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The views expressed in this report are the author's and do not necessarily reflect those of the Employment Service or the Department for Education and Employment.

Executive summary

The New Deal for the Long-Term Unemployed (ND25+) Pilots are one of the most original aspects of the government's welfare-to-work strategy. They were introduced in November 1998 as an extension of national New Deal provision for the long-term unemployed (introduced in June 1998), with the express intention to try out innovative approaches to helping people back to work. More specifically, their aim is to test the effectiveness of intervening after 12 months and 18 months of unemployment (the June measures apply only to those unemployed for two years) and to try a range of innovative approaches to enhancing the employability of people who have been out of work for a significant period so they can move back into the labour market. The Pilots were introduced in 28 areas of the country, after a process of competitive tendering to run the Pilots. The areas selected were constrained to cover the different regions and a range of different types of delivery unit.

The innovative and flexible nature of the Pilots meant that their design was not set down in detail, but rather each Pilot delivery organisation was asked to develop, in consultation with the Employment Service, the detailed design, which suited their local area.

A common framework was required, however, to ensure that each unemployed person taking part in the Pilots was guaranteed a minimum range and level of help, and to provide consistency across the Pilots to allow for a robust evaluation.

The following were therefore a feature of every Pilot:

A Gateway period, usually up to 13 weeks (though 17 weeks may be allowed in some circumstances), in which participants have discussions with a New Deal Personal Adviser to identify barriers to work, and to help job-ready people move into work.

A mandatory intensive activity period (IAP), also of up to 13 weeks. This begins when the participant has completed at least six weeks and, in general, no more than 13 weeks, in the Gateway, unless the individual finds a job and/or leaves Jobseekers' Allowance (JSA) in the meantime. The IAP consists of any or all of the following: work experience with an employer or in a project of community or environmental benefit; job-focused training; help towards self-employment; and jobsearch help and supervised jobsearch activity.

In addition, there is *follow-up* provision for people who go into work, during which the Pilot delivery organisation will offer additional support to both the employer and the individual to encourage the individual's continuation in their new job; *Follow-through* help for those who do not go into work or who, having gone into work, return once more to JSA within three months; and *Employer Subsidy*, where employers recruiting Pilot participants are able to claim £75 per week for 26 weeks for jobs averaging 30 hours or more per week, and £50 per week, also for 26 weeks, for jobs averaging 16-29 hours per week.

Outline of the evaluation (Chapter 1)

The Policy Studies Institute and BMRB Social Research were commissioned by the Employment Service to carry out a quantitative evaluation of the ND25+ Pilots, in two stages, using a matched comparison group design. A matched comparison group design was used for the evaluation so that we could estimate how many more people gained positive outcomes from the ND25+ Pilots than would have been expected if they had not taken part in the programme. This estimation is done by comparing the labour market progress of ND25+ Pilot participants with that of a comparison sample, who were matched with the participants on a number of characteristics. While it is not possible to entirely eliminate the problem of unobserved differences between participants and non-participants, accurate matching can reduce its impact on the results. It also makes the evaluation exercise intuitively more plausible, because we are comparing like with like.

The full quantitative evaluation of the ND25+ Pilots will be carried out later this year and reported in early 2001. The first stage analyses described in this baseline report are able to identify early effects of the programme. The analyses are based on a survey of 979 participants from 26 Pilot areas, and 563 members of a comparison sample. The face-to-face interviews took place from July-October 1999. The comparison sample was selected from areas of the country with a similar socio-demographic profile to the Pilot areas and the individuals themselves were matched on gender, age and unemployment duration. As the Pilots were designed specifically to test the effectiveness of intervention at 12 and 18 months unemployment, people were only included in the sample if they had an unemployment duration of 12 to 24 months.

The comparison sample was drawn from the Joint Unemployment and Vacancies Operating System (JUVOS) of administrative records on the unemployed. The Pilot entrants were a random sample of those entering ND25+ with 12 to 24 months unemployment in the Pilot areas between December 1998 and February 1999 and were drawn from the New Deal Evaluation Database (NDED). As well as being closely matched on gender, age and unemployment duration, by virtue of the study design, the Pilot and comparison samples were also well-matched on a number of background characteristics that previous research has shown to have important effects on labour market outcomes.

Operation of the ND25+ Pilots (Chapter 2)

The great majority of ND25+ Pilot participants could recall a considerable amount of New Deal experience. Most of those who had been on the Gateway were satisfied, to at least some degree, with the help offered by the New Deal Personal Adviser, but the extent of satisfaction varied according to labour market and New Deal status at the time of the survey interview. Those in employment or full-time education and training at the time of interview tended to be satisfied with the help of the NDPA, whereas those in non-claimant unemployment were much less so. Those Pilot participants who were still on the Gateway at the time of interview, and so who in most cases had overstayed, tended to be among the least satisfied with NDPA help.

A number of barriers to employment were identified during the course of participant interviews with NDPAs. The most common of these were a lack of local jobs, age, lack of personal transport, ill-health and lack of qualifications. Where a barrier had been identified, clients reported receiving help from their NDPAs to overcome the barrier in around a quarter of cases. Offers of help were more forthcoming in relation to problems to which the personal adviser might feasibly offer some solutions, such as learning difficulties and health problems.

As one would expect from the design of the programme, Pilot participants carried out a wide range of activities as part of the Intensive Activity Period (IAP). The most common were receiving help with jobsearch, job-focused education or training and work experience. IAP activities varied somewhat with personal characteristics. For example, those with health problems were more likely to get work experience than job-focused education or training; those with longer spells of unemployment (18-23 months) were over-represented in job-focused education or training; those with no qualifications more likely to be doing work experience; and so on.

When participants were asked to assess the overall usefulness of ND25+ Pilot provision, the answer again depended heavily on current New Deal status. Those receiving job-focused education or training, work experience or jobsearch help through the IAP at the time of the survey interview were all inclined to think their time on the New Deal was useful, whereas those still on the Gateway thought it was not.

First effects of the ND25+ Pilots (Chapter 3)

Econometric analyses showed that exiting unemployment without entering a job was more likely if the respondent had an employed partner or a health problem and less likely if the respondent was a member of an ethnic minority. Exiting unemployment to enter work was more likely if the respondent was living in the North-west of England, had a driving licence, an employed partner or one who was looking after the home, or was widowed divorced or separated, and less likely if the respondent was aged 50 plus, had high reservation wages, had a health problem, or was a social renter, private renter or living in rent-free accommodation.

The analyses also showed evidence of early ND25+ Pilot effects in relation to unemployment exit and employment entry. Pilot provision was associated with a greater likelihood of both employment entry and non-work unemployment exits. Pilot participants aged over 50 and those with health problems were particularly likely to enter employment, compared with people with similar problems in the comparison sample. Female Pilot participants were especially likely to make non-work unemployment exits.

Given the relatively short period of time between New Deal entry and the recording of the JUVOS outcome variable (less than a year for most participants), these are best regarded as positive first effects of the ND25+ Pilots rather than definitive evidence of their effectiveness. An additional point to note is that the early job entry advantage of Pilot participants may be partly due to their greater access to subsidised employment during these early stages of the evaluation period.

It would be sensible, therefore, to avoid making firm judgements about the effectiveness of Pilot provision until the stage two econometric analyses are complete, by which time a greater proportion of the comparison sample would have had access to Employer Subsidy and those currently in subsidised jobs would have passed out of the period when their employer receives financial incentives. The stage two analyses are due to be reported in early 2001.

1. Introduction

1.1 New Deal for the Long Term Unemployed Pilots

The New Deal for the Long-Term Unemployed (ND25+) Pilots are one of the most original aspects of the government's welfare-to-work strategy. They were introduced in November 1998 as an extension of national New Deal provision for the long-term unemployed (introduced in June 1998), with the express intention to 'try out innovative approaches to helping people back to work' (Department for Education and Employment, 1998). More specifically, their aim is to:-

Test the effectiveness of intervening after 12 months and 18 months of unemployment. The June measures apply only to those unemployed for two years;

Try a range of innovative approaches to enhancing the employability of people who have been out of work for a significant period so they can move confidently back into the labour market (Department for Education and Employment, 1998).

The Pilots were introduced in 28 areas of the country, after a process of competitive tendering. Although there was a competitive tender to run the Pilots, the areas were constrained to cover the different regions and a range of different types of unit.

1.2 How the ND25+ Pilots work

The innovative and flexible nature of the Pilots meant that their design was not set down in detail, but rather each Pilot delivery organisation was asked to develop, in consultation with the Employment Service, the detailed design, which suited their local area.

A common framework was required, however, to ensure that each unemployed person taking part in the Pilots was guaranteed a minimum range and level of help, and to provide consistency across the Pilots to allow for a robust evaluation.

The following were therefore a feature of every Pilot:

A Gateway period, usually up to 13 weeks (though 17 weeks may be allowed in some circumstances), in which participants have discussions with a New Deal Personal Adviser to identify barriers to work, and to help job-ready people move into work.

A mandatory intensive activity period (IAP), also of up to 13 weeks. This begins when the participant has completed at least six weeks and, in general, no more than 13 weeks, in the Gateway, unless the individual finds a job and/or leaves Jobseekers' Allowance (JSA) in the meantime. The IAP consists of any or all of the following: work experience with an employer or in a project of community or environmental benefit; job-focused training; help towards self-employment; and jobsearch help and supervised jobsearch activity.

In addition, there is *follow-up* provision for people who go into work, during which the Pilot delivery organisation will offer additional support to both the employer and the individual to encourage the individual's continuation in their new job; *Follow-through* help for those who do not go into work or who, having gone into work, return once more to JSA within three months; and *Employer Subsidy*, where employers recruiting Pilot participants are able to claim £75 per week for 26 weeks for jobs averaging 30 hours or more per week, and £50 per week, also for 26 weeks, for jobs averaging 16-29 hours per week.

1.3 Evaluation using the matched comparison group methodology

The Policy Studies Institute and BMRB Social Research were commissioned by the Employment Service to carry out a quantitative evaluation of the ND25+ Pilots, in two stages, using a matched comparison group design. A matched comparison group design was used for the evaluation so that we could estimate how many more people gained positive outcomes from the ND25+ Pilots than would have been expected if they had not taken part in the programme. This estimation is done by comparing the labour market progress of ND25+ Pilot participants with that of a comparison sample, who were matched with the participants on a number of characteristics. While it is not possible to entirely eliminate the problem of unobserved differences between participants and non-participants, accurate matching can reduce its impact on the results (Firth, Payne and Payne, 1999). It also makes the evaluation exercise intuitively more plausible, because we are comparing like with like.

The full quantitative evaluation of the ND25+ Pilots will be carried out later this year and reported in early 2001. The first stage analyses described in this baseline report are able to identify early effects of the programme. The analyses are based on a survey of 979 participants from 26 Pilot areas,¹ and 563 members of a comparison sample. The face-to-face interviews took place from July-October 1999. The comparison sample was selected from areas of the country with a similar socio-demographic profile to the Pilot areas and the individuals themselves were matched on gender, age and unemployment duration. As the Pilots were designed specifically to test the effectiveness of intervention at 12 and 18 months unemployment, people were only included in the sample if they had an unemployment duration of 12 to 24 months.

