in learning provision for their workforce.

The Extending Entitlement strategy (National Assembly for Wales, 2000) set out measures to extend entitlement to young people in Wales to a range of services, activities and support including:

- education, training and work experience, tailored to need;
- independent, specialist careers advice and guidance and student support and counselling services.

The strategy did not propose new structures but rather recommended ways to improve the support provided by existing services and co-ordination at National Assembly and at local level.

Wales: A Better Country (Welsh Assembly Government, 2003), the strategic agenda of the Welsh Assembly Government, stated a number of key commitments designed to address fundamental and connected issues around health, communities, skills and jobs, including:

- establishing an Individual Learning Account for Wales (launched in 2003);
- reforming the 14–19 age range curriculum, extending education at school into lifelong learning as an adult;
- eliminating the basic skills gap.

Skills and Employment Action Plan for Wales 2005 (Welsh Assembly Government, 2005) sought to build on Wales: A Better Country and the previous action plan in 2002, supporting four main strands:

- improving the mechanisms of workforce development;
- supplying new entrants to the labour market with the skills needed for employment;
- working with employers and employees to improve skills;
- helping more people into sustained employment.

The latest Skills and Employment Action Plan was published in 2008 (Welsh Assembly Government, 2008a). The strategy provides a response to the Leitch Review of Skills in the UK. It sets out objectives and measures around:

- new approaches to funding;
- a more demand-responsive skills and business support service;
- integrated skills and employment services delivered through partnership between the Assembly Government and Department of Work and Pensions;
- the transformation of the learning network.

The Welsh Assembly Government has followed the devolved administration in Scotland in developing a strategy to reduce the number of young people not in education, employment or training. The strategy and action plan for reducing the proportion of young people NEET was published in 2009. Addressing this issue has now been recognised as potentially making a key contribution to raising economic activity rates and skills levels and to cross-cutting efforts to achieve social justice in Wales, as defined in the priorities set out in the various strategy documents.

3 Employment patterns since devolution – national and regional comparisons

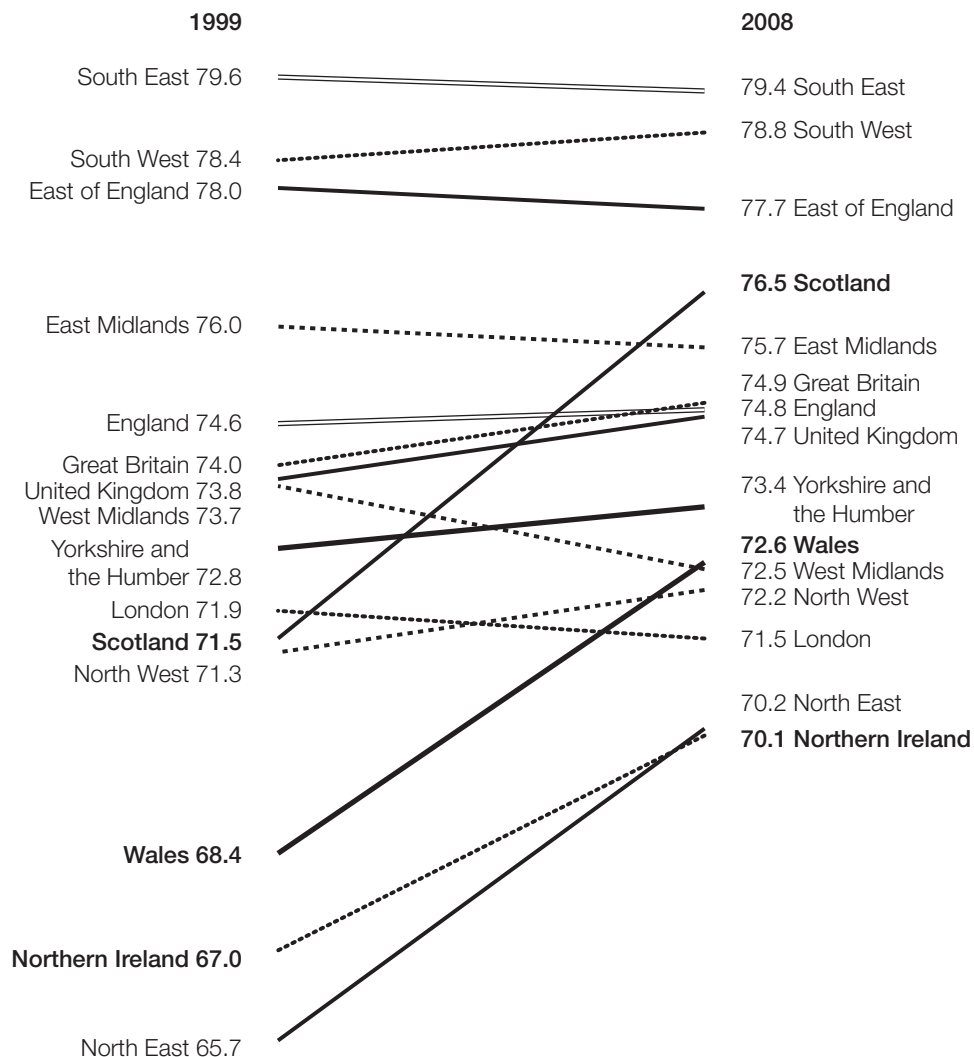
Overall employment rates

The employment rates in the three devolved nations have risen substantially faster since 1999 than in the rest of the UK. These are the working-age employment rates: that is, the proportions of the working-age population who are in employment (of any sort above one hour a week). Figure 1 shows the employment rates in each region or nation in the second quarter of 1999 and the same period in 2008. Each nation or region is shown, with a line linking their position in 1999

with the 2008 position. The numbers next to the nation or region name are the employment rate. The devolved nations are shown with a heavy line and bold text, and the North of England regions are shown with a broken heavy line and underlined text.

The fastest rises in the employment rate are in the three devolved nations and in the North East of England. The other two regions in the North of England also showed rises in the employment rate, but at a slower pace. Outside these regions, the only region showing an overall rise in the

Figure 1: Employment rate changes, 1999–2008



employment rate was the South West. The combined areas of Great Britain and the United Kingdom show a substantial rise, which is much larger than that for England. A conclusion that much of the growth in the overall UK employment rate was due to growth in the devolved nations, and to a lesser extent in the North of England, seems unescapable.

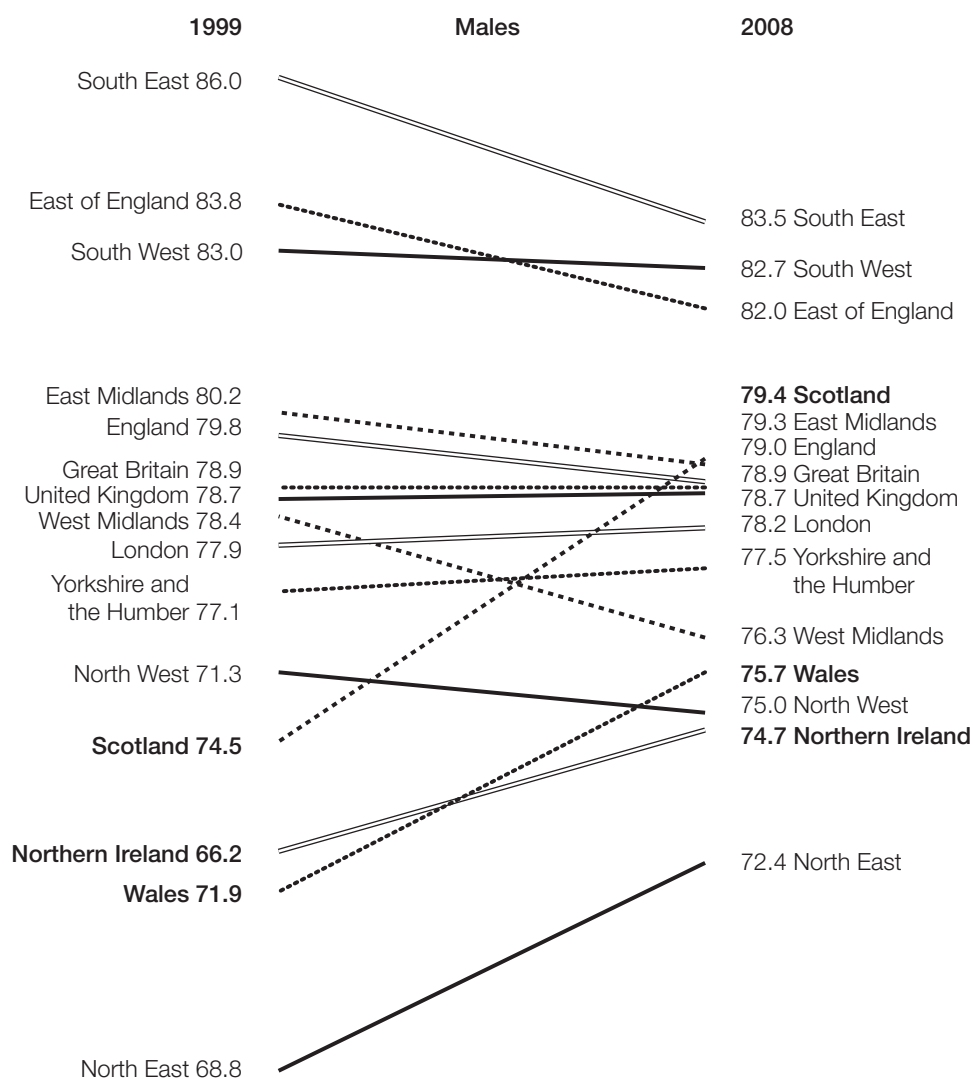
The further point that is apparent is that the employment rates for Wales and Northern Ireland (and the three North of England regions) were among the lowest in 1999 and remain there in 2008. The gaps have closed to some extent, but have not been eliminated. Scotland was closer to the UK average in 1999, and the largest improvement in the employment rate of all regions has moved Scotland to a position behind only the regions in the South and East of England.

Employment rates – men

Male working-age employment rates had, on a UK basis, been in long-term decline since peaking in the 1970s at well over 90 per cent (for men aged 16–64). The reasons for the fall in male employment rates include the reductions in heavy manufacturing, trends towards earlier retirement that were exacerbated in the recessions of the 1980s and 1990s, and growth in educational participation among the young that followed the collapse of the youth (male) labour market in the late 1970s.

Figure 2 shows, on a similar basis to Figure 1, changes in male employment rates by region between 1999 and 2008. Overall, the Great Britain male employment rate was the same in both years while the UK male employment rate was slightly up. The only English region outside the North to show a rise in the male employment rate was London, while the South East and East showed

Figure 2: Male employment rate changes, 1999–2008



sharp declines. The three devolved nations all increased the male employment rate, as did the North East and Yorkshire and the Humber (in the latter case, slightly). The North West showed a fall in the male employment rate.

Despite this pattern of regional convergence since 1999, the devolved nations (with the exception of Scotland) and the North of England remain with the lowest employment rates in the UK for males. Scotland had the largest increase in the employment rate for men of all the nations and regions, and (as of the second quarter of 2008) had an employment rate for men only behind the regions in the South and East of England.

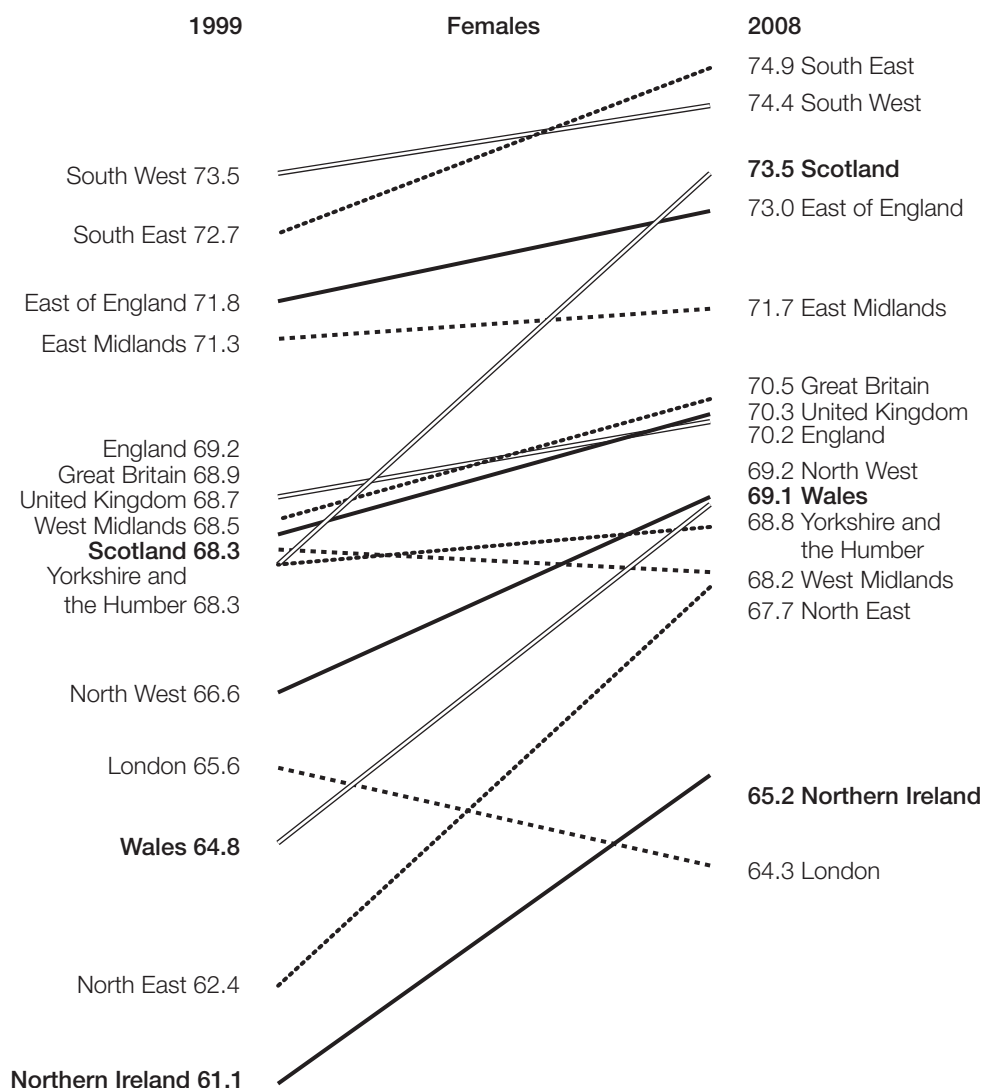
Employment rates – women

Figure 3 shows similar information for women. The long-term trends for women have been for increasing employment rates since the 1970s, which

are reflected in the 1999–2008 figures. However, within the broad trend towards higher employment rates for women, the devolved nations and the North of England have shown the sharpest increases. Only two regions have shown falls in female employment rates, the West Midlands, where there was a very sharp decline for men also, and London.

Apart from London and the West Midlands and Scotland, the devolved nations and the North continue to have the lowest employment rates for women. There has, therefore, been convergence and some change to rankings, but overall the devolved nations and the North remain below average for female employment rates. The exception is Scotland, where a similar increase in the female employment rate to the North East of England, 5.2 percentage points, has led to a female employment rate that was, in the second quarter of 2008, not far behind that for the South East and South West of England.

Figure 3: Female employment rate changes, 1999–2008



4 Labour market trends for Scotland

Employment rates in Scotland and the North of England

Over the period since devolution, the employment rate in Scotland has risen substantially faster than in the North of England – see Figure 4. The recent falls have left the employment rate in Scotland 4.1 percentage points above that in the North of England, from a starting point of being 0.9 percentage points higher at the start of 1999 (see Figure 4).

However, the numbers employed have followed a much more similar pattern to the North of England with a smaller evidence of improvement relative to the North of England than for the employment rate. The reason for the difference is that the trends in the working-age population have shown faster rises in the North of England than in Scotland. In order to show the trends, we have used an index, with September–November 2006 set as 100. The choice of start date is arbitrary.

According to mid-year estimates, the population aged 15–64 rose 3.1 per cent in Scotland between 1999 and 2007, whereas in the North of England the population rose 5.1 per cent over the same period. The population growth in Wales, the South East of England and the North of England is closely similar over this period, while in Scotland it is lower and in the South West of England it is higher.

Employment changes in Scotland and the North of England

Employment numbers followed very similar paths for the North of England and Scotland up to late 2006, with some evidence of Scotland dropping behind the North of England. In 2007, Scottish employment rose above the pattern for the North of England, followed by a period of stability up to more recent falls (see Figure 5 which is up to September–November 2008, so does not include later events).

Figure 4: Employment rate changes, 1999-2008, North of England and Scotland

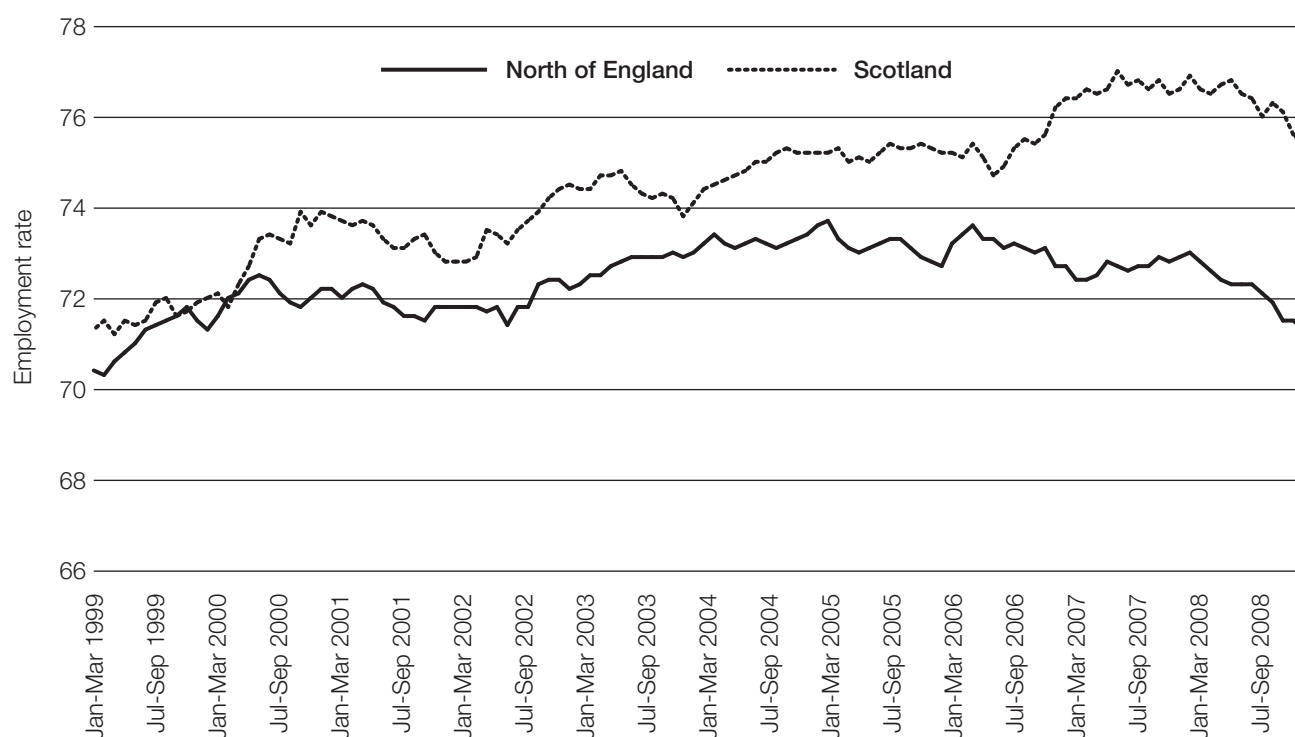
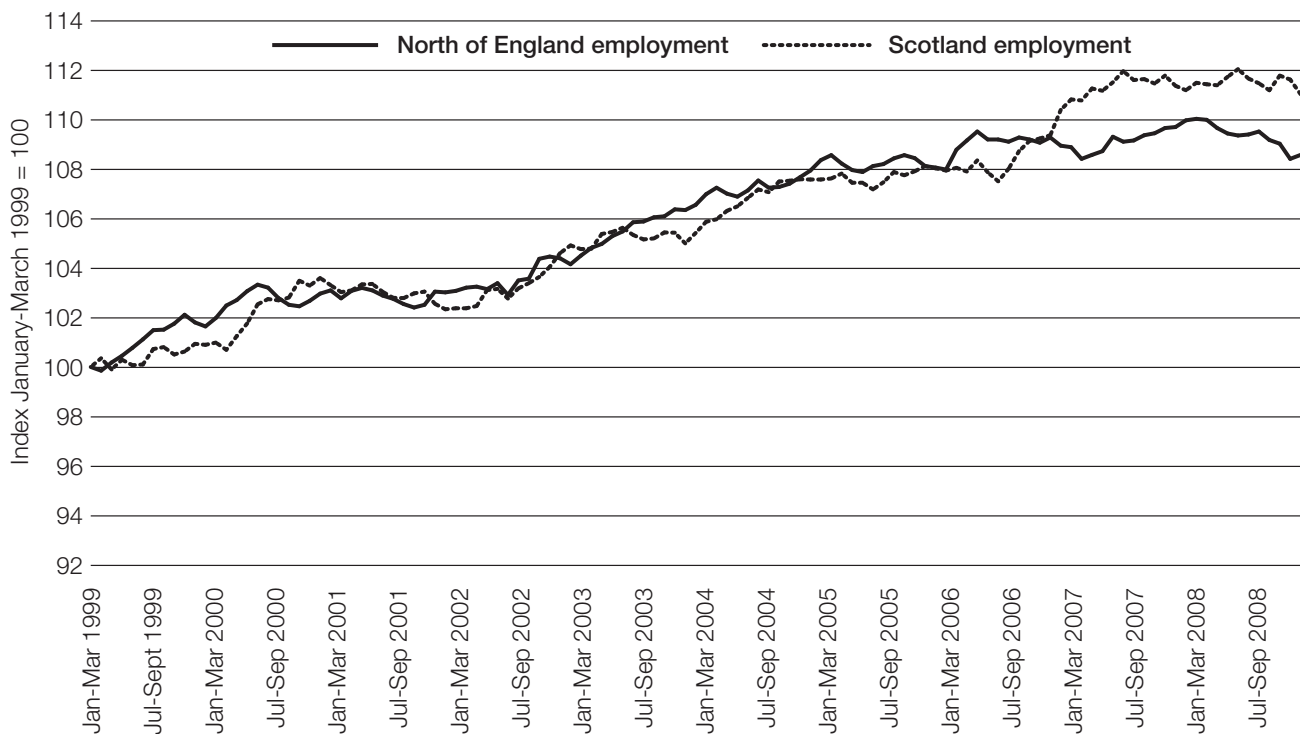


Figure 5: Employment index (Nov 2006 = 100), 1999-2008, North of England and Scotland



Trends in claims for workless benefits in Scotland and the North of England

These trends in employment and in the employment rate have been reflected in trends in people claiming DWP workless benefits. Up to August 2008 (the latest date we have figures for all benefits) there had been a fall of 3.6 percentage points in the proportion of the Scottish population claiming workless benefits since August 2000 – see Figure 6. The fall was spread across the major benefit groups, with Jobseeker’s Allowance claimants down 1.2 percentage points of the population, incapacity benefits (including Income Support on grounds of incapacity) down 1.5 percentage points, and lone-parent benefits down 0.8 percentage points.

These trends have been very similar to those for the North of England, which started with very much the same proportions of the working-age population claiming benefits.

The largest single group of workless benefit claimants in Scotland continue to be incapacity

benefits (IB) claimants. The rise in this group flattened off and numbers started to fall earlier than in the UK as a whole. In Scotland, the number of incapacity benefits claimants peaked in February 2001, while in Great Britain the peak was November 2003. The different population trends mean that the falls in benefit claim rates started at a similar time in winter 2002/3.

In August 2008, the proportion of the population claiming incapacity benefits was 0.4 percentage points above that in the North of England, as it had been in November 1999 – see Figure 7. Over the period since 1999, the IB rate has been consistently marginally higher in Scotland than in the North of England, but the difference averaged 0.47 percentage points, with a standard deviation of 0.07.

