Evaluation of the New Deal for Lone Parents

Early Lessons from the Phase One Prototype - Synthesis Report

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The programme

The New Deal for Lone Parents was launched as a ‘Phase One prototype’ in July and August 1997 in eight areas across the UK, and was implemented nationally in October 1998. Like the national programme, the New Deal for Lone Parents Phase One prototype was voluntary and aimed to help lone parents on Income Support move into work, or towards work. Personal advisers provided an integrated service of advice and support, covering job search, advice on training, help in finding childcare services, advice on benefits and help with claiming benefits. Although all lone parents on Income Support in the prototype areas were eligible, there was a ‘target group’- those with children aged over five years and three months - who were sent invitation letters.

This report presents findings from the evaluation of the Phase One prototype which was commissioned by the Department of Social Security (DSS). It has been conducted by a consortium of independent researchers at the National Centre for Social Research (formerly SCPR), the Centre for Analysis of Social Policy at the University of Bath and the Institute for Employment Research at the University of Warwick.

Objectives

The four main objectives of the evaluation can be classified under four headings:

- Participation (who participated and who did not participate in the programme, and for what reasons?)
- Lessons (what did participants and advisers think was helpful in getting lone parents into work?)
- Resources (what was the take-up among those eligible, what resources did they need and what additional demand was generated for other services?)
- Counterfactual (how much movement into work was additional and could be attributed to the programme?)

The evaluation

The evaluation incorporated a range of research components, including site visits, labour market studies, in-depth interviews, surveys of lone parents, analyses of administrative data, work and benefit histories, and an assessment of the costs and benefits of the prototype. These studies have been reported in a number of separate reports. This report aims to draw together the main findings across all the areas of research, both to provide an overview of the evaluation and also to provide pointers to where more information is contained in the set of more detailed reports.

1 Throughout this report, we refer to the New Deal for Lone Parents Phase One prototype as ‘the programme’ or, where necessary to avoid ambiguity, Phase One.
The New Deal for Lone Parents should be seen as part of an increasingly significant policy focus on lone parent families. There have been striking increases in recent decades in the proportion of families headed by lone parents, and of those who are dependent on Income Support. Poverty and benefit dependency are features of many lone parent families, and this has been associated with their low levels of employment. While increasingly, other mothers have entered employment, lone mothers have faced particular barriers to the labour market (Section 2.2).

Throughout the 1990s, there has been a gradual evolution of work incentive measures aimed at removing these barriers (Section 2.3).

The New Deal for Lone Parents is one of a number of programmes in Britain which have been designed to encourage work among those who are able. Their emphasis on advisory services has similarities with programmes in other countries, for example the Australian Jobs, Employment and Training Scheme (JET) and the Californian Greater Av enues for Independence Program (GAIN). Both of these programmes have resulted in modest overall reductions in welfare benefit expenditure (Section 2.4).

Participation in NDLP is voluntary and claimants can choose whether or not to take part with no implications for their entitlement to benefit. However, there has been a shift in most welfare to work policies from voluntarism towards the use of greater compulsion. This has been seen in Britain and abroad. While the clearest evidence of compulsion in Britain is associated with other client groups such as the unemployed, there is evidence of increasing conditionality in lone parents’ receipt of benefit in the introduction of the ONE pilots, which started operation in four areas in June 1999 and in another eight areas from November 1999. In the ONE pilot areas, it will be compulsory from April 2000 for all clients of working age, including lone parents, to attend an advisory meeting at the start of a new or repeat claim for working-age benefits, including Income Support, and at other times when asked to do so (Section 2.5).

It is important to understand the context in which the programme operated and the way in which it was implemented. Eight Benefits Agency (BA) districts (four managed by BA and four by ES) constituted the Phase One prototype. Six other BA districts were selected as a basis for comparison to assist the evaluation, having been matched as far as possible on labour market characteristics, including rates of claimant unemployment. Three levels of claimant unemployment were used in the selection of areas, with rates varying between 2.6 and 7.7 per cent at the start of the prototype. The size of the lone parent population claiming Income Support in each BA district ranged from approximately 5,000 to 13,000 and the number of advisers varied accordingly (Section 3.2).

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2 It should be noted that unemployment rates were falling prior to and during the prototype programme; at the time when the areas were selected for the programme, unemployment rates were higher and it is these rates which are quoted in section 1.1.
Throughout the period of study - and in both the prototype and comparison areas - there was a fall in both unemployment rates and in the number of lone parents claiming Income Support. The percentages who stopped claiming Income Support were similar in the two sets of areas, although labour market conditions in the comparison areas were consistently more favourable.

Target group
Lone parents whose youngest child was aged five or over were the target group for the programme, but others could put themselves forward (Section 3.3). In the prototype areas, there were 33,332 members of the ‘stock’ target group at the outset of the programme, that is people who had Income Support claims which had started prior to May 1997. By the end of the prototype, there had been a much smaller number (5,700) of ‘flow’ target group lone parents in receipt of Income Support, those whose Income Support claim started in May 1997 or later.

Personal advisers
A training programme was arranged for all advisers, regardless of their previous experience (Section 3.4). The number of advisers changed slightly during the course of the prototype, but was just over 70. The advisers operated from offices whose characteristics varied in several respects such as accommodation and proximity to their catchment population of lone parents (Section 3.5).

Participation
Despite differences of this kind between areas, the initial interview was a key aspect of the NDLP intervention in all areas. In order to encourage participation, advisers provided various forms of help, including a ‘better off’ calculation for those who were uncertain about the financial advantages of working, or working more hours. The advisers had to develop new approaches, deal with teething problems of new systems, and allay the suspicion of lone parents and community groups who sometimes feared there would be coercion into work regardless of the circumstances of the individual. After starting with much larger caseloads, advisers found that at any one time they managed caseloads of between 20 and 30 clients most effectively.