The comparison sample was drawn from the Joint Unemployment and Vacancies Operating System (JUVOS) of administrative records on the unemployed. The Pilot entrants were a random sample of those entering ND25+ with 12 to 24 months unemployment in the Pilot areas between December 1998 and February 1999 and were drawn from the New Deal Evaluation Database (NDED). As well as being closely matched on gender, age and unemployment duration, by virtue of the study design, the Pilot and comparison samples were also well-matched on a number of background characteristics that previous research has shown to have important effects on labour market outcomes. The Pilot and comparison samples are compared in relation to these characteristics in Appendix Tables 1-9.

¹ In the remaining two Pilot areas, ND25+ was delivered through a random assignment experiment. The effect of ND25+ in these areas is being analysed separately.

1.4 Outline of the report

This baseline report begins by taking a detailed look at what Pilot participants did on the programme and how they felt about it (Chapter Two). Although the survey interview took place, on average, only seven months after New Deal entry, the survey data is combined with information from JUVOS to make viable some early econometric estimates of programme effects on unemployment exit and employment entry (Chapter Three). Chapter Four is a summary and conclusion.

2 Experience of New Deal

2.1 Introduction

This chapter examines in some detail the programme experiences of Pilot entrants, and looks at how these varied for people with different characteristics.² The analyses are based entirely upon information gained from the stage one interviews. The interview is the best source of information on New Deal experience because it contained a large number of questions on activities carried out by participants as part of the programme and on their views of the process. An investigation of the extent to which these experiences are corroborated by administrative data will be carried out as part of the stage two analyses to be reported in early 2001.

2.1.1 Recall of New Deal

It seemed likely seven months after becoming eligible for ND25+ Pilot provision that most would recall something about the programme at the interview. In fact, the great majority of respondents were able to recall experiences in considerable detail, while a small proportion recalled much less.

Four per cent of Pilot respondents had no recall of New Deal (Table 2.1). A further three per cent recalled the letter asking them to an interview with a New Deal Personal Adviser (NDPA). The remainder recalled combinations of interviews, advice and activities under the New Deal programme. However, these included five per cent who, although they recalled 'having an interview, or more than one interview, with a New Deal Personal Adviser', recalled no further assistance. Nor could they recall the dates at which they had received advice. The remaining 88 per cent of Pilot respondents recalled substantial experience of New Deal since November 1998.³ They were able to recall dates when they had been on the Intensive Activity Period (IAP), or received advice, guidance or help from a New Deal Personal Adviser.

Pilot respondents with no recall of New Deal were also asked whether they recalled personal contact with staff at the Employment Service, or attended interviews there. In fact, the majority of those with no recall of New Deal *did* recall interviews or contact with the Employment Service. Two per cent of Pilot respondents recalled Employment Service interviews, although they did not recall New Deal interviews. A further one per cent were unable to recall any interviews, but they did recall personal contact with staff at the Employment Service since the beginning of December 1998. In both these instances, respondents would have been referring to contact and interviews under New Deal, although they were unaware of it. Only one per cent of

² Although many members of the comparison sample had experienced national ND25+ provision by the time of the wave one interview, no attempt was made to compare the programme experiences of Pilot entrants with those of the comparison sample. The two reasons for this are that, firstly, members of the comparison sample who had experienced national ND25+ provision by the time of the survey were those who had reached the two years' unemployment threshold during the course of the study period – they thus had longer unemployment durations and were less likely to have exited unemployment during the study period than average members of the comparison sample. Secondly, a comparison between Pilot and national ND25+ provision is being carried out as part of the national ND25+ evaluation.

³ November 1998 was used as an anchor date when obtaining data on past experiences, since it is the month prior to the three month New Deal entry period used to define our cohort population.

the Pilot sample recalled no interviews or contact with the Employment Service since entering New Deal.

Table 2.1 Recall of New Deal

| | % |
|--|-----|
| <i>No recall of New Deal</i> | |
| No recall of contact, interviews or advice | 1 |
| Personal contact with ES | 1 |
| Interviews with ES staff | 2 |
| <i>Recall of New Deal</i> | |
| Letter inviting to NDPA interviews | 3 |
| NDPA interviews, but don't know when | 5 |
| NDPA advice periods/IAP | 88 |
| <i>Weighted base</i> ⁴ | 979 |
| <i>Unweighted base</i> | 979 |

Base: all Pilot respondents

2.1.2 Recall of New Deal experiences to date

Just under nine out of ten Pilot respondents (86 per cent), recalled having been on the Gateway, with a further five per cent recalling NDPA interviews without recalling when they had been interviewed (Table 2.2). Sixty-six per cent had experienced the IAP. A smaller proportion (23 per cent) had been on the Gateway but had not progressed to the IAP. A further three per cent of Pilot respondents (five per cent of those who had been on the IAP) had entered the IAP but recalled no period of advice and assistance from a New Deal Personal Adviser prior to the IAP. Finally, nine per cent of Pilot respondents were still on the New Deal having been on the Gateway and left the IAP: they were in the Follow-through period.

The last two columns of Table 2.2 show that the New Deal histories of New Deal leavers and those still on the programme ('stayers') differed markedly. All of those who recalled nothing of New Deal, or only recalled the letter of invitation, had already left the programme. They accounted for 12 per cent of leavers.

⁴ A weight was applied to the Pilot sample to correct for any discrepancies in probability of selection associated with the sample design.

A third of leavers (31 per cent) had left during their Gateway period and another nine per cent left having only recalled New Deal Personal Adviser interviews. So 40 per cent of leavers were from the Gateway period, broadly defined. A further half of leavers (49 per cent) had left the programme having had some experience of the IAP.

Table 2.2 Summary of New Deal experience to date

| | (Column percentages) | | |
|---------------------------------|----------------------|--------|-------------------------|
| | All | Leaver | Current ND participants |
| No New Deal experience recalled | 4 | 7 | 0 |
| Letter only | 3 | 5 | 0 |
| NDPA interview(s) only | 5 | 9 | 0 |
| Gateway, no IAP | 23 | 31 | 14 |
| IAP, no Gateway | 3 | 4 | 3 |
| Gateway and IAP | 54 | 45 | 65 |
| Gateway, IAP and Follow-through | 9 | 0 | 19 |
| <i>Weighted base</i> | 979 | 533 | 446 |
| <i>Unweighted base</i> | 979 | 520 | 459 |

Base: all Pilot respondents

Of those on the programme at the time of the survey interview, 14 per cent had experienced the Gateway but not the IAP: the other 86 per cent had experienced the IAP (and nearly all of these, of course, had also spent time on the Gateway). Nineteen per cent of those still on the programme had left the IAP and were receiving further advice and assistance from New Deal Personal Advisers. This is akin to the ‘follow through’ stage of ND25+ when participants have been through the IAP but remain unemployed and claiming benefits.

2.1.3 Status at the time of interview

The survey contains information on two types of ‘current status’: respondents’ current labour market status and their New Deal status. The former was obtained by asking respondents to say what best describes their main activity. The latter was obtained by asking people who recalled having been on New Deal what they were doing on the programme.

Government programme participants usually say that they are participating on a government programme, or that they are unemployed. However, the New Deal for the Long-Term Unemployed is an unusual government programme in that it is multi-faceted. After an initial period of counselling and advice from a New Deal Personal Adviser, participants may engage in a wide range of activities, including subsidised

employment, work experience, job-focused education or training, help towards self-employment and supervised jobsearch. It is conceivable, therefore, that Pilot respondents may classify their labour market status in a variety of ways.

To find out what respondents had done under New Deal, and how they viewed their labour market status during different phases of their participation, both types of information were collected. The following sections present their current New Deal status, followed by their current labour market status. The section compares the two to establish how people on different parts of the Pilot programme viewed their labour market status.

2.1.4 Current New Deal status

The Gateway is intended to last for three months, although it can be extended to four months. The rationale behind the survey design was that, by following up on Pilot participants after five to seven months from entry to New Deal, interviewers would be contacting those who had remained in New Deal at a time when most had moved onto the IAP. A high proportion of respondents would have left the programme. However, of those still participating, it was anticipated that most would have left the Gateway and moved onto the IAP.

More than half of the Pilot sample (55 per cent) had indeed left the programme by the time of interview (Table 2.3). Only six per cent of respondents were still on the Gateway. Just over a quarter (27 per cent) of all Pilot respondents were on the IAP at the time of interview and a further four per cent were in subsidised employment⁵. The IAP activities most commonly undertaken were jobsearch help or supervised jobsearch activity (nine per cent) and job-focused education or training (eight per cent). Another nine per cent of respondents were on Follow-through.

⁵ Respondents were classified as being in subsidised employment if they said they were in full-time or part-time employment, were in receipt of a wage and said the job was an 'employer placement under the New Deal'. They were classified as 'getting work experience with an employer or community/environmental project' if they said they were 'working with an employer' but did not get paid, if they said they were 'working on a community or environmental project' or if they said their job was an environmental or community work placement under the New Deal'. It is possible therefore, that some respondents classified as being in subsidised employment were in fact on environmental or community placements, but this is unlikely.

Table 2.3 Current New Deal Status

| | % |
|---|-----|
| <i>Currently on New deal</i> | |
| Gateway | 6 |
| Subsidised employment | 4 |
| Getting work experience with an employer or community/environmental project | 6 |
| Education or training | 8 |
| Jobsearch help or supervised jobsearch activity | 9 |
| Help towards self-employment | 1 |
| Spending time with IAP Manager/trainer ⁶ | 3 |
| Other New Deal activities | 1 |
| Follow-through | 9 |
| | |
| All currently on New Deal | 46 |
| Left New Deal | 55 |
| | |
| <i>Weighted base</i> | 979 |
| <i>Unweighted base</i> | 979 |

Base: all Pilot respondents

2.1.5 Current labour market status

This section considers the current labour market status of respondents at the time of the survey interview. About a quarter (24 per cent) of Pilot respondents had moved into jobs, whether subsidised or unsubsidised (Table 2.4). Three-fifths of these workers (62 per cent) were in full-time jobs of 30 hours or more per week. Over two-fifths of Pilot respondents (44 per cent) classified themselves as unemployed, including 37 per cent who said they were claiming unemployment benefits. Thirteen per cent were economically inactive, usually because of sickness or injury but also due to family responsibilities. Five per cent said they were in full-time education or training. Only ten per cent classified themselves as on a government programme, which can be compared with the 46 per cent describing themselves as in a New Deal activity. This is because most Pilot respondents actually on the New Deal (78 per cent) regarded themselves as employed, unemployed, or in full-time education or training.

⁶ An IAP manager or trainer is a staff member of an organisation providing IAP activities, who may spend time with a New Deal entrant during the early stages of placement on an IAP activity.

Table 2.4 Current labour market status

| | (Column percentages) | | |
|-----------------------------------|----------------------|-----------------|-----|
| | On New Deal | Not on New Deal | All |
| Full-time employment | 8 | 20 | 15 |
| Part-time employment | 6 | 12 | 9 |
| Self-employment | 1 | 4 | 2 |
| Government programme | 20 | 1 | 10 |
| Full-time education/training | 9 | 2 | 5 |
| Unemployed, claiming benefits | 52 | 25 | 37 |
| Unemployed, not claiming benefits | 2 | 12 | 7 |
| Long-term sick or disabled | 1 | 19 | 11 |
| Looking after the home | * | 4 | 3 |
| Something else | 1 | 2 | 1 |
| <i>Weighted base</i> | 445 | 533 | 978 |
| <i>Unweighted base</i> | 459 | 520 | 979 |

Base: all Pilot respondents

2.2 *New Deal Gateway*

After an initial interview with a New Deal Personal Adviser, Pilot participants enter the Gateway. During the Gateway, they receive intensive advice, help and counselling about job search, job opportunities, and other opportunities under the programme. An attempt is made to identify the 'barriers' that are preventing participants from finding work. Those who are 'job ready' within the first three months of the programme are encouraged to enter paid work. If, by the end of the Gateway, the participant has not found a job or ceased claiming unemployment benefits for some other reason, they are required to enter the Intensive Activity Period (IAP), where they will receive either supported work experience, job-focused training, help towards self-employment, jobsearch help and supervised jobsearch activity, or some other type of provision available in the Pilot. Movement onto the IAP will usually occur after about three months on the Gateway.