Unemployment in Scotland and the North of England

Unemployment has fallen on the international standard measure consistently over the period from 1997 to spring 2008. Since then there has

Figure 6: Claimants on workless benefits as a proportion of population, 1999-2008, North of England and Scotland

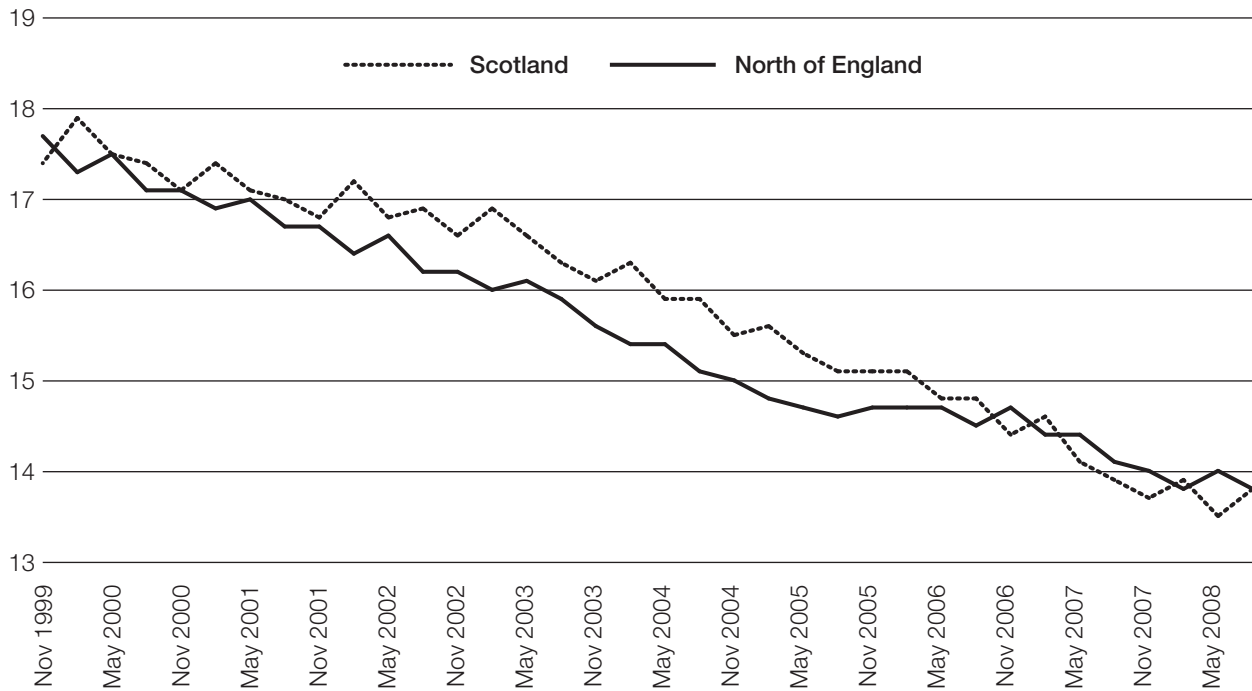
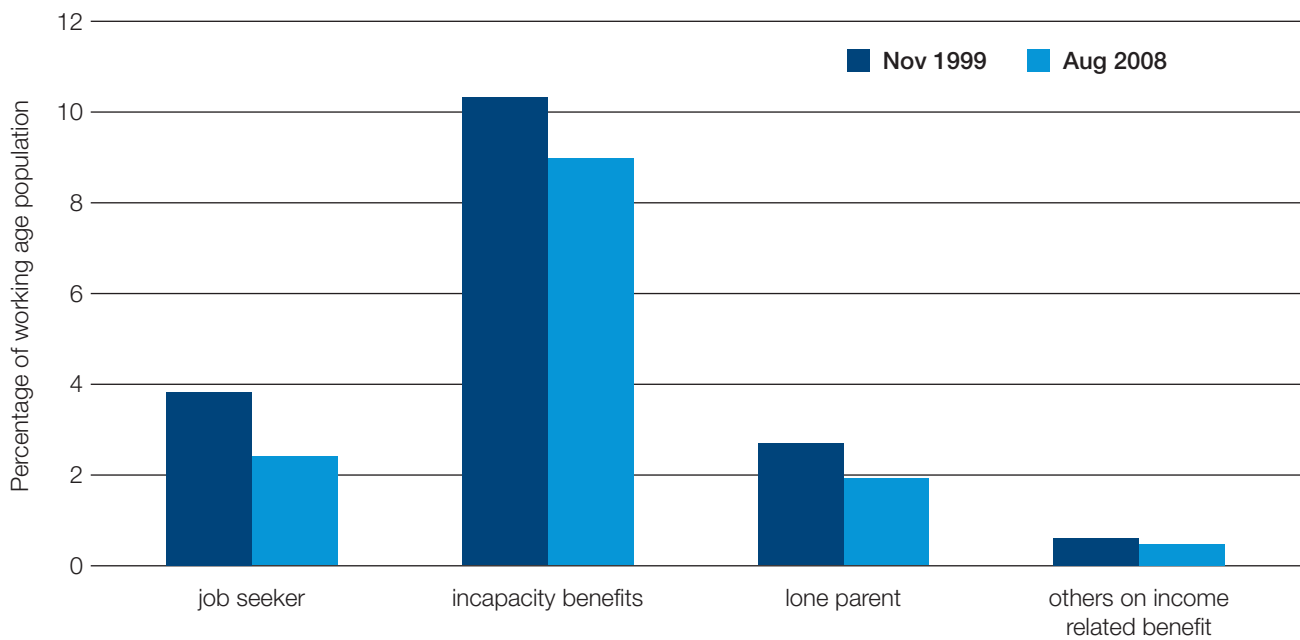


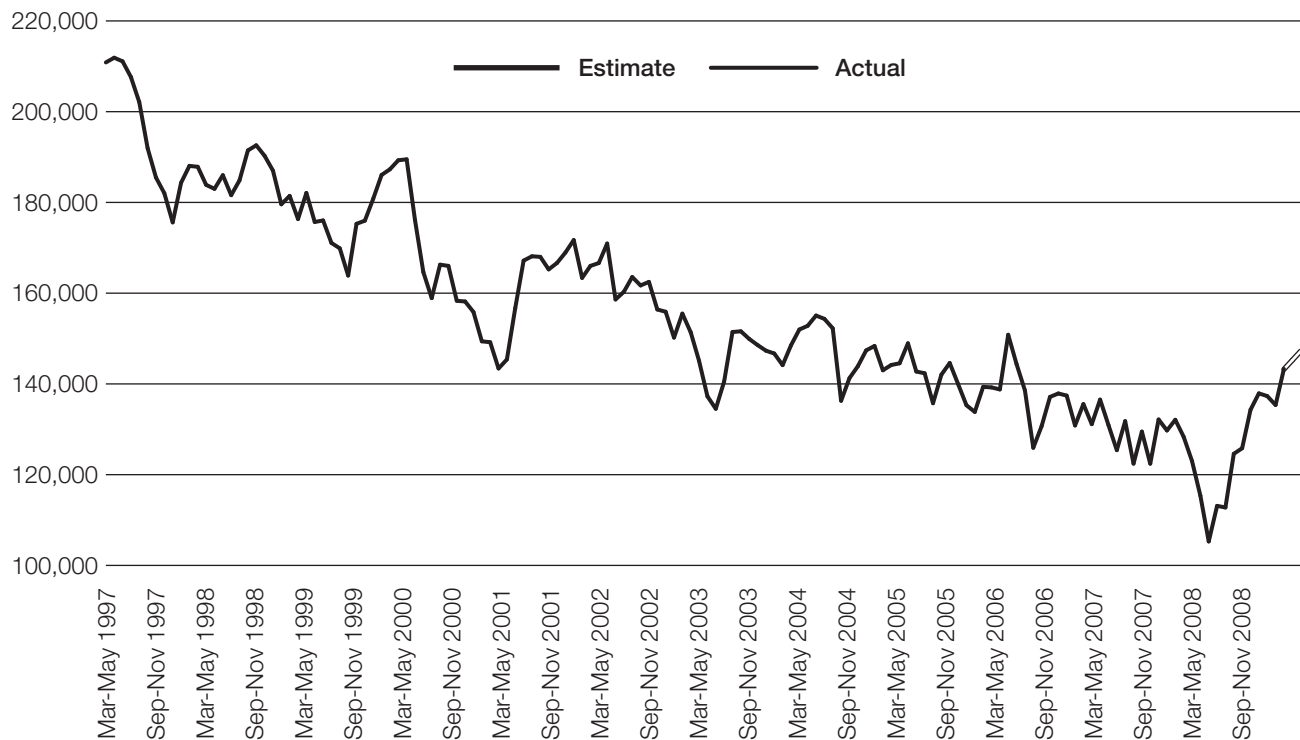
Figure 7: Jobcentre Plus customers, 1999 and 2008, Scotland



been a sharp rise in ILO (International Labour Organisation) unemployment – see Figure 8. We have projected forward the ILO unemployment measure using the claimant count measure,

which is available for more recent dates. This shows continuing sharp rises, but as yet unemployment has not risen above the numbers recorded in 2004.

Figure 8: ILO unemployment, Scotland



Claimants of Jobseeker's Allowance in Scotland and the North of England

The JSA claimant count shows a sharper rise over the course of 2008, but over the preceding period has shown declines, although in a series of phases separated by periods of lower falls. There was a fall in 2007, followed by a period of slower decline in 1998 and 1999. Following 1999, there was a further period of rapid falls through to May 2001. After this, there was another period of stability through to May 2004, when there was a further fall, followed by a small rise in 2006 and then further falls through to February 2008. After this point, the current sharp rise in JSA claimants began.

We have shown these patterns for comparison with the North of England pattern, taking December 2006 as 100 as an index – see Figure 9. Scotland had a faster fall through to December 2006 than the North of England, and had a very much smaller rise in JSA claimant unemployment in 2005/6. The fall from this point to early spring 2008 was again greater in Scotland than in the North of England, resulting in the recent rise starting from a lower base.

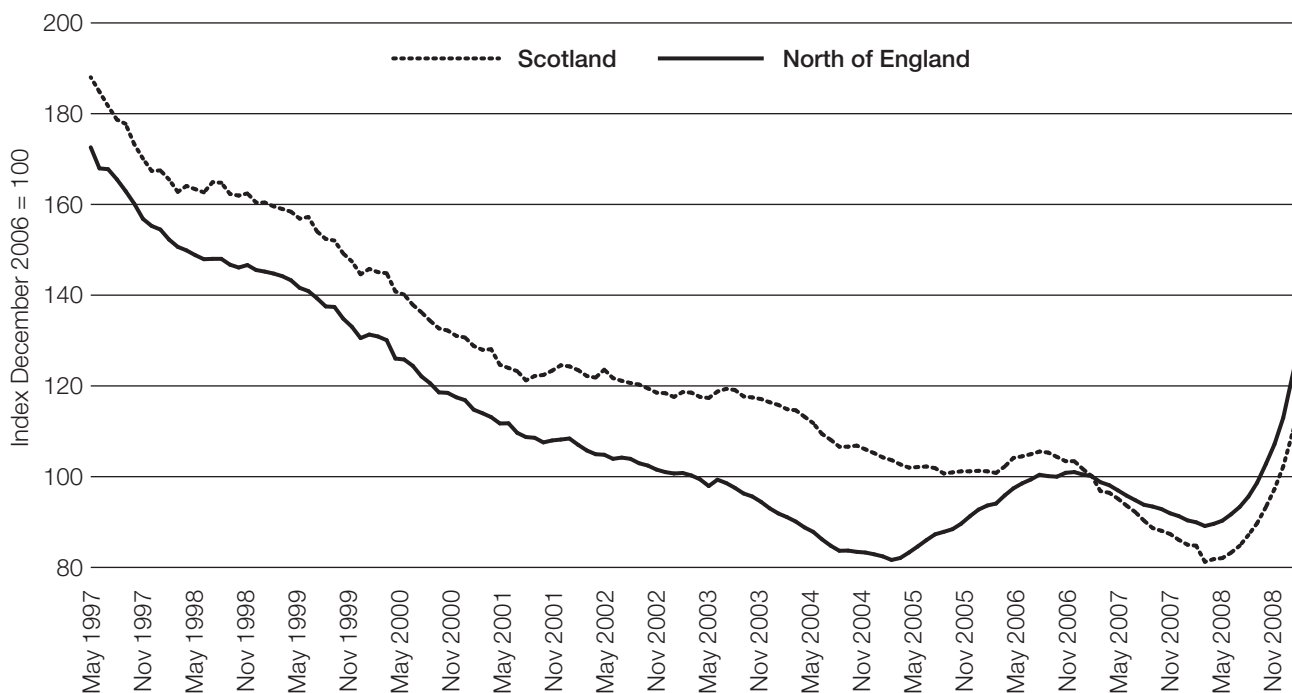
The phasing of the falls and periods of stability in the JSA claimant count shows that the claimant count fell faster in the UK than in Scotland in the period to June 1999, then trends were similar over the period to early 2002, followed by a marked closing of the gap in the claimant count over the subsequent period.

JSA claimants: rates of becoming long-term unemployed

The following discussion is based on an analysis of unemployed JSA recipients remaining through quarterly duration thresholds. The method is derived from work by Ray Thomas of the Open University and is based on calculating the number of claimants in a quarterly duration group as a proportion of those in the preceding quarterly duration group three months previously. The people in the numerator must therefore have been in the denominator three months previously, along with others who have left JSA.

The overall pattern for Scotland is shown below, followed by a series of figures comparing Scotland with the North of England for each duration group (Figures 10 to 15). The important finding, using this method, is that overall economic

Figure 9: JSA claimant count index (December 2006 = 100), North of England and Scotland



changes tend to produce coincident movements across duration groups, while programme effects, such as those from programmes aimed at people who have been on JSA for a particular period, have differential effects.¹ The larger than average fall in the proportions remaining on JSA from the 6–9 month period to 9–12 months between May 1998 and May 2000 can be attributed to the effects of New Deal for Young People, where participants who did not find work in the Gateway were required to leave JSA to participate in one of four ‘options’. This took place after ten months of a claim, subject to administrative variations. This is an example of a differential effect, visible in Figure 10, that can be attributed to a programme. The effect in this case combines administrative effects (people leaving the count to options) with changes to moves into work. These different effects have been the subject of a series of reports on the New Deal programmes.

A simple seasonal adjustment method has been used to remove much of the seasonal variation, but this is not of the level of sophistication of ONS (Office for National Statistics) seasonal adjustment.

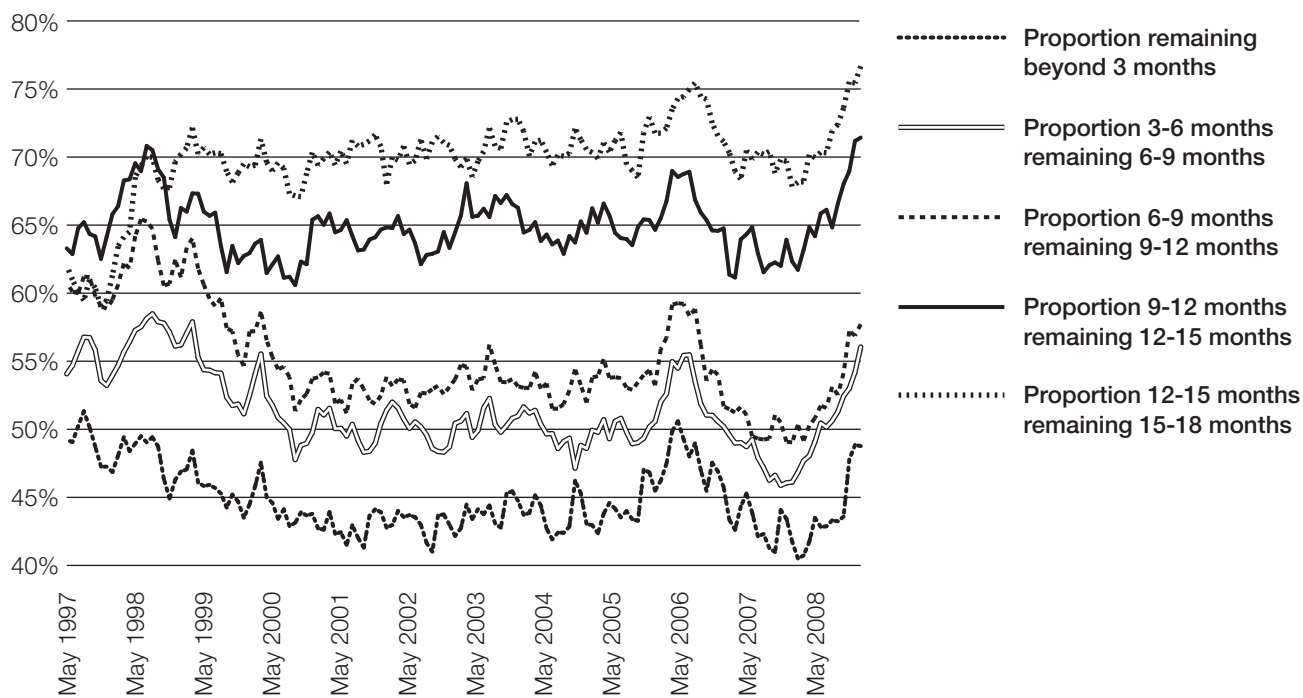
For the shortest three duration groups it is apparent that the rates of remaining on JSA in 2007/8, before the recent rise, were the lowest

over the whole period shown. When the same analysis is done since the earliest possible date (November 1985) the same conclusions apply.

The patterns for these flow rates show some differences by duration – mostly that the changes have had much greater effects on those who have not yet become long-term unemployed – but also some general similarities, with particular evident programme effects such as that of New Deal for Young People in 1998/9.

The rise in flows through to longer durations in 2005/6 is less easy to explain. What is easier to explain is the following decline in staying on JSA, for all duration groups. The rise in the JSA claimant count towards one million in the 2005/6 period produced a searching investigation by DWP, and resulted in a ‘relaunch’ of the JSA regime. It was found that the administration of the JSA regime, requiring evidence of jobsearch ‘steps’ each fortnight and regular review of compliance with Jobseeker’s Agreements, had become less stringent over the years. From April 2006, the requirements were checked more thoroughly and regularly. The fall in numbers claiming was also associated with increases in the numbers of JSA claimants disallowed benefit for failing to look for work and sanctions for breaches of the JSA regime. This more rigorous

Figure 10: JSA claimants staying through each three-month threshold (seasonally adjusted), Scotland



implementation of the regime resulted in falling total JSA numbers and in the numbers and proportions becoming longer-term claimants. As to what had caused the earlier rise in durations, it is unlikely that there had been a single-year collapse in the enforcement of the JSA regime, rather a slower decay as culture change initiatives designed to allow Jobcentre staff to help ‘customers’ rather than enforce rules became the norm. There was, however, at this period a programme of headcount reductions across Jobcentre Plus, and some industrial action. This may have impacted on the services provided and the degree of jobsearch monitoring carried out.

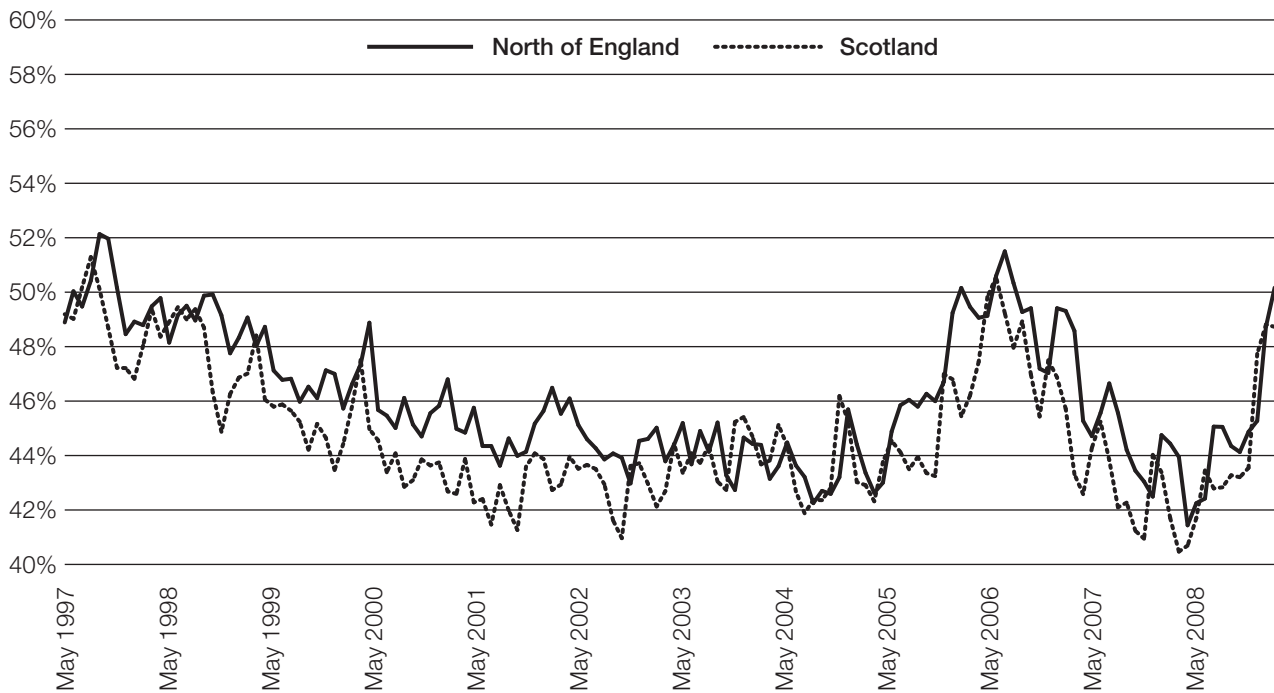
There has been some earlier evidence of differential stringency in New Deal 18–24 sanctions between Scotland and other UK regions, with Scottish participants being more likely to be sanctioned. For example, in Working Brief 121, February 2001, we reported that the number of New Deal sanctions relating to options was 16 per cent in Scotland compared to 13 per cent nationally. One would expect that differentials in the enforcement of the JSA regime could produce differences in JSA off-flows both because of the administrative effect of disallowances and because increased job search can produce

greater off-flows to jobs. There can also be the effect of greater off-flows to other benefits where job search is not required or monitored.

Looking at the first duration group, the proportion of those up to three months claiming becoming 3–6 months claimants, Scotland has a broadly similar pattern of claimants remaining on JSA to the North of England. Scotland improved faster than the North of England in the period to summer 2001, following which there was a slow deterioration over the period through to early 2005. Over the 2003–5 period, Scotland and the North of England had both similar rates and trends. The sharp rise in remaining on benefit in 2005 affected the North of England first, before a sharper rise in staying-on rates in Scotland. The more recent rises in the rates of staying on have raised the Scotland staying-on rates faster, thus closing the gap.

The second duration group, those moving from 3–6-month unemployment to 6–9 months, also shows a stronger Scottish lead, with lower proportions remaining on benefit over the entire period, with the exception of the odd month. The major differences with the previous analysis is that both for Great Britain and for Scotland there is a detectable improvement in the 2003/4 period,

Figure 11: JSA claimants staying beyond three-month threshold (seasonally adjusted), North of England and Scotland



prior to the deterioration in 2005/6 which was of the same scale in Scotland and the North of England, although it took place over a much shorter period in Scotland. The recent deterioration has affected Scotland more than the North of England as a whole, so earlier gaps have closed.

We have attempted to scale the figures so that the range in percentage points covered by each figure is the same, so it is visually apparent that the Scottish lead in leaving JSA before the second threshold is greater than that for the shorter-duration group, at an average 1.4 percentage points for 2001–8 compared with 1.2 percentage points. These gaps in favour of Scotland are much larger than for the longer-duration groups.

The third group, those 6–9 months becoming 9–12 months, is affected in 1997/8 by an effect linked to the introduction of New Deal for Young People in April 1998. The Gateway for this starts at six months, involving intensive adviser support. It is likely that the extensive publicity campaign, together with a distinct economic ‘wobble’ at the same time, resulted in a rise in people staying on benefit to receive the new support, following which there was a dramatic fall as New Deal took effect. This is the duration group affected by the ‘register effect’ of New Deal 18–24, with people

leaving the claimant count to go to options at ten months. The effect persists, with a very much smaller effect for the subsequent duration group. The gap between Scotland and the North of England was very small over most of the period, with the major exception of a substantial improvement in the North of England in the 2004/5 period that was not reflected in Scotland. The deterioration in rates in 2005/6 was concentrated in a very much shorter period in Scotland than in the North of England figures. The subsequent improvement in Scotland was faster and stronger than in the North of England, but has now been succeeded by substantial rises in the rate of staying on JSA, so the Scottish positive difference has now been eliminated.

The two subsequent duration groups, for people who were 9–12 months becoming 12–15 months unemployed, and those 12–15 months becoming 15–18 months unemployed, cover, in the post-1998 period, those aged 25 and over only. At this stage in a claim, they are not eligible for New Deal 25+, but continue to be eligible (in Scotland) for Training for Work (voluntary eligibility starts at six months) and were formerly eligible in England for Work-Based Learning for Adults (WBLA). This programme ceased to be provided

Figure 12: JSA claimants staying from three months beyond the six-month (seasonally adjusted), North of England and Scotland

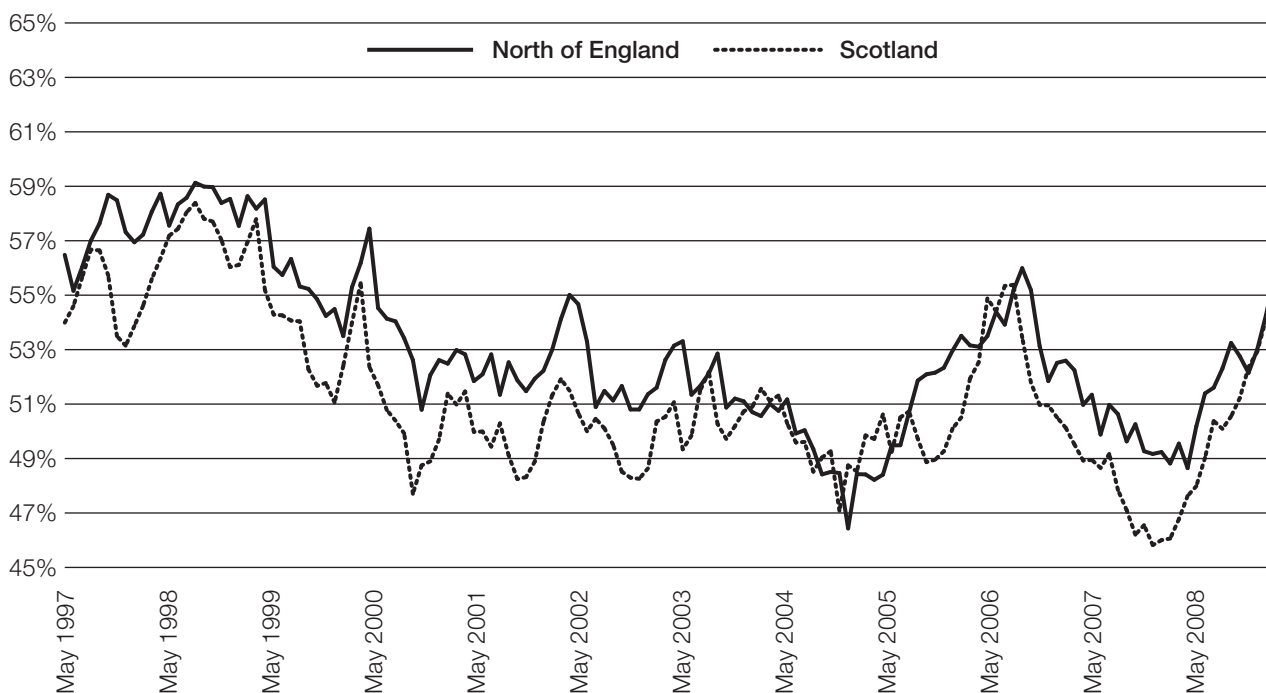


Figure 13: JSA claimants staying from six months beyond nine months (seasonally adjusted), North of England and Scotland