Movement into work
On average, each adviser helped a lone parent to start work every one and a half weeks. Those lone parents who were not invited to an interview but participated on their own initiative had the highest success rate in obtaining employment (Section 3.8).

Cost per lone parent
The average unit cost of the prototype ranged from around £140 per lone parent invited to attend an interview to around £1,500 per lone parent who gained employment and left Income Support (Section 3.7).

3 The NDLP prototype was launched in July 1997. Invitation letters were sent to lone parents in the NDLP target group eight weeks after they had started claiming Income Support. Therefore, the ‘stock’ comprised those whose claims had started more than eight weeks before the launch of the prototype, that is prior to May 1997.
Effect of the prototype

The evaluation examined a number of measures of programme performance. These included movement off Income Support, movement into paid work, financial and other benefits associated with the programme.

Various sources of information were employed in the assessment of the effect of the Phase One prototype. These included administrative records of Income Support claims, labour market data, survey data collected by means of interviews with lone parents, site visits to meet advisers, two seminars with the adviser-managers of the eight areas, and financial data from the programme administration (Section 4.1).

Comparing the monthly counts of Income Support claims by lone parents in the target group, the number of Income Support recipients fell in both the prototype and comparison areas. In October 1998, at which time the New Deal for Lone Parents was implemented nationally, the decline in the prototype areas was approximately one and a half percentage points greater than in the comparison areas (Section 4.2).

Early and later invitation to participate

A second type of evidence used a feature of the programme’s implementation that made it possible to identify lone parents who were invited to participate in the programme earlier or later in the course of Phase One. Comparison of movements off Income Support for these two groups shows that by the time most of the later group of lone parents received their letters of invitation, an additional one and a half per cent of the earlier group had moved off Income Support (Figure 4.2). Transitions off Income Support were modelled within an econometric framework using the data from administrative records, adjusting for lone parents’ personal characteristics and local labour market conditions. On the basis of this analysis, we estimated that after eighteen months the stock of Income Support claims was 3.3 percentage points lower in the prototype areas (Section 4.2).

Work and benefit history

The contrast between lone parents on Income Support in the comparison and prototype areas was also studied using the survey evidence. Statistical analysis of the work and benefit histories from the survey data, adjusting for local labour market conditions (represented by the female rate of claimant unemployment) and lone parents’ characteristics, produced an estimate that by October 1998 the stock of Income Support claims was three percentage points lower in the prototype areas, although this was at a significance level of 93 per cent and so has not been treated as significant (Section 4.3).

Movement off Income Support

In terms of their destinations, the survey conducted between mid-October 1998 and the end of January 1999 showed that 28 per cent of the sample of lone parents living in comparison areas had ceased to claim Income Support, compared with 30 per cent in the prototype areas. However, 17 per cent of lone parents in the prototype areas and 18 per cent in the comparison areas had moved into work. While
these differences are not statistically significant, other evidence also suggests that a higher percentage of lone parents in the prototype areas were leaving Income Support and entering education or training, or had ceased to claim Income Support having re-partnered. Many of those in the prototype areas who had found work felt that their ability to start work had been influenced by their personal adviser (Section 4.4).

Survey evidence also showed that lone parents who had started work reported that they felt they were financially better off in work than claiming Income Support (Section 4.5).

Cost-benefit analysis

As well as the private benefit to the lone parent's household of having an income from work, increased employment could be beneficial for the economy and the Treasury. Evidence from the evaluation of costs and benefits suggests that the prototype programme resulted in economic returns which were slightly less than the cost of the prototype, representing a modest net cost to the exchequer. This calculation was based on an estimate that about 20 per cent of the jobs gained by lone parents who participated in the programme were additional to the number of lone parents who could be expected to have started work in the absence of the programme. If the percentage of additional jobs had been 23 per cent, the programme would have had economic benefits equal to its costs (Section 4.7).

While a financial assessment is important in terms of justifying the allocation of scarce resources to social programmes, it has to be recognised that with a programme such as the New Deal for Lone Parents there are many non-financial gains for lone parents, their children and society as a whole. Improving the living conditions of lone parent families may be seen as sufficient justification for the existence of the programme. An important potential gain, which cannot be quantified in the short term, concerns the longer-term benefits accruing to the children of participants in the New Deal for Lone Parents (Section 4.8).

Personal advisers

The New Deal for Lone Parents prototype pioneered the use of personal advisers by the Benefits Agency and the Employment Service to deliver a Welfare to Work programme. The advisers were able to offer a wide range of information and advice, tailored to the personal situation of each client. However, there was some constraint in the limited size of each team of advisers, in relation to the size of the lone parent population. There was also a limited time available to demonstrate the effectiveness of the approach, which means that some of the benefits of personal adviser activity had not materialised by the end of 1998 (Section 5.1).

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A small-scale 'Lone Parent Caseworker Pilot' programme had operated for six months in 1995.
Participation rates, as indicated by the survey data, suggest that overall one in five (21 per cent) of the lone parents who were approached to take part in the Phase One prototype became full participants. This means that they had at least one interview with a personal adviser and discussed one or more of the topics which the programme was concerned to promote. A further three per cent had an initial interview with an adviser but did not discuss any of these topics or proceed further. Of all those who had an initial interview, 93 per cent are classified on this basis as full participants. Just over three-quarters (77 per cent) of the lone parents in the target group did not take part at all (Section 5.2).5

There was little difference between participants and non-participants in terms of demographic characteristics. But participants were likely to have less restricting family responsibilities (in terms of numbers and age of children in their household for example) and notably greater eligibility for the labour market in terms of qualifications and work experience. More were already looking for work. Physical proximity to the New Deal for Lone Parents office also affected take-up. However, of particular significance was the form of approach letter used. This greatly increased initial take-up and, ultimately, full participation in the programme, if it specified an appointment time, because this was often assumed to mean that attendance was compulsory (Section 5.2).