The Gateway is a key factor in determining the success or otherwise of Pilot provision. Whether the programme improves participants' employability depends, in part, on advisers' ability to identify the needs of participants, and then identify which elements of the programme best serve those needs.

The success of the Gateway may be judged in a variety of ways. Most importantly, it can be judged by the impact it has on participants' subsequent labour market outcomes. Establishing the labour market impact of the programme, and components of the programme, is a complex task requiring econometric analysis of outcome data. A preliminary attempt at such an analysis is made in Chapter Three. It is also

important, however, to assess whether the Gateway is operating as intended by examining in detail the Gateway process and asking participants what they thought of it. This is the approach taken in this section. The section concentrates on three issues:

- Gateway operation – the issues Pilot participants discussed with their NDPAs, completion of Action Plans, and the use of tasters and NDPA referrals
- Gateway satisfaction – participants’ relationship with their New Deal Personal Adviser and their levels of satisfaction with the help offered by the NDPA
- Gateway effect – whether NDPAs offered any help in relation to barriers to working identified during the Gateway process.

2.2.1 Gateway operation

One of the most important elements of the way in which Gateway operates is the content of discussions between the New Deal Personal Adviser and the Pilot participant. Discussions between NDPAs and Pilot participants may range over many issues as the adviser explores the participant’s needs and explains what might be on offer through the programme. All Pilot respondents recalling interviews with New Deal Personal Advisers or with Employment Service staff were asked to identify, from a showcard, what they had discussed with their advisers, and anything else they had discussed that did not appear on the card. The great majority of respondents who recalled having an interview with a personal adviser, recalled discussing at least one of the topics shown in Table 2.5.

Seven out of ten Pilot respondents recalled discussion of their experience and skills and two-thirds recalled discussion of what work they might do in the future. Just over half recalled discussions about their education and training needs and about different ways of looking for jobs, while just under half recalled discussion of the responsibilities they faced as job seekers. Fewer than half recalled specific discussions about making job applications, perhaps because advisers only raised this issue with the more ‘job ready’. Fewer than half (46 per cent) also recalled discussing the different things they could do on the New Deal.

Table 2.5 Issues discussed with New Deal Personal Advisers

| | % of cases |
|--|------------|
| Your experience and skills | 70 |
| What work you might do in the future | 66 |
| What education or training you might need | 52 |
| The possibility of working self-employed | 24 |
| Different ways of looking for jobs | 51 |
| Making job applications | 41 |
| Your responsibilities as a jobseeker | 48 |
| Different things you could do on the New Deal | 46 |
| Financial help to find work or take up a job offer | 26 |
| How confident you feel about looking for work | 27 |
| Benefits you can receive in work | 37 |
| Specific job opportunities | 22 |
| Something else | 3 |
| None of these | 7 |
| Don't know | 1 |
| <i>Weighted base</i> | <i>942</i> |
| <i>Unweighted base</i> | <i>936</i> |

Base: those Pilot respondents recalling interviews with New Deal Personal Advisers and those recalling interviews with Employment Service staff since entry to the programme.

Note: this is a multiple response question so that the percentages add to more than 100.

Table 2.6 shows that the most common types of referral were to courses designed to improve job search skills (15 per cent), vocational training courses (14 per cent), work experience placements (12 per cent), employers with vacancies to fill (ten per cent) and independent careers advice (nine per cent). Small numbers of Pilot participants were also referred to assistance with self-employment, basic skills courses, mentors, health and financial advisers and specialist agencies offering help to offenders. Nearly half (49 per cent) of those respondents who recalled an NDPA interview, however, had no referrals.

Another component of the Gateway is a collection of short courses or 'tasters'. These enable participants to spend some time exploring a course of action to see whether they would like to pursue the matter further. These courses often give participants a 'taste' of an activity that may later be available to them under the IAP.

Table 2.6 New Deal Personal Adviser referrals

| | % of cases |
|---|------------|
| None | 49 |
| Job search skills course | 15 |
| College/TEC/LEC re: courses/training/work | 14 |
| Work experience with an employer or community/environmental project | 12 |
| Employers with vacancies to fill | 10 |
| Independent careers advice | 9 |
| Someone to assist in becoming self-employed | 5 |
| Course to improve reading/writing | 4 |
| Mentor | 4 |
| Course to improve numeracy or number skills | 3 |
| An adviser to help with health problems or disabilities | 3 |
| An adviser on debt/finance | 2 |
| Specialist agency to help offenders | 1 |
| <i>Weighted base</i> | <i>942</i> |
| <i>Unweighted base</i> | <i>936</i> |

Base: those Pilot respondents recalling interviews with New Deal Personal Advisers and those recalling interviews with Employment Service staff since entry to the programme.

Note: this is a multiple response question so that the percentages add to more than 100.

Visiting or trying a course of education or training was the ‘taster’ most commonly experienced by the Pilot participants, of whom about a quarter (26 per cent) carried out such an activity as part of the Gateway. About one in six participants (17 per cent) went on a short course to learn how to find or apply for jobs, 14 per cent spent time with employers to find out about various kinds of job, 13 per cent went on a short course to improve basic skills and four per cent went on a short course to help them become self-employed (Base=all Pilot respondents; N=979).

2.2.2 Gateway satisfaction

As has been stated previously, the New Deal Personal Adviser plays a key role in the New Deal programme. The degree to which Pilot respondents were satisfied with the help offered by their NDPA is one measure by which the Gateway can be judged. Clearly, if high percentages of respondents expressed dissatisfaction with the help offered, this would raise serious concerns about the programme’s ability to deliver what participants want. However, it is important to distinguish between participants’ satisfaction and programme effectiveness. The two may not coincide.

Table 2.7 shows that over four out of ten Pilot participants (44 per cent) said they were completely or very satisfied with the help offered to them by the New Deal Personal Adviser. A further quarter was fairly satisfied. Fourteen per cent of Pilot participants said they were completely or very dissatisfied with the help offered to them by the NDPA.

One might expect this satisfaction rating to reflect the Pilot respondents' labour market status at the point they were interviewed for the survey, with those in paid work showing greater satisfaction than those remaining unemployed. This proved to be the case, with almost half of those in full-time or part-time employment (48 and 47 per cent respectively) expressing themselves completely or very satisfied, as against just over a third (36 per cent) of those who were unemployed and not claiming benefits (Table 2.8). The most satisfied participants, however, were the long-term sick and disabled, of whom almost six out of ten (59 per cent) said they were completely or very satisfied with NDPA assistance. Many of these people would have had their health problems identified during the Gateway process and, as the analysis in Chapter Three will show, had transferred from Jobseekers Allowance onto other benefits by the time of the survey interview. Expressions of dissatisfaction followed a similar pattern, with over a quarter (27 per cent) of those unemployed and not claiming benefits being completely or very dissatisfied, compared to only one in ten (9 per cent) part-time employees.

Table 2.7 Satisfaction with the help offered by the New Deal Personal Adviser

| | % |
|------------------------------------|------------|
| Completely satisfied | 17 |
| Very satisfied | 27 |
| Fairly satisfied | 25 |
| Neither satisfied nor dissatisfied | 8 |
| Fairly dissatisfied | 7 |
| Very dissatisfied | 5 |
| Completely dissatisfied | 9 |
| No opinion | 2 |
| <i>Weighted base</i> | <i>948</i> |
| <i>Unweighted base</i> | <i>936</i> |

Base: those Pilot respondents recalling interviews with NDPAs and those recalling interviews with Employment Service staff since entry to the programme

Table 2.8 Satisfaction with NDPA help, by current labour market status⁷
(Row percentages)⁸

| | Completely or very satisfied ⁹ | Completely or very dissatisfied | <i>Weighted base</i> |
|-----------------------------------|--|------------------------------------|--------------------------|
| Full-time job | 48 | 10 | 136 |
| Part-time job | 47 | 9 | 86 |
| Self-employed | (36) | (18) | (22) |
| Government programme | 40 | 14 | 97 |
| Full-time education or training | 58 | 12 | 50 |
| Unemployed, claiming benefits | 40 | 15 | 353 |
| Unemployed, not claiming benefits | 36 | 27 | 70 |
| Long-term sick, injured, disabled | 59 | 12 | 100 |
| Looking after home | (50) | (10) | (20) |

Base: those Pilot respondents recalling interviews with NDPAs and those recalling interviews with Employment Service staff since entry to the programme.

Satisfaction ratings also varied according to the progress Pilot participants had made on the programme. Only three in ten of those still on the Gateway at the time of the survey interview were completely or very satisfied with the help offered by the New Deal Personal Adviser, compared to over half of those (51 per cent) receiving jobsearch help as part of the IAP (Table 2.9). As the average respondent was interviewed seven months after New Deal entry, those still on the Gateway had in most cases remained on it longer than the intended maximum period of four months. This could have contributed to the sources of dissatisfaction.

⁷ Where column or row percentages are based on fewer than 50 respondents, we follow the convention of placing the percentage in brackets, to indicate that the figure should be treated with caution.

⁸ A row percentage is one that is based on the row rather than the column. In Table 2.8, for example, 48 per cent of the 136 respondents in a full-time job were completely or very satisfied with the help offered by the NDPA.

⁹ A more detailed version of this table, and of tables 2.9, 2.23, 2.24 and 2.25, can be found at Appendix Tables 10-14.

Table 2.9 Satisfaction with NDPA help, by current New Deal status

| | (Row percentages) | | |
|-------------------------|------------------------------|---------------------------------|----------------------|
| | Completely or very satisfied | Completely or very dissatisfied | <i>Weighted Base</i> |
| Gateway | 30 | 20 | 60 |
| Subsidised employment | (62) | (3) | (39) |
| Work experience | 44 | 8 | 64 |
| Education/training | 49 | 11 | 75 |
| Jobsearch help | 51 | 7 | 82 |
| Self-employment | (67) | (0) | (9) |
| IAP Manager | (52) | (12) | (25) |
| Other New Deal Activity | (60) | (0) | (5) |
| Follow through | 43 | 16 | 85 |
| Ex-New Deal | 43 | 17 | 504 |

Base: those Pilot respondents recalling interviews with NDPAs and those recalling interviews with Employment Service staff since entry to the programme.

2.2.3 Gateway effect

One of the main purposes of the Gateway is to identify the barriers which are preventing long-term unemployed adults from entering work and for participants to discuss with New Deal Personal Advisers how these barriers may be addressed and, if possible, overcome. Pilot respondents identified a wide range of problems that had made it difficult for them to find or keep a job in the year prior to the survey interview. Of those Pilot respondents who recalled interviews with NDPAs or with Employment Service staff since entry to the programme, almost nine out of ten (87 per cent) acknowledged that there was at least one problem that was restricting their employment prospects. Correspondingly, 13 per cent of Pilot respondents said they experienced 'no problems' in this respect (Table 2.10).