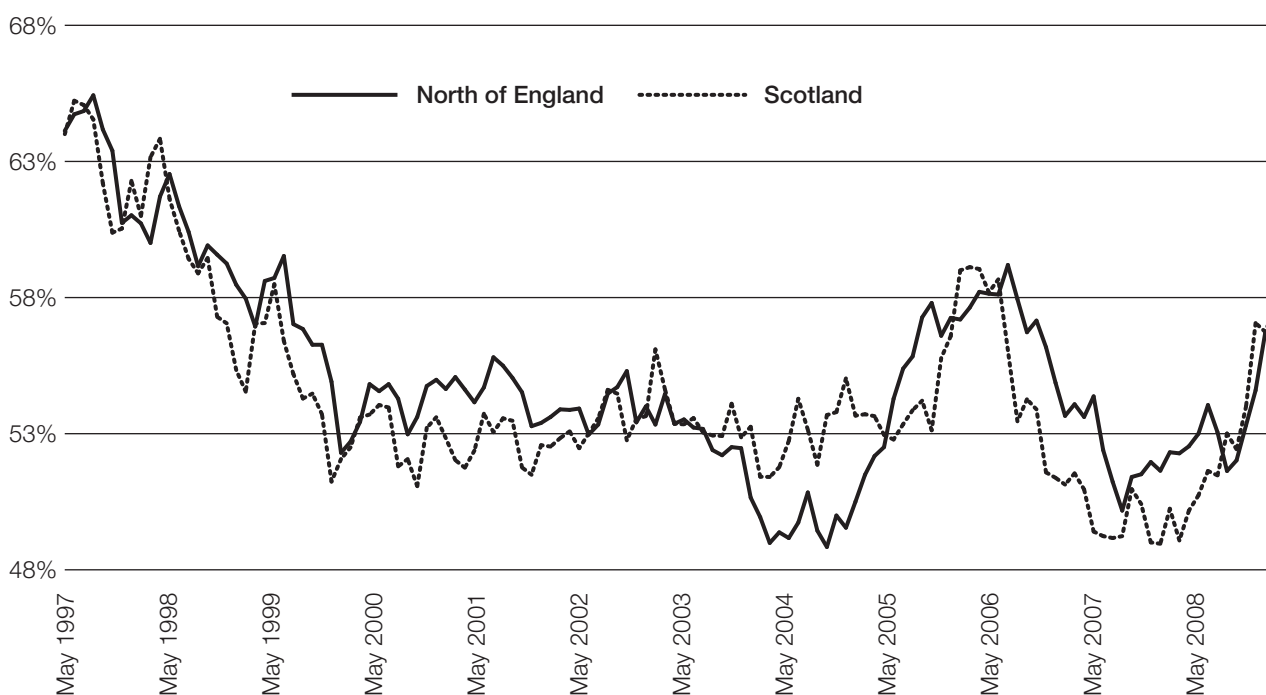
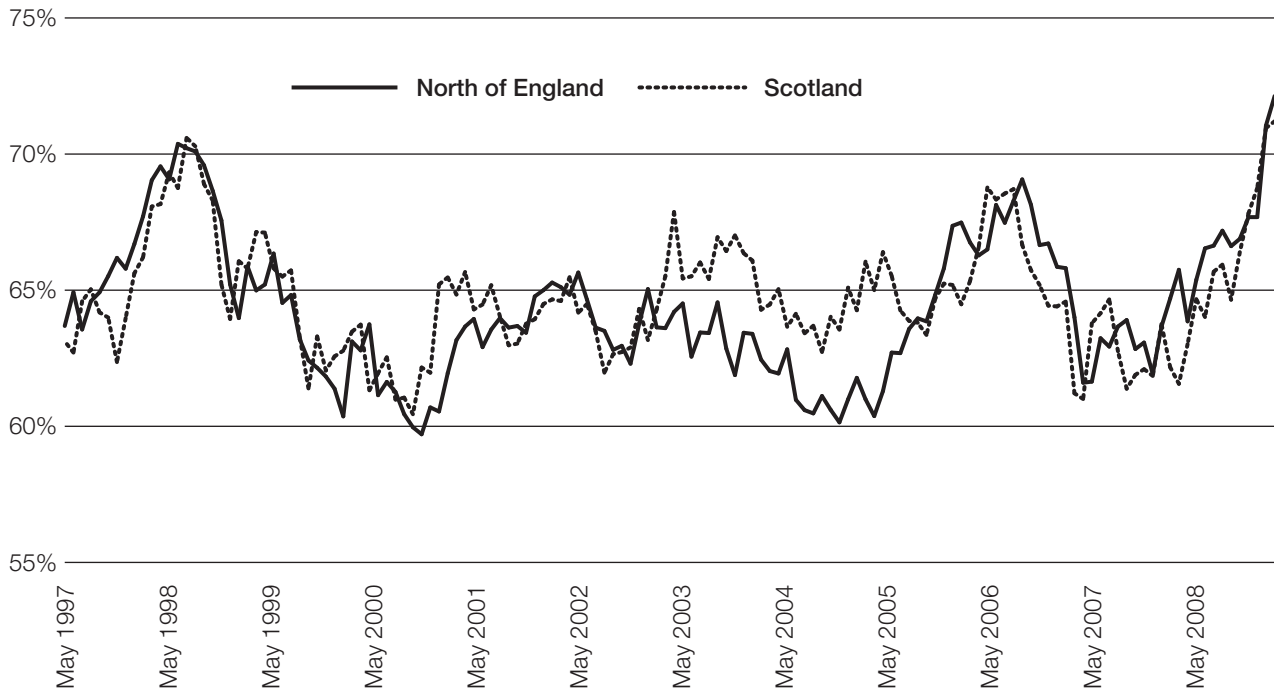


Figure 14: JSA claimants staying from nine months beyond twelve months (seasonally adjusted), North of England and Scotland

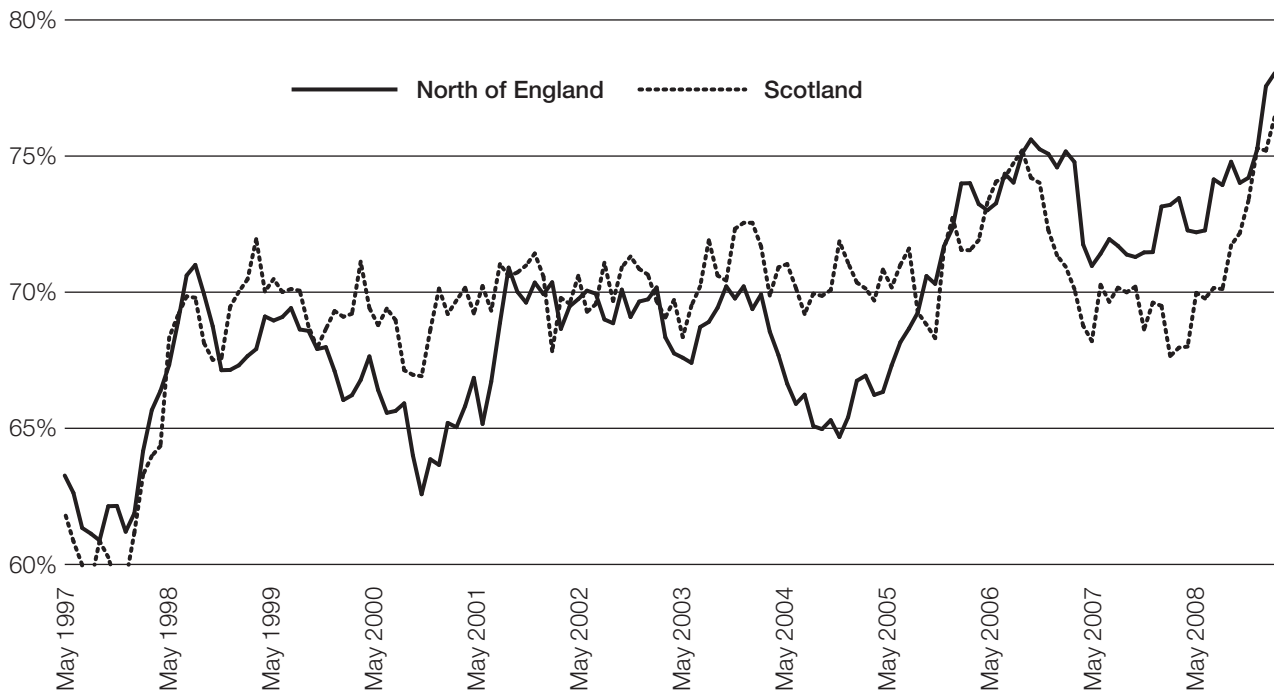


by Jobcentre Plus from April 2006, though it had been winding down over the preceding year.

For the shorter term of these two duration groups, the Scottish pattern tracks the North of England trend closely to 2003, with the period post-2000 being associated with a broadly rising pattern in Scotland, up to the relaunch of the JSA regime in April 2006, followed by a sharp fall in the rates of staying on benefit. This was then followed by the move to the current recession. The major exception to this was the improvement in the North of England in the 2003–5 period that was not reflected in Scotland. There was a fall in staying-on rates between 1998 and 2000, but more than half the fall was reversed in the following year.

The longest duration group we can analyse using these three-month flow groupings is that for JSA claimants flowing through the 15-month stage and up to 18 months, before they became eligible for New Deal 25+. Over the period since 1998, this group has had a rising trend in the staying-on rate, and the trend in Scotland has been marked by very much smaller fluctuations around the trend than has the North of England line. The improvement after the JSA relaunch in April 2006 was sharper in Scotland than in the North of England, accounting for most of the months when Scotland had lower rates of staying on JSA than the North of England.

Figure 15: JSA claimants staying from 12 months beyond 15 months (seasonally adjusted), North of England and Scotland



Conclusion

The conclusion we draw from this (extended) comparison of labour market and JSA claimant trends in Scotland and the North of England is that the similarities outweigh the differences. The major difference appears from late 2006 onwards, in favour of Scotland. This does not seem particularly to match initiatives from the Scottish Government. There is some difference over the same period for the JSA flows through durations analysis where the Scottish improvement is greater than that for the North of England. This may be due to more people leaving JSA to jobs, tighter JSA enforcement in Scotland, or some combination of the two. There is no evidence of differential trends in incapacity benefits claims or lone-parent benefit claims over that period.

5 Labour market trends for Wales

Employment rates in Wales and the North of England

Over the period since devolution, the employment rate in Wales rose sharply in 2002/3. After that, the trends were broadly flat before the most recent falls with the onset of the recession (see Figure 16).

Numbers in employment in Wales and the North of England

Employment numbers followed very similar paths to those for employment rates, showing that population trends were similar in Wales and in the North of England, and unlike Scotland.

The number in employment showed a sharp rise in 2003, followed by a slow rise (unlike the employment rate, where the trend was flat or a slow fall) until the onset of the recession. As with the Scottish data, employment numbers are

presented as an index to permit easy comparison of the trends between the North of England and Wales (Figure 17).

Workless benefit claims in Wales and the North of England

These trends in employment and in the employment rate have been reflected in trends in people claiming DWP workless benefits (see Figure 18). Up to August 2008 (the latest date we have figures for all benefits) there had been a fall of 3.8 percentage points in the proportion of the Welsh population claiming workless benefits since August 2000. The fall was spread across the major benefit groups, with Jobseeker's Allowance claimants down 0.8 percentage points of the population, incapacity benefits (including Income Support on grounds of incapacity) down 2.2 percentage points, and lone-parent benefits down 0.8 percentage points.

Figure 16: Employment rate changes, 1999-2008, North of England and Wales

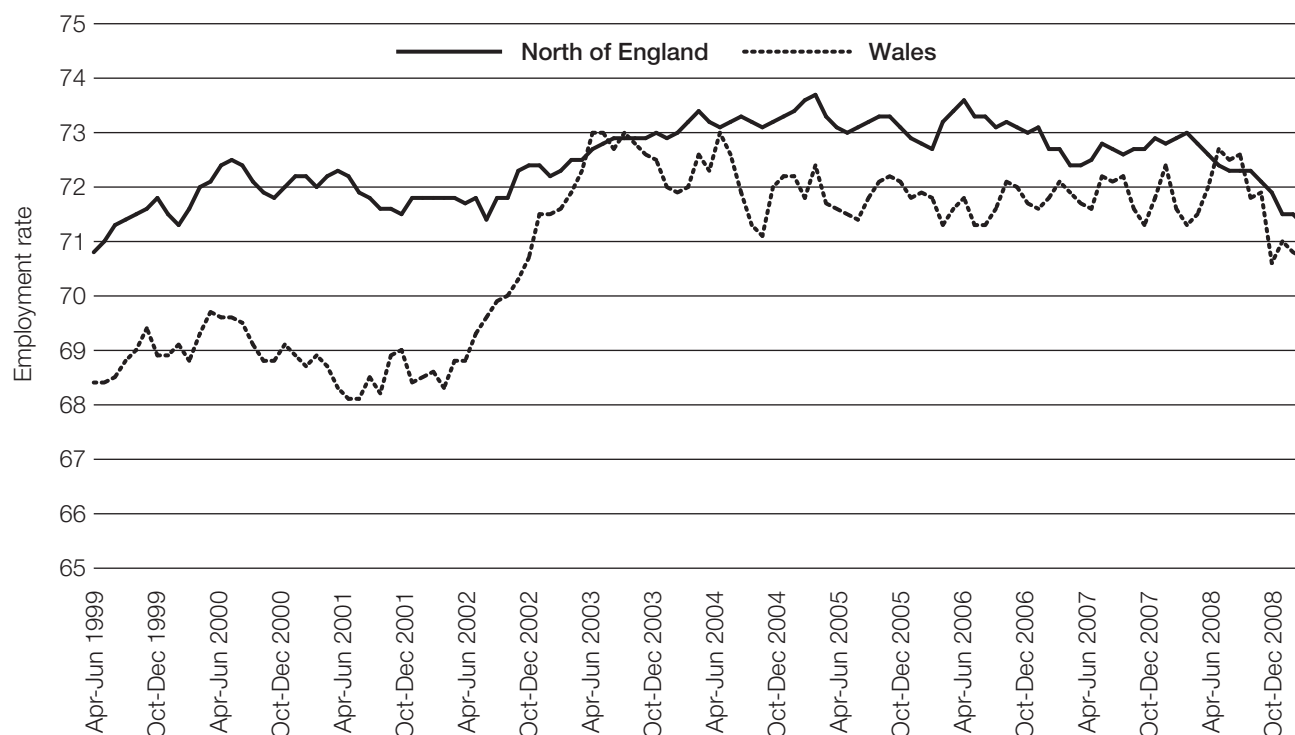


Figure 17: Employment index (November 2006 = 100), 1999-2008, North of England and Wales

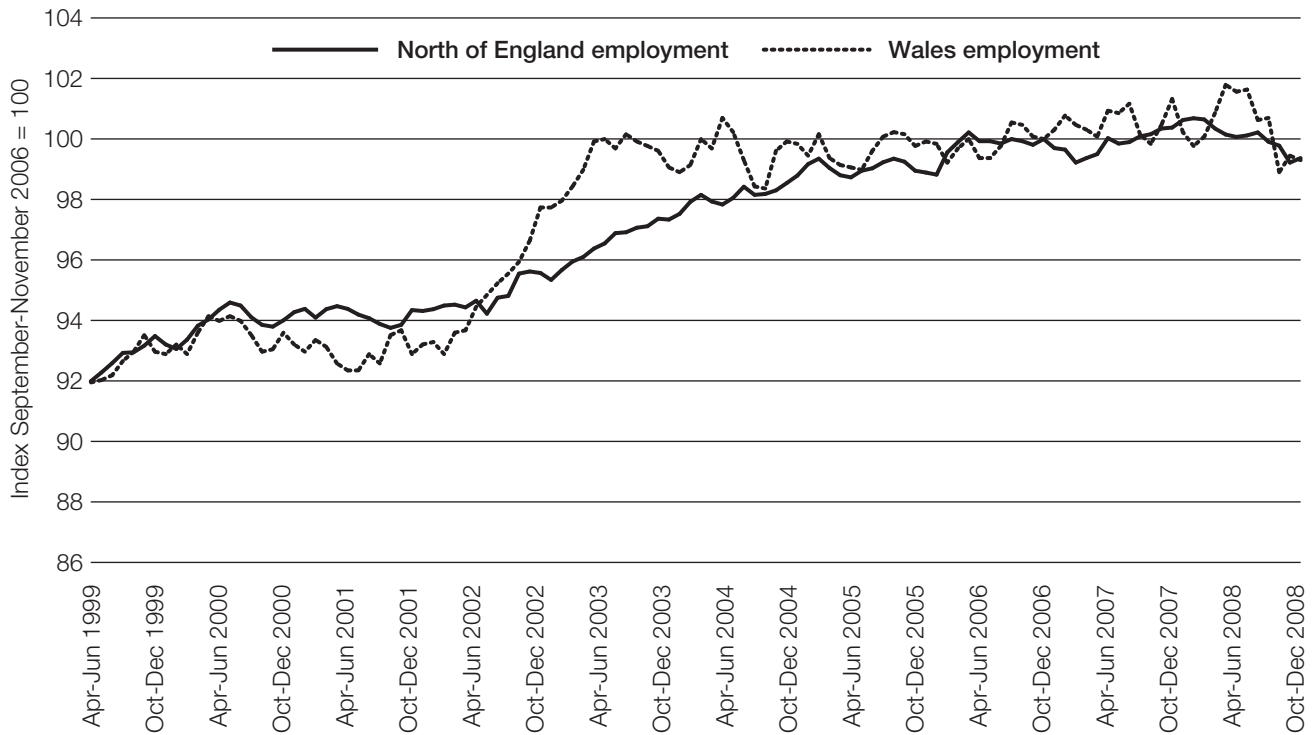


Figure 18: Claimants on workless benefits as a proportion of population, 1999-2008, North of England and Wales

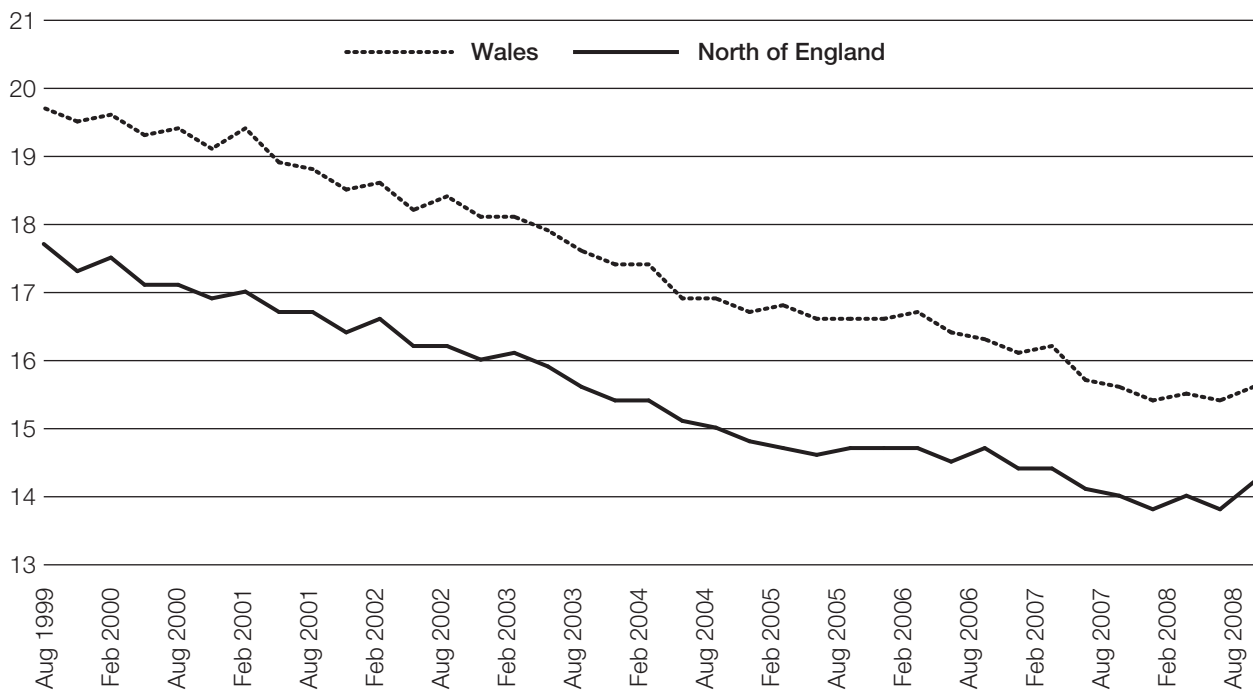
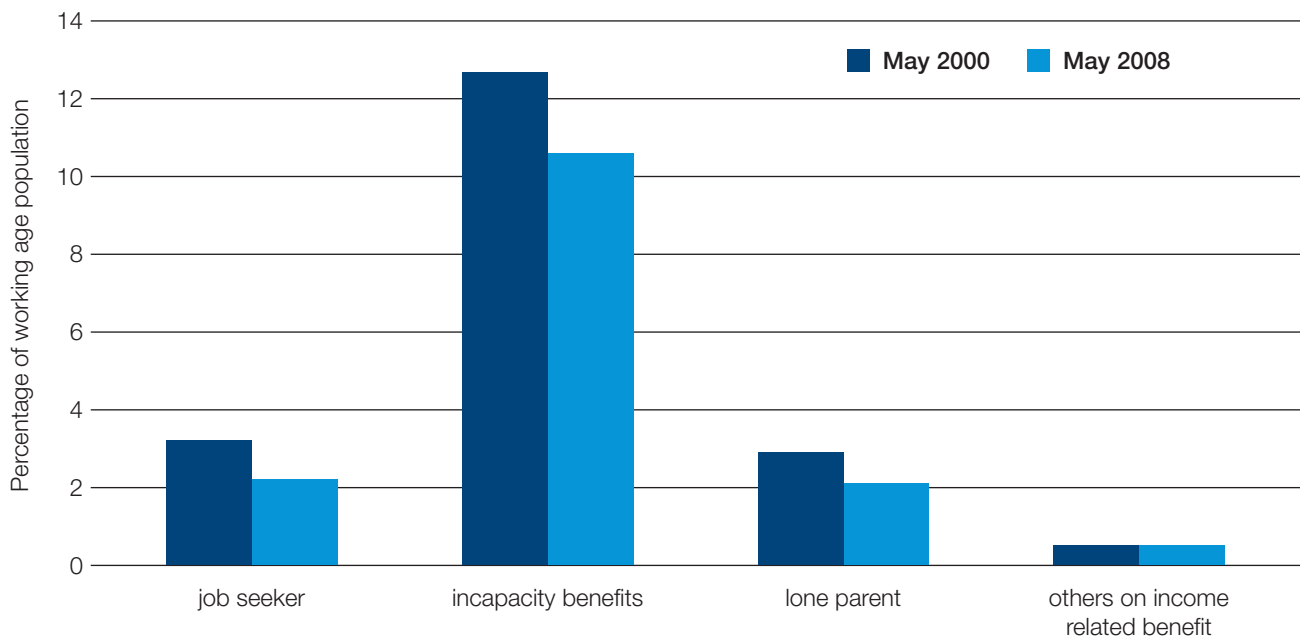


Figure 19: Jobcentre Plus customers, 1999 and 2008, Wales



These trends have been very similar to those for the North of England, which started with very much lower proportions of the working-age population claiming benefits. The overall fall in the proportion of the population claiming benefits in the North of England was 2.9 percentage points, almost 1 percentage point less than in Wales, with the bulk of that difference being in IB claims. The fall in IB claims in Wales was 2.2 percentage points, and in the North of England 1.4 percentage points.

The largest single group of workless benefit claimants in Wales continue to be incapacity benefits claimants (see Figure 19).

In August 2008, the proportion of the population claiming incapacity benefits was 1.9 percentage points above that in the North of England, down from 2.7 percentage points in November 1999. Over the period since 1999, the IB rate has been consistently significantly higher in Wales than in the North of England.

Figure 20: ILO unemployment rate (percentage of economically active), Wales

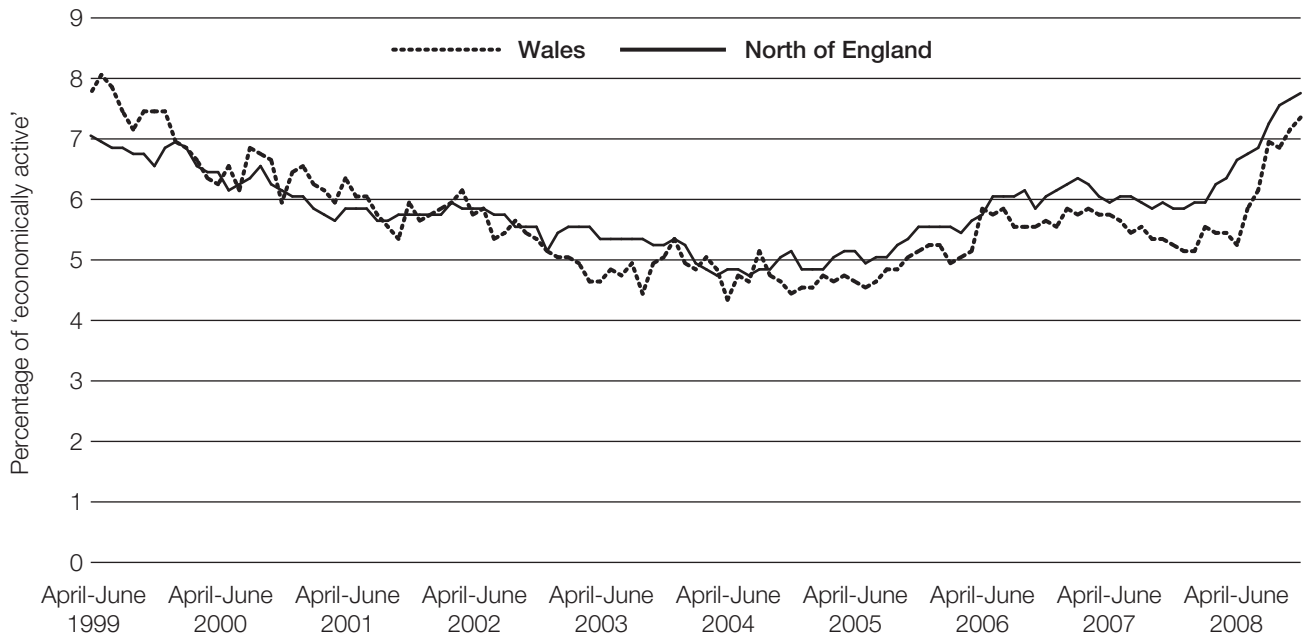
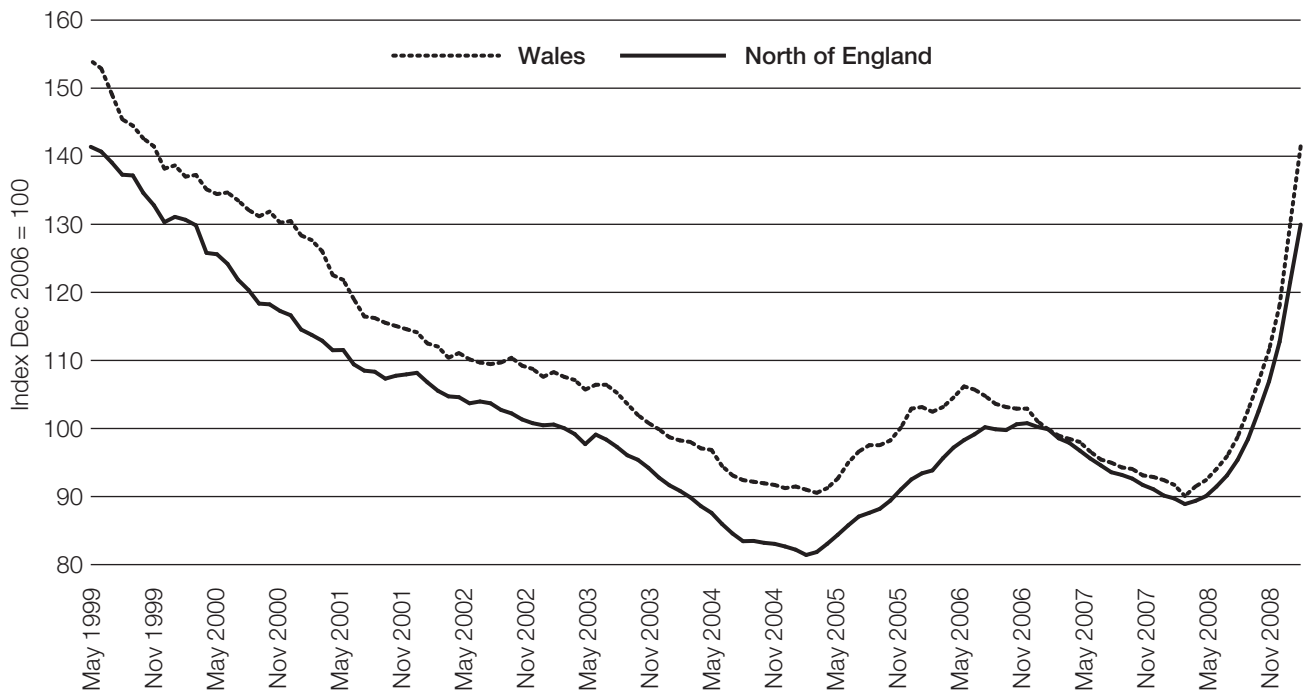


Figure 21: JSA claimant count index (December 2006 = 100), North of England and Wales



Unemployment in Wales and the North of England (international definition)

Unemployment fell on the international standard measure from 1999 to 2005. This was followed by a rise (which was also reflected in the JSA claimant count measure). The JSA regime was relaunched in April 2006, which led to a sharp fall in the JSA claimant count but not a similar fall in the ILO measure. There was, however, a smaller fall in ILO unemployment both in Wales and in the North of England. Since then there has been a sharp rise in ILO unemployment (see Figure 20). The percentage of the economically active who were unemployed (the conventional unemployment rate) showed a sharper fall in Wales compared with the North of England up to 2005, following which the unemployment rate in Wales paralleled the North of England rate at a slightly lower level.