Of the non-participants, 60 per cent actively decided against meeting an adviser, indicating that the programme was not appropriate for them, rather than it ‘just ending up’ that they did not participate. Of these, some were already in work (17 per cent of those who decided not to take part), or were in education (seven per cent), or on a training course (one per cent). Others said their children were too young (15 per cent), or their health precluded work (11 per cent) or were affected by circumstances at the time, such as illness (10 per cent) or other pressing matters (13 per cent). Eight per cent wanted to conduct their own jobsearch independently (Section 5.2).

Initial advisory interviews varied appreciably in length. Participants on the whole had just one interview, usually with telephone follow-up and/or material sent by post. Occasionally they had a visit at home from the personal adviser. Generally, they gauged this as about the right amount of contact but some (21 per cent) would have liked more. Some lone parents expected to have further contact with a personal adviser after the end of the prototype (i.e. within the Phase Three programme) (Section 5.3).

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5 All percentages are quoted to the nearest whole number, and as a result they may add to more or less than 100.
The main issues discussed with advisers (for about two participants in three) were steps towards looking for a job, advice on benefits, and childcare. Four out of five participants obtained a ‘better-off calculation’, which in most cases (70 per cent) showed that they would be better off in work. Such information met with a mixed reaction. While half were pleased and surprised, others were disappointed that their in-work income would not be greater. The increased level of income did not necessarily lead them to consider paid work as in their own best interest (Section 5.4).

A quarter of the participants received help with job applications or with a CV. Those who were given advice or help with seeking, applying for or deciding on a job, almost all said the adviser’s help was good. About one half of the participants who started work and left Income Support felt that the programme had affected their job search strategy by, for example, encouraging a more positive attitude to work or a more active and varied job search (Section 5.4).

Those participants who went on to start work occasionally received further support (e.g. with claim forms, benefit problems, or childcare issues) (Section 5.5). There was also only a limited amount of referral to other services, such as Jobclubs or the Work-Based Training for Adults’ programme for unemployed people, either run by the Employment Service or other organisations. Advisers did not actively offer the reimbursements for travel or childcare costs that were available, so the use of these resources was very limited. As a result, we can draw few conclusions about the resources that might be needed if these services were taken up fully in a similar national programme (Section 5.6).

Assessments of personal advisers

The role and manner of the personal advisers was pivotal in determining lone parents’ overall assessment of the programme. A distinction was made between those advisers perceived as ‘effective’ or ‘ineffective’. Views tended to polarise between these extremes, with four-fifths of participants taking the very favourable view. Interestingly, a good adviser was valued more for qualities that were supportive and understanding of the lone parent’s situation (friendly, outgoing, positive, enthusiastic, relaxed, confident) than for practical assistance. Great benefit was attributed to having someone to talk to, ‘on their side’, who could provide information about options, and help make sense of the system. This was valued in the context of low self-confidence among many of the lone parents. Where helpful information was also obtained this was valued, though there were some criticisms regarding lack of information on childcare, job vacancies, and occasionally benefits (Section 5.7).

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6 The programme is now called Work-Based Learning for Adults.
Overall, lone parents very much valued the personal adviser approach. As a source of advice and support, advisers helped to build a more positive, confident attitude, a better sense of available options, knowledge and help regarding benefits, and knowledge of whether they would be better or worse off in work. Many lone parents felt they had been helped to do something that they might not have done alone. The personal adviser service was experienced as very different from the Benefits Agency’s and the Employment Service’s traditional stance towards customers (Section 5.7).

As such, the approach may have accelerated movement towards paid work among a group of people who had been diffident in their ability to achieve this. But in many cases work would be in the longer term, and not necessarily achieved in the time available for the prototype. On the whole, the conclusion on the prototype is that personal advisers largely worked with people who were already on the way to starting work and who might have done so anyway (Section 5.7).

Chapter 6 identifies some of the factors which make it inappropriate to extrapolate directly from the prototype to a national programme.

First, there were differences in the orientation of the prototype phase, compared with the national programme, which could work in either a positive or a negative way. Positive features of a prototype may be seen in the commitment and enthusiasm of staff, competition between teams, and urgency to do the job in the limited time available. Other than the short period of time available to the prototype, Phase One operated under three main constraints. These were the time of year when it began (the school summer holidays), the lack of institutional support arrangements for services to which lone parents could be referred for help in overcoming barriers to work, and the scale of the operation (in terms of the large numbers of lone parents who were potential participants). The national programme, however, is likely to see the development of partnerships between the ES and other organisations to deliver services, which should result in a programme well adapted to local needs (Section 6.1).

Second, there may be scope for a national programme to provide a more broadly-based range of options than existed during the prototype for those not ready to move rapidly into work. The prototype was often most effective when lone parents had already found a job and needed help with Family Credit, but it must be recognised that many of these were lone parents who would have found work anyway. For others, there was only limited evidence of the prototype encouraging training while continuing to claim Income Support (Section 6.2).

Third, opportunities for providing broader support for lone parents do not appear to have been developed during the prototype. The
national programme might draw upon complementary services that are external to the prototype programme. As examples of such services which may be suitable for lone parents we suggest that support groups could help lone parents overcome a lack of self-confidence about their ability to work, and work intermediaries might provide support in the transition to work, perhaps as agency work rather than mainstream employment (Section 6.3).

Fourth, the national programme now operates in a different setting to Phase One. Since the prototype was introduced, other policy developments have led to complementary programmes that improve access to childcare and increase the level of in-work financial support. The National Childcare Strategy (DfEE, 1998) is a significant change that should support both part-time and full-time work. Initiatives that make work financially more attractive include the minimum wage and, from October 1999, the Working Families’ Tax Credit, (including a childcare tax credit for those using registered childcare services), which further raises the levels of support available at the time of the prototype through Family Credit (Section 6.4).