The perceived barriers to working most commonly mentioned by the Pilot respondents were that there were no jobs nearby (34 per cent), they were considered too old (31 per cent), they lacked personal transport (29 per cent), they were ill or disabled (26 per cent) and they lacked qualifications (24 per cent). Other problems that were identified by respondents included lack of public transport (17 per cent), lack of references from previous employers (13 per cent) and debt or money problems (ten per cent).

Where respondents identified a problem, they were also asked whether the New Deal Personal Adviser had discussed it with them at any of their interviews. The more commonly mentioned problems had a greater likelihood of being discussed than did the more unusual ones. Thus, the 29 per cent of respondents who said that 'lack of personal transport' was a problem discussed it with their NDPAs in 51 per cent of

cases, whereas the two per cent who spoke of a ‘lack of childcare or affordable childcare’ discussed it in only 18 per cent of cases.

Table 2.10 Barriers to working and whether they were discussed with NDPA
(Column percentages)

| | Identified barrier ¹⁰ | Discussed with NDPA |
|---|----------------------------------|---------------------|
| <i>Types of problem</i> | | |
| No jobs nearby | 34 | 45 |
| Considered too old | 31 | 41 |
| Lack of personal transport | 29 | 51 |
| Own ill-health or disability | 26 | 58 |
| Lack of qualifications | 24 | 49 |
| Lack of public transport | 17 | 50 |
| Lack of references from previous employer | 13 | 31 |
| Debt or money problems | 10 | 30 |
| Difficulties with reading and writing | 7 | 65 |
| Illness of another member of family | 6 | 58 |
| Problems with the law or previous record | 6 | 41 |
| Lack of childcare or affordable childcare | 2 | 18 |
| No permanent place to live | 2 | 33 |
| Problems with drugs or alcohol | 2 | 14 |
| Mortgage problems | 2 | 22 |
| Considered too young | 1 | 33 |
| No problems | 13 | - |
| <i>Weighted base</i> | 942 | 942 |
| <i>Unweighted base</i> | 936 | 936 |

Base: those Pilot respondents recalling interviews with NDPAs and those recalling interviews with Employment Service staff since entry to the programme. The question was multi-response. The percentages in the second column refer to the proportion of respondents who discussed a barrier with their NDPA, of those who had identified it as a problem.

Beyond this, the tendency to discuss problems also varied somewhat according to the extent to which the problem was tractable. So, about two-thirds (65 per cent) of those who identified difficulties with reading and writing as a problem said that they had discussed it with the NDPA. This relatively high proportion may have arisen because the Gateway includes basic skills courses that might be of practical help to someone

¹⁰ These were barriers to working identified by the respondent.

with literacy problems. In contrast, only four out of ten (41 per cent) of Pilot respondents who said that being ‘considered too old’ was a problem had discussed this with the NDPA. One reason for this might be that they felt there was little the Personal Adviser could do about it.

Pilot respondents were also asked whether the New Deal Personal Adviser or staff at the Employment Service offered any help to deal with or solve the problem or problems identified. Such help was reported in just over a quarter (27 per cent) of cases (Table 2.11).

Table 2.11 Whether any help was offered to overcome barriers to working, by respondent characteristics

| | % | <i>Weighted Base</i> |
|---|------|----------------------|
| All | 27 | |
| Male | 25 | 681 |
| Female | 35 | 168 |
| White | 27 | 795 |
| Ethnic Minority | (37) | (35) |
| Owner-occupier | 20 | 217 |
| Social renter | 29 | 461 |
| Private renter | 33 | 146 |
| Health problems | 29 | 300 |
| No health problems | 25 | 527 |
| 12-17 months unemployment | 30 | 313 |
| 18-23 months unemployment | 25 | 536 |
| Has driving licence | 25 | 498 |
| No driving licence | 30 | 349 |
| Partner employed | 29 | 63 |
| Partner looking after home | 27 | 207 |
| Partner doing something else | 29 | 75 |
| Widowed/divorced/separated | 31 | 197 |
| Single, never married | 24 | 305 |
| No academic qualifications | 30 | 529 |
| GCSE | 21 | 145 |
| ‘A’ Level or above | 24 | 176 |
| 25-34 years | 31 | 196 |
| 35-49 years | 30 | 383 |
| 50 plus | 20 | 271 |
| ES Individual Contracts | 25 | 397 |
| ES Joint Partnership | 33 | 69 |
| ES Contract with a Consortium | (25) | (16) |
| Private Sector led | 28 | 317 |
| ES Individuals Contracts/Consortium mix | (35) | (48) |
| 12 months entry area | 30 | 328 |
| 18 months entry area | 28 | 358 |

Base: all Pilot respondents who discussed barriers to working with NDPAs or Employment Service staff since entry to the programme

Whether or not respondents reported offers of help varied somewhat according to their characteristics. Just over a third of women (35 per cent) reported being offered help, as compared with only a quarter of men. Younger respondents aged 25-34 years said they were offered help in about a third of cases (31 per cent), considerably more than the two out of ten older respondents (aged 50 years or more) who said likewise. As was stated previously, these differences in reported offers of help are probably related to the types of barrier respondents perceived themselves to be facing.

2.3 *Intensive Activity Period, subsidised employment, Follow-through and leaving New Deal*

Earlier in this chapter we showed that just over a quarter (27 per cent) of Pilot respondents were on the Intensive Activity Period at the time of the survey interview, and that a further four per cent were in subsidised employment. Of those Pilot participants on the IAP, the greatest number were experiencing jobsearch help or supervised jobsearch activity (nine per cent of all Pilot respondents). The other IAP activities in which reasonably large numbers of respondents were participating were work experience with an employer or in a project of community or environmental benefit and job-focused education or training (both experienced by seven per cent of Pilot respondents at the time of interview). Other IAP activities, such as receiving help to set up as self-employed and spending time with an IAP Manager or Trainer, were engaged in only by very small numbers of Pilot respondents. A further nine per cent of Pilot participants were on Follow-through at the time of the first survey interview, while 55 per cent had left New Deal. In this section, we investigate how current New Deal status, and especially current IAP activity, varied according to the characteristics of respondents.

Current New Deal status showed some variation according to gender. Women were more likely than men to still be on the Gateway at the time of the first survey interview – while 20 per cent of all Pilot respondents were women, 28 per cent of those still on the Gateway were women (Table 2.12). Women were less likely than men, however, to be in subsidised employment, accounting for only 13 per cent of the total.¹¹

¹¹ It should be noted, however, that the proportion of respondents in subsidised employment was too low for us to be confident in this finding.

Table 2.12 Current New Deal Status, by gender

| | (Row percentages) | | |
|-----------------------|-------------------|--------|----------------------|
| | Male | Female | <i>Weighted base</i> |
| All | 80 | 20 | 982 |
| Gateway | 72 | 28 | 60 |
| Subsidised employment | (87) | (13) | (39) |
| Work experience | 77 | 23 | 65 |
| Education/training | 81 | 19 | 75 |
| Jobsearch help | 85 | 16 | 84 |
| Self-employment help | (78) | (22) | (9) |
| IAP Manager | (96) | (4) | (25) |
| Other ND activity | (100) | (0) | (5) |
| Follow-through | 86 | 14 | 86 |
| Left New Deal | 79 | 21 | 534 |

Base: all Pilot respondents

While the number of ethnic minority respondents in the Pilot sample was not large, it is possible to look at their experience of New Deal. Members of ethnic minority groups were more likely to do job-focused education or training than other IAP activities – 13 per cent of Pilot respondents on this activity were from ethnic minorities, as against a sample proportion of five per cent (Table 2.13). In contrast, only three per cent of ethnic minority respondents were in subsidised employment.¹²

New Deal status varied quite markedly according to housing tenure. While 52 per cent of Pilot respondents were renting accommodation from a council, New Town, or housing association (social renting), 58 per cent of those still on the Gateway had this form of housing tenure (Table 2.14). This compares to the 47 per cent of Pilot respondents receiving job-focused education and training who were social renters. The position of those renting privately was somewhat different. Whereas less than one in ten (nine per cent) of those still on the Gateway were private renters, more than two in ten of those gaining work experience or training through the IAP described themselves as such. Private renters were also more likely to be on Follow-through (24 per cent of the total).

¹² While this finding is of interest, it should again be noted that the numbers in subsidised employment were low, so these proportions should be treated with caution.

Table 2.13 Current New Deal Status, by ethnic group

| | (Row percentages) | | |
|-----------------------|-------------------|-----------------|----------------------|
| | White | Ethnic minority | <i>Weighted base</i> |
| Gateway | 90 | 7 | 60 |
| Subsidised employment | (97) | (3) | (39) |
| Work experience | 91 | 8 | 65 |
| Education/training | 85 | 13 | 75 |
| Jobsearch help | 93 | 4 | 84 |
| Self-employment help | (100) | (0) | (8) |
| IAP Manager | (100) | (0) | (24) |
| Other ND activity | (100) | (0) | (5) |
| Follow-through | 92 | 7 | 87 |
| Left New Deal | 94 | 3 | 533 |
| All | 93 | 5 | 980 |

Base: all Pilot respondents

Table 2.14 Current New Deal Status, by housing tenure

| | (Row percentages) | | | |
|-----------------------|--------------------|------------------|-------------------|--------------------------|
| | Owner- occupier | Social renter | Private renter | <i>Weighted base</i> |
| Gateway | 30 | 58 | 9 | 60 |
| Subsidised employment | (18) | (55) | (13) | (38) |
| Work experience | 19 | 55 | 23 | 65 |
| Education/training | 28 | 47 | 22 | 76 |
| Jobsearch help | 21 | 54 | 18 | 84 |
| Self-employment help | (33) | (33) | (22) | (9) |
| IAP Manager | 8 | 52 | 40 | (25) |
| Other ND activity | | (80) | | (5) |
| Follow-through | 26 | 48 | 24 | 86 |
| Left New Deal | 31 | 52 | 15 | 534 |
| All | 27 | 52 | 17 | 982 |

Base: all Pilot respondents

Table 2.15 Current New Deal Status, by health problems

| | (Row percentages) | | |
|-----------------------|--------------------|-------------------|----------------------|
| | Has health problem | No health problem | <i>Weighted base</i> |
| Gateway | 38 | 60 | 60 |
| Subsidised employment | (29) | (71) | (38) |
| Work experience | 45 | 55 | 64 |
| Education/training | 23 | 77 | 74 |
| Jobsearch help | 30 | 68 | 83 |
| Self-employment help | (25) | (75) | (8) |
| IAP Manager | (28) | (72) | (25) |
| Other ND activity | (40) | (60) | (5) |
| Follow-through | 24 | 76 | 86 |
| Left New Deal | 33 | 64 | 533 |
| All | 32 | 66 | 976 |

Base: all Pilot respondents

About a third of Pilot participants (32 per cent) had a health problem or disability that they expected to last for more than a year (Table 2.15). Given the keen policy interest in the progress on of people New Deal with this labour market disadvantage, it is interesting to note that those with a health problem were more likely to be getting work experience through the IAP than those without a health problem (45 per cent of those getting work experience had a health problem). Those with health problems were less likely to be getting job-focused education or training, where they made up 23 per cent of the total.

The major difference in current New Deal status by unemployment duration was that those with 18-23 month durations were over-represented in job-focused education or training, where they constituted 73 per cent of Pilot participants against their sample average of 64 per cent (Table 2.16).