JSA claimants in Wales and the North of England

The JSA claimant count in Wales shows a sharp rise over the course of 2008, but over the preceding period has shown declines, although in a series of phases separated by periods of lower falls. There was a period of slower decline in 1998 and 1999. Following 1999, there was a further period of rapid falls through to May 2001. After this, there was another period of slower falls through to May 2004, when there was a further fall, followed by a rise in 2006 and then further falls through to February 2008. After this point, the current sharp rise in JSA claimants began.

We have shown these patterns for comparison with the North of England pattern, taking December 2006 as 100 (see Figure 21). The recent rise has been proportionately larger in Wales than in the North of England. Before this, the fall in JSA claimants to early 2005 had been broadly parallel. The rise in JSA claimants in Wales between 2005 and 2006 was smaller in Wales than in the North of England, and peaked earlier. The longer subsequent fall in Wales than in the North of England produced a closely parallel pattern from late 2006 on.

JSA claimants: risks of becoming long-term unemployed in Wales and the North of England

The overall pattern for Wales is shown below (Figure 22) followed by a series of figures (Figures 23 to 27) comparing Wales with the North of England for each duration group.¹ The larger than average fall in the proportions remaining on JSA from the 6–9 month period to 9–12 months between May 1998 and May 2000 can be attributed to the effects of New Deal for Young People, where participants who did not find work in the Gateway were required to leave JSA to participate in one of four options. This took place after ten months of a claim, subject to administrative variations.

A simple seasonal adjustment method has been used to remove much of the seasonal variation, but this is not of the level of sophistication of ONS seasonal adjustment.

For the shortest three duration groups it is apparent that the rates of remaining on JSA in 2007/8, before the recent rise, were the lowest in the period shown.

The patterns for these flow rates show some differences by duration – mostly that the changes have had much greater effects on those who have not yet become long-term unemployed – but also some general similarities, with particular evident programme effects such as that of New Deal for Young People in 1998/9.

As stated in the preceding chapter, it is not easy to explain the rise in flows through to longer durations in 2005/6 but more easy to explain the following decline in staying on JSA, for all duration groups.²

Looking at the first duration group (Figure 23), the proportion of those up to three months claiming becoming 3–6 months claimants, Wales has lower rates of passing through this threshold for the entire period since 1997. Wales improved faster than the North of England in the period to summer 2001, and maintained that through to early 2005. The sharp rise in remaining on benefit in 2005 was similar for Wales and the North of England. The average gap between Wales and the North of England in 2001–8 was 2.5 percentage points. The more recent rises in the rates of

staying on have raised the Wales staying-on rates faster, thus closing the gap.

The second duration group, those moving from 3–6-month unemployment to 6–9 months (Figure 24) also shows a Welsh lead, with lower proportions remaining on benefit over the entire period. The patterns are similar to those discussed earlier, showing how these different duration groups are affected by broad economic trends in similar ways at coincident periods. The major difference with the previous analysis is that both for the North of England and for Wales there is a detectable improvement in the 2003/4 period, prior to the deterioration in 2005/6 which was of the same scale in Wales and the North of England. Wales improved more sharply in 2006/7. The recent deterioration has affected Wales more than Great Britain as a whole, so earlier gaps have closed.

We have attempted to scale the figures so that the range in percentage points covered by each figure is the same, so it is visually apparent that the Welsh lead in leaving JSA before the second threshold is similar to that for the shorter-duration group, at an average 2.6 percentage points for 2001–8 compared with 2.5 percentage points.

The third group, those 6–9 months becoming 9–12 months (Figure 25), is affected in 1997/8 by an effect linked to the introduction of New Deal for Young People in April 1998. The Gateway for this starts at six months, involving intensive adviser support. There was a dramatic fall in the rate of staying on benefit as New Deal took effect. The effect persists, but to a very much smaller extent, for the subsequent duration group. While the average gap between the North of England staying-on rates and Wales is the same as the first group, at 2.5 percentage points, this gap is

Figure 22: JSA claimants staying through each three-month threshold (seasonally adjusted), Wales

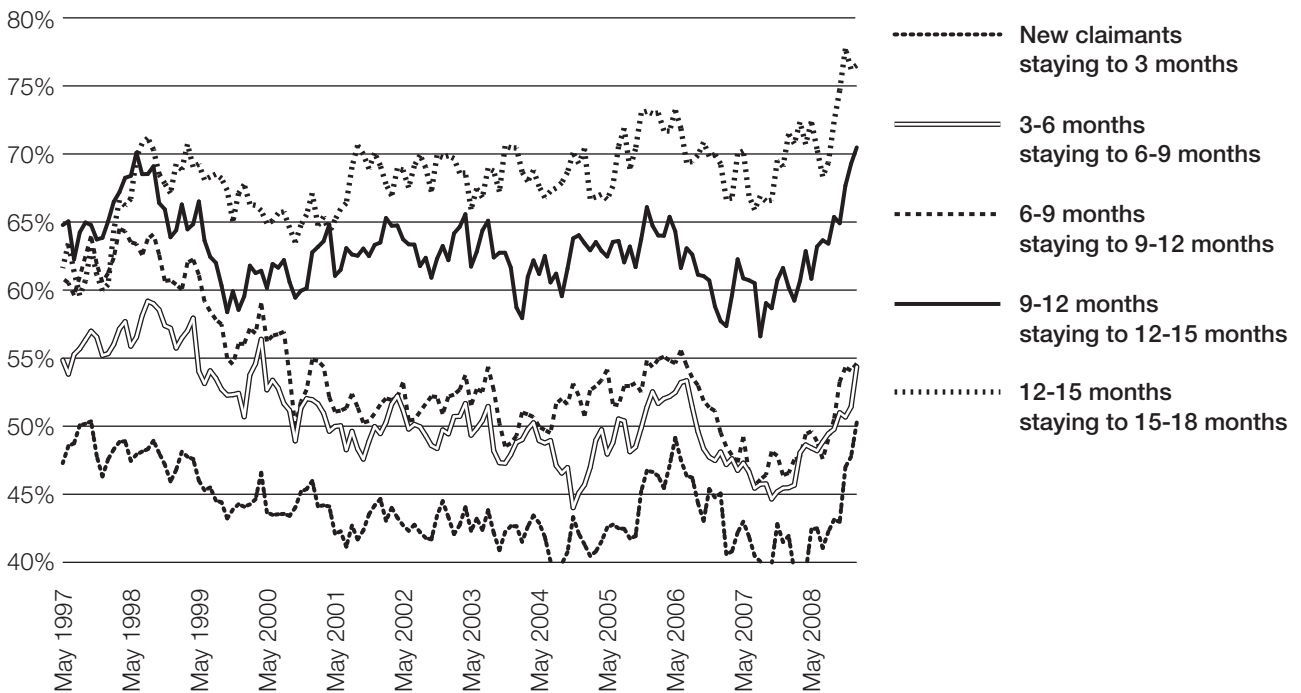


Figure 23: JSA claimants staying beyond the three-months threshold (seasonally adjusted), North of England and Wales

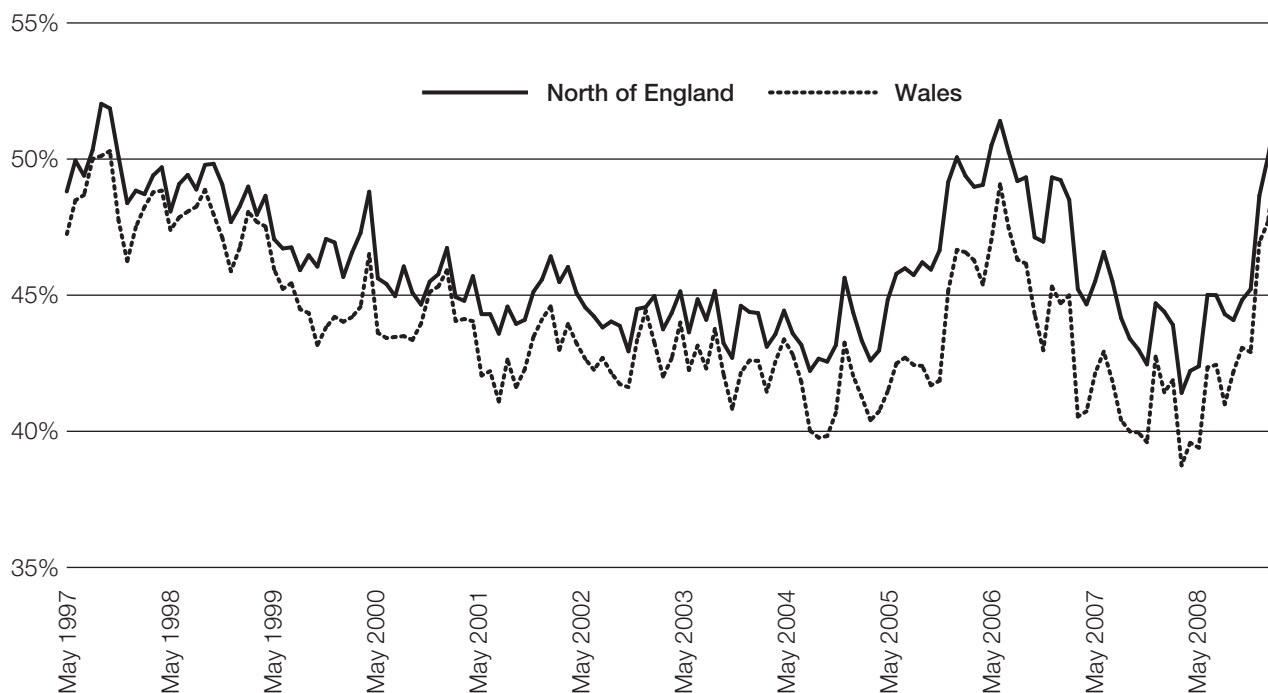


Figure 24: JSA claimants staying from three months beyond the six-month threshold (seasonally adjusted), North of England and Wales

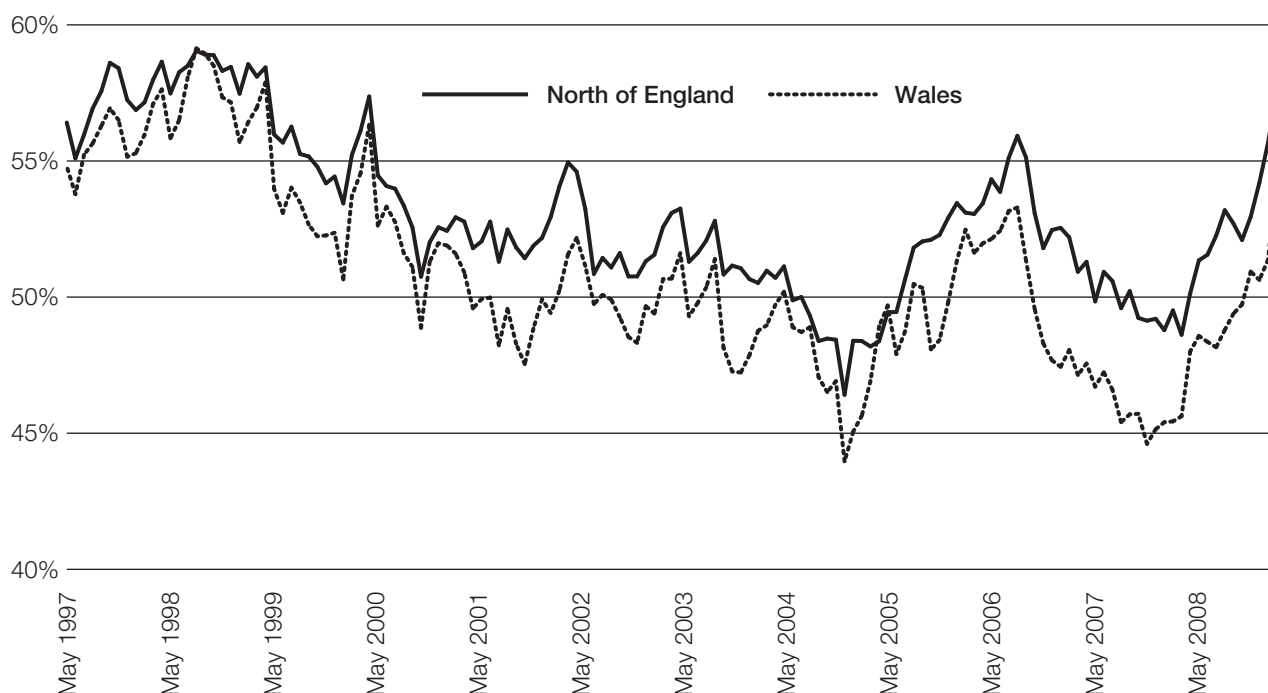


Figure 25: JSA claimants staying from six months beyond nine months (seasonally adjusted), North of England and Wales

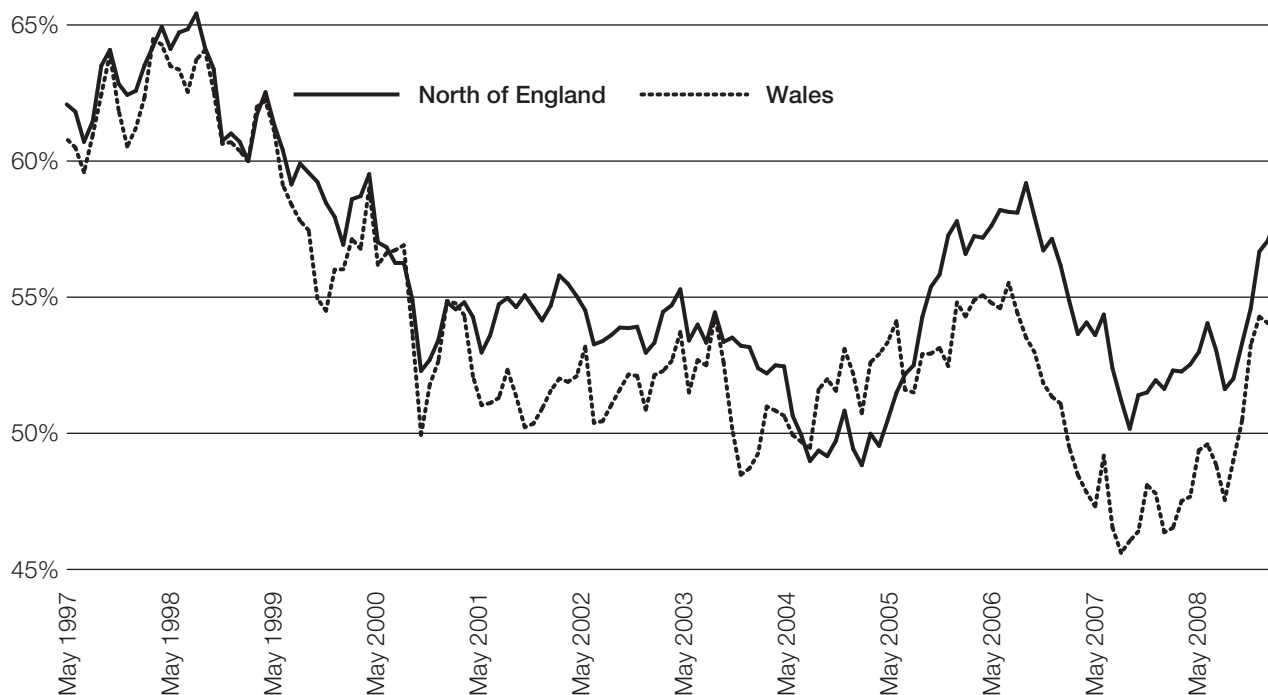


Figure 26: JSA claimants staying from nine months beyond 12 months (seasonally adjusted), North of England and Wales

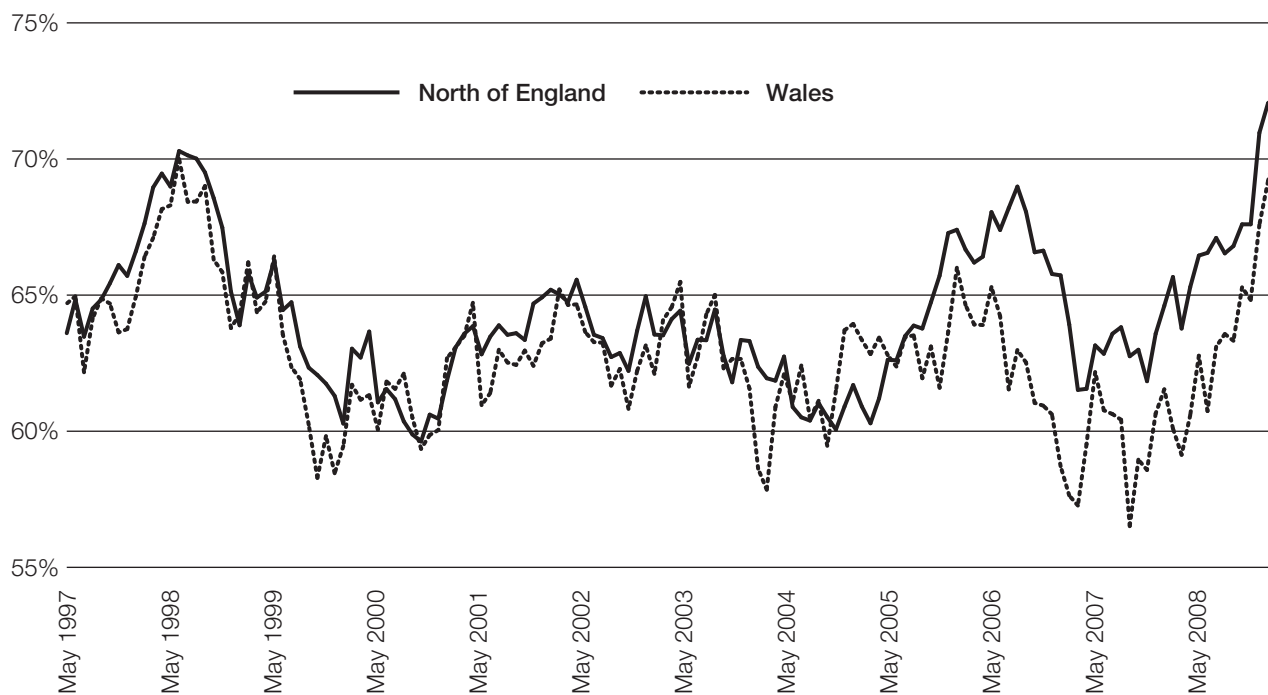
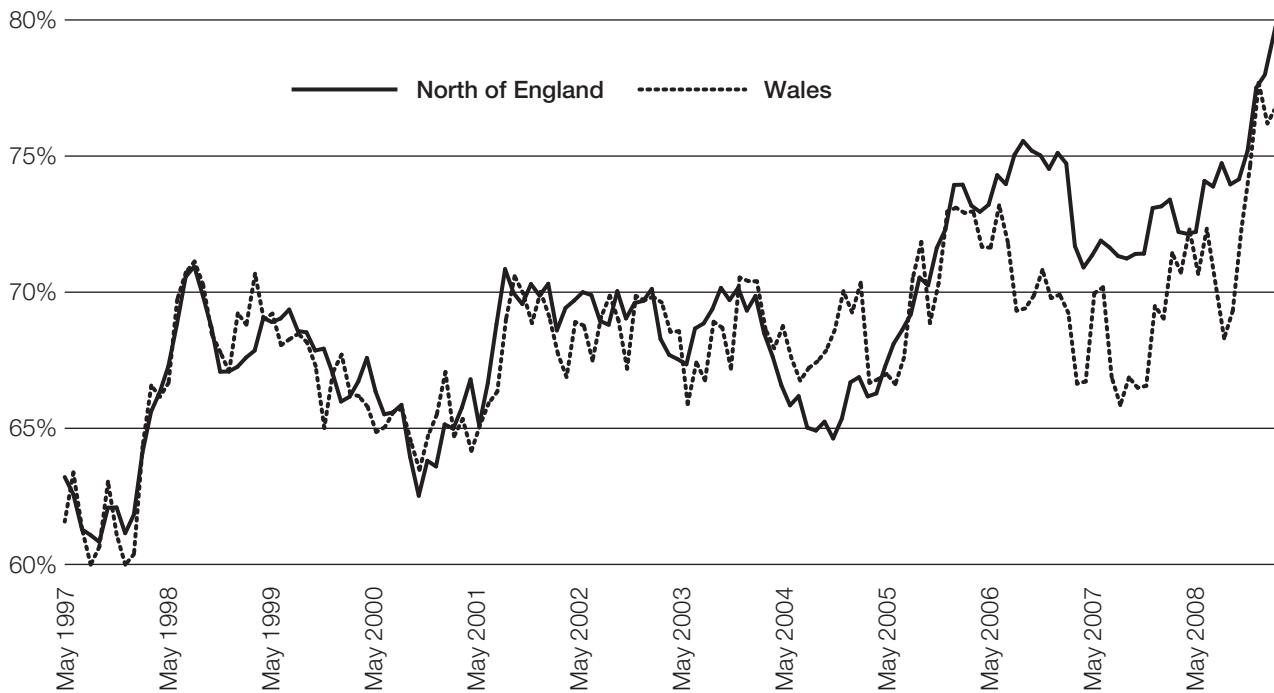


Figure 27: JSA claimants staying from 12 months beyond 15 months (seasonally adjusted), North of England and Wales



concentrated in three periods of widening, where Wales did better than the North of England in 2001–3, worsened earlier than the North in 2004–6, and then improved more markedly in 2006/7 before the current deterioration.

The two subsequent duration groups, for people who were 9–12 months becoming 12–15 months unemployed, and those 12–15 months becoming 15–18 months unemployed, cover, in the post-1998 period, those aged 25 and over only. At this stage in a claim they are not eligible for New Deal 25+, but continue to be eligible (in Wales) for Training for Work (voluntary eligibility starts at six months) and were formerly eligible in England for Work-Based Learning for Adults (WBLA). This programme ceased to be provided by Jobcentre Plus from April 2006, though it had been winding down over the preceding year.

For the shorter-term of these two duration groups (Figure 26), the Welsh pattern tracks the North of England trend closely, with the period 2001/2 being associated with a broadly rising pattern, followed by a fall to 2005. The rise in staying-on rates leading up to the relaunch of the JSA regime in April 2006 was less marked in

Wales than in the North of England, followed by a sharp fall in the rates of staying on benefit. This was then followed by the move to the current recession. Wales only had a lower staying-on rate for this group from late 2005 onwards, at a time when the Wales overall employment rate was flat if not declining slightly. The average gap from 2001 to 2005 for this group was 0.3 percentage points, and after that period 3.9 percentage points, in favour of Wales.

The longest-duration group we can analyse using these three-month flow groupings is that for JSA claimants flowing through the 15-month stage and up to 18 months (Figure 27) before they became eligible for New Deal 25+. Over the period since 1998, this group has had a rising trend in the staying-on rate, and the trend in Wales has been marked by much smaller fluctuations around the trend than has the North of England line. It would be difficult to argue, however, that there was a distinct Welsh difference prior to 2006, when the impact of the JSA relaunch seems to have been greater in Wales than in the North of England.

Conclusion

Trends in employment rate and number, and people claiming workless benefits have been broadly similar in Wales and the North of England. Wales has had a consistently and significantly higher rate of IB claimants. JSA flows through duration analysis show generally better performance in Wales than Northern England over the post-devolution period in Wales, particularly from 2005 onwards, but have broadly followed the GB trend.

6 Labour market trends in Northern Ireland

This chapter is rather briefer than those covering the other two nations. Some of the data is not completely comparable – data on benefits other than Jobseeker’s Allowance has been sourced from the Department for Social Development in Northern Ireland but there are issues concerning comparability with the figures for the North of England.

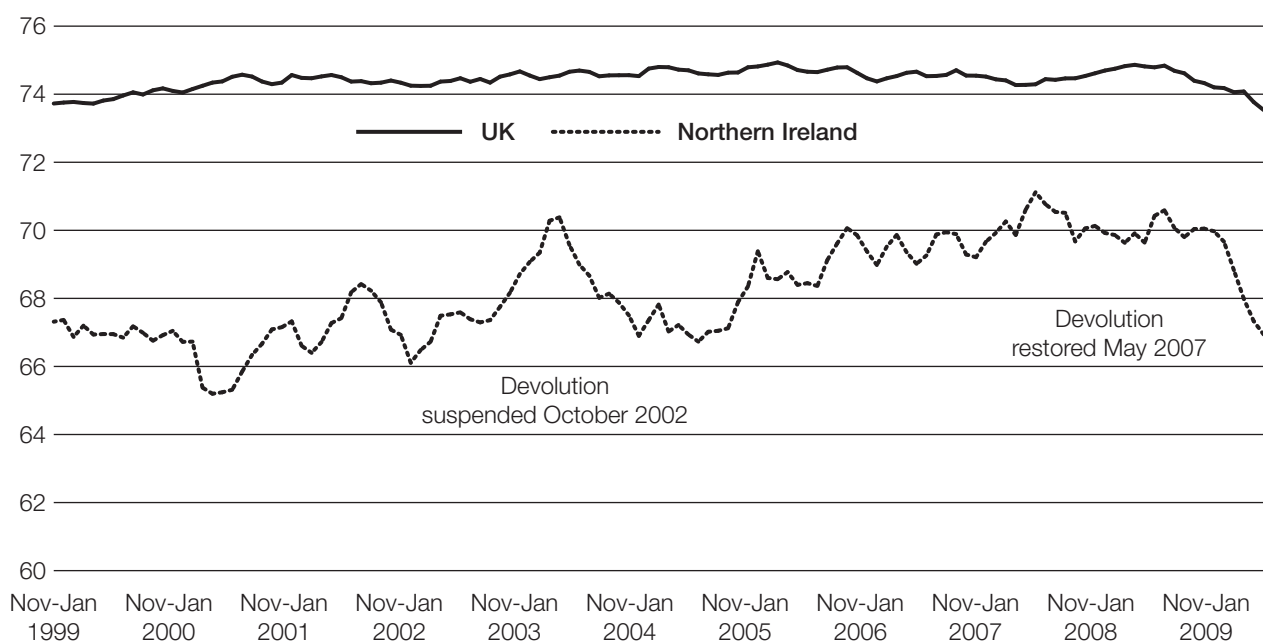
A major influence on the economic progress of Northern Ireland since 1999 has been the development of (and occasional difficulties with) the peace process.