The evaluation’s overall conclusion (presented in Chapter Seven) is that the Phase One New Deal for Lone Parents had a small but appreciable effect on the rate of movement off Income Support and into work among lone parents in the eight Benefits Agency districts where it was implemented. This conclusion is supported by evidence of a fall in the number of lone parents claiming Income Support, which was greater in the eight prototype areas than in the six comparison areas. This finding is supported by multivariate techniques that were applied to administrative and survey data. In particular, this small but significant New Deal for Lone Parents effect was demonstrated by a greater likelihood to stop claiming Income Support among members of the stock, target group who were invited early in the programme.

While it is difficult to estimate the net costs of the Phase One prototype with any precision, we estimate that there are significant social benefits consistent with the policy that were achieved at a relatively small Exchequer cost (just 12 per cent of the direct expenditure on the programme). Only a small change in one of the key parameters that determine costs and benefits would bring the net Exchequer cost closer to or beyond the break-even point (Section 7.1).

A number of positive outcomes of the prototype were identified. Almost half of those who participated were successful in finding jobs during the period in which the prototype operated and most were impressed by efforts made by personal advisers. A quarter of lone parents (28 per cent) who started work said their personal adviser had given them significant help in achieving this. The nature of this help was in boosting confidence and encouraging a positive attitude, rather than identifying vacancies and acting as an advocate with the employer (Section 7.1).
The most serious constraint that the prototype faced was probably the focus on providing a service for as many as possible. As a result, advisers devoted the majority of their resources to lone parents who came forward most readily and were most ready to work. While this has many positive benefits, fewer resources were then available to encourage those who faced greater barriers to returning to work (and who might be harder to reach). In part, this was necessitated by the scarcity of other resources such as job assistance schemes and training that the personal advisers could call on (Section 7.2).

In conclusion, it can be argued that the prototype gave sufficient evidence that a voluntary personal adviser service was workable and demonstrated positive results that justify the introduction of a national programme. Two key facilitators of a future welfare to work programme for lone parents are the National Childcare Strategy and the Working Families' Tax Credit. These initiatives complement Phase Three of the New Deal for Lone Parents, while the existence of the programme can do much to ensure that the new measures are understood among the lone parents claiming Income Support, which is likely to be a critical factor in their impact (Section 7.3).
1 INTRODUCTION

1.1 New Deal for Lone Parents

The New Deal for Lone Parents (NDLP) is a voluntary programme intended to help lone parents on Income Support take up paid work or increase the amount of paid work they do and to increase the job-readiness of lone parents on Income Support. Personal advisers provide an integrated service for lone parents covering job search, help finding childcare services, advice on benefits and help with claiming benefits. Lone parents who start work are able to receive continuing in-work support from the personal adviser. For those who are not ready to start work, the aim is to assist lone parents become work-ready, for example by finding appropriate education or training as a step towards employment. It is one of a set of New Deal programmes which are intended to help people who are at a disadvantage in the labour market, so that they can make the transition from benefit receipt to work.

The New Deal for Lone Parents was launched as a ‘Phase One prototype’ in eight Benefits Agency (BA) Districts in July and August 1997. Four of the areas were administered by the Employment Service and four by the Benefits Agency. The areas had almost 60,000 lone parents receiving Income Support at the start of the programme, that is about six per cent of the one million lone parents in England, Scotland and Wales who depend on Income Support as a main source of their income. The Phase One prototype was designed to run until the end of October 1998, effectively covering a period of 15 months.

From April 1998, in Phase Two, lone parents making new or repeat claims were eligible to participate in the programme at Employment Service (ES) premises throughout Britain. Phase Three, the full national implementation, began on 26 October 1998, and all lone parents in receipt of Income Support became eligible to participate if they chose to do so.

The prototype New Deal for Lone Parents was thus a precursor of the national programme, intended to generate information about the likely response of lone parents to the availability of advice and help about moving into work. While advisers were given training in a range of skills, such as benefit calculations and jobsearch, a further important part of the prototype was innovation. NDLP advisers in each area were given the opportunity to develop their own methods of working. They were also encouraged to try various methods to attract clients to the programme, such as coffee mornings and setting up stands in shopping centres.

In order to gauge the impact of the programme on lone parents’ ability to move into work in different labour markets, the eight areas in Phase
One were chosen to represent varying levels of claimant unemployment. The areas selected and their rates of unemployment at the time of selection were:

- high unemployment (11 per cent or more) - Cardiff & Vale, Sheffield East and Clyde Valley;
- medium unemployment (seven per cent or more but under 11 per cent) - North Cheshire, North Surrey and North Worcestershire;
- low unemployment (under seven per cent) - Cambridgeshire and Warwickshire.

Four of the prototype areas were managed by the Employment Service and four by the Benefits Agency. Recruitment to the teams of advisers drew largely on those already working for the lead organisation in each area, but some areas had staff with links to both organisations. The areas developed distinctive styles of working, reflecting partly institutional traditions and partly the character of the localities.

1.2 The evaluation

In order to draw lessons from the Phase One programme, an independent evaluation was commissioned. This report draws together the main results of that research, drawing on the more detailed reports which cover each of the strands of the evaluation. Further details of the research methods are discussed throughout this report. This section outlines the context in which the evaluation was undertaken and the way the research problem was formulated.

An important aspect of the evaluation was the designation of six other Benefits Agency districts as ‘comparison areas’. They were selected to match the geographical and industrial character of the prototype areas and to have a similar range of claimant unemployment rates, as follows:

- High unemployment (11 per cent or more) - Manchester Central, Glasgow Springburn & Cumbernauld.
- Medium unemployment (seven per cent or more but under 11 per cent) - Blackburn, North Leicestershire.
- Low unemployment (under seven per cent) - Wiltshire, Buckinghamshire.

The purpose of the comparison areas was to exemplify what was most likely to have occurred in the prototype areas if the programme had not existed. Another way of stating this is that they represent the system that existed in the absence of the New Deal for Lone Parents. It is...