Table 2.16 Current New Deal Status, by unemployment duration

| | (Row percentages) | | |
|-----------------------|------------------------------|------------------------------|--------------------------|
| | 12-17 months unemployment | 18-23 months unemployment | <i>Weighted Base</i> |
| Gateway | 40 | 60 | 60 |
| Subsidised employment | (42) | (58) | (38) |
| Work experience | 35 | 65 | 65 |
| Education/training | 27 | 73 | 75 |
| Jobsearch help | 31 | 69 | 84 |
| Self-employment help | (63) | (38) | (8) |
| IAP Manager | (17) | (83) | (24) |
| Other ND activity | (60) | (40) | (5) |
| Follow-through | 33 | 67 | 86 |
| Left New Deal | 38 | 62 | 534 |
| All | 36 | 64 | 979 |

Base: all Pilot respondents

Four out of ten Pilot respondents (41 per cent) did not have a full licence to drive a car or motorcycle at the time of the first survey interview (Table 2.17). In terms of IAP activities, these respondents were over-represented in work experience, where they accounted for 59 per cent of Pilot participants. They were also somewhat over-represented amongst those on Follow-through (50 per cent), those still on the Gateway (48 per cent) and those receiving job-focused training (47 per cent). In contrast, only a third (35 per cent) of those receiving supervised jobsearch help were without a driving licence.

Table 2.17 Current New Deal Status, by driving licence

| | (Row percentages) | | |
|-----------------------|-----------------------|--------------------|------------------|
| | No driving licence | Driving licence | Weighted Base |
| Gateway | 48 | 52 | 60 |
| Subsidised employment | (41) | (59) | (39) |
| Work experience | 59 | 40 | 65 |
| Education/training | 47 | 53 | 75 |
| Jobsearch help | 35 | 66 | 84 |
| Self-employment help | (25) | (75) | (8) |
| IAP Manager | (38) | (63) | (24) |
| Other ND activity | (80) | (20) | (5) |
| Follow-through | 50 | 50 | 86 |
| Left New Deal | 36 | 64 | 533 |
| All | 41 | 59 | 979 |

Base: all Pilot respondents

Partnership status was not related to current New Deal status in a straightforward way, but those respondents who were single and had never been married were over-represented amongst those still on the Gateway, of whom they constituted 45 per cent, compared to their sample average of 37 per cent (Table 2.18).

Table 2.18 Current New Deal Status, by partnership status

| | (Row percentages) | | | | | |
|-----------------------|---------------------|---|---------------------------------------|------------------------------------|-----------------------------|--------------------------|
| | Partner employed | Partner looking after the home | Partner doing something else | Widowed/ divorced/ separated | Single, never married | <i>Weighted base</i> |
| Gateway | 7 | 19 | 3 | 27 | 45 | 60 |
| Subsidised employment | (3) | (24) | (11) | (18) | (45) | (38) |
| Work experience | 3 | 20 | 3 | 34 | 39 | 65 |
| Education/training | 5 | 21 | 9 | 23 | 41 | 75 |
| Jobsearch help | 7 | 27 | 5 | 27 | 35 | 83 |
| Self-employment help | (25) | (25) | (13) | | (38) | (8) |
| IAP Manager | | (29) | (4) | (17) | (50) | (24) |
| Other ND activity | | (20) | | (20) | (60) | (5) |
| Follow-through | 5 | 29 | 8 | 16 | 42 | 86 |
| Left New Deal | 10 | 25 | 11 | 21 | 33 | 533 |
| All | 8 | 25 | 9 | 22 | 37 | 977 |

Base: all Pilot respondents

Pilot respondents who were widowed, divorced or separated were over-represented on work experience, where they accounted for 34 per cent of participants, against their overall Pilot sample proportion of 22 per cent.

Six out of ten Pilot respondents (61 per cent) had no academic qualifications but this rose to 74 per cent amongst those on work experience (Table 2.19). Those with no academic qualifications were less likely to be doing job-focused education or training, where they constituted 57 per cent of Pilot respondents. Those educated to GCSE level or equivalent were somewhat over-represented on jobsearch help. Those with 'A' Levels and beyond were for the most part observed in each New Deal status category in proportions equivalent to their representation in the Pilot sample, other than that they tended not to be doing work experience.

Table 2.19 Current New Deal Status, by highest academic qualification

| | (Row percentages) | | | |
|-----------------------|-------------------|------|---------------------|----------------------|
| | None | GCSE | 'A' level and above | <i>Weighted base</i> |
| Gateway | 60 | 17 | 23 | 60 |
| Subsidised employment | (72) | (8) | (21) | (39) |
| Work experience | 74 | 12 | 14 | 65 |
| Education/training | 57 | 20 | 23 | 75 |
| Jobsearch help | 60 | 25 | 16 | 84 |
| Self-employment help | (13) | (25) | (63) | (8) |
| IAP Manager | (64) | (16) | (20) | (25) |
| Other ND activity | (100) | | | (5) |
| Follow-through | 65 | 14 | 21 | 86 |
| Left New Deal | 60 | 18 | 22 | 534 |
| All | 61 | 18 | 21 | 981 |

Base: all Pilot respondents

Older Pilot respondents (those aged 50 years or more at the time of the interview) were less likely to be still on the Gateway than those in the 35-49 years age group. Whereas 50 plus respondents were 31 per cent of the Pilot sample, they were only 20 per cent of those still on the Gateway at the time of interview (Table 2.20). In contrast, 35-49 year old respondents were 44 per cent of the sample, but 62 per cent of those still on Gateway. Like the well-educated, younger Pilot respondents (aged 25-34) were doing what would be expected given their sample proportions, other than that they tended not to be doing work experience (16 per cent against an overall sample proportion of 25 per cent).

Table 2.20 Current New Deal Status, by age group

| | (Row percentages) | | | |
|-----------------------|-------------------|-------|---------|----------------------|
| | 25-34 | 35-49 | 50 plus | <i>Weighted base</i> |
| Gateway | 18 | 62 | 20 | 60 |
| Subsidised employment | (28) | (51) | (21) | (39) |
| Work experience | 16 | 50 | 34 | 64 |
| Education/training | 29 | 43 | 28 | 75 |
| Jobsearch help | 27 | 42 | 31 | 84 |
| Self-employment help | (56) | (22) | (22) | (9) |
| IAP Manager | (21) | (58) | (21) | (24) |
| Other ND activity | | (40) | (60) | (5) |
| Follow-through | 24 | 40 | 36 | 87 |
| Left New Deal | 26 | 42 | 32 | 533 |
| All | 25 | 44 | 31 | 980 |

Base: all Pilot respondents

2.3.1 Current New Deal status by delivery model

As well as looking at how current New Deal status varied according to the characteristics of Pilot respondents, it is also of interest to examine how it varied according to delivery model and Pilot area type. Private sector led units of delivery tended to specialise in jobsearch help, where they had 52 per cent of Pilot respondents compared to their overall sample proportion of 38 per cent (Table 2.21). What might be referred to as the standard mode of delivery – the Employment Service individual contract – was associated, in contrast to the private sector, with relatively little use of jobsearch help, where it accounted for 37 per cent of Pilot respondents against a sample proportion of 46 per cent. A relatively high proportion of Pilot respondents under the Employment Service individual contract delivery model were on the Follow-through (52 per cent against their overall sample proportion of 46 per cent).

Table 2.21 Current New Deal Status, by delivery model

(Row percentages)

| | ES Individual Contracts | ES Joint Partnership | ES Contract with a consortium | Private Sector Led | ES Individual Contracts/ Consortium mix | <i>Weighted Base</i> |
|-----------------------|-------------------------|----------------------|-------------------------------|--------------------|---|----------------------|
| Gateway | 42 | 9 | | 34 | 15 | 59 |
| Subsidised employment | (46) | (23) | (5) | (26) | | (39) |
| Work experience | 47 | 11 | 3 | 38 | 2 | 64 |
| Education/training | 44 | 11 | | 31 | 15 | 75 |
| Jobsearch help | 37 | 8 | | 52 | 2 | 83 |
| Self-employment help | (43) | (14) | | (29) | (14) | (7) |
| IAP Manager | (17) | | (8) | (63) | (13) | (24) |
| Other ND activity | (80) | | | (20) | | (5) |
| Follow-through | 52 | 9 | | 33 | 6 | 86 |
| Left New Deal | 48 | 7 | 2 | 38 | 5 | 534 |
| All | 46 | 9 | 2 | 38 | 6 | 976 |

Base: all Pilot respondents

2.3.2 Current New Deal status by Pilot area type

There were some quite substantial variations in New Deal status across Pilot area type. Four out of ten Pilot respondents (39 per cent) were in areas in which entry to the programme was triggered by reaching a claimant unemployment duration of 12 months. Only about a quarter of respondents (24 per cent) on the Follow-through, however, were from 12 month entry areas (Table 2.22). Respondents in 12 month areas were rather more likely to still be on the Gateway (where they accounted for 45 per cent of all Pilot respondents) and to be doing one of the more unusual activities, such as receiving help to become self-employed or spending time with an IAP Manager or Trainer.

The emphasis within Pilot areas in which programme entry began after 18 months claimant unemployment was on jobsearch help – these areas accounted for 57 per cent of those respondents receiving jobsearch help as compared with their sample proportion of 43 per cent.

The third type of Pilot area was where clients entered New Deal after 18 months claimant unemployment as the norm, but where entry before the 18 month threshold was allowed in the case of people who were particularly disadvantaged and expressed a wish to join the Pilot (Department for Education and Employment, 1998). Just under a fifth of Pilot respondents (18 per cent) lived in these areas. Provision here seemed to contrast quite sharply with that in other area types, because only nine per cent of

respondents receiving jobsearch help were in 18 months (early entry) areas, while 33 per cent of those on Follow-through were in these areas.¹³

Table 2.22 Current New Deal Status, by area type

| | (Row percentages) | | | |
|-----------------------|-------------------------|-------------------------|---|--------------------------|
| | 12 months entry area | 18 months entry area | 18 months entry area (with early entry) | <i>Weighted Base</i> |
| Gateway | 45 | 38 | 17 | 60 |
| Subsidised employment | (41) | (41) | (18) | (39) |
| Work experience | 37 | 40 | 23 | 65 |
| Education/training | 34 | 46 | 20 | 74 |
| Jobsearch help | 34 | 57 | 9 | 85 |
| Self-employment help | (50) | (38) | (13) | (8) |
| IAP Manager | (58) | (42) | | (24) |
| Other ND activity | (60) | (20) | (20) | (5) |
| Follow-through | 24 | 43 | 33 | 86 |
| Left New Deal | 41 | 42 | 17 | 534 |
| All | 39 | 43 | 18 | 980 |

Base: all Pilot respondents

2.4 Perceptions of New Deal

At the beginning of this chapter, attention was focused on Pilot respondents' perceptions of the usefulness of the help provided by the New Deal Personal Adviser. In this section, we report findings from questions that asked respondents more generally about the effectiveness of the programme.

Respondents were asked whether New Deal had improved their chances of getting a good job. About one in seven Pilot respondents (14 per cent) strongly agreed with this suggestion, whereas three out of ten strongly disagreed (Table 2.23).

¹³ When considering these differences by Pilot area type, however, it is important to remember that all 26 Pilot areas were different in some way, so that one must be careful before attributing observed differences in provision to characteristics such as duration of unemployment at programme entry.