Employment rates in Northern Ireland and the North of England

This can be illustrated by examining the employment rate. While there are more statistical variations than for a larger economy, the

employment rate improved quite sharply (from a very low level) during the first period of devolution (see Figure 28). There continued to be improvement for a few months following the suspension of the Executive in 2002, but this was followed by a sharp reversal of the earlier improvement. The subsequent direct rule administration was associated with a return to improving economic conditions. The restoration of the Executive in 2007 (under different management) had not really had time to produce much positive labour market effect before being hit by the current recession. The recession hit earlier in Northern Ireland, and the effect has been more marked than in Northern England. This is likely to be due to exposure to similar factors to those affecting the Republic of Ireland as well as to UK-wide factors.

Figure 28: Employment rates in Northern Ireland and the North of England since 1999



Unemployment in Northern Ireland (international definition)

Unemployment, on the other hand, had stayed on a downward path for much of the period until the current recession, with the lowest unemployment rates for years, below many other UK regions and the EU average. Part of the reason for this is that Northern Ireland has a much higher proportion of inactivity than other regions, which had been slow to come down as the economy improved (see Figure 29).

The low point for ILO unemployment was reached in May–July 2007, almost a year before the similar low point for the UK as a whole and the other nations and regions considered. Until this point, the number unemployed showed a consistent downward trend.

JSA claimants in Northern Ireland and the North of England

The JSA claimant count shows similar trends (though without the degree of statistical variation that is inherent in using a sample survey in a relatively small population). It shows a rapid fall up

to the suspension of the Executive, followed by a period of flattening in the trend and subsequent further falls. There was a marked fall in claimant numbers in the few months before and after the restoration of the Executive, but this was followed in quick succession by the start of upward movement in the claimant count from July 2007 and a sharp rise (coincident with the North of England) starting in March 2008 (see Figure 30).

The improvement in the claimant count while the direct rule administration was in place in 2003/4 was rather larger, but broadly coincident with changes in the North of England. Northern Ireland did not experience the later rise in JSA claimants in 2005/6. This may be connected with the different administration of Jobcentre services in Northern Ireland.

The risks of becoming long-term unemployed in Northern Ireland and the North of England

The effects of the different administration of Jobcentre services in Northern Ireland can be shown by looking at the flow rates through quarterly duration thresholds. Broadly speaking,

Figure 29: Unemployment in Northern Ireland (numbers, ILO definition)

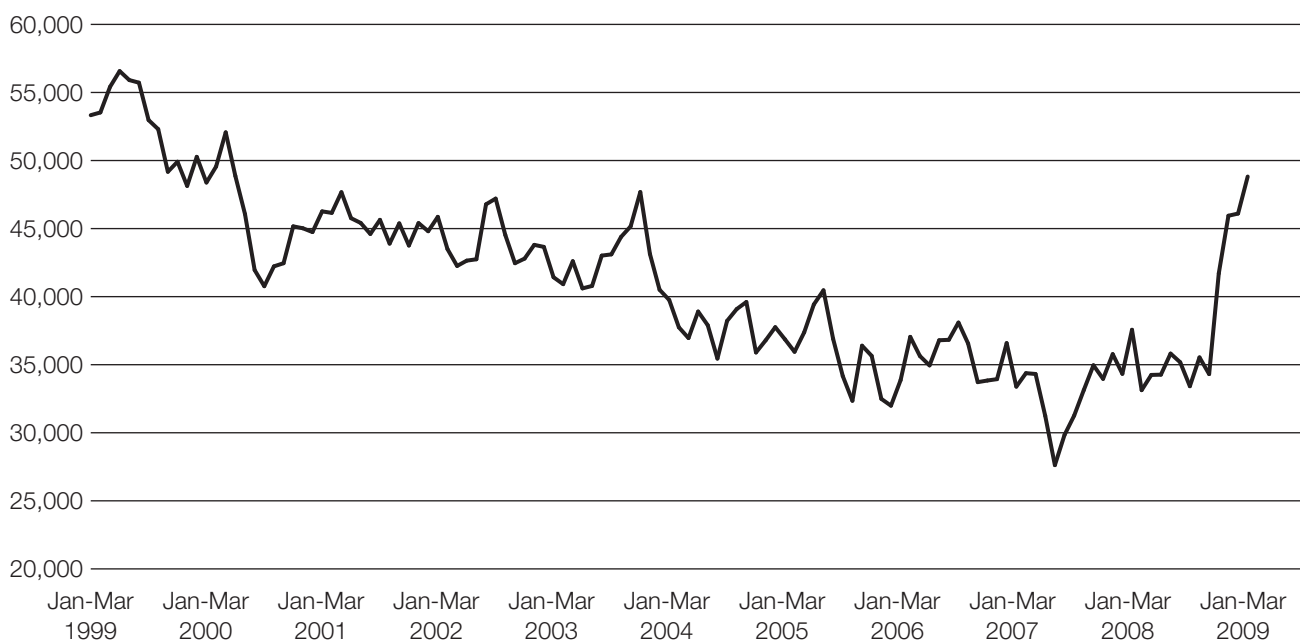
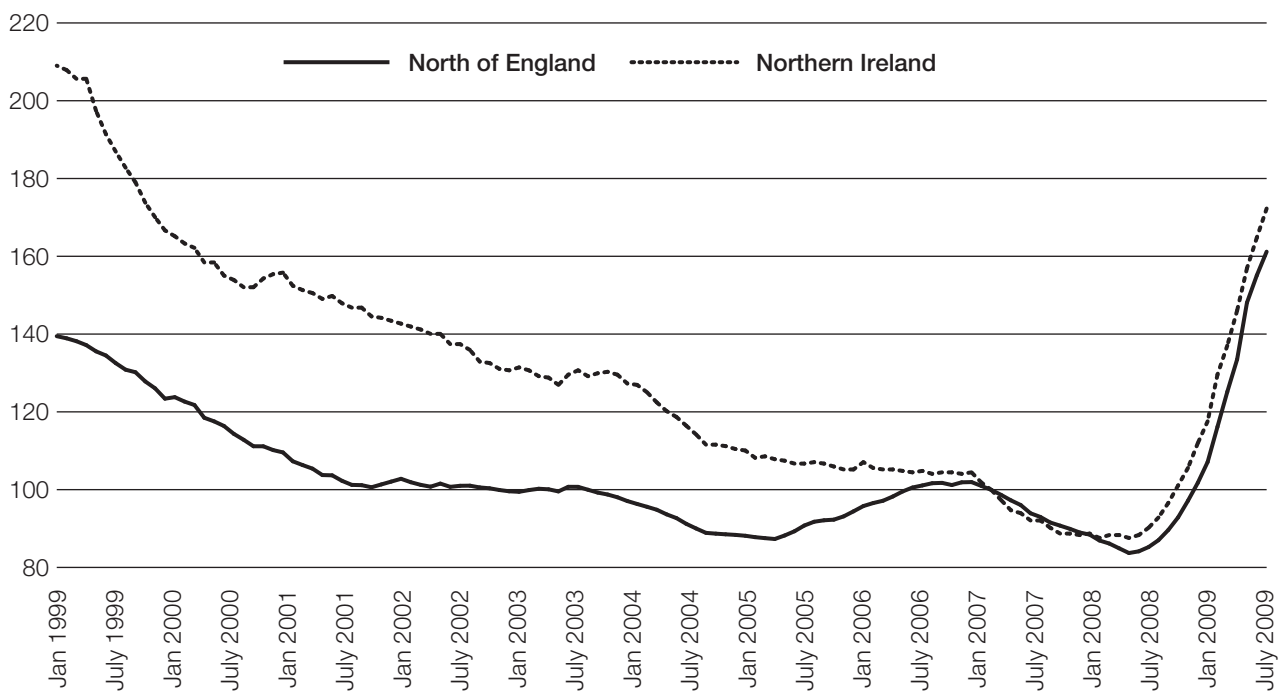


Figure 30: JSA claimant count in Northern Ireland and the North of England (December 2006 = 100)



they are not an advertisement for devolved administration. At each duration threshold, Northern Ireland claimants have a much greater likelihood of remaining on benefit than claimants in the North of England. For much of the period, the difference has been as much as 10 percentage points for each group. The averages are only lower than this because Northern Ireland did not experience the rise in claimants and claimant flow rates in 2005/6 that was experienced in Great Britain.

For the shortest-duration group, Northern Ireland showed little improvement until late 2003, after which the flow rates through three months fell until August 2007. It is possible that the improvement in this time frame may be related to the introduction of Jobs & Benefits offices, bringing onto one site the Jobcentre services of the Department for Employment and Learning and the benefits services of the Department for Social Development.

The subsequent move into recession conditions is clearly shown, and was both three to four months earlier and much sharper than in the North of England.

The overall average gap between the North of England and Northern Ireland for this duration

group was 5 percentage points, but this rather flatters the Northern Ireland administration, as the reason the gap is so low is the deterioration in the North of England in 2005/6 (see Figure 31).

The flow rates for the second duration group (passing through six months) show similar patterns but Northern Ireland shows higher rates of remaining on JSA throughout the period (see Figure 32). The improvement in the 2004–7 period exists, but is not as sharp as for the shorter-duration group, perhaps indicating that co-location of job services and benefits had less effect once people had become more than three months unemployed. The very sharp subsequent increase is clearly shown.

Similar differences to the North of England are shown for each subsequent duration group. In each case, Northern Ireland claimants are significantly more likely to remain on benefit.

This indicates that the substantial improvement in the claimant count total figures shown earlier cannot be attributed to activities helping the long-term unemployed, where all the figures show lower progress than in the North of England, but must relate to the relative improvement for the short-term unemployed and for reductions in new claims.

Figure 31: Proportions remaining on JSA past three months, Northern Ireland and North of England

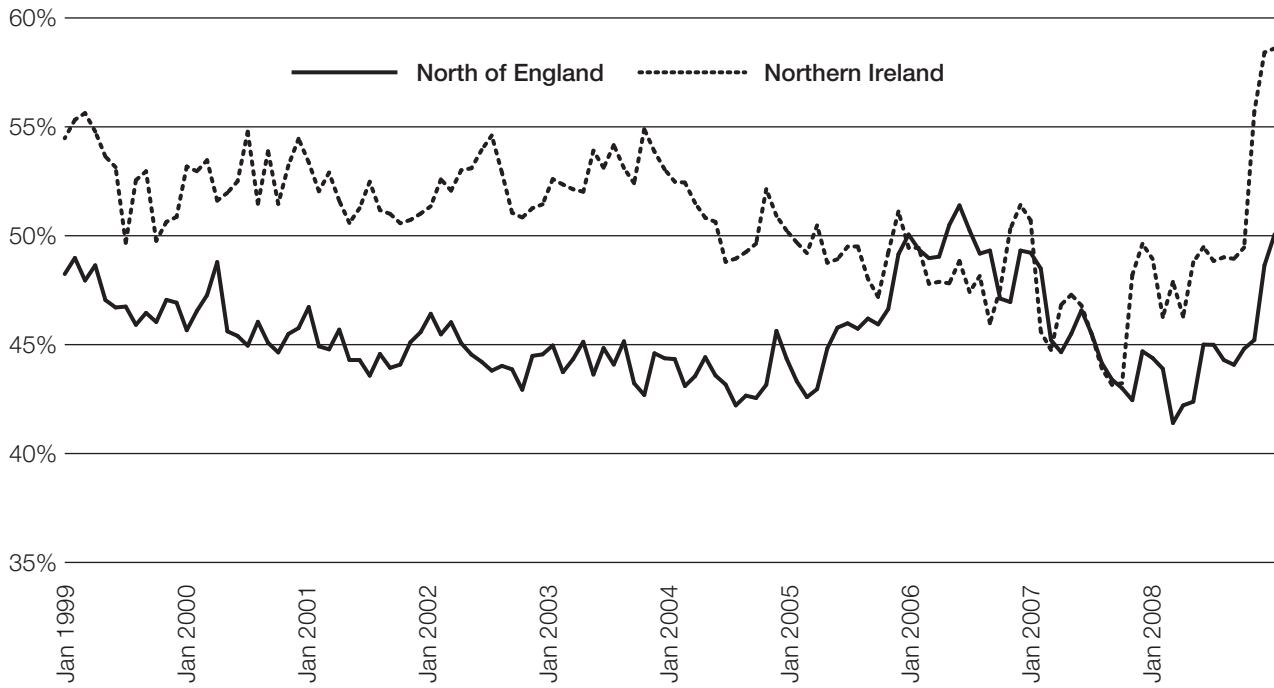
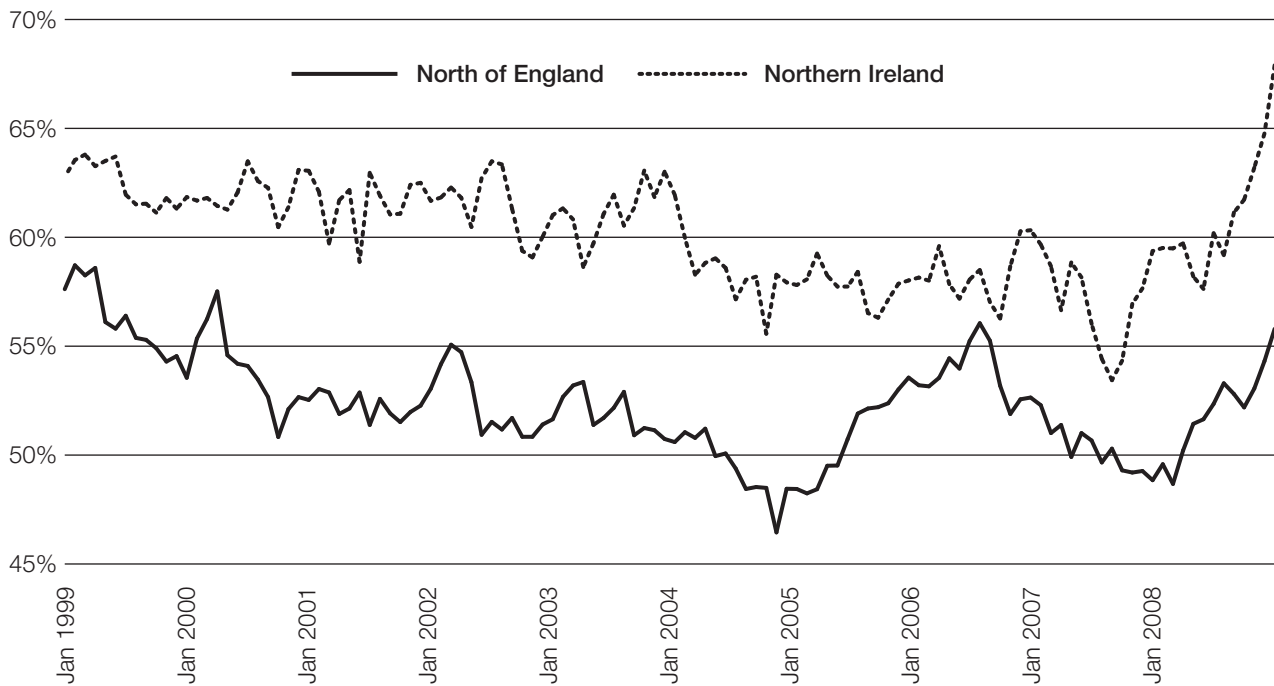


Figure 32: JSA claimants staying from three months beyond six months (seasonally adjusted), North of England and Northern Ireland



Conclusion

The strengthening and occasional weakening of the peace process in Northern Ireland has had a major influence on economic progress. The current recession hit Northern Ireland earlier, and its effect has been more marked, than in Northern England. Until the recent recession, Northern Ireland has had declining and comparatively low unemployment, partly because of the relatively high and persistent rate of inactivity. Variations in Jobcentre Plus claimant count and flow rates in comparison to Northern England are likely to be due to the different administration of Jobcentre Plus services in Northern Ireland. Broadly, these do not show devolution to have had a positive impact. Where Northern Ireland has performed better than Northern England, it is largely due to the relative improvement for the short-term unemployed and for reductions in new claims, rather than activities helping the long-term unemployed where progress has been comparatively slow.

7 Findings from the British Household Panel Survey

Introduction

This chapter presents summary findings from the British Household Panel Survey (BHPS) to try to identify people in workless and/or low-income households at or close to the date of devolution, and their subsequent changes in circumstance.

The analysis takes advantage of the booster samples introduced in 1999 for Scotland and Wales and a partial analysis of Northern Ireland resulting from a boost in 2001. Results for Scotland and Wales are compared with the three northern English regions of the North East, North West and Yorkshire and the Humber, because of their similar industrial profiles.

The BHPS began in 1991 and was considered suitable for this study due to the fact that it follows the same representative sample of individuals over a period of years. Additionally samples of 1,500 households in each of Scotland and Wales were added to the main sample in 1999, and in 2001 a sample of 2,000 households was added in Northern Ireland. The wave¹ panel consisted of some 5,500 households and 10,300 individuals drawn from all over the UK.

The tables and figures follow those who responded in 1999 and continued to do so for at least one more year. Once the BHPS is broken down into regions and then further still by economic status, the number of valid respondents – especially those who have continued to respond after 1999 – is considerably reduced. The consequence of this is that some results are based on a small number of actual people – this is especially true in relation to individuals who are unemployed or economically inactive for certain reasons. The tables in Appendix 1 highlight results based on fewer than 30 individuals.

Separating out the effects of devolution from all the other variables that affect economic performance is difficult. Therefore this summary highlights any differences between regions and countries without making any assumption as to

the cause of those differences. Many of the differences are small and care should be taken when interpreting the results to set these in context against labour market and economic changes resulting from nationwide interjections like interest rate and tax policies on individuals and businesses.

Changes in economic status

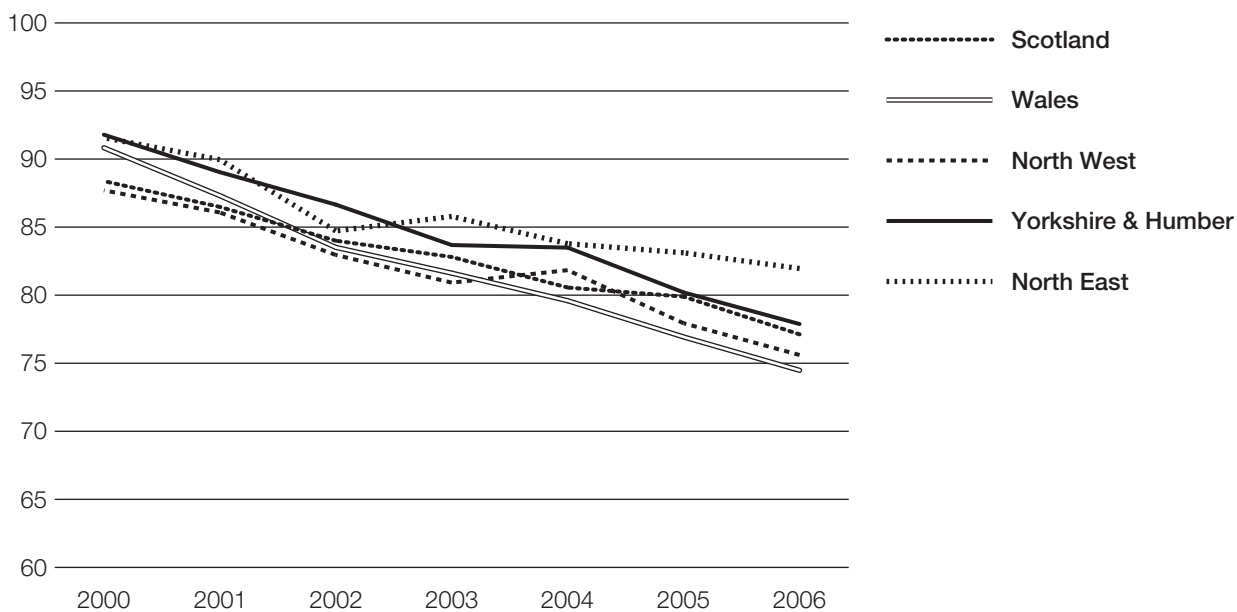
Figure 33 shows the percentage of those employed in 1999 who are still employed. The steady overall decline for the different areas reflects individuals becoming inactive – mostly retiring as they get older through the life of the survey. The figure shows individuals in the North East as retaining their employment status for longer – whether this is down to those individuals being younger in 1999 (and therefore taking longer to reach retirement) or any local policy interjection is not known.

Taking into account those who retired, employment retention in all the selected areas remained fairly steady. Wales had the lowest percentage of those still in employment by 2006, even taking into account those retiring – which was the highest compared to other areas. This reflects the fact that Wales had slightly more respondents becoming inactive through becoming long-term sick or disabled.

When looking at those who were unemployed in 1999 it should be noted that the results are based on a smaller number of people. Scotland and Wales had the lowest percentage becoming employed in 2000 after being unemployed in 1999. The English regions had higher percentages entering into employment: however, these results are based on a handful of respondents. The results for Wales fluctuates throughout the time period whereas the results for Scotland show a trend below the other areas (see Figure 34).

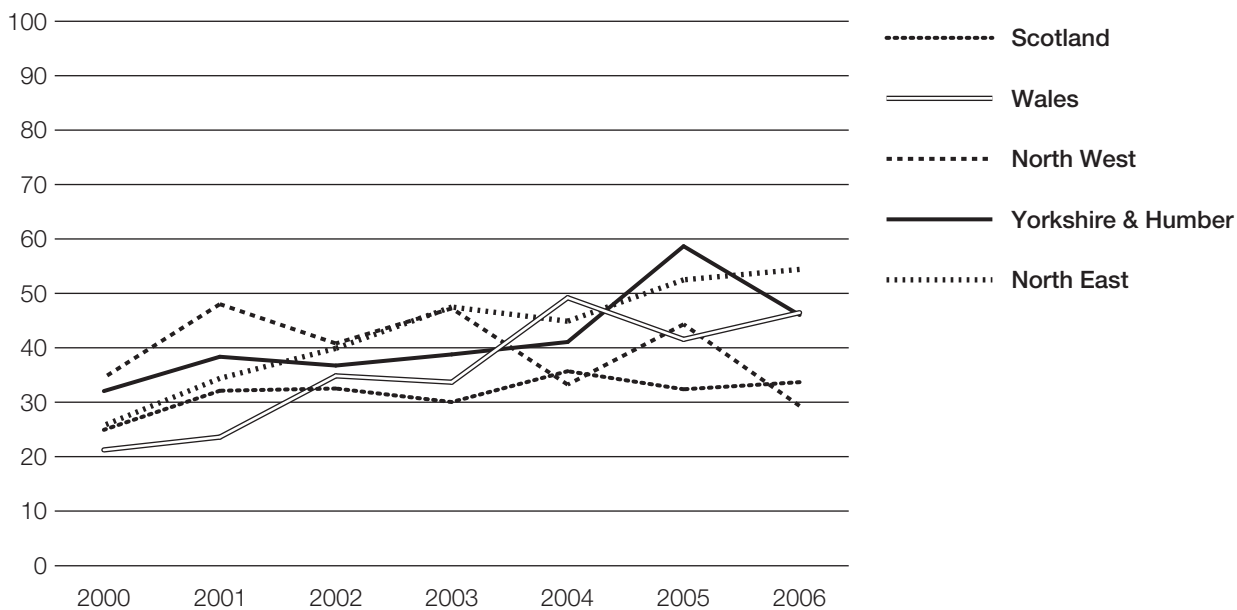
Most who were inactive in 1999 remained inactive through subsequent years – this is hardly

Figure 33: Percentage of those employed in 1999 who are still employed



Source: BHPS

Figure 34: Percentage of those unemployed in 1999 who are now employed (not self-employed)



Source: BHPS

surprising if they were retired already or disabled. However, in Scotland the percentage of individuals who remained inactive was consistently lower than in the other areas (see Figure 35).

In Scotland, those who were inactive in 1999 seemed to be more likely to be able to find employment in subsequent years (see Figure 36). In the year 2000, 9 per cent of the Scottish people who were inactive in 1999 were employed; by 2006 this figure had reached 20 per cent. This is only slightly higher than the other areas being looked at, with the Welsh economically inactive generally having a lower rate for those entering employment than the others.

Overall the changes in economic activity in Scotland and Wales were not significantly different enough from those in the English regions to say that devolution has had any effect in individual circumstances.

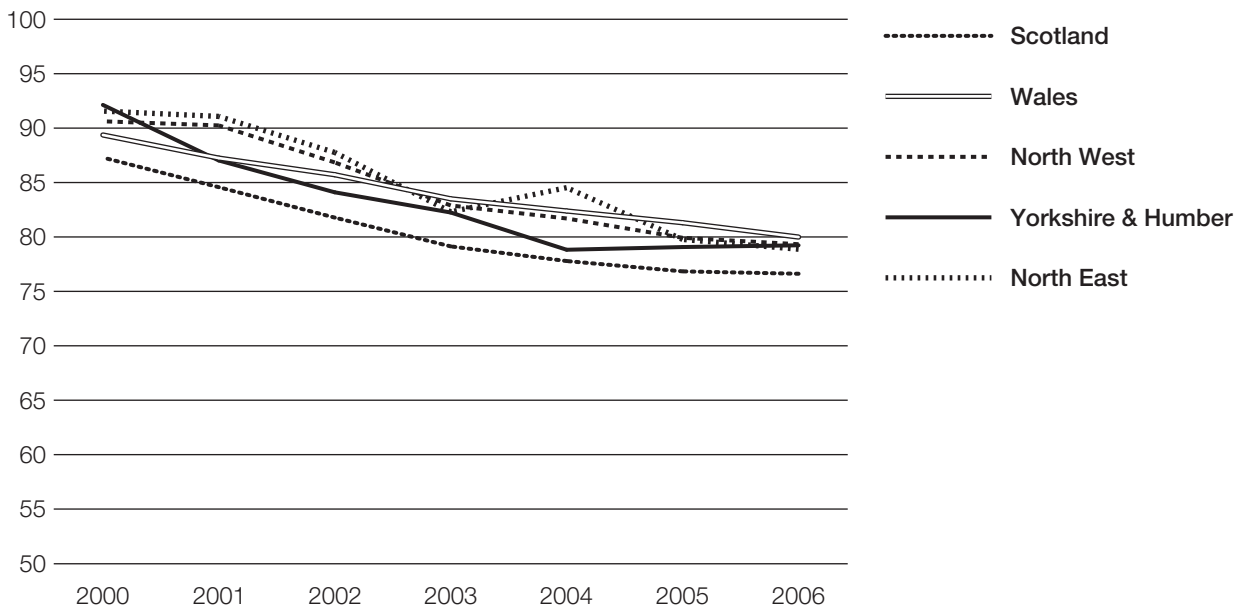
Change in income

To measure a change in income we chose to look at the individuals' total income for the previous month, the reasoning being that respondents were more likely to remember the value of the different components that made up their income a month ago rather than waiting a whole year to work out the annual amount.