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7 Unemployment rates quoted here were those which existed at the time of selection. Elsewhere (e.g. Tables 3.1 and 3.2, we quote the rates for July 1997 when the programme began.

8 The evaluation was commissioned and managed by the Department of Social Security.

9 In this report, we refer to these as ‘comparison’ areas, as the word ‘control’ has connotations of experimental rigour which are inappropriate to this context.
important to recognise that some provision for lone parents had existed before the Phase One prototype was introduced, and continued to exist in comparison areas. In the absence of the programme, lone parents who wished to move from Income Support into work might, in other ways, find some or all of the services offered by the programme. This may have involved friends and relatives, voluntary and self-help organisations, as well as the Employment Service and the Benefits Agency. Thus, the comparison is essentially between the existing provision of services for lone parents, and a new approach to provision in which it was intended that there should be a pro-active approach to encourage participation, greater integration, easier access and greater responsiveness to individual needs.

A comparison between areas therefore provided an important source of information about the effect of the programme. But for a period of about nine months at the start of Phase One, it was also possible to draw comparisons within the ‘prototype’ areas. This comparison was made between those people who were supposed to be sent a letter inviting them to participate in the first few months of the programme and those who were not due to be invited in this way until later. The procedure used to invite participation (which is discussed in Section 3.5) made it possible to identify separate groups for this purpose.10 This has the substantial advantage that the labour market context of the programme remained constant, simply because this comparison could be made within those areas where the programme was taking place.

The objectives of the evaluation were set out under four headings:

• Participation: who took part in the programme and for what reasons; who did not take part and for what reasons?
• Lessons: what did participants and advisers think was helpful in getting lone parents into work? For whom was it successful?
• Resources: what was the take-up among those eligible to participate, what resources did they need; what additional demand was generated for other services, such as Employment Service Jobclubs?
• Counterfactual: how much additional movement into work of lone parents could be attributed to the programme? This question is answered by estimating what would have happened in the absence of the programme, and comparing it with what was observed to have happened.

It is important to have a realistic sense of what a programme for lone parents was likely to achieve. We need to keep in mind the characteristics of lone parents who receive Income Support, the scale of the resources

10 The later discussion emphasises that lone parents could put themselves forward to participate and that some were invited by means other than letters. Both of these factors mean that the comparison based on the invitation letter process is likely to under-state the real difference between early and later participants.
involved in delivering the programme and the time period over which it was being implemented. We now put forward a way of conceptualising what a programme such as the New Deal for Lone Parents sets out to do, and how this relates to the measurement of its effects.

Previous research on lone parents in Britain has often drawn attention to the diversity of these families. This is a point of considerable significance for the evaluation, because some research methods and sources of data can help us to understand this variety, while other methods yield overall measures in which this diversity may be averaged. Both approaches have validity, and we aim in this report to maintain a balance between such perspectives, drawing on survey data, administrative data and in-depth interviews.

The diversity of the lone parent population is also important to appreciate because of its significance for the response of individuals to a programme such as the New Deal for Lone Parents. The effect of a programme lasting some fifteen months should be to move some lone parents from economic inactivity into work, but it is probably not able to move a large number of them. This assertion is drawn from previous research which showed that a majority of lone parents wished to work at some time in the future. The varying attitude of lone parents towards work could be understood by postulating a representative ten lone parents:

- Three of these lone parents were already working to some extent, often for a quite modest number of hours each week.
- Another three were ready to seek work, although only one was actively job searching at the time.
- Three others will seek work one day, but not in the near future.
- One believed she would never work (Finlayson and Marsh, 1998).

The point here is that this did not mean that six lone parents in ten were waiting to receive advice and support which would enable them to increase their hours of work or move into work straight away. Instead it means that lone parents can be placed on a continuum, with those at one end not expecting to move into work at all and those at the other having full time work. At any one time, everyone has the potential to shift along this continuum. For example:

- those already working part time may find an opportunity to increase their hours;
- those not working may be able to start working 16 hours or more, which enables them to move from Income Support to retaining their earnings plus Working Families Tax Credit; and

11 E.g. McKay, S and Marsh, A (1994) Lone Parents and Work, HMSO, London. It is important to note that this work was representative of all lone parents, among whom about 60 per cent were claiming Income Support.
• those who have lost contact with the labour market or lack the skills to compete for jobs may start looking for work or enrol on an educational or training course.

Movement in this direction can occur for various reasons involving, for example, the school careers of children. A programme such as the New Deal for Lone Parents may act as a catalyst to movement into or towards work.

Conversely, some other lone parents may be moving in the opposite direction. Factors which might reduce engagement with work include illness of the individual or of someone for whom they care, or an employer making staff redundant because of financial difficulties. Although lone parents may face additional insecurity in work compared with families with two adults, in other respects the factors which induce movement in and out of work are the same as for other people in the labour force. Like everyone else, lone parents are affected by the opportunities for work in their locality.

Another important point to make about lone parents is that they are not a static segment of the population. Rather, there is continuous movement into and out of lone parenthood. Some lone parents move from dependence on Income Support to other sources of income, and sometimes back again, for a variety of reasons such as the availability of flexible work and child-care, and re-partnering. There is a relatively frequent movement among this group between inactivity and paid work. This movement is intrinsic to the lone parent situation and is happening to some extent in all areas, whether or not a programme exists which is intended to facilitate and support such movement. A programme such as the New Deal for Lone Parents has its effect by enhancing the propensity to move in the direction of work, both by accelerating movement into work and by helping to reduce the tendency to move from work back into inactivity.

In Phase One of the New Deal for Lone Parents, additional movements into work were only detected if they occurred during the short observation period that was available to the evaluation. Although some impact on sustainability might be evident in the short term, its full effect needed a longer time period.12

In fact, efforts to increase the level of work and the sustainability of work may be in tension. Improving the sustainability of jobs may mean matching lone parents very carefully with appropriate jobs rather than helping them find work quickly. So, improved job matching might mean reducing the rate of movement into work in the short term, while someone waits for the right job to become available. The programme might also slow down

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12 It is planned that further data will be collected in early 2000.
movement into work, for example when a participant is advised to undertake training for a future job rather than taking a less desirable job straight away.