Table 2.23 Whether New Deal improved chances of getting a good job, by current labour market status and current New Deal status
(Row percentages)

| | Strongly agree | Strongly disagree | Weighted base |
|-------------------------------------|----------------|-------------------|---------------|
| All | 14 | 30 | 982 |
| <i>Current labour market status</i> | | | |
| Full-time employment | 20 | 25 | 143 |
| Part-time employment | 11 | 34 | 88 |
| Self-employment | (14) | (24) | (21) |
| Government programme | 10 | 29 | 97 |
| Full-time education/training | 38 | 22 | 50 |
| Unemployed, claiming benefit | 14 | 37 | 364 |
| Unemployed, not claiming benefit | 4 | 55 | 73 |
| Long-term sick or disabled | 13 | 12 | 107 |
| Looking after the home | (0) | (28) | (25) |
| Something else | (14) | (29) | (14) |
| <i>Current New Deal status</i> | | | |
| Gateway | 5 | 43 | 60 |
| Subsidised employment | (36) | (21) | (39) |
| Work experience | 8 | 23 | 64 |
| Education/training | 24 | 21 | 75 |
| Jobsearch help | 16 | 29 | 83 |
| Self-employment help | (38) | (0) | (8) |
| IAP Manager | (32) | (32) | (25) |
| Other New Deal activity | (0) | (33) | (6) |
| Follow-through | 13 | 36 | 86 |
| Left New Deal | 12 | 33 | 533 |

Base: all Pilot respondents

Answers to this question varied by current labour market status and by current New Deal status. Those Pilot respondents in full-time employment at the time of the interview were more inclined than those in part-time employment to say that New

Deal helped them to get a good job (20 per cent versus 11 per cent). The group of Pilot respondents most likely to think that New Deal improved their chances of getting a good job were those in full-time education or training (38 per cent). These respondents clearly thought that the enhancement in their human capital brought about by education or training would help them to get a good job in the future. Those unemployed and not claiming benefits were the least likely to think that New Deal had improved their chances of getting a good job, with only four per cent of them agreeing strongly with the suggestion. This group were also the most likely to strongly disagree – indeed, over half (55 per cent) of them did so. Those Pilot respondents who were unemployed and not claiming benefits had of course been in claimant unemployment at the time of programme entry. Their levels of dissatisfaction with the programme, as indicated by their responses to this question and indeed many of those analysed below, can clearly be related to their having arguably the least satisfactory labour market outcome in the sample. Some of the open-ended questions in the survey showed that they often felt they had been forced off benefits by the programme. These findings are consistent with those produced by qualitative research on ND25+ (Molloy and Ritchie, 2000).

In a finding consistent with those in relation to current labour market status, Pilot respondents whose current New Deal status was job-focused education or training were the most likely to strongly agree that New Deal increased their chances of getting a good job, with 24 per cent doing so. Those in subsidised employment were also very positive, but the sample numbers here were too low for the finding to be reported with confidence. Perhaps not surprisingly, those still on the Gateway were the least likely to say that New Deal increased their chances of getting a good job (only five per cent). These respondents were also more likely to strongly disagree with the statement (43 per cent), whereas those in job-focused education or training were least likely to (21 per cent).

Respondents were also asked whether people on New Deal are pushed into things they don't want to do. Over a third of Pilot respondents (37 per cent) strongly agreed with this notion, while one in seven (14 per cent) strongly disagreed with it (Table 2.24). The responses again varied according to current labour market status and current New Deal status. Over half (56 per cent) of Pilot respondents who were unemployed but not claiming benefits at the time of the first interview strongly agreed that New Deal pushes people into things they don't want to do and only eight per cent of this group strongly disagreed with this statement. With regards to current New Deal status, those on Gateway and Follow-through were most likely to think people were pushed into things they did not want to do (42 and 44 per cent respectively), while those receiving job-focused education and training were least likely to think so (29 per cent). The latter were also the most likely to strongly disagree with the statement (24 per cent).

Pilot respondents were also more likely to say that people on New Deal are pushed into things they don't want to do if they were in private sector led units of delivery (43 per cent) rather than Employment Service individual contract areas (35 per cent) or Employment Service Joint Partnerships (30 per cent)¹⁴.

¹⁴ See Appendix Table 26.

Table 2.24 Whether people on New Deal are pushed into things they don't want to do, by current labour market status and current New Deal status

| | (Row percentages) | | |
|-------------------------------------|-------------------|-------------------|----------------------|
| | Strongly agree | Strongly disagree | <i>Weighted base</i> |
| All | 37 | 14 | 978 |
| <i>Current labour market status</i> | | | |
| Full-time employment | 37 | 15 | 142 |
| Part-time employment | 36 | 13 | 88 |
| Self-employment | (48) | (14) | (21) |
| Government programme | 37 | 16 | 96 |
| Full-time education/training | (39) | (25) | (49) |
| Unemployed, claiming benefit | 35 | 15 | 364 |
| Unemployed, not claiming benefit | 56 | 8 | 73 |
| Long-term sick or disabled | 30 | 13 | 106 |
| Looking after the home | (35) | (8) | (26) |
| Something else | (31) | (8) | (13) |
| <i>Current New Deal status</i> | | | |
| Gateway | 42 | 10 | 60 |
| Subsidised employment | (24) | (19) | (37) |
| Work experience | 35 | 11 | 65 |
| Education/training | 29 | 24 | 75 |
| Jobsearch help | 30 | 16 | 84 |
| Self-employment help | (38) | (25) | (8) |
| IAP Manager | (57) | (13) | (23) |
| Other New Deal activity | (17) | (0) | (6) |
| Follow-through | 44 | 15 | 86 |
| Left New Deal | 38 | 13 | 534 |

Base: all Pilot respondents

Respondents were asked to summarise their experience of New Deal by saying how useful their time on the programme was. About a fifth of Pilot respondents (18 per

cent) thought that their time on New Deal had been very useful, while a quarter (25 per cent) felt it had been not at all useful (Table 2.25). In relation to current labour market status, those in full-time education or training (32 per cent) were most likely to think it had been very useful, followed by those in full-time employment (28 per cent). Respondents who were unemployed but not claiming benefits were again the least satisfied, with only six per cent saying that New Deal had been very useful. Almost half of this latter group (48 per cent) said New Deal had been not at all useful.

Table 2.25 Usefulness of time on New Deal, by current labour market status and current New Deal status

| | (Row percentages) | | |
|-------------------------------------|-------------------|-------------------|----------------------|
| | Very useful | Not at all useful | <i>Weighted base</i> |
| All | 18 | 25 | 981 |
| <i>Current labour market status</i> | | | |
| Full-time employment | 28 | 17 | 142 |
| Part-time employment | 15 | 21 | 88 |
| Self-employment | (9) | (23) | (22) |
| Government programme | 25 | 21 | 96 |
| Full-time education/training | 32 | 22 | 50 |
| Unemployed, claiming benefit | 18 | 25 | 365 |
| Unemployed, not claiming benefit | 6 | 48 | 73 |
| Long-term sick or disabled | 14 | 24 | 106 |
| Looking after the home | (-) | (32) | (25) |
| Something else | (7) | (36) | (14) |
| <i>Current New Deal status</i> | | | |
| Gateway | 7 | 34 | 59 |
| Subsidised employment | (40) | (11) | (38) |
| Work experience | 22 | 11 | 65 |
| Education/training | 30 | 20 | 76 |
| Jobsearch help | 23 | 16 | 83 |
| Self-employment help | (50) | (-) | (8) |
| IAP Manager | (16) | (20) | (25) |
| Other New Deal activity | (-) | (17) | (6) |
| Follow-through | 26 | 23 | 86 |
| Left New Deal | 14 | 30 | 533 |

Base: all Pilot respondents

With regard to current New Deal status, three out of ten Pilot respondents doing job-focused education or training said that New Deal was very useful. Those receiving work experience and supervised jobsearch help through the IAP were also more likely than the average Pilot respondent to say that the programme was very useful, as were those on Follow-through. Those still on Gateway were markedly the least satisfied – less than one in ten of them (seven per cent) thought New Deal was very useful. Given that most of them had spent much longer than the intended three months on Gateway, this is perhaps not surprising. These Gateway ‘overstayers’ were also the most likely to say that New Deal was not at all useful (34 per cent) – only 11 per cent of Pilot respondents doing work experience thought this.

The questionnaire also asked in more detail about whether the New Deal had been helpful in particular ways and the aspect of New Deal that had been most helpful. Four out of ten Pilot respondents said that New Deal had been helpful in ‘looking for work’ (Table 2.26). This finding is consistent with the relatively high proportion of Pilot respondents who had received job search assistance from the New Deal Personal Adviser or were receiving supervised job search help as part of the Intensive Activity Period. Just over a third (35 per cent) of respondents had become more confident as a result of New Deal, a quarter had improved their skills and learned new skills, and just under a quarter (23 per cent) had gained work experience. The importance of skill acquisition reflects the prevalence of job-focused training as an IAP activity, while work experience would accrue principally from the IAP activity of the same name and through subsidised employment.

Table 2.26 Whether New Deal has been helpful in any of the following ways
(Column percentages)

| | |
|----------------------------|-----|
| Increasing your confidence | 35 |
| Improving your skills | 25 |
| Learning new skills | 25 |
| Getting work experience | 23 |
| Looking for work | 40 |
| <i>Weighted base</i> | 925 |
| <i>Unweighted base</i> | 915 |

Base: all Pilot respondents who recalled New Deal

Note: this is a multiple response question so that the percentages add to more than 100.

When asked what aspect of New Deal had helped them the most, two out of ten Pilot respondents (21 per cent) said ‘interviews with a New Deal Personal Adviser’ (Table 2.27). This percentage, higher than for any other single aspect of New Deal identified by respondents reflects both the pivotal role of NDPAs in the New Deal programme (Bryson, Knight and White, 2000) and the generally high levels of satisfaction with

the help provided by personal advisers that were reported earlier in this chapter. The other helpful aspects that were mentioned by relatively large numbers of Pilot respondents are consistent with the major elements of IAP – nine per cent of respondents mentioned ‘help with looking for jobs’, nine per cent said ‘further education and training’ and six per cent said ‘work experience’ was most helpful. Overall, about six out of ten Pilot respondents (57 per cent) had found New Deal helpful in some way, while four out of ten (39 per cent) said that no aspect of New Deal had been helpful.

Table 2.27 What aspect of New Deal has helped you most

| | (Column percentages) |
|--|----------------------|
| Guidance with careers | 2 |
| Interviews with a New Deal Personal Adviser | 21 |
| Help with looking for jobs | 9 |
| Help with getting job interviews | 2 |
| Work experience | 7 |
| Further education and training | 9 |
| Help with reading, writing or language skills | 1 |
| Help with numeracy or number skills | * |
| Interviews with an Intensive Activity Period (IAP) Manager | 2 |
| Advice on self-employment | 3 |
| Information about specific job opportunities | 3 |
| Anything else | 1 |
| None | 39 |
| <i>Weighted base</i> | <i>925</i> |
| <i>Unweighted base</i> | <i>915</i> |

Base: all Pilot respondents who recalled New Deal.

3. First effects of the ND25+ Pilots

3.1 Introduction

The previous chapter took a detailed look at the experience of ND25+ Pilot participants. As such, it identified the extent to which participants were satisfied with the programme and whether they thought it had enhanced their employment prospects. In this chapter, we take the analyses a stage further by investigating whether Pilot participants performed better than the comparison sample in relation to a number of outcome measures. This was done in two stages. First, an analysis was carried out using descriptive statistics of how the Pilot and comparison samples performed in relation to a number of 'intermediate' outcomes, mostly relating to job search. These are outcomes which, while not directly related to employment, can be seen as 'stepping stones' towards employment, as individuals with enhanced job search capabilities should have a better chance of getting a job than others (Gorter and Kalb, 1993). Second, an econometric analysis was carried out of the determinants of post-programme job entry and unemployment exit. This was done using outcome variables from Joint Unemployment and Vacancies Operating System (JUVOS) data. As these outcomes were measured less than a year after New Deal entry the analyses can clearly only be regarded as preliminary, but they give an indication of the first effects of ND25+.