Throughout the period in question there was a rise in employment due to sustained economic growth. Income levels have followed suit. The results from the BHPS do not significantly indicate whether devolution has had an influence on income levels in addition to what was happening to income levels anyway in these particular areas due to national circumstances.

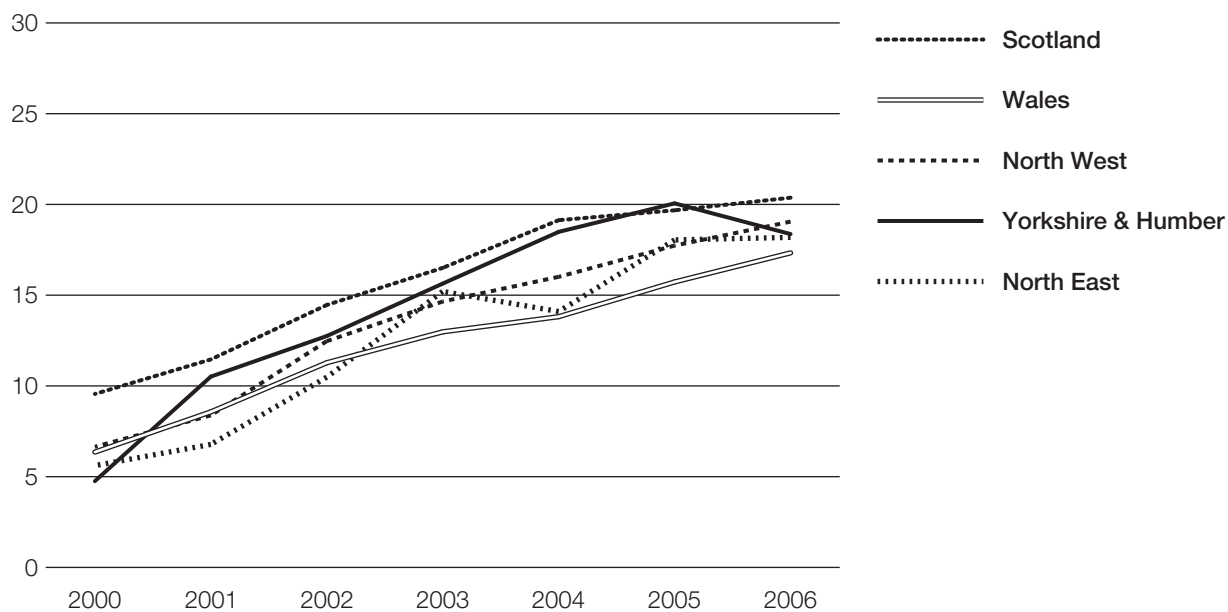
Trends in the levels of income for individuals in Scotland followed the general trend in the English

Figure 35: Percentage of those who were inactive in 1999 who are still inactive



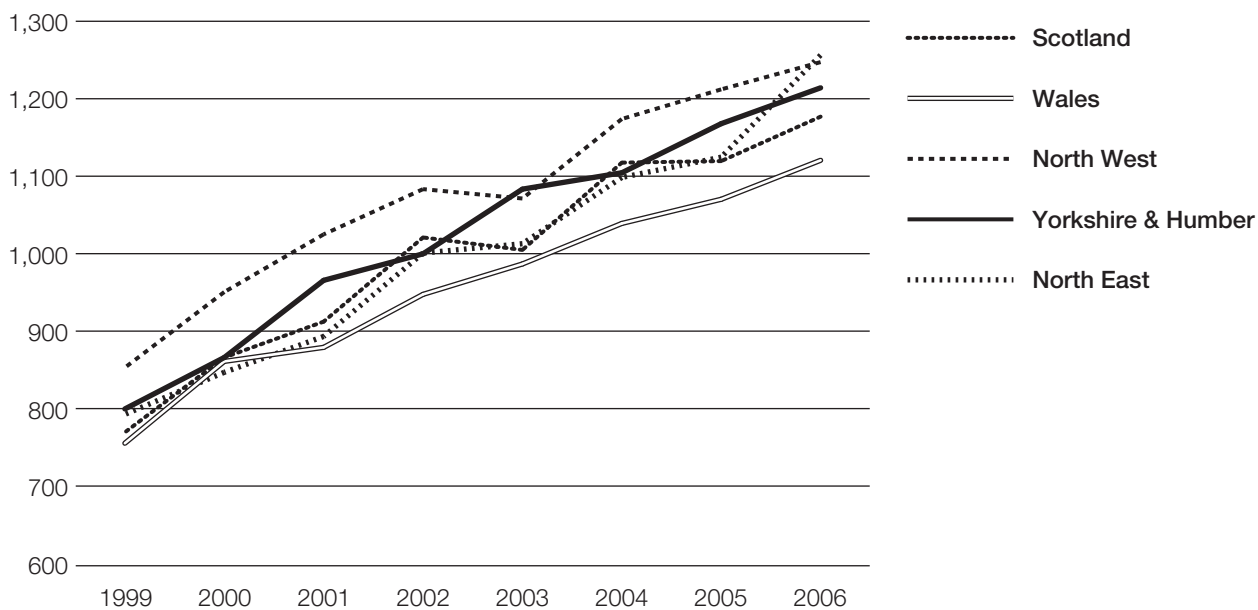
Source: BHPS

Figure 36: Percentage of those who were inactive in 1999 who are now employed (self-employed)



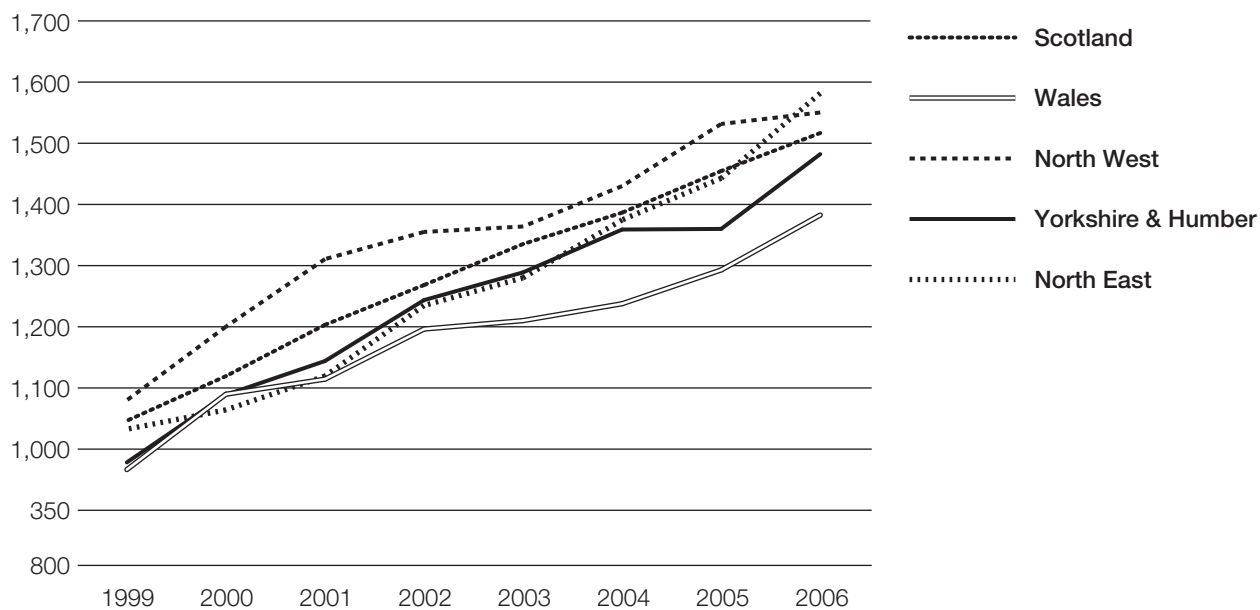
Source: BHPS

Figure 37: Median income of individuals last month (£)



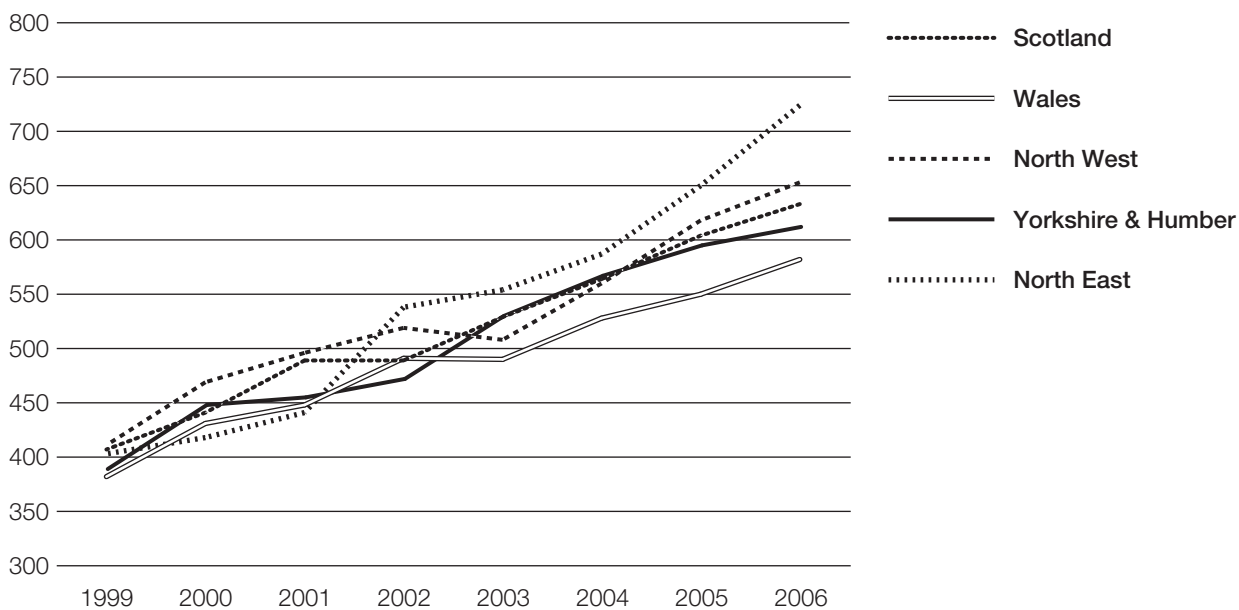
Source: BHPS

Figure 38: Mean income of individuals last month (£)



Source: BHPS

Figure 39: Monthly income for those in lowest 5th income bracket (£)



Source: BHPS

regions. However, the rate of change in Welsh individual income levels was slightly lower than for the others, although they started with the lowest income levels in 1999 anyway. Figures 37 and 38 show the median and mean of all the individual monthly incomes in that area. It shows Wales as having the lowest monthly income although only slightly lower than the value for Yorkshire and the Humber, but the gap widening between these two areas up to 2006.

The North West consistently had the highest income levels throughout the period and along with Scotland had higher rates of income increase in the first few years.

In Wales the upper monthly income level for the 20 per cent of individuals with lowest incomes was £382. This rose with each year but at a slightly lower rate compared to the other areas, with the North East having a high rate of increase in the later years (see Figure 39).

However, individual year-on-year changes in monthly income showed no great difference between the areas – especially in relation to differences between the devolved countries and the English regions.

Conclusion

Changes in economic activity in Scotland and Wales were not significantly different enough from those in the English regions to say that devolution has had any effect in individual circumstances. Income levels over the post-devolution period have tended to be slightly lower in Wales than in comparison areas. However, individual year-on-year changes in monthly income showed no great difference between the areas – especially in relation to differences between the devolved countries and the English regions.

8 Review of initiatives

Introduction

This chapter summarises the key initiatives implemented by the devolved administrations to pursue the strategic goals and objectives summarised in Chapter 2, and sets out the key available evidence on impact, largely taken from programme evaluations. It goes on to examine the impact of employment and skills initiatives funded through the European Structural Funds. Greater detail on initiatives identified in the review and evidence on their impact can be found in Appendix 2.

Evidence on impact was found to vary widely between initiatives, with some having more relevant evidence than others. Some performance/outcome data was identified on websites and other sources for unevaluated initiatives. In some cases there was no evidence on impact available.

Broadly speaking, evaluations of skills initiatives tend not to contain evidence on impact on employability, therefore limiting how much can be inferred about their impact on tackling poverty. A further limitation is that several evaluations do not have, or have limited, evidence on additionality, therefore making it difficult to judge whether job outcomes would or would not have occurred without the support provided by the programme. As noted previously, use of control groups to determine added value has been rare.

Table 1 shows how many employment and skills initiatives with intended or potential impact on tackling poverty were identified by the review

for each nation and how many of these have been evaluated.

As the table shows, there is more consistent evaluation of Scottish initiatives than Welsh or Northern Irish initiatives.

By virtue of having its own welfare-to-work system, there is a much larger degree of independent action around welfare-to-work in Northern Ireland than the other two devolved nations, although there are (usually voluntary) initiatives in all three nations designed to add value to existing mainstream welfare-to-work initiatives. In Northern Ireland, employment and skills policy is devolved, and responsibility is split between the Department for Social Development, which administers the benefit system, and the Department for Employment and Learning (DEL), which manages employment and skills programmes. The Jobs & Benefits offices reflect a move to join up work between benefits and employment systems that has occurred in the rest of Great Britain with the introduction of Jobcentre Plus.

Lindsay *et al.* (2008) have conducted research commissioned by DEL into how welfare-to-work policy in Northern Ireland compares with Great Britain and elsewhere, looking at the approach of public employment services to addressing employability issues. They highlight that there is less emphasis in Northern Ireland on using private sector providers and a greater focus on partnership working. As well as the previously discussed welfare-to-work programmes specific

Table 1: Initiatives identified by review

Northern Ireland		Scotland		Wales	
All	Evaluated	All	Evaluated	All	Evaluated
14	5	14	12	19	6

to Northern Ireland there is also evidence on the impact of the Northern Ireland-administered UK programmes. UK welfare-to-work programmes in Scotland and Wales are administered centrally by the DWP and Jobcentre Plus. Consequently evidence of impact is primarily at GB level.

It should also be noted that some initiatives have direct equivalents in England. This primarily applies to apprenticeships and careers advice services. The careers advice and guidance services in Northern Ireland, Scotland and Wales (Careers Service Northern Ireland, Careers Scotland and Careers Wales) differ from the careers service provision in England in that they are all-age rather than having different services for young people and adults. England is now moving towards all-age careers advice and guidance through the development of the Adult Advancement and Careers Service. Careers Scotland has now become part of the new Scottish skills body Skills Development Scotland. Careers Scotland is also the only one of the devolved administration careers services for which an evaluation was identified.

The section on evidence on impact summarises those programmes which had evaluations offering robust evidence on impact on employment, including job entry for workless clients and sustainability and progression in employment.

Scale: Investment and number of beneficiaries

When seeking to determine overall impact, scale is clearly a crucial factor. Small-scale programmes, no matter how well designed and successful, are unlikely to make an appreciable impact on the broad employment picture (although clearly they can provide an important testing ground for future mainstream practice, as well as local-level value and benefits to participants and stakeholders).

Although it is difficult to offer consistent information on programme cost/level of investment and number of participants/beneficiaries from publicly available sources, it is possible to offer general indications. As the initiatives table in Appendix 2 shows, levels of investment are variable – many programme

budgets are quite small-scale but some are substantial. The programmes with the biggest identified budgets and number of participants are:

- working for Families (Scotland) – £50 million over four years (2004–8); 5,808 beneficiaries in Phase 1 (2004 to March 2006);
- new Futures Fund (Scotland) – £31 million over seven years; nearly 7,000 clients engaged in Phase 2 between 2002 and 2005;
- training for Work (Scotland) – between £500 and £3,000 in support available per course; 2,273 people engaged up to March 2006;
- skillseekers and Modern Apprenticeships (Scotland) – £2,780 per trainee; 25,500 MA apprentices in training in 2003; 265,316 Skillseeker trainees between October 2007 and October 2009;
- skills in the Workplace (Wales) – £8,106,504 over three years (2005–8); 5,304 beneficiaries up to July 2007;
- want to Work (Wales) – £21 million over three years (2005–8); 1,395 beneficiaries;
- 14–19 Learning Pathways (Wales) – around £41 million.

Evidence on impact

Northern Ireland

The Bridge to Employment programme in Northern Ireland is designed to provide unemployed and, in particular, long-term unemployed people and women returners with the skills necessary to be competitive in the labour market. Performance figures show that between 75 per cent and 82 per cent of Bridge to Employment participants moved into work each year between 2000 and 2004 (exceeding targets). The participation rates for long-term unemployed people (over 12 months) were between 15 and 21 per cent and for people at risk of long-term unemployment (unemployed for 6–12 months) between 13 to 19 per cent. There have been

particularly low participation rates amongst women returners. Employment entry rates have been high (75 per cent and over). There appears to have been a greater net impact on increasing participation in training or education than there has been on employment. Nevertheless, evidence does suggest additionality on employment entry, particularly for long-term unemployed participants (DTZ Piedad Consulting, 2004).

Local Employment Intermediary Service (LEMIS) programme pilots began in May 2007 and will run for three years in three areas (Belfast, Londonderry and Strabane). LEMIS is a voluntary programme targeting people not presently using statutory employment services and is therefore designed to complement Jobcentre provision. It provides tailored assistance to help people overcome personal barriers that are preventing them from finding employment and keeping a job. DEL reported in April 2008 that 1,614 people used the service in its first year, of whom almost a quarter (23 per cent – around 370 people) found employment.¹

The Essential Skills Programme started in 2002 and is now encompassed by the wider Further Education Means Business strategy. Essential Skills assists adults to set a goal for their skill development and to sign up for courses free of charge. DEL announced in 2008 that Essential Skills will focus on employer engagement and targeting the hardest-to-reach groups in society. The Essential Skills Fund provides a maximum of £200 payable in respect of each adult enrolled on an Essential Skills course; a maximum of £240 available for retention and progress (at 5–6 weeks); and a maximum of £120 payable in respect of each adult who gains an Essential Skills qualification (DEL, 2005b). DEL reports that at 31 March 2008 32,562 qualifications had been achieved (DEL, 2008b).

Scotland

The New Futures Fund (NFF) operated in Scotland between March 1998 and March 2005 and was funded to £31 million, providing employability support to a range of disadvantaged groups. From April 2006, funding for existing New Futures Fund pilots transferred to Community Planning Partnerships (CPP) in order to integrate them with

the local service infrastructure (Scottish Executive, 2006a). There are figures available on employment, further education or training and voluntary work outcomes. These indicate a 15–17 per cent job outcome rate, although evidence suggests that as many as half of these were not sustainable. The evaluation evidence also indicates that NFF did predominantly add value to (rather than replicate) existing services (McGregor *et al.*, 2005).

The Get Ready for Work (GRFW) programme began in 2002. Funding for 2007/8 was £2 million. Get Ready for Work is a training programme for 16–18 year olds who are not in school, college, employment or training. From its beginning in 2002 up to 2006 there have been 24,158 participants, 9,882 of whom have achieved positive outcomes on progression from the programme to either FE, jobs, or Skillseekers. A total of 6,779 trainees went into jobs from the programme, representing 70 per cent of mainstream GRFW positive outcomes (Smart Consultancy and Eddy Adams Consultants, 2006).

Working for Families (WFF) was a programme designed to support vulnerable or disadvantaged parents towards, into or within employment, education or training by focusing on breaking down childcare or other barriers to employment entry. A total of £50 million was allocated to a selection of local authorities from 2004–8, in order to develop WFF services and projects. Evaluation evidence on Phase 1 of the programme (5,808 clients registered up to March 2006) found positive net impact on employment entry, including sustainability and progression, as well as on training/education entry: 19 per cent (472 people) moved into a full-time job and 24 per cent (568) into a part-time job; 10 per cent (247) improved employment or achieved another employment-related outcome; 34 per cent (810) entered/completed or sustained education or accredited training of at least six months' duration (Scottish Executive, 2007).

WFF was implemented with a comparison group of randomly chosen parents with roughly similar characteristics to the WFF client group. Comparator group members' movement into work, training or education was found to be very limited compared to WFF clients, suggesting strong additionality (Scottish Executive, 2007).

The evaluation of Careers Scotland and its forerunner, the All-Age Guidance (AAG) projects (which were expanded to form Careers Scotland in April 2002) provides some evidence on its contribution to the Closing the Opportunity Gap agenda. Evidence suggests that the programme was fairly effective in reaching socially excluded groups and did influence positive employment and training outcomes, including job entry. The evaluation suggested that the additionality provided by the service was primarily in terms of job matches rather than actual employment outcomes, which may often have occurred anyway. This indicates some degree of positive net impact on job sustainability and progression (Scottish Executive, 2005b).

Training for Work in Scotland is a voluntary programme designed to help long-term unemployed people get back to work through a combination of work experience, job search skills and skills upgrade. The equivalent programme in England (Work-Based Learning for Adults – WBLA) ceased in 2006, but Training for Work has been continued. Training for Work is open to adults who are 18 and over and who have been unemployed for at least six months within the previous 52 weeks (this was changed to three months from April 2009). There are certain circumstances where the six-month rule may be passed, including returners to the labour market, ex-detainees, people for whom English is not the first language, or those who have been made unemployed through a large-scale redundancy. The total number of those in Training for Work at 31 March 2006 was 2,273 (1,355 male and 918 female).

The only evaluation evidence identified for the programme dates from 1998, although a report on a Training for Work working group in 2008 cites job outcomes at around 60 per cent in 2008.² This is the same job outcome rate reported for the programme in 1998, although the job outcome rate for long-term unemployed participants was considerably lower (37 per cent). Evaluation evidence from the equivalent programme in England is mixed, and raises questions over additionality. A 1999 evaluation of the programme in England and Wales showed 49 per cent job outcomes within three years of leaving the

programme, compared to 37 per cent of a similar group of non-participants – an additional impact of only 12 per cent (Marshall and Macfarlane, 2000).

The Scottish Union Learning Fund (SULF) was established in 2000 by the then Scottish Executive. Through SULF, the Scottish Executive provides funds to unions to encourage workplace learning. A 2006 evaluation (Scottish Executive, 2006c) found that unions are using SULF for its intended purpose: to deliver workplace learning that is additional to that which already exists. At least 116 employers are involved in SULF; at least 22,434 employees have been provided with personal information, advice and guidance on learning; 2,456 learners have undertaken accredited learning; 10,582 learners have undertaken non-accredited learning; and 1,960 learners have undertaken IT training (Scottish Executive, 2006c).

Target C in the Closing the Opportunity Gap strategy in Scotland was to:

ensure that public sector and large employers tackle aspects of in-work poverty by providing employees with the opportunity to develop skills and progress in their career. NHS Scotland will set an example by providing 1,000 job opportunities, with support for training and progression once in post, between 2004 and 2006 to people who are currently economically inactive or unemployed.

(Scottish Government, 2007b, p. 77)

This was found by the 2007 CtOG evaluation to have been partially successful: 1,043 people had been offered supported employment opportunities in NHS Scotland. However, the transition rate to jobs for these was 56 per cent, rather than the target goal of 70 per cent (Scottish Government, 2007b).

Wales

The Skills Build initiative in Wales is designed to provide workless people with basic skills so they have the confidence to go back into work. There is a Skills Build specifically focused at people aged 16–18 and also one for adults. Evaluation evidence suggests positive employment impacts.

For the 2005 evaluation survey, learners were asked what they had done after completing the programme. The most frequent response was that they got a job (32 per cent) (ELWa, 2005). However, there is no evidence on whether these outcomes are additional.

The Want2Work initiative in Wales was a European Social Fund (ESF)-funded programme designed jointly between the Welsh Assembly Government, DWP and Jobcentre Plus to engage with people claiming health-related benefits. Want2Work represented an extension of the Pathways to Work pilots. The initiative ran for three years, ending in March 2008. It was targeted in four local authority areas: Merthyr Tydfil, Cardiff, Port Talbot and Denbighshire. The initiative was funded through a mix of Objectives 1 and 3 of the European Social Fund totalling £11 million (about ⇔15.2 million as at 7 December 2007). Jobcentre Plus and Eurofund report that in the three pilot areas, some 1,395 people participated in the project and 281 people found employment.³

Impact of European Structural Funds

In Wales particularly a considerable amount of employment and skills programmes are funded through European Structural Funds (and match-funded by domestic government). Evaluation evidence indicates that these programmes have had a positive net impact on employment.

Between 2000 and 2006 European Structural Funds Objective 1 support of ⇔1.85 billion or roughly £1.26 billion was available for Objective 1 areas in Wales (West Wales and the Valleys) to fund projects which aid economic development. This was expected to be matched by £1.46 billion of public and private sector funds, leading to a

total investment of £2.81 billion. The 2005 mid-term evaluation of the Objective 1 programme in Wales indicated that by the end of the programme somewhere in the range of between 26,000 and 40,500 net additional new jobs will have been created by total programme funding (including match-funding) (Old Bell, 2005). In terms of added value, the evaluation analysis estimated that net jobs attributable to the funding provided by the programme (including match-funding) equate to somewhere in the range of between 33 and 48 per cent of the total gross jobs reported. The evaluation evidence suggested most jobs were likely to be sustained (Old Bell, 2005).

Analysis suggests that, by the end of the programme, between 46,200 and 84,800 previously unemployed or economically inactive people who were not previously in education or training in West Wales and the Valleys will have moved into employment or further learning as a result of programme funding.

There is also evidence on the impact of ESF Objective 3 funding in England, Wales and Scotland. The overall ESF Objective 3 contribution for Great Britain in 2000–6 was ⇔4,742,629,600, of which 89.69 per cent went to England, 10.53 per cent to Scotland and 2.78 per cent to Wales (DWP, 2003). The mid-term evaluations for England, Scotland and Wales discuss the net impact of the programme. The Scotland report concludes that where participants have obtained jobs they may not have done so otherwise and so the Programme may have shifted unemployment to an extent. The Wales report states that the findings from the 2001 Leavers Survey suggest that almost one in five of those out of work before support found jobs either as a result of ESF support or other factors (Johnson *et al.*, 2006).

Conclusion

The review reveals that there is only a limited and variable degree of evidence showing the impact of initiatives introduced by devolved administrations with intended or potential impact on tackling poverty. This is partly because evaluations of skills initiatives often do not analyse impact on employment. There is a particular lack of evidence for initiatives introduced under the Welsh Assembly and Northern Irish Assembly, while the greatest degree of meaningful evidence was identified for initiatives introduced under the Scottish Executive/Scottish Government.