Two approaches to encourage work have been at the centre of discussion about different types of welfare to work programmes. One option is a ‘work first’ strategy. This is based on the proposition that for someone who is not working, the important step is to get a job as quickly as possible. One advantage of this is that by focusing on job search, relatively little investment needs to be given to each person who is helped into work. The proponents of this approach point out that starting work, even in a job which is not well matched to the individuals’ needs, has the potential to be followed by movement into a better job. A second approach involves development of the ‘human capital’ of its participants, usually through a period of training as a preparation for work.13

Both of these approaches start from the premise that the programme will deal with people who often have low levels of education, limited work experience, poor housing, health problems, debt and related problems. The ‘work first’ approach is a lower cost method, requiring a minimum of adviser resource to provide the momentum to start work. This may mean that there is a high risk of the participant being unable to sustain the job obtained, but even a small additional return may be enough to make the programme financially beneficial. Such programmes may offer in-work support to increase the chances of people remaining in work and increasing their earnings. The ‘human capital’ approach commits more resource at the outset, and hence needs to achieve a greater improvement in job prospects and sustainability. It is worth noting here that both approaches can be combined in a single ‘mixed services’ programme. ‘Work first’ remains the predominant approach for all participants ready to move quickly into work. Others, including those who have tried to find work and not succeeded, may benefit from additional preparation for work, consisting of job search support, vocational training or basic skills training. Arguably, this ‘mixed services’ approach may be labelled ‘work-first’, as many of the programmes in the United States have been of this type, including that of Riverside County in the Californian GAIN programme (Riccio et al, 1994).

The prototype New Deal for Lone Parents was of the ‘work first’ type, since the advisers were clearly encouraged to focus on moving lone parents into work. They could also guide participants towards education or training courses when they considered that this was the most suitable

13 These approaches are discussed in greater detail in Chapter Two, drawing mainly on examples from the United States.
next step for the individual, but their management system did not record this as an output of the programme.14

A factor which makes it difficult to assess the full impact of the programme in a short time period is that some people who receive advice and support will not start or increase their work straight away. This is consistent with the model outlined earlier. Even under steady labour market conditions, such delays mean it needs a period of several years to estimate the full impact of the programme. The 'work-first' approach assumes that initial jobs will lead to better jobs, but this transition may take time to come into effect. However, the opportunities for lone parents to work are changing all the time. The result is that it is not necessarily appropriate to project the effect of the programme in the future, based on the period observed.

It should also be appreciated that some of the lone parents interested in working would perceive no need to participate in the programme. Those with sufficient experience, knowledge and self confidence might reasonably believe that they already know how to manage their return to work without official support. These may be people with recent experience of working and claiming Family Credit. We also emphasise that some of those invited to participate would decide not to do so. For example, they may feel that their children need their presence at home, especially where a child has special needs due to ill health or behavioural problems.

With this background, we can see that the impact of an advisory service should be effective where it acts to overcome obstacles that consist of lack of knowledge and/or lack of self-confidence. There may be relatively few occasions when an advisory service can address substantive barriers, such as a lack of affordable transport, on-going relationship crises or chronic ill-health. With any individuals who are subject to such barriers, any investment in increasing the orientation towards work is likely to have a long pay-back period. Personal advisers may wish to avoid becoming involved in cases where there is little prospect of achieving a favourable outcome. This may be to avoid raising hopes which are unlikely to be realised or to avoid devoting a disproportionate amount of time to people who may welcome the contact and effort to help them, but whose circumstances are unlikely to change.

Experience in other countries with programmes for lone parents, and much previous research in Britain on programmes to help unemployed people to move into work, has shown that the impact of such programmes is usually modest in the short term. With lone parents, in spite of the fact

14 The Phase Three programme has additional funding to support education or training courses of up to 12 months and for financial contributions towards childcare during this period.
that nine out of ten think they want to work at some time in the future (Finlayson and Marsh, 1998), the number who can be directly affected by a programme like the New Deal for Lone Parents in a limited period of time is likely to be fairly small. Much of the British evidence about programme impacts derives from programmes for unemployed people, who are more likely to be in a position to start work immediately and who are already required to be flexible about the work they will accept. The lone parent may also be ‘job ready’ and willing to be flexible, but has to consider how to provide care for dependent children and how to deal with uncertainty about what his or her income will be. The lone parent may also be concerned about disruption and delays in receiving benefit if it becomes necessary to move back to Income Support.

The significance of this for an evaluation of the New Deal for Lone Parents is that it is necessary to be able to detect quite a modest impact in the short term. Given the expected small impact, the evaluation needs, ideally, to be able to draw upon more than one source of information to support the evidence of an effect. Also, it needs to be based on an understanding of how the programme has operated. Ideally, it needs in some way to extrapolate beyond the limited time period over which behaviour has been observed. While accurate prediction may be impossible, an assessment of the evaluation period and its antecedents can at least indicate the likely changes.

1.3 Report structure

This report has seven chapters, summarising the detailed reports and papers produced for the evaluation. Conclusions are drawn on the basis of this research information.

Chapter 2 places the New Deal policy for lone parents in the context of the growing significance of lone parent households as a part of many children’s experience of growing up in Britain. It also outlines the development of welfare provision for lone parents, among other groups with low incomes, whether they are in work or economically inactive.

Chapter 3 briefly describes the Phase One prototype of the New Deal for Lone Parents. It gives details of the areas and their labour markets, the number of lone parents, the rate of participation and the number who started work or increased their hours of work after taking part in advisory interviews. This chapter also outlines the cost of the Phase One prototype. It estimates the number of lone parents moving into work over a time period that would represent a cost-neutral outcome. This assumes that, in various ways, the additional economic activity of lone parents in work is generating financial resources which offset the cost of the programme.