3.2 Intermediate outcomes

Amongst the stated objectives of the Pilots is the principle that

The Pilots should focus on getting people back to work as quickly as possible, and on helping them to stay in work. Continuing jobsearch and attachment to the labour market should be emphasised throughout the Pilot process (Department for Education and Employment, 1998).

Respondents in the Pilot and comparison samples were compared on:

- number of different job search methods used
- number of job applications made
- expected and minimum acceptable hourly wages
- flexibility in hours, contract terms and travelling distance
- willingness to move for sake of a job

The only significant difference found was that those in the Pilot sample were willing to spend slightly more time on average (49 minutes compared to 46 minutes) travelling to work. The conclusion then is that participation had very little impact on these measurable aspects of jobsearch.¹⁵ The detailed comparisons are in Appendix Tables 15-20.¹⁶

¹⁵ Qualitative research on ND25+ has suggested the programme can lead to improvements in the quality and focus of job search (Molloy and Ritchie, 2000). Such improvements are harder to detect in a quantitative evaluation.

¹⁶ The questionnaire also contained a number of attitudinal questions related to jobsearch. These presented respondents with a number of statements and asked them how much they agreed or disagreed

3.3 Job entry and unemployment exit

An investigation into early impacts of ND25+ was carried out using outcome variables derived from JUVOS data. Data was obtained from JUVOS on the reason for Jobseekers' Allowance (JSA) claim end for each member of the Pilot and comparison samples. The data collected covered any JSA claims up to December 1999, almost a year after the average respondent either entered New Deal or became eligible for the comparison sample. The impact of a number of explanatory variables on this outcome measure was then estimated using logistic regression techniques. By including an indicator of Pilot provision amongst the group of explanators as a binary variable, which took the value 1 for 'received Pilot provision' and 0 for 'did not receive Pilot provision', it was possible to determine the impact of Pilot provision on the participants' chances of either entering work or leaving JSA by the end of 1999.

Table 3.1 shows the proportions of the Pilot and comparison samples in a variety of outcome states according to the JUVOS and data. Pilot respondents were less likely to be claiming JSA in December 1999 than were members of the comparison sample. Whereas 50 per cent of the Pilot sample was claiming JSA at this time, this was true of 60 per cent of the comparison sample. Correspondingly, the Pilot participants were more likely to have found work (23 per cent versus 18 per cent) and to have stopped claiming JSA for some other reason (28 per cent versus 23 per cent).¹⁷

Table 3.1 Employment status, by sample

JUVOS Reason for Claim End

| Reason | <i>Column %s</i> | |
|------------------------|------------------|------------|
| | Pilot | Comparison |
| Still claiming | 50 | 60 |
| Found work | 23 | 18 |
| Other non-claimant | 28 | 23 |
| <i>Unweighted base</i> | <i>979</i> | <i>563</i> |

3.3.1 Econometric models

with them. For example, 'Getting a job is more down to luck than the effort you put in' and 'Having almost any job is better than being unemployed'. The purpose of these questions was to capture less tangible qualities that might affect jobsearch such as levels of motivation and confidence. Crosstabular analyses (not reported here) revealed no differences between the Pilot and comparison samples in relation to these questions.

¹⁷ The JUVOS 'reason for claim end' variable has a large number of categories, which have been collapsed in order to make the models computable. Amongst the 'other non-claimant' respondents are those who had left JSA but not provided any explanation as to why. It is possible, therefore, that these individuals were in work in December 1999. In the absence of any further information, however, they are treated as having a non-work outcome. Similarly, respondents who say they left JSA for 'government training' are also classified as 'other non-claimants' for the purpose of this analysis, although some may have entered subsidised employment under New Deal. It is likely, therefore, that there is a substantial undercount of those in work in this analysis.

The descriptive statistics outlined in the previous section gave some indication of an early Pilot effect on both job entry and unemployment exit. In order to confirm this, however, it was necessary to construct an econometric model that was able to explain the impact of Pilot participation on job entry and unemployment exit while simultaneously controlling for the effect of other background influences.

A multinomial logistic regression model was estimated to show the impact of Pilot provision on the chances of getting a job or exiting unemployment. The dependent variable took the value 0 if the respondent was still claiming JSA in December 1999, 1 if they had found work and 2 if they had exited claimant unemployment without entering employment. It thus represented a 'snapshot' of economic activity status taken just under one year, on average, after New Deal entry. The explanatory variables included a binary indicator of whether the respondent had received Pilot provision and a number of variables which previous research has shown to have an impact on the chances of job entry. The analysis estimated how each explanatory variable affected the odds of finding work or exiting unemployment as opposed to remaining a JSA claimant, net of the influences of other variables that are also included in the analysis. Several variants of the model were computed, in which the binary Pilot provision indicator was replaced by sets of variables on type of Pilot area and delivery model. The definitions of the dependent and explanatory variables used in these models are given in Appendix Table 21.

3.3.2 *Interpreting logistic regression models*¹⁸

The results of the econometric models are given in Appendix Tables 22-25. The following paragraphs explaining how these should be interpreted are included for the benefit of readers who are not familiar with logistic regression models or with modelling terminology more generally. Others are advised to skip on to the next section.

With a multinomial logistic regression model, the dependent variable (the variable to be explained or predicted) has several categories. In this case the outcome, or dependent, variable is whether the respondent found work, whether they left registered unemployment for a non-work outcome, or whether they remained in registered unemployment. We model the odds of finding work *or* leaving registered unemployment for a non-work outcome, *rather than* remaining in registered unemployment – 'remaining in registered unemployment' is thus the reference category for the dependent variable in these models.

The models include explanatory or predictor variables that 'explain' why one outcome has occurred rather than another. Thus, the fact that a respondent is aged over 50 might explain, to some extent, why they have remained in registered unemployment rather than found work. A respondent's possession of a driving licence may partly explain why they have found work, rather than stayed in registered unemployment. The size of each effect is shown by the variable's coefficient. The precise

¹⁸ This section draws heavily on Payne, Payne, Lissenburgh and Range (1999) and White, Lissenburgh and Bryson (1997).

interpretation of each predictor variable depends whether it is categorical or continuous.

When the predictor variable is categorical (that is, when it does not represent a scale of any kind, such as sex or ethnic group), the effect of each category of the predictor variable on the odds of a particular outcome occurring is assessed relative to a base or reference category which we nominate. Thus, the odds of a woman finding work rather than remaining unemployed is assessed relative to a man, the odds of a person from an ethnic minority entering work rather than remaining unemployed is assessed relative to a white person, and the odds of a person with a degree entering work are assessed relative to a person with no qualifications. The coefficient represents the multiplicative effect of being in that category, rather than being in the reference category, on the odds of the specified outcome occurring, as opposed to the reference outcome.

When the predictor variable is continuous (that is, when there is an equal distance between each point on the scale, as with months in time or wages in pounds sterling), the model coefficient represents the multiplicative effect of a unit increase in the value of the predictor variable on the odds of the outcome being modelled. Thus, if the predictor variable is the minimum net hourly pay for which the respondent will work, then the coefficient represents the marginal impact of each extra pound of expected earnings on the odds of the specified outcome occurring, as opposed to the reference outcome.

The term odds is used here exactly as in betting. If an outcome occurs 1 time in ten, the odds-against are 9 to 1 (i.e. 9), and the odds-on are 1 to 9 (i.e. 1/9). The effects of the different explanatory factors in an analysis are represented as *multiplying the odds*. If the effect is 1, then the odds are unchanged. If the effect is greater than 1, the odds are increased (become higher), while if the effect is less than 1, the odds are decreased (become lower).

3.3.3 *Econometric results*

For the most part, the explanatory variables had the signs and levels of statistical significance one would expect from previous theoretical and empirical work in the literature. Thus, for the model with a binary Pilot provision indicator, exiting unemployment without entering a job was more likely if the respondent had an employed partner or a health problem and less likely if the respondent was a member of an ethnic minority. Exiting unemployment to enter work was more likely if the respondent was living in the North-west of England, had a driving licence, an employed partner or one who was looking after the home, or was widowed divorced or separated, and less likely if the respondent was aged 50 plus, had high reservation wages, had a health problem, or was a social renter, private renter or living in rent-free accommodation.

Our main interest, however, is in the programme effects, and these are summarised in Table 3.2. The overall effect of Pilot provision is to increase the chances of entering work by a factor of 1.64 and to increase the chances of a non-work unemployment exit by a factor of 1.41. These effects are both statistically significant, and highly so in the

case of the ‘found work’ coefficient. Given the relatively short period of time between New Deal entry and the recording of the JUVOS outcome variable (less than a year for most participants), this is best regarded as a positive first effect. An additional point to note is that Pilot respondents are more likely to have gained access to the Employer Subsidy during the period in question, as it is available to those with 12 or 18 months unemployment in Pilot areas but only to those with two or more years unemployment in non-Pilot areas. The early job entry advantage of Pilot participants therefore, as detected by these models, may be partly due to their greater access to subsidised employment.

Table 3.2 Econometric estimates of programme effects - JUVOS Reason for Claim End

| | Found work | Sign. Level | Other non-claimant | <i>Effect on odds</i> Sign. Level |
|--------------------------|------------|-------------|--------------------|--------------------------------------|
| <i>Overall</i> | | | | |
| Pilot | 1.64 | 1 % | 1.41 | 5 % |
| <i>Area type</i> | | | | |
| Area 12-17 | 1.41 | 10 % | 1.44 | 5 % |
| Area 18-24 | 1.97 | 1 % | 1.54 | 5 % |
| Area 18-24 early entry | 1.35 | n.s. | 1.10 | n.s. |
| <i>Delivery model</i> | | | | |
| ES Individual Contracts | 1.66 | 1 % | 1.55 | 1 % |
| ES Joint Partnership | 1.69 | 10 % | 1.24 | n.s. |
| Consortium | 3.48 | 1 % | 1.27 | n.s. |
| Private sector | 1.61 | 5 % | 1.41 | 10 % |
| Contracts/Consortium mix | 0.86 | n.s. | 1.01 | n.s. |
| <i>High achievers</i> | | | | |
| Top 6 | 3.36 | 1 % | 1.17 | n.s. |
| Other 20 | 1.37 | 5 % | 1.46 | 1 % |

N=1444

The analyses by area type suggest that Pilot provision was most successful in areas in which entry occurred after 18 months’ unemployment. In fact, Pilot participants in these areas almost doubled their chances of entering work relative to the comparison sample (multiplicative odds of 1.97). Pilot participants in 12 month entry areas had a much smaller job entry advantage over the comparison sample and those in 18 month areas with early entry had no advantage.

Pilot effects on job entry varied substantially according to delivery model. Pilot participants living in areas with an ES consortium contract had a very large advantage over the comparison sample with regards to likelihood of job entry (multiplicative

odds of 3.48). As there was only one unit of delivery with this type of delivery model, however, it is not appropriate to draw conclusions from this about the success of the model. The two most common types of delivery model, ES individual contracts and private sector led delivery, both had effects on job entry that were broadly similar to the overall Pilot effect. ES joint partnerships were rather more successful than these two, but the low sample numbers for this delivery model meant the effect was not so statistically robust. Areas with an ES contracts/consortium mix saw no positive effect on job entry.