The evidence that does exist suggests that some initiatives offering skills and/or employability support have had an impact on increasing employment among disadvantaged groups and, to a lesser extent, promoting sustainability and progression in employment. Evidence on the impact of initiatives funded by the European Structural Funds suggests that these have made a considerable contribution to job creation and job entry and sustainability for disadvantaged groups, particularly in Wales, which receives a larger proportionate share of European funding than the other two devolved nations.

9 Conclusion

The preceding chapters have shown that, over the ten-year period since devolution was enacted, the devolved governments have been very active both in devising strategies in the employment/employability fields (discussed in Chapter 2) and in developing initiatives in this area (discussed in Chapter 8).

In each of the nations, it is not surprising that employment and employability have been seen as a priority from, and before, devolution as they have a legacy of high unemployment and inactivity from at least the preceding 20 years. The low level of economic activity in the preceding period also produced a pattern of emigration and population decline in each of the countries.

In all three devolved nations, employment rates have risen markedly over the period. This is shown in Chapter 3. The improvements in the employment rates are also discussed in the detailed chapters on each nation (4 to 6). It is likely that the improvements in the economy in the three countries resulted in substantial migration flows into each of the countries following the accession to the EU of the A8 Eastern European nations. As each of the devolved nations had been more accustomed to emigration than immigration, this development caused some surprise and social tensions in each of the countries.

In Chapter 7 we reviewed longitudinal evidence to show whether or not there was any distinct difference for those people who were unemployed, inactive or employed in 1999 over the entire subsequent period. The conclusion was that we could not conclusively show a positive difference for either Scotland or Wales (Northern Ireland data does not permit inclusion in the figures due to small sample numbers) compared to the regions in the North of England.

However, the question of whether the improvement in the employment situation in each nation was connected to decisions and initiatives

of the devolved governments is less clear. The second question is whether the initiatives enabled the poorest of their citizens to participate in economic progress.

To both questions, our answer, having reviewed both the economic evidence (in Chapters 3–7) and the evaluations conducted of the initiatives (Chapter 8) is, in the Scottish verdict, ‘not proven’.

The comparison of economic progress with the North of England shows that, from similar starting points, economic progress has, in general, been of a similar scale and pattern. Where there have been differences, the timing of those differences does not particularly match the implementation dates of initiatives in relevant nations and regions. Northern Ireland is something of an exception, but it is reasonably clear that the overriding factor in its economic improvement has been reintegration into wider economic trends following the peace process. Slowdowns in the peace process were, in the earlier period, associated with slowdowns in economic progress. The suspension of the Executive in October 2002 had a particularly marked negative effect on employment.

The nature of the devolved powers themselves has made identifying impacts more difficult. Except in Northern Ireland, devolved powers have been over skills and employability rather than over the whole range of employment support. Jobcentre Plus remains a Great Britain body, with slightly different menus of possible support to which they can refer people when they deem that appropriate. With employment support, it is reasonably clear that jobs (in some measure) are the key positive outcome. With skills initiatives, progress into jobs and further progress while in work may be a longer-term outcome that is inherently more difficult to evaluate. The review of evaluations found a high proportion treating progression into further learning as a positive

outcome on the same level as a job outcome, rather than as an intermediate outcome whose efficacy could be tested by later progress into work and in work.

In each of the nations, partly because of the powers that have been devolved, the efficacy of employability skills interventions to help those out of work has been little questioned. The short-term and jobs focus of Jobcentre Plus and DWP have led them to become steadily more sceptical about the cost-effectiveness of skills interventions. Where training continues to be supported across Great Britain by DWP and Jobcentre Plus, it tends to be training that is immediately relevant to job search, such as in how to compose a good CV. DWP has commissioned evaluations that have recommended this focus as effective.

As would be expected, there has been a degree of variation in the extent to which initiatives by the devolved governments have been evaluated, with Scotland having the highest proportion of initiatives with evaluations. However, having reviewed the evaluations, we are unable to conclude that there is unambiguous evidence that the overall strategies, composed of a variety of initiatives, have worked. The measure we use is based on whether people have moved into work, from unemployment or inactivity, and the comparison is with the North of England.

There has not been a step change in the efficacy of the employment and employability infrastructure in getting the poorest in Scotland or Wales into work. Outside factors, applying equally in the North of England, seem to be controlling, with very minor differences in the nations. Northern Ireland does seem to have had more major changes in employment and the chances of employment. However, it is doubtful whether the devolved nature of the employment and skills provision is a major contributor. Throughout the period, people claiming Jobseekers' Allowance have been much more likely to remain and become long-term unemployed in Northern Ireland than in the North of England. This was at a time when unemployment on the ILO definition, measuring people seeking work and available to start, fell dramatically in Northern Ireland, to levels comparable with the most prosperous regions in England, and well below those in the North of England regions.

This survey has been limited. Within the resources available, we have attempted to summarise the effects of ten years of initiatives and strategies by a series of devolved governments (or, in the case of Northern Ireland, a long interlude of direct rule but devolved administration). We would recommend that the nations should (each) commission a larger-scale evaluation to identify the difference they have made.

The nations should also develop a stronger evaluation culture. Experience in welfare-to-work evaluations in the UK and internationally has found that the gross effects of job entries that are visible from management and monitoring information need to be assessed against the best obtainable control groups in evaluation. A highly respected economist, David Blanchflower, has summarised the net effects of a wide range of 'active labour market programmes':

Nevertheless, most studies, from a large range of countries, indicate there are little apparent tangible returns from ALMPs. Asked by The Economist in 1996 how much training schemes in the US help their clientele, Jim Heckman replied that 'zero is not a bad number'

(The Economist 6th April, 1996).¹

Against this background of scepticism, it is vital that evaluations are both conducted and conducted to the highest standards.

Some evaluations have found that programmes may have had negative effects – Blanchflower quotes just such evidence relating to the former Youth Training Scheme.

At present, in relation to employment and employability, we can document much action, but little strong evidence of resulting improved access to jobs, earnings and progression in work, when compared with a control area. This is so even when the control group chosen, a grouping of the three northern English regions, has some logic but would not meet the criteria for a Heckman-style analysis. For us to have done that, we would have had to assess the subsequent progress of individuals who matched workless people in each of the nations at devolution, and who also lived in

areas with equivalent social conditions and had experienced equivalent economic shocks. The alternative analytical procedure, of randomly assigning people to devolved programmes or to receive Great Britain-standard provision, could also produce high-quality evidence.

In order for devolved governments to justify their activities to their citizens, it is important to provide evidence not merely of action, but of effective action.

Executive summary

- 1 The three northern regions are the North East, the North West and Yorkshire and the Humber.

Chapter 1

- 1 The three Government Office Regions of the North East, the North West and Yorkshire and the Humber.
- 2 Including all paid work of one hour or more, self-employment, working unpaid in family businesses and government employment programmes (the Office for National Statistics measure of employment following international guidelines).
- 3 The employment rate is the proportion of the population who are in employment. In this report, we base all measures on the 'working-age' group between 16 and 59/64.

Chapter 4

- 1 Coincident effects are where a similar pattern occurs across a range of duration groups over a similar time frame. Differential effects are where a particular duration group behaves differently from the others at the same time.

Chapter 5

- 1 As stated in the previous chapter this discussion is based on an analysis of unemployed JSA recipients remaining through quarterly duration thresholds.
- 2 The rise in the JSA claimant count towards 1 million in the 2005/6 period produced a searching investigation by DWP, and resulted in a 'relaunch' of the JSA regime. Further details are discussed in the previous chapter.

Chapter 8

- 1 www.northernireland.gov.uk/news/news-del/news-del-april-2008/news-del-300408-over-350-people.htm.
- 2 www.scotland.gov.uk/Topics/Education/skills-strategy/making-skills-work/ntp/TrainingforWork.
- 3 Jobcentre Plus website: www.jobcentreplus.gov.uk/JCP/Partners/RegionalBusinessCommunity/Wales/Dev_013019.xml.html.

Chapter 9

- 1 David Blanchflower, Bruce V. Rauner '78 Professor of Economics, Dartmouth College, University of Stirling, IZA, CESifo, NBER and Member, Monetary Policy Committee, Bank of England, speech at Stirling University, 25 February 2009. The Jim Heckman quoted won the Nobel Prize for Economics for his work on the evaluation of such training programmes.

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Appendix 1: BHPS summary tables

Table A1: The change in economic status of those employed in 1999

	2000	2001	2002	2003	2004	2005	2006
Still employed							
Scotland	88	86	84	83	81	80	77
Wales	91	87	83	82	80	77	74
North West	88	86	83	81	82	78	76
Yorks & Humber	92	89	87	84	83	80	78
North East	92	90	85	86	84	83	82
Now unemployed							
Scotland	3	2	2	3	2	2	1
Wales	2	1	3	2	1	2	2
North West	3	3	3	2	3	3	5
Yorks & Humber	2	2	2	3	1	2	2
North East	2	3	4	1	1	0	2
Now inactive, including retired							
Scotland	7	9	11	11	13	13	17
Wales	6	9	12	14	14	17	19
North West	6	8	10	11	10	13	14
Yorks & Humber	4	7	9	10	10	12	14
North East	6	6	9	9	12	13	13
Now inactive – retired							
Scotland	2	3	5	5	7	7	10
Wales	2	4	6	7	8	11	12
North West	1	3	3	5	5	6	8
Yorks & Humber	1	3	4	5	5	7	9
North East	1	2	3	4	6	8	8

Source: British Household Panel Survey.
 Note: Figures in bold based on less than 30.

Table A2: The change in economic status of those unemployed in 1999

	2000	2001	2002	2003	2004	2005	2006
Still employed							
Scotland	38	34	21	28	17	14	15
Wales	38	41	29	30	19	21	14
North West	42	26	23	26	33	22	29
Yorks & Humber	25	35	32	28	29	18	15
North East	48	41	30	14	20	11	18
Now employed							
Scotland	25	32	33	30	36	32	34
Wales	21	24	35	34	49	42	47
North West	35	48	41	47	33	44	29
Yorks & Humber	32	38	37	39	41	59	46
North East	26	34	40	48	45	53	55
Now inactive, including retired							
Scotland	37	32	40	36	44	48	47
Wales	34	30	34	30	29	36	37
North West	23	22	32	26	28	33	29
Yorks & Humber	36	19	26	33	18	24	31
North East	26	21	30	29	25	26	27
Now inactive – retired							
Scotland	3	2	9	6	7	12	9
Wales	2	2	4	5	7	6	4
North West	0	0	0	0	0	0	0
Yorks & Humber	0	4	0	0	6	0	0
North East	3	3	5	10	10	16	14

Source: British Household Panel Survey.
 Note: Figures in bold based on less than 30.

Table A3: The change in economic status of those inactive in 1999

	2000	2001	2002	2003	2004	2005	2006
Still inactive, including retired							
Scotland	87	85	82	79	78	77	77
Wales	89	87	86	84	82	81	80
North West	91	90	87	83	82	80	79
Yorks & Humber	92	87	84	82	79	79	79
North East	92	91	88	82	85	80	79
Still inactive – retired							
Scotland	53	55	55	56	58	56	57
Wales	58	59	61	60	60	61	61
North West	54	57	56	57	56	59	58
Yorks & Humber	56	60	58	59	59	59	58
North East	51	56	55	58	60	54	54
Now employed							
Scotland	9	11	14	16	19	20	20
Wales	6	8	11	13	14	16	17
North West	7	8	12	15	16	18	19
Yorks & Humber	5	10	13	16	18	20	18
North East	6	7	10	15	14	18	18
Now unemployed							
Scotland	2	3	3	3	2	2	2
Wales	3	3	2	2	3	2	1
North West	2	1	1	2	2	2	1
Yorks & Humber	3	2	2	1	2	0	0
North East	2	2	1	1	1	1	3

Source: British Household Panel Survey.
 Note: Figures in bold based on less than 30.

Table A4: Change in total income (last month) of those surveyed in 1999

	1999	2000	2001	2002	2003	2004	2005	2006
Median income (£)								
Scotland	801	867	966	1,000	1,083	1,104	1,167	1,213
Wales	757	862	880	948	987	1,039	1,070	1,120
North West	854	951	1,025	1,083	1,071	1,173	1,211	1,246
Yorks & Humber	771	867	913	1,021	1,005	1,117	1,119	1,176
North East	794	848	894	1,001	1,013	1,098	1,124	1,255
60% of median (£)								
Scotland	480	520	580	600	650	662	700	728
Wales	454	517	528	569	592	623	642	672
North West	512	570	615	650	643	704	727	747
Yorks & Humber	463	520	548	613	603	670	671	705
North East	476	509	536	600	608	659	674	753
Percentage below 60% median								
Scotland	25	26	26	27	27	26	26	26
Wales	27	26	26	25	26	26	27	25
North West	26	27	26	27	26	25	25	25
Yorks & Humber	27	26	26	28	26	26	24	26
North East	24	27	27	25	23	25	22	21
Mean (£)								
Scotland	1,038	1,112	1,197	1,263	1,331	1,383	1,452	1,515
Wales	957	1,082	1,107	1,190	1,204	1,232	1,288	1,379
North West	1,072	1,194	1,306	1,351	1,360	1,427	1,530	1,549
Yorks & Humber	969	1,081	1,137	1,238	1,284	1,355	1,356	1,480
North East	1,024	1,056	1,112	1,229	1,275	1,371	1,440	1,581
20% with income above (£)								
Scotland	1,567	1,665	1,762	1,842	1,986	2,031	2,083	2,200
Wales	1,402	1,559	1,624	1,781	1,819	1,792	1,873	2,000
North West	1,528	1,726	1,824	2,040	1,956	2,076	2,188	2,167
Yorks & Humber	1,474	1,634	1,660	1,815	1,802	1,939	2,001	2,134
North East	1,526	1,554	1,685	1,826	1,841	2,040	2,158	2,171
20% with income below (£)								
Scotland	407	441	489	489	529	564	604	633
Wales	382	431	448	491	490	528	550	582
North West	411	469	496	519	508	560	618	653
Yorks & Humber	389	448	455	472	530	567	595	612
North East	403	418	441	538	554	587	650	724

Source: British Household Panel Survey.

Note: Results from the BHPS that showed unrealistic results were omitted – this included a few results with an abnormally large amount in one particular month and many with incomes of under £100 per month that fluctuated wildly with each survey year.

Table A5: Percentage change in monthly income compared to previous year

	1999 to 2000	2000 to 2001	2001 to 2002	2002 to 2003	2003 to 2004	2004 to 2005	2005 to 2006
% with an increase on previous year							
Scotland	60	60	59	62	58	58	59
Wales	64	56	58	56	61	56	60
North West	63	64	55	61	59	59	61
Yorks & Humber	63	62	61	60	59	61	58
North East	61	63	62	62	64	61	57
% with decrease on previous year							
Scotland	38	34	35	33	36	34	36
Wales	35	39	35	39	34	38	35
North West	34	32	40	36	38	35	34
Yorks & Humber	35	35	36	36	37	35	39
North East	37	34	35	33	33	35	36
% with over a 10% increase on previous year							
Scotland	41	37	35	37	35	36	36
Wales	44	36	38	35	37	34	36
North West	37	39	32	34	34	35	36
Yorks & Humber	40	37	35	33	36	37	30
North East	34	38	37	36	40	33	35
% with over a 10% decrease on previous year							
Scotland	25	20	21	20	22	21	20
Wales	23	26	23	25	22	23	20
North West	19	20	24	20	22	20	20
Yorks & Humber	21	23	23	22	22	20	21
North East	22	21	19	21	20	21	17

Source: British Household Panel Survey.

Appendix 2: Initiatives tables

Table B1: Initiatives

Initiatives by country	Investment/ programme cost	Number of beneficiaries/ participants	Funding organisation	Start date	End date	Evaluation identified (Y/N)
Northern Ireland						
Access to Work Northern Ireland	£1m per year	–	DEL	Sep 2007	Ongoing	N
ApprenticeshipsNI	–	–	DEL	–	–	N
Bridge to Employment	–	–	DEL	May 1997	Ongoing	Y
Careers Service Northern Ireland	–	–	Northern Ireland Executive	–	Ongoing	N
Essential Skills Programme	–	At 31 March 2008 32,562 qualifications had been achieved	DEL	Oct 2002	Ongoing	Y
Further Education Means Business strategy	£90m on accommodation; £60m new projects	–	DEL	Mar 2004	Ongoing	N
Learner Access and Engagement Programme	£500,000 per annum for each college for 3 years	–	DEL	Sep 2008	Sep 2011	N
Local Employment Intermediary Service	£6m	–	DEL	May 2007	May 2010	N
Pathways to Work for Lone Parents pilot project	£2m 2006–8	–	DEL	Jan 2007	Ongoing	Y
Pathways to Work NI	£3.7m 2006–8	–	DEL			
Steps to Work	–	–	DEL	Apr 2007	Apr 2008	Y
Training for Success	Approx £52.4m per year	–	DEL	Sep 2007	Ongoing	N
Union Learning Fund for Northern Ireland £590,000 up to 2007	1,510 Apr 2006/7 DEL Nov 2002 Y					
Worktrack	–	–	DEL	Aug 1999, recontracted in Oct 2003	–	N

Table B1: Initiatives (continued)

Initiatives by country	Investment/ programme cost	Number of beneficiaries/ participants	Funding organisation	Start date	End date	Evaluation identified (Y/N)
Scotland						
Apprenticeships – Modern Apprenticeships	£2,780 average per apprentice	Mar 2003: around 26,500 registered apprentices in training	Scottish Government	Apr 1994	Ongoing	Y
Careers Scotland (now part of Skills Development Scotland)	£60m	40,000 used All-Age Guidance service pilots in 2002/3	Scottish Government	Apr 2002	Ongoing	Y
Get Ready for Work	£2m 2007/8	24,158 participants 2002–6	Scottish Enterprise	Apr 2002	Ongoing	Y
Healthy Working Lives	–	–	NHS Health Scotland	Mar 2002	–	
ILA Scotland	£6.7 million over 3 years 2005–7	52,000 courses taken by ILA200 learners 2005–7	Scottish Government	–	–	Y
New Futures Fund	£31m (total)	6,910 clients engaged in 2nd phase 2002–5	Scottish Enterprise and Highlands and Islands Enterprise	May 1998	March 2005	Y
Scottish Credit and Qualifications Framework (SCQF)	–	–	–	Oct 2007	Apr 2011	Y
Scottish Union Learning	£1.6m	22,434 info, advice & guidance; 2,456 undertaken accredited learning, 10,582 non-accredited learning, 1,960 IT training – 2006	Scottish Executive via the Scottish Union Learning Fund	Apr 2004	Ongoing	Y
Scottish Union Learning Fund (SULF)	£8.75m	–	Scottish Executive and Scottish Enterprise	Aug 2000	Ongoing	Y
Skills for Work courses	–	1,466 candidates in Phase 1 (2005–6); 4,000 anticipated for 2006–7	Scottish Executive Education Dept	Aug 2005	Ongoing	Y
Skillseekers	£2,780 average per trainee	265,316 trainees, Oct 09–Oct 07	Local Enterprise Company	Apr 2005	Ongoing – will be phased out as the MA programme is extended to S/NVQ Level 2	Y
Training for Work	£500 – £3,000 per individual per course	2,273 (31 Mar 06)	Scottish Enterprise	(pre-1999)	Ongoing	N
Working for Families	£50m 2004–8	5,808 in Phase 1 (up to 31 Mar 06)	Scottish Executive	Apr 2004	Apr 2008	Y

Table B1: Initiatives (continued)

Initiatives by country	Investment/ programme cost	Number of beneficiaries/ participants	Funding organisation	Start date	End date	Evaluation identified (Y/N)
Wales						
14–19 Learning Pathways	£41,170,000	–	WAG	Sep 2004	Ongoing	Y
Ambitions Programme	–	–	WAG	Jan 2008 (announced)	Ongoing	N
Assembly Learning Grants	–	6,030 grants awarded 2006/7	WAG	Sep 2004	Ongoing	N
Basic Skills	£4m	–	WAG	Apr 2005	Ongoing	N
Basic Skills Employer Pledge	–	–	WAG	–		N
Careers Ladder Wales	–	–	DWP and WAG	Apr 2009	Ongoing	N
Careers Wales	£44.9m p.a.	272,692 participants	WAG	Apr 2001	Ongoing	N
Credit and Qualifications Framework for Wales	£1.1m	–	ESF, Higher Education Council for Wales and WAG	Apr 2003	Ongoing	Y
ILA Wales	Not found	9,633 courses booked by end of 3rd year 2003–6; 4,642 start courses Apr 2005–Mar 2006	National Assembly	Jul 2003	Ongoing	Y
National Traineeship/ Modern Apprenticeship programme	–	–	WAG	–	Ongoing	Y
Skillbuild	–	Increase from 6,800 to 9,900 on Skillbuild Youth, 1999/00–2002/3; decrease of 6,700 to 4,600 on adult engagement programme	WAG	Jan 2005	Ongoing	Y
Skills for Business and Skills for Employment	£9m	Approx 11,000 beneficiaries	WAG and ESF	Late 2000	Summer 2003	Y
Skills in the Workplace	£8,106,504	5,304 beneficiaries up to July 2007	WAG and ESF	Jun 2005	May 2008	Y
Step Up Sector	£250–£1,000 per individual employee	–	WAG	–	–	N
Wales Union Learning Fund (WULF)	£1m per year	£4.6m to 104 projects	WAG	Apr 1999	Ongoing	Y
Wales Workforce Development Programme	–	–	Education and Learning Wales (ELWa)	Nov 2005	Ongoing	N
Want2Work	£21m	1,395 (total)	WAG and ESF	Jan 2005	Mar 2008	N

Appendix 3: Detailed review of initiatives

Initiatives are examined according to their target group and, within this, by country in which they operate. Where available, evidence on net impact (i.e. impact over what would have happened anyway, also termed additionality or added value) is cited. The review particularly sought to identify 'hard' outcomes but 'soft' outcomes are also cited where pertinent.

Employment and skills initiatives targeted at workless people

Northern Ireland

The Learner Access and Engagement Programme started in September 2008. It provides opportunities for non-statutory organisations (mainly, but not necessarily, voluntary and community bodies) to provide learner support to adults with barriers to learning, through a contractual arrangement with one of the six further education colleges. The provision aims to engage adults who are not in work, who do not hold a qualification at Level 2 or above, or who may have barriers to learning such as caring responsibilities, disability or poor levels of literacy and numeracy.

The Bridge to Employment programme in Northern Ireland is designed to provide unemployed and, in particular, long-term unemployed people and women returners with the skills necessary to be competitive in the labour market. Performance figures show that between 75 per cent and 82 per cent of Bridge to Employment participants moved into work each year between 2000 and 2004 (exceeding targets). The participation rates for long-term unemployed people (over 12 months) were between 15 and 21 per cent and for people at risk of long-term unemployment (unemployed for 6–12 months) between 13 to 19 per cent. Participation rates for women returners were much lower (between 1 and 2 per cent). These were often below target. Less than 30 per cent of employers thought they would have recruited as many long-term

unemployed without the programme. This proportion increased to almost half of employers (48 per cent) who said they would have recruited as many short-term unemployed without the programme. There appeared to be a greater net impact in relation to training and education: 15 per cent of participants surveyed said they would have undertaken other training or education (DTZ Piedad Consulting, 2004).

Steps to Work in Northern Ireland was piloted from April 2007 and subsumed all the New Deal programmes (see subsequent section) with the exception of New Deal for Disabled People from the end of September 2008. It is open to all workless people over 18 and has a mandatory and voluntary element. The initiative is designed to address individuals' employability and basic skills needs as part of a package of support. This includes personalised information, advice and guidance, financial support with travel costs to any interviews, job search and CV building, as well as a basic skills assessment and short courses to develop any necessary skills. It is too early to judge the impact of the programme. However, the 2008 interim evaluation reported that to date 39 per cent of mandatory clients have returned to benefits and 14 per cent have found unsubsidised employment. A higher proportion of voluntary clients had found employment compared with mandatory clients at the same stage. Due to the significant proportion of voluntary and mandatory clients still progressing through the programme compared to the numbers who have completed it, it was concluded that a fuller assessment of employment outcomes needs to be made at a later date (DEL, 2008a).

Local Employment Intermediary Service (LEMIS) programme pilots began in May 2007 and will run for three years in three areas (Belfast, Londonderry and Strabane). LEMIS is a voluntary programme targeting people not presently using statutory employment services and is therefore designed to complement Jobcentre provision.

It provides tailored assistance to help people overcome personal barriers that are preventing them from finding employment and keeping a job. DEL reported in April 2008 that 1,614 people used the service in its first year, of whom almost a quarter (23 per cent – around 370 people) found employment.¹

Scotland

Target C in the Closing the Opportunity Gap strategy in Scotland was to:

ensure that public sector and large employers tackle aspects of in-work poverty by providing employees with the opportunity to develop skills and progress in their career. NHS Scotland will set an example by providing 1,000 job opportunities, with support for training and progression once in post, between 2004 and 2006 to people who are currently economically inactive or unemployed.

(Scottish Government, 2007b, p.77)

This was found by the 2007 CtOG evaluation to have been partially successful: 1,043 people had been offered supported employment opportunities in NHS Scotland. However, the transition rate to jobs for these was 56 per cent, rather than the Target goal of 70 per cent (Scottish Government, 2007b).

The New Futures Fund (NFF) in Scotland ran in two phases from March 1998 to March 2005. It was managed by Scottish Enterprise and Highlands and Islands Enterprise. The initiative targeted a range of the most disadvantaged client groups including homeless people, people with drug and alcohol problems, ex-offenders, young people, people with mental health issues, people with learning disabilities and people from minority ethnic groups. Within this, the main focus was on the 16–34 age group. The NFF took a holistic approach to employability enhancement. Funded projects were delivered by a range of voluntary and public sector organisations experienced in working with specific disadvantaged groups.

Respondents for the Phase 2 evaluation were asked what they did immediately after leaving the NFF project and what they were doing at the time of the interview (which took place at least three

months after leaving the NFF project). Findings show that:

- 17 per cent entered employment;
- 20 per cent moved on to some form of further education or training;
- 17 per cent joined a government or other programme;
- 7 per cent undertook some form of volunteering.

At the time of the interview:

- 16 per cent were employed;
- 24 per cent were involved in education and training of some kind;
- less than 50 per cent of those finding employment immediately were still employed at the time of the survey.

On the basis of the monitoring database:

- 15 per cent go into employment/self-employment;
- 36 per cent progress to various types of education, training or other positive outputs.

According to the follow-up survey, a higher percentage felt NFF had improved their quality of life relative to enhancing their chances of getting a job. Typically, only between a quarter and a third felt NFF had helped ‘a lot’ with core and vocational skills, job search, etc.

High percentages of respondents to the client survey reported that their confidence and motivation had improved a lot, although lower percentages reported a similar impact on their skills and chances of getting a job.