Chapter 4 develops the evaluation’s objectives, considering how the programme’s impacts may be estimated, and then presenting the findings of the research. This is the key chapter for the substantive results of the evaluation.
Chapter 5 focuses on the principal mechanism of the New Deal for Lone Parents, namely the advisory interview. We explore the nature of participation, drawing mainly on interviews with lone parents, both by qualitative methods and surveys. This chapter also uses some information obtained in interviews and discussions with personal advisers and their managers.

Chapter 6 projects the results for the prototype areas on to the national picture. It makes the point that a prototype differs in important ways from a national programme, and that the results cannot simply be extrapolated from one to the other.

Chapter 7 draws conclusions from the evaluation and discusses their implications for policy towards lone parents and work.

Throughout the report, references are made to the component reports of the evaluation, using the following references:

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Title and contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finch et al., 1999</td>
<td>New Deal for Lone Parents: Learning from the prototype Areas. This report is based mainly on a substantial programme of qualitative interviewing with lone parents in prototype and comparison areas. It also contains background information on policies towards lone parents in Britain and an outline of welfare to work programmes for lone parents in other countries.</td>
</tr>
<tr>
<td>Green, 2000</td>
<td>Evaluation of the New Deal for Lone Parents: A Comparative Analysis of the Local Study Areas. This report is a compilation of secondary information on the eight prototype and the six comparison areas, with a commentary on the characteristics of the labour markets.</td>
</tr>
<tr>
<td>Hasluck, 2000</td>
<td>The Net Economic and Exchequer Benefits of the New Deal for Lone Parents. This report estimates the costs of the prototype and its returns to lone parent participants, the wider economy and the Treasury.</td>
</tr>
<tr>
<td>Hales et al. 2000b</td>
<td>Evaluation of the New Deal for Lone Parents: Early Lessons from the Phase One prototype - Findings of Surveys. This report presents findings of surveys in prototype and comparison areas. The report also draws on administrative data compiled by the teams of personal advisers in the prototype areas.</td>
</tr>
<tr>
<td>Elias, 2000</td>
<td>Transitions off Income Support: estimating the impact of New Deal for Lone Parents using survey data. This report analyses work and benefit histories recorded in the surveys of lone parents. Multivariate analysis was used to estimate the odds of each individual lone parent ceasing to claim Income Support in each month from July 1997 to October 1998, controlling for month-by-month variations in unemployment rates and notified vacancies.</td>
</tr>
<tr>
<td>McKnight, 2000</td>
<td>Transitions off Income Support: estimating the impact of New Deal for Lone Parents using administrative data. This report is based on data from the Income Support Computer System. Multivariate modelling of the populations of lone parents in prototype and comparison areas, was used to examine the propensity to move off Income Support, in order to isolate the effect of the programme among all other factors which may affect movement off benefit.</td>
</tr>
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</table>
1.4 Summary of key points

The New Deal for Lone Parents Phase One ‘prototype’ was launched in eight areas, with varying levels of claimant unemployment, which together had almost 60,000 lone parents receiving Income Support.

The Phase One evaluation involved six ‘comparison’ areas which were intended to show what would have occurred in the absence of the programme.

The evaluation looked at participation in the programme, lessons from it, the resources involved, and how much additional movement into work of lone parents resulted from it.

Based on the experience of similar programmes in other countries, the impact of a programme like New Deal for Lone Parents is expected to be modest in the short term.

The evaluation draws on more than one source of information, is based on an understanding of how the programme operates, and extrapolates beyond the limited time period in which behaviour is observed in order to detect the impact on lone parents.
This chapter sets the context in which the prototype New Deal for Lone Parents was implemented, particularly with reference to the development of policy towards lone parents and ‘active labour market’ policy more broadly.

In the time since the pioneering 1989 study by Bradshaw and Millar for the Department of Social Security (published in 1991), there has been a substantial amount of research on lone parents in Britain. This research has contributed to the formulation of policy, as well as monitoring the impact of various policy initiatives that have been implemented over this period. On the whole, these initiatives have emphasised financial incentives for working and addressed barriers inherent in the benefit system. A major component of the policy was the introduction of Family Credit in 1988, as a successor to Family Income Supplement. Family Credit itself has seen a series of modifications to improve its effectiveness. A very significant further development in this approach was the introduction of Working Families Tax Credit (WFTC) in October 1999.

Another strand in the development of policy has been the provision of advice about finding work. An example of this is Restart counselling at six monthly intervals for long term unemployed people. The Restart Cohort Study demonstrated the positive effects of such intervention (White and Lakey, 1992). Another lesson that can be drawn from that evaluation is that a low cost intervention does not require a large impact to be financially beneficial. In that case, it was estimated that a reduction of around five per cent in the person-months spent claiming Unemployment Benefit could be attributed to the Restart programme.

A small scale predecessor of New Deal for Lone Parents, named the Lone Parent Caseworker Pilot, was implemented for six months in two Benefits Agency districts in 1995. The ‘caseworkers’ in that project were what are currently termed ‘personal advisers’. The essential characteristic of this approach is that it is individually tailored to the needs of each participant.

The aim of the next section of this chapter is to explain why lone parents became the focus of policy in Britain, and to draw upon some of the research conducted in recent years as background to the New Deal for Lone Parents and the evaluation. After that, some current developments in policy are outlined, as they represent the context in which the Phase Three national New Deal for Lone Parents is being implemented.
implemented. A brief summary of other New Deals is presented to explain in what respects the New Deal for Lone Parents is distinctive.

A comparison between 1971 and 1995 provides a striking picture of the changes in the proportion of households in Britain headed by lone parents, and some aspects of their circumstances.