The ES individual contracts model was markedly more successful than other delivery types in securing unemployment exits without employment entry. Participants under this delivery model increased their chances of this outcome by odds of 1.55 relative to the comparison sample.¹⁹ It is of considerable interest to estimate whether this was associated with transfer from JSA to other state benefits, especially Incapacity Benefit. Of the other delivery models, only the private sector achieved a positive outcome in relation to non-work unemployment exits, and then only at a modest level of statistical significance.

The success of Pilot provision, especially in relation to employment entry, varied substantially across the 26 Pilot areas. As the Pilots were given considerable scope to vary provision, this is not surprising. While the sample was not large enough to assess the impact of individual Pilots, it was possible to get an indication of the extent of outcome variation by distinguishing between the six most successful Pilots and the rest. Table 3.2 shows that, in the TOP 6 areas, Pilot provision increased the chances of employment entry by a factor of 3.36, relative to the comparison sample. For the OTHER 20 areas, the effect of Pilot provision was much smaller at 1.37. Thus, the overall Pilot effect of 1.64 owes a great deal to a small number of very successful areas and rather less to the majority of Pilots. No such finding applied to non-work unemployment exits. In fact, the OTHER 20 were considerably more successful than the TOP 6 with regard to this outcome, and more successful than they themselves were in helping participants into work.

There was relatively little information in the survey that would enable us to understand *why* the TOP 6 were so more effective than the OTHER 20 in promoting job entry, but other studies carried out as part of the New Deal evaluation can give us some insights. Atkinson, Barry, Blanden, Dewson and Walsh's (2000) case study evaluation of the ND25+ Pilots, for example, involves detailed analysis of two TOP 6 areas. In one case, the relative success of the Pilot can perhaps be explained by the fact that it was particularly well-managed by the Employment Service led partnership which delivered it. In the other case, the Pilot was not seen to be particularly well-managed but was notable for having relatively few participants with more than two years' unemployment. This Pilot's successful outcomes for those with 12-24 months unemployment could perhaps be explained, therefore, by the ability of providers to concentrate almost exclusively on this group.

¹⁹ It is of considerable interest to estimate whether this was associated with transfer from JSA to other state benefits, especially Incapacity Benefit. Sample numbers at stage 1 were not sufficient to carry out such analysis, but this will be done at stage 2, which is due to report in early 2001.

3.4 Subgroup analyses

The previous sections have described econometric analyses based on the Pilot and comparison samples as a whole. There is considerable policy interest, however, in whether the Pilots have been able to achieve positive outcomes for groups of long-term unemployed people who are particularly disadvantaged in the labour market. In this section, attention is focused on those with health problems or disabilities, those aged 50 plus, and women.²⁰

Table 3.3 shows the proportions of the Pilot and comparison samples in a variety of outcome states according to the JUVOS data and repeats the equivalent section from Table 3.1 to show how this differs from the sample as a whole. For those with health problems, the gap between Pilot and comparison samples in terms of the proportion of respondents who were still claiming JSA in December 1999 was larger than for the sample as a whole. Thus, 48 per cent were still claiming JSA in the Pilot sample as against 65 per cent in the comparison sample (the equivalent figures for the sample as a whole were 50 and 60 per cent respectively). Amongst those Pilot respondents with health problems, however, the outcomes of those who had left JSA were more likely to be ‘other non-claimant’ than ‘found work’ – the Pilots had a six percentage point advantage over the comparison group in relation to the ‘found work’ outcome (16 per cent versus 10 per cent) but an 11 percentage point advantage in relation to the ‘other non-claimant’ outcome (36 per cent versus 25 per cent).

**Table 3.3 Employment status, by sample (disadvantaged groups)
JUVOS Reason for Claim End**

| Reason | <i>Column percentages</i> | |
|------------------------|---------------------------|------------|
| | Pilot | Comparison |
| Still claiming | 50 | 60 |
| Found work | 23 | 18 |
| Other non-claimant | 28 | 23 |
| <i>Unweighted base</i> | 979 | 563 |

JUVOS Reason for Claim End (health problems or disabilities)

| Reason | <i>Column percentages</i> | |
|------------------------|---------------------------|------------|
| | Pilot | Comparison |
| Still claiming | 48 | 65 |
| Found work | 16 | 10 |
| Other non-claimant | 36 | 25 |
| <i>Unweighted base</i> | 303 | 176 |

JUVOS Reason for Claim End (aged 50 plus)

| Reason | <i>Column percentages</i> | |
|------------------------|---------------------------|------------|
| | Pilot | Comparison |
| Still claiming | 47 | 61 |
| Found work | 19 | 12 |
| Other non-claimant | 34 | 27 |
| <i>Unweighted base</i> | 302 | 138 |

²⁰ It was not possible for subgroup analyses to be performed for other groups, such as ethnic minorities, because of low sample numbers.

JUVOS Reason for Claim End (women)

| Reason | <i>Column percentages</i> | |
|------------------------|---------------------------|------------|
| | Pilot | Comparison |
| Still claiming | 44 | 60 |
| Found work | 22 | 18 |
| Other non-claimant | 35 | 22 |
| <i>Unweighted base</i> | <i>185</i> | <i>126</i> |

Respondents aged 50 plus were similar to those with health problems in that the gap between Pilot and comparison samples with regard to the proportion of respondents who were still claiming JSA was larger than for the sample as a whole. Whereas 47 per cent of Pilot respondents aged 50 plus were still claiming in December 1999, this was true of 61 per cent of those aged 50 plus in the comparison sample. Like the sample as a whole, however, and unlike those with health problems, those aged 50 plus showed the same percentage point gap between Pilot and comparison samples with regards to the 'found work' and 'other non-claimant' outcomes. Thus, 19 per cent of those aged 50 plus in the Pilot sample had found work, compared to 12 per cent of the comparison sample (a gap of seven percentage points). Likewise, there was a seven percentage point gap between the Pilot and comparison samples for those aged 50 plus in relation to the 'other non-claimant' outcome (34 per cent versus 27 per cent).

Women in the Pilot sample also showed a greater tendency to leave JSA than those in the comparison sample, to an extent that was greater than for Pilot respondents as a whole. Only 44 per cent of women in the Pilot sample were still claiming JSA in December 1999, as compared with 60 per cent of women in the comparison sample. The 'employment gap' for women in the Pilot versus the comparison sample was smaller, however, than for either of the other two disadvantaged groups (only four percentage points). In contrast, there was a relatively large gap between Pilot and comparison sample women in the proportions who were 'other non-claimants' (35 per cent versus 22 per cent).

Table 3.4 shows the programme effects for econometric models that were run separately for each of the three disadvantaged groups and repeats the overall Pilot effect for comparative purposes. In findings that are largely consistent with the descriptive analyses presented above, the Pilot effect for each of the disadvantaged groups is larger than that for the sample as a whole. Thus, while the multiplicative effect of Pilot provision on employment entry chances is 1.64 for the sample as a whole, it is 2.26 for those with health problems, 2.35 for those aged over 50 and 1.86 for women, although the coefficient for the latter is only marginally significant. In findings that are again consistent with the descriptive analyses, women experiencing Pilot provision were much more likely to make non-work exits from unemployment than comparison sample women (effect on odds of 2.26) and this effect was larger than for the sample as a whole. The position was similar for those with health problems, but Pilot provision had no impact on non-work unemployment exits for those aged over 50.

Table 3.4 Econometric estimates of programme effects – disadvantaged groups

JUVOS Reason for Claim End

| | | | <i>Effect on odds</i> | |
|------------------------|------------|-------------|---------------------------|-------------|
| | Found work | Sign. Level | Other non-claimant | Sign. Level |
| Sample | | | | |
| Pilot | 1.64 | 1 % | 1.41 | 5 % |
| N | 1444 | | 1444 | |
| Health problems | | | | |
| Pilot | 2.26 | 5 % | 1.90 | 1 % |
| N | 464 | | 464 | |
| Aged 50 plus | | | | |
| Pilot | 2.35 | 5 % | 1.51 | n.s. |
| N | 414 | | 414 | |
| Female | | | | |
| Pilot | 1.86 | 10 % | 2.26 | 5 % |
| N | 292 | | 292 | |

Overall, the subgroup analyses suggest that Pilot provision was successful in helping disadvantaged groups into work, especially those with health problems and those aged over 50. For women, Pilot provision was associated more strongly with movement into non-work unemployment exits than with finding work.

4. Summary and conclusions

The Pilot and comparison samples were well matched, both in relation to sample matching variables and other background characteristics. However, slightly greater proportions of the Pilot sample were white, had some academic qualifications and had a driving licence, and they were slightly older than the comparison sample on average.

The great majority of ND25+ Pilot participants could recall a considerable amount of New Deal experience. Most of those who had been on the Gateway were satisfied, to at least some degree, with the help offered by the New Deal Personal Adviser, but the extent of satisfaction varied according to labour market and New Deal status at the time of the survey interview. Those in employment or full-time education and training at the time of interview tended to be satisfied with the help of the NDPA, whereas those in non-claimant unemployment were much less so. Those Pilot participants who were still on the Gateway at the time of interview, and so who in most cases had overstayed, tended to be among the least satisfied with NDPA help.

A number of barriers to employment were identified during the course of participant interviews with NDPAs. The most common of these were a lack of local jobs, age, lack of personal transport, ill-health and lack of qualifications. Where a barrier had been identified, the clients reported receiving help to overcome it from their NDPAs in around a quarter of cases. Offers of help were more forthcoming in relation to problems to which the personal adviser might feasibly offer some solutions, such as learning difficulties and health problems.

As one would expect from the design of the programme, Pilot participants carried out a wide range of activities as part of the Intensive Activity Period (IAP). The most common were receiving help with jobsearch, job-focused education or training and work experience. IAP activities varied somewhat with personal characteristics. For example, those with health problems were more likely to get work experience than job-focused education or training; those with longer spells of unemployment (18-23 months) were over-represented in job-focused education or training; those with no qualifications more likely to be doing work experience; and so on.

When participants were asked to assess the overall usefulness of ND25+ Pilot provision, the answer again depended heavily on current New Deal status. Those receiving job-focused education or training, work experience or jobsearch help through the IAP at the time of the survey interview were all inclined to think their time on the New Deal was useful, whereas those still on the Gateway thought it was not.

The analysis of intermediate outcomes, reported in Chapter Three, did not show evidence of an ND25+ Pilot effect on jobsearch methods, number of job applications, expected and reservation hourly wages, and various other measures of jobsearch flexibility. There was evidence of early ND25+ Pilot effects, however, in relation to unemployment exit and employment entry. Pilot provision was associated with a

greater likelihood of both employment entry and non-work unemployment exits. Pilot participants aged over 50 and those with health problems were particularly likely to enter employment, compared with people with similar problems in the comparison sample. Female Pilot participants were especially likely to make non-work unemployment exits.

Given the relatively short period of time between New Deal entry and the recording of the JUVOS outcome variable (less than a year for most participants), these are best regarded as positive first effects of the ND25+ Pilots rather than definitive evidence of their effectiveness. An additional point to note is that the early job entry advantage of Pilot participants may be partly due to their greater access to subsidised employment during these early stages of the evaluation period.

It would be sensible, therefore, to avoid making firm judgements about the effectiveness of Pilot provision until the stage two econometric analyses are complete, by which time a greater proportion of the comparison sample would have had access to Employer Subsidy and those currently in subsidised jobs would have passed out of the period when their employer receives financial incentives. The stage two analyses are due to be reported in early 2001.

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