The project-based evidence shows clearly that NFF generated additionality in terms of extra employability services delivered, new ways of working with clients and wider access to employability services. Additionally, clients

perceived that the services offered by NFF projects are very different to those delivered by the conventional providers (McGregor *et al.*, 2005).

From April 2006, funding for existing New Futures Fund pilots transferred to Community Planning Partnerships (CPP) in order to integrate them with the local service infrastructure (Scottish Executive, 2006a).

Training for Work in Scotland is a voluntary programme designed to help long-term unemployed people get back to work through a combination of work experience, job search skills and skills upgrade. The equivalent programme in England (Work-Based Learning for Adults – WBLA) ceased in 2006, but Training for Work has been continued. Training for Work is open to adults who are 18 and over and who have been unemployed for at least six months within the previous 52 weeks (this was changed to three months from April 2009). There are certain circumstances where the six-month rule may be passed, including returners to the labour market, ex-detainees, people for whom English is not the first language, or those who have been made unemployed through a large-scale redundancy. The total number of those in Training for Work at 31 March 2006 was 2,273 (1,355 male and 918 female).

The only evaluation evidence identified for the programme dates from 1998, although a report on a Training for Work working group in 2008 cites job outcomes at around 60 per cent in 2008.² This is the same job outcome rate reported for the programme in 1998, although the job outcome rate for long-term unemployed participants was considerably lower (37 per cent). Evaluation evidence from the equivalent programme in England is mixed, and raises questions over additionality. A 1999 evaluation of the programme in England and Wales showed 49 per cent job outcomes within three years of leaving the programme, compared to 37 per cent of a similar group of non-participants – an additional impact of only 12 per cent (Marshall and Macfarlane, 2000).

Wales

The Skillbuild initiative in Wales is designed to provide workless people with basic skills so they

have the confidence to go back into work. There is a Skillbuild specifically focused at people aged 16–18 and also one for adults. Of the 404 learners interviewed for the programme evaluation 72 per cent of learners completed the course and 6 per cent were still doing it. The Welsh Skills Strategy (2008) announced that an Ambitions programme would supersede the adult element of the Skillbuild programme.

For the Skillbuild evaluation, learners were asked what they thought they would get out of the programme:

- Over 40 per cent thought they would get a job, 10 per cent thought they would get a better idea of the job they would like to do, and just over a third expected to get a certificate. Only 14 per cent viewed it as a route into further training.

Learners were asked what they did after completing the course:

- The most frequent response was that they got a job (32 per cent); 17 per cent of learners indicated that they had not yet progressed on to further learning or employment (9 per cent were looking for employment, 4 per cent did 'nothing', 2 per cent were looking for another course, 2 per cent were claiming benefit) (ELWa, 2005).

Employment and skills initiatives targeted at disabled people and people with long-term illness

Scotland

Launched in 2005, the Healthy Working Lives initiative in Scotland aims to help contribute to the reduction of work-related ill health by 20 per cent and of days lost to ill health by 30 per cent. There is no evidence on the impact on sustaining employment.

Wales

The Want2Work initiative in Wales was a European Social Fund (ESF)-funded programme designed jointly between the Welsh Assembly Government, DWP and Jobcentre Plus to engage

with people claiming health-related benefits. Want2Work represented an extension of the Pathways to Work pilots. The initiative ran for three years, ending in March 2008. It was targeted in four local authority areas: Merthyr Tydfil, Cardiff, Port Talbot and Denbighshire. The initiative was funded through a mix of Objectives 1 and 3 of the European Social Fund totalling £11 million (about ⇔15.2 million as at 7 December 2007). Jobcentre Plus and Eurofund report that in the three pilot areas, some 1,395 people participated in the project and 281 people found employment.³

Employment and skills initiatives targeted at young people and young people NEET

Northern Ireland

Formerly restricted to people aged 16–24, Northern Ireland apprenticeships were extended to all ages and relaunched as ApprenticeshipsNI in September 2008. Apprenticeships in Northern Ireland form part of the Training for Success approach which was implemented from September 2007. There are two other components: Skills for Your Life (formerly Personal Development) which seeks to address the personal and development needs of young people who have disengaged from learning and/or have significant obstacles; and Skills for Work, which aims to help young people gain skills and a Vocationally Related Qualification at Level 1 to be able to gain employment, or to progress to Pre-Apprenticeship or Apprenticeship provision or to further education. No evidence was found on impact.

Funding for Preparation for Vocational Training (14 to 19) in Northern Ireland involves two elements – the pre-apprenticeship programme (14–16) and the pre-vocational training programme. Both were launched in 2006. The pre-apprenticeship programme aims to introduce vocational education and training to young people while still within compulsory school, while the pre-vocational training programme will seek to provide young people with moderate learning difficulties or with other personal or social difficulties with a more effective means of transition into the world of work. These

programmes are intended to contribute to the reduction of young people not in education, employment or training (NEET). The programmes received a planned investment of £14.2 million for 2006–8 (DEL, 2008c).

Scotland

Skills for Work (SfW) courses have been piloted in Scotland in the academic years 2005/6 and 2006/7. They were rolled out to all schools in Scotland in 2007/8. SfW courses aim to help young people to develop skills and knowledge in a broad vocational area, core skills, an understanding of the workplace, positive attitudes to learning and employability skills. The courses are intended to provide progression pathways to employment, training or further learning for pupils of all abilities. Although the main target group for SfW courses were pupils in S3 and S4 (secondary school years 3 and 4 when Standard Grades – the GCSE equivalent – are taken), it was anticipated that the courses would also be taken by older pupils and adult learners. They have been the subject of a process evaluation which provides some evidence on impact. School and college staff interviewed for evaluation were positive about the impact of SfW courses on students. Enhancement of students' specific vocational skills and knowledge was seen as a key impact. Other main areas of impact identified included helping students to make decisions about post-school transitions, improving their motivation to learn and enhancing their attitudes and skills relevant to employment (Scottish Executive, 2006e).

Get Ready for Work (GRFW) is a training programme for 16–18 year olds who are not in school, college, employment or training. It is designed to help participants identify their individual needs and offers training in a number of skills. The programme was evaluated in 2005/6. The evaluation found:

- A growth in the number of starts – just over 8,400 recorded starts in 2005/6, an increase of 32 per cent since the initial year of operation. However, just over 1,400 (17 per cent) of these starts were returners – young people returning to GRFW after previous involvement.

- The Lifeskills strand accounted for just under 10 per cent of all starts, but has been the fastest growing part of the programme in recent years.
- Positive outcomes for the GRFW programme are defined as progression to further education, employment or mainstream Skillseekers. Over the period that the programme has been in operation, participants have achieved a total of 9,882 positive outcomes on progression from the programme to FE, jobs, or Skillseekers. This represents 32.2 per cent of the total number of leavers.
- The majority of young people achieving positive outcomes from mainstream GRFW and Lifeskills enter employment on leaving the programme. A total of 6,779 trainees went into jobs from mainstream GRFW and Lifeskills, representing 70 per cent of mainstream GRFW positive outcomes and just over 67 per cent of Lifeskills outcomes (Smart Consultancy and Eddy Adams Consultants, 2006).

All young people aged 16–17 are entitled, under the Youth Training Guarantee, to Skillseekers training. Skillseekers encourages employers to train young people aged 16–24 towards a recognised workplace qualification by helping them with the cost of training, although Skillseekers can also be provided outside the workplace. Skillseekers is linked to the Modern Apprenticeship (MA) programme. The aim of the MA programme is to increase the pool of people trained to intermediate level. MAs were originally for young adults (aged 16–24) but the upper age limit has now been removed. The most recent performance and impact evidence shows that:

- Completion rates for the programmes in 2005/6 are 63 per cent for Skillseekers, 56 per cent for MA 16–24s and 67 per cent for adult MAs. MA completion rates rose over 10 per cent from 2002/3 to 2004/5.⁴
- Comparisons between Scotland and England show significantly superior performance in Scotland (2004/5: Scotland, 55 per cent;

England, 38 per cent). Within both systems, it is also the case that completion rates have improved over time but Scotland has maintained its relative edge (Cambridge Policy Consultants, 2006).

Wales

The 14–19 Learning Pathways initiative in Wales aims to improve the proportion of 16 year olds progressing to full-time or work-based further learning and to reduce the number of 16–18 year olds NEET and leaving full-time education with no qualifications. The initiative has a target to prepare 95 per cent of young people for high-skilled employment or higher education by the age of 25. Learning Pathways consists of six key elements:

- individual learning pathways to meet the needs of each learner;
- wider choice and flexibility of programmes and ways of learning;
- a learning core wherever there are learners aged 14–19;
- the support of a learning coach;
- access to personal support;
- impartial careers advice and guidance.

No employment outcome data was found for 14-19 Learning Pathways. A report by Estyn (2006), the education and training quality and standards inspection agency in Wales, examines the use of qualifications by providers and the development of partnerships.

In Wales, Modern Apprenticeships are available at two levels: Foundation Modern Apprenticeship (FMA) and Modern Apprenticeship (MA). Trainees study for NVQ qualifications at Level 2 for a Foundation Modern Apprenticeship and Level 3 for a Modern Apprenticeship. Completion rates are lower than in England:

- In 2004/5, 29 per cent of learners on the FMA and 21 per cent of those pursuing the MA completed their full frameworks compared to

35 per cent of Apprentices (equivalent to FMA) and 33 per cent of Advanced Apprentices (equivalent to MA) in England (ELWa, 2006).

Employment and skills initiatives targeted at parents

Northern Ireland

In Northern Ireland the Department for Employment and Learning launched the Pathways to Work for Lone Parents pilot in January 2007. The new service is being tested in Knockbreda, Limavady, Lisburn and Shaftesbury Square Jobs & Benefits offices. Performance results suggest the pilots are increasing levels of employment among lone parents. During the first twelve months of the pilot, 9 per cent (330) of case-loaded lone parents in pilot Jobs & Benefits offices moved into employment, compared to 1.6 per cent in 2006/7 (DEL, 2008a).

Scotland

The Working for Families (WFF) programme ran in two phases from April 2004 to April 2008. The programme was designed to support vulnerable or disadvantaged parents towards, into or within employment, education or training by breaking down childcare or other barriers.

A total of 5,808 clients were registered across the ten Phase 1 local authorities up to 31 March 2006.

- Forty-one per cent of all clients achieved 'hard' outcomes – i.e. a transition of moving into full- or part-time employment; improving or sustaining employment; or entering or completing education or accredited training courses lasting six months or more.
- Of these, 19 per cent (472 people) moved into a full-time job and 24 per cent (568) into a part-time job, 13 per cent (324) sustained employment (e.g. were able to continue in current employment having faced a recent 'crisis' which threatened this employment), 10 per cent (247) improved employment or achieved another employment-related outcome (including 3 per cent who reduced their hours), and 34 per cent (810)

entered/completed or sustained education or accredited training of at least six months' duration.

- A further 5 per cent achieved progress through participating in 'intermediate activities' such as voluntary work, non-accredited training, on-the-job training, work placements etc., although they had not achieved a transition.

A comparison control group was set up across the ten local authorities with 107 randomly chosen parents with roughly similar characteristics, but who had not received support from WFF. The comparator study showed that their moves into work, training or education were very limited compared to WFF clients. Although there were a few differences between WFF client and the control group characteristics, this was considered to broadly suggest that much of the increase in employment, training or education of the WFF clients is likely to be attributable to WFF support rather than to other changes that would have happened anyway (Scottish Executive, 2007).

The evaluation of Careers Scotland and its forerunner, the All-Age Guidance (AAG) projects (which were expanded to form Careers Scotland in April 2002) provides some evidence on its contribution to the Closing the Opportunity Gap agenda. Evidence on client characteristics suggests that the projects did attract members of socially excluded groups. There are also indications that AAG projects/Careers Scotland did influence positive outcomes, including starting a job or new job, finding additional financial support, or starting or completing a training course.

However, the evaluation also suggested that the additionality provided by the service was primarily in terms of job matches rather than actual employment outcomes, which may often have occurred anyway. This is supported by 70 per cent of clients surveyed considering the support to have improved their future employment prospects. A majority of clients also reported that the support influenced their career decisions for the better, and felt that they now had more confidence to make career development decisions (Scottish Executive, 2005b).

General/other

Northern Ireland

The Essential Skills Programme started in 2002 and is now encompassed by the wider Further Education Means Business strategy. Essential Skills assists adults to set a goal for their skill development and to sign up for courses free of charge. DEL announced in 2008 that Essential Skills will focus on employer engagement and targeting the hardest-to-reach groups in society. The Essential Skills Fund provides a maximum of £200 payable in respect of each adult enrolled on an Essential Skills course, a maximum of £240 available for retention and progress (at 5–6 weeks), and a maximum of £120 payable in respect of each adult who gains an Essential Skills qualification (DEL, 2005b). DEL reports that at 31 March 2008 32,562 qualifications had been achieved (DEL, 2008b).

The Union Learning Fund (ULF) for Northern Ireland was established in 2002 to encourage and support the Northern Ireland trade union movement's growing interest and activity in lifelong learning. A 2008 evaluation of the ULF found that the total number of learners taking part in ULF projects in the period April 2006/7 to the end of the second quarter in 2008 was 1,510 learners. Within this total, an estimated 470 learners will have taken part in essential skills courses. Other key outcomes reported include:

- helping to develop the vision set out in the Further Education Means Business strategy, by building effective links between providers, employers and workplace learners;
- building capacity and models of learning support that meet the needs of 'non-traditional' learners and addressing some of the physical barriers to access to learning (information, location, time and costs) and psychological barriers to learning (expectations, motivation and fear of failure). (ICTU, 2008)

Scotland

An interim evaluation of Closing the Opportunity Gap was concluded in 2007. It made a provisional

conclusion that positive changes in the landscape of social exclusion in Scotland – particularly increased employment, less ill health and improved access to financial services – would not otherwise have occurred without this programme. However, in other areas of activity – particularly poverty among working-age adults and outcomes for young people – the evaluation found there was either no evidence of improvement or that changes could not yet be discerned. The early stage of development of CtOG and consequent lack of data meant it was not possible to confidently attribute impact of the work programme that underpins CtOG targets on changes evident in CtOG objectives and aims (Scottish Government, 2007b).

Careers Scotland and its forerunner, the All-Age Guidance (AAG) projects, is another initiative that aimed to contribute to the CtOG strategy.

The evaluation suggested that the additionality provided by the service was primarily in terms of job matches rather than actual employment outcomes, which may often have occurred anyway. This is supported by 70 per cent of clients surveyed considering the support to have improved their future employment prospects. A majority of clients also reported that the support influenced their career decisions for the better, and felt that they now had more confidence to make career development decisions (Scottish Executive, 2005b).

Individual Learning Accounts (ILA) Scotland is a Scottish Government initiative which offers grants of £200 to contribute towards participation in training or education for anyone 16 or over who lives in Scotland and has an income of £18,000 a year or less, or who is on benefits. This part of the scheme is called ILA200: up until 2008/9 there was also an ILA100 which offered £100 grants and had no income restrictions. ILA200 can be used towards funding a wide range of learning opportunities both accredited and non-accredited. Part of the intention of the programme is to widen participation in adult learning and prioritise the learning needs of certain groups of learners (in particular those on low incomes) (Scottish Government, 2008b).

The number of new ILA Scotland accounts opened each year has increased by around 14,000 from 2005 to 2007. By 2007 there were almost four times as many ILA Scotland accounts as there were in 2005. The great majority of courses taken were under the ILA200 offer. There are some indications on how far ILA is reaching unemployed, low-income or disadvantaged people. The 2008 ILA Scotland Learners Study found that:

- sixteen per cent of successful ILA200 applicants were new learners (had done no learning since leaving school);
- twenty-four per cent were not working (or retired);
- the social-class profile of those on ILA200 is similar to that of the population as a whole with the exception that the former are more likely to be in social group C1 (supervisory or clerical and junior management administrators or professional occupations). (Scottish Government, 2008b)

There has been a qualitative evaluation of ILA Scotland which offers indications on impact and effectiveness from providers and stakeholders. The evaluation found that the contribution of ILA200 (the fund for people earning £18,000 or less) was particularly recognised by learning providers from all sectors as being a useful source of encouragement and financial assistance for initial re-entry to learning, particularly for those on low incomes who are often not in employment. ILAs were seen to provide added value by providing learners with a wider choice of possible providers than other forms of financial support. The value of recurrent funding was also recognised in that this provides learners with opportunities for progression (Scottish Government, 2007c).

The Scottish Union Learning Fund (SULF) was established in 2000 by the then Scottish Executive. Through SULF, the Scottish Executive provides funds to unions to encourage workplace learning. A 2006 evaluation found that unions are using SULF for its intended purpose: to deliver

workplace learning that is additional to that which already exists. At least 116 employers are involved in SULF; at least 22,434 employees had been provided with personal information, advice and guidance on learning; 2,456 learners have undertaken accredited learning; 10,582 learners have undertaken non-accredited learning; and 1,960 have undertaken IT training (Scottish Executive, 2006c).

The Scottish Credit and Qualifications Framework was launched in 2007. A 2005 evaluation concluded that the SCQF has made:

- a valuable contribution to curriculum planning and development within higher education institutions;
- limited impact in the further education sector;
- limited progress in extending the framework to cover a wider range of community learning and development. (Scottish Executive, 2005a)

Wales

Wales has Individual Learning Accounts (ILA) to help people with low or no qualifications achieve their learning objectives by giving £100–200 towards any chosen course and related expenses.

The evaluation of Individual Learning Accounts found that the programme has contributed to a significant and growing number of individuals engaging in learning:

- There have been 4,642 course starts using an ILA Wales in the third year of the programme (April 2005–March 2006) which represents a 31 per cent increase on the previous year (3,221 course bookings in April 2005–March 2006).
- In total nearly 10,000 courses had been booked using an ILA Wales by the end of the third year (9,633 between July 2003 and March 2006).
- Between two-thirds and three-quarters of learners have achieved qualifications as a result of their ILA Wales-funded learning.

- The ILA Wales programme is attracting a significant proportion of people into learning who are not ‘traditional learners’ and would not have learned (or would have been very unlikely to do so) had it not been for the availability of ILA Wales.
- Around two-fifths of all learners and over half of those not in work say they would not have undertaken their learning had it not been for the availability of ILA Wales.
- Around a third of learners on the ILA Wales programme had not previously engaged in learning since leaving school.
- Around two-thirds of learners had no qualifications when they applied for their ILA Wales. (Welsh Assembly, 2006)

Other similar provision includes the Assembly Learning Grant, which provides support (maximum grant of £1,500) to people from low-income families to access and remain in further and higher education. Figures for 2006/7 show the total number of Assembly Learning Grants awarded to be 6,030. Of these, 640 were part-time and out of this figure 440 were successful applications and 200 were ineligible.⁵

Some in-work training initiatives were identified in Wales which may contribute to sustainability and progression in employment. The Skills in the Workplace initiative in Wales ran from June 2005 to May 2008. It aimed to raise skill levels of employees and create an ethos of training within small and medium enterprises (SMEs) in North Wales by providing small ‘chunks’ of learning up to NVQ Level 3. It was initially available in the Objective 1 area of North West Wales to employees 25 years old or over, not receiving any other funding for their training and not taking part in any other mainstream learning. From September 2005 eligibility was extended to 18–24 year olds, and to the adjacent Objective 3 area. Current evaluation evidence (the Stage 3 evaluation is yet to be published) provides little information on impact for employees or on added value/net impacts (Welsh Assembly Government, 2008c).

The Wales Workforce Development Fund was launched in 2005 and aims to encourage employers to participate in training and development of their workforce through the provision of advice, guidance and access to support, tailored to meet the needs of differing organisations in Wales, particularly SMEs.

The Wales Union Learning Fund (WULF) was launched in April 1999. It aims to build capacity within the union movement to maximise their learning engagement with both individuals and employers. Since its inception WULF has provided over £4.6 million to fund 104 projects in a variety of unions across Wales. Projects can run for up to two years with a maximum available of £100,000 to each project. The WULF budget now stands at £1 million a year.

The Credit and Qualifications Framework for Wales (CQFW) was launched in 2003 and aims to assist all formal and non-accredited learning by breaking down barriers for those wishing to return to learning, facilitating lifelong learning and enabling progression. Evidence on impact of the CQFW is provided by a 2008 evaluation, which focused on feedback from consultations with stakeholders. The evaluation found that there had been minimal impact on learners and in widening participation. There was limited use of credit (only awarded to learners in small sections of the school and further education sectors). Employer awareness of the CQFW was also found to be fairly limited. The consultation concluded that there is a ‘policy vacuum’ between the importance placed on the CQFW in policy and other official documents and the level of support that the CQFW receives from the Welsh Assembly Government (Welsh Assembly Government, 2008b).

Impact of UK-wide welfare-to-work programmes in the devolved nations

The Report of the National Employment Panel’s Working Group on New Deal 25+ (National Employment Panel, 2004) suggests that variation in impact in Great Britain does not follow devolved nation boundaries. The evaluation found that the odds at Great Britain level of gaining sustained

employment as a result of New Deal 25+ are one in four. The odds were found to be best, at almost one in three, in South Humberside, East Lancashire, Wiltshire, Dorset and Grampian. They were found to be worst in Doncaster at one in seven and in Newcastle, the East and Central London districts, Inverness and the Welsh Eastern Valleys at one in six.

There is also evidence on impact available for the New Deal 25+ pilot and programme in Northern Ireland. The evaluation of the New Deal 25+ pilot (DEL, 2004) found that the subsidised employment option made a positive contribution to participants' employment prospects, with two-thirds obtaining unsubsidised jobs post-New Deal. The Preparation for Employment Programme and Education and Training Opportunity (PEP/ETO) options were found to be less effective in supporting transitions to the labour market, with job outcomes at 47 percentage points lower than for subsidised employment option participants. There was no significant change in self-confidence levels identified among all New Deal 25+ pilot participants.

The evaluation of the enhanced New Deal 25+ programme reported that 56 per cent of all those leaving New Deal directly from an option entered unsubsidised employment. The stages with the most positive results were Employer Subsidy and Essential Skills Training; 37 per cent of those participating in Employer Subsidy found a job after they left the programme. The Essential Skills option was found to be effective, but was only being pursued by a very small number of participants.

The report evaluates the programme most positively with regard to its impact on job search and employability; the work experience provided meeting participants' capabilities and expectations; and the role of Personal Advisers.

Impact of European Social Funds

Between 2000 and 2006 European Structural Funds Objective 1 support of €1.85 billion or roughly £1.26 billion was available for Objective 1 areas in Wales (West Wales and the Valleys) to fund projects which aid economic development. This was expected to be matched by £1.46 billion

of public and private sector funds, leading to a total investment of £2.81 billion.

Job creation and combating economic inactivity are two of the three key headline objectives of the programme. The 2005 mid-term evaluation of the Objective 1 programme in Wales indicated that by the end of the programme somewhere in the range of between 26,000 and 40,500 net additional new jobs will have been created by total programme funding (including match-funding). This includes 2,900–6,900 jobs created as a result of investment in sites and premises alongside the 23,100–33,600 new jobs estimated to result from business support interventions. It does not include indirect or longer-term employment impacts from investment in infrastructure or training, due to difficulty in measurement.

In terms of added value, the evaluation analysis estimated that net jobs attributable to the funding provided by the programme (including match-funding) equate to somewhere in the range of between 33 and 48 per cent of the total gross jobs reported, equivalent to 12,800–18,600 net new jobs having resulted from the two key elements of the programme responsible for job creation, with between 23,100 and 33,600 net new jobs likely to have been created by the programme funding by the end of its life.

Around half of new employees had previously been unemployed or inactive, suggesting that the job creation resulting from the assistance was having an impact on unemployment. However, pay rates were generally low, and significantly below the average earnings in Wales. There were also few additional benefits offered to new employees. Only a minority of jobs required formal qualifications and few employers had written job descriptions for their staff. The evaluation evidence suggested most jobs were likely to be sustained.

Analysis suggests that, by the end of the programme, between 46,200 and 84,800 previously unemployed or economically inactive people who were not previously in education or training in West Wales and the Valleys will have moved into employment or further learning as a result of programme funding. Sampled projects were generally providing support to individuals with non or very low qualifications. Just under half

of beneficiaries thought participation would have helped their prospects of getting a job but there was also concern to secure a job which they wanted to do rather than 'a dead-end factory job'. Around half felt that participation would have a positive effect on their future learning prospects (Old Bell, 2005).

There is also evidence on the impact of ESF Objective 3 funding in England, Wales and Scotland. The overall ESF Objective 3 contribution for Great Britain in 2000–6 was €4,742,629,600, of which 89.69 per cent went to England, 10.53 per cent to Scotland and 2.78 per cent to Wales (DWP, 2003). The mid-term evaluation for England, Scotland and Wales reports findings net impact of the programme in Scotland and from the 2001 Leavers Survey. The Scotland report concludes that where participants have obtained jobs they may not have done so otherwise and so the programme may have shifted unemployment to an extent. Wales states that the findings from the Leavers Survey suggest that almost one in five of those out of work before support found jobs either as a result of ESF support or other factors.

The Scotland report states that participants of ESF courses in Scotland were likely to suffer from multiple disadvantages in the labour market before joining the course, with the implication that the survey respondents (2001 Leavers Survey) were significantly distanced from the labour market before participating in ESF. Wales also reports that the 2001 Leavers Survey indicates that 52 per cent of beneficiaries in Wales experienced more than one labour market disadvantage (Johnson *et al.*, 2006).

The ESF-funded EQUAL programme funds initiatives across Great Britain and Northern Ireland aimed to test and promote new means of combating all forms of discrimination and inequalities in the labour market, both for those in work and those seeking work.

In Northern Ireland, EQUAL was allocated a budget of €18.416 million for 2000–6. The Northern Ireland programme operates under two themes, Employability and Equal Opportunities,

within which there is greater focus on employability. The 2005 evaluation of the EQUAL programme concluded that:

the programme has made a positive impact at the individual level by helping beneficiaries move along the pathway to training, education and employment. These impacts can mainly be identified in terms of soft outcomes such as contributing towards increasing self-confidence and motivation, communication and teambuilding skills and an enhanced sense of personal responsibility.

(DEL, 2005a, p.11)

It was considered too early to fully judge the impact of the EQUAL programme on wider policy and practice. However, the evaluation does report that there has been limited impact at the national policy level to date.

EQUAL-funded initiatives operated in 2000–6 in Great Britain across all eight EQUAL themes, with the majority operating in England. The evaluations of the Great Britain EQUAL programme do not separately identify impacts for Scotland and Wales.

Notes

- 1 www.northernireland.gov.uk/news/news-del/news-del-april-2008/news-del-300408-over-350-people.htm.
- 2 www.scotland.gov.uk/Topics/Education/skills-strategy/making-skills-work/ntp/TrainingforWork.
- 3 Jobcentre Plus website: www.jobcentreplus.gov.uk/JCP/Partners/RegionalBusinessCommunity/Wales/Dev_013019.xml.html.
- 4 www.scotland.gov.uk/Publications/2005/11/07161317/13179.

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