**Figure 2.1 The Changing Characteristics of Lone Parents Over 25 years**

Figure 2.1 shows that by 1995, a quarter (24 per cent) of families were headed by a lone parent, compared with eight per cent in 1971. The percentage of these people who were divorced increased from 21 per cent to 34 per cent, and the percentage who were never married increased from 16 per cent to 38 per cent. Changes in the role of marriage in family formation were the main reason for the increase, but this trend is also attributable to longer durations of lone parenthood, caused by a reduction in the propensity to re-partner.

The number of lone parent families who were dependent on Income Support (and its predecessor, Supplementary Benefit) increased absolutely and also as a percentage of lone parent families from 37 per cent to 59 per cent. This was accompanied in Britain by a reduction in labour market participation by lone parents from 52 per cent to 41 per cent, while women in couples were increasingly opting to work, increasing from 39 per cent to 71 per cent. Compared with those in most other countries of Europe, fewer lone parents in Britain were in work.
At any point in time, almost a quarter (24 per cent) of dependent children are in lone parent families. However, perhaps twice as many will experience some time living in a lone parent family during their childhood, and others will experience lone parenthood as adults.

One factor which extends the duration of lone parenthood is having more children; this is not necessarily a main factor in the increasing experience of growing up in lone parent families, but it has a substantial effect on the families in which it occurs.

One of the characteristics of lone parent families is that they have the potential to remain dependent on benefits for long periods of time. Increasing the average duration of benefit has been a key factor in the increasing cost of social security benefits for lone parent families.

On a wide range of measures, dependence on Income Support means ‘going without’ many of the benefits of prosperity in other families. Standards of nutrition, clothing, housing, heating and so on tend to be poorer and access to transport, insurance and savings considerably more limited.

A longitudinal study of low income families (McKay and Marsh, 1994, Marsh et al, 1995, Finlayson and Marsh, 1998) identified a ‘fault line’ which affected the chances of a family moving off benefits. On one side, those who were divorced, were better-educated and who tended to be living in owner-occupied housing were dependent on benefit for shorter periods. On the other side, having no skills, younger children, no maintenance and living in social housing was associated with longer periods on Income Support. Housing tenure is important in its own right and also acts as a summation of a wide range of social and behavioural patterns.

Research also shows that perceptions change over time. The apparent consensus of the post-war years - that a mother would usually be a full-time carer for her children - was probably too simple a formulation even for that era. Women’s participation in the workforce has increased progressively since that period, representing much of the growth in overall employment in Britain.

Attitude surveys have been carried out, in which men and women of all social classes have been asked whether lone parents (implicitly women) should work to provide a better standard of living for their children or stay at home to provide care. These surveys have shown an increasing proportion who advocate work, although consistently the majority view has been that it is up to each mother to decide for herself (Bryson et al, 1999). According to a recent survey, most women agree that mothers should go out to work, although whether, and how much, work is seen as appropriate varies according to the age of...
the child. Thus most agree that a mother with primary school age children should work part-time (69 per cent) and some (11 per cent) agree that full-time work is acceptable. But if children are under school-age, 30 per cent agree that part-time work is acceptable and only two per cent agree with full-time work for such mothers (Bryson et al, 1999).

While there has been a gradual evolution of work incentive measures during the 1990s, the end of the decade has seen a significant increase in the scale of resources being put in place to provide a favourable context for Welfare to Work programmes.

A key device has been the minimum wage, which came into effect in April 1999. This represents a delicate balance between the interests of low paid employees and the need to avoid disrupting employers' demand for labour. Lone parents are one of the key groups likely to be affected by raising hourly pay at the bottom end of the labour market.

Employer compliance is also critical to the success of the Working Families Tax Credit (WFTC), which started to replace Family Credit in October 1999. This is because the financial incentive takes the form of additional money, which will, as a tax credit, be payable with earnings.

For those who use registered childcare services, the childcare tax credit (within WFTC) offers further support for working. This provides help with up to 70 per cent of the cost of registered childcare. The credit is up to £70 per week where cost of childcare is £100 per week for one child and up to £105 where the cost of childcare is £150 per week for two children or more.

More broadly, the National Childcare Strategy (DfEE, 1998) is designed to ensure good quality, affordable provision in every neighbourhood for children aged up to 14, including after-school and out-of-school childcare services. Together with increasing encouragement for children to start full-time schooling at the age of four rather than five, and initiatives such as Sure Start in deprived areas, these measures aim to address the mismatch between working hours and the length of the school day. This has been one of the perennial barriers to labour market participation of women.

16 WFTC has a six-month phasing-in, during which existing Family Credit claims will continue to run for a six month period.

17 The £540 million inter-departmental Sure Start programme was announced in July 1998 to focus on pre-school children and families who face the greatest problems and live in areas of disadvantage, although the services are available to all who live within the catchment area. Aiming to work with parents to ensure their children are healthy, confident and ready to learn when they reach school, its services include advice on breastfeeding and caring for children, a range of childcare, and support for children with learning, emotional or behavioural difficulties.
It remains to be seen whether increased provision of formally registered childcare alleviates this apparent barrier to work, as currently only a minority choose this type of childcare.\textsuperscript{18}

Measures of this kind have their effect against a backdrop of the state of the economic cycle. Even a battery of facilitators can be undermined if the demand for jobs slackens. In the event, the predicted economic downturn in 1998-99 seems to have had most impact on manufacturing employment, while services employment has continued to grow. This is important because most of the additional employment which has provided opportunities for women, whether full-time or part-time, has been in services.

Given the recent emphasis on providing an advisory service to benefit claimants in Britain, it is of interest to note briefly the experience of similar programmes directed towards lone parents in other countries. In particular, the Australian Jobs, Employment and Training Scheme (JET) and the Californian Greater Avenues for Independence Program (GAIN) provide useful comparative lessons and influenced the design of New Deal for Lone Parents. GAIN was established in 1988 and JET in 1989, becoming operational in 1991. (See Finch, et al, 1999 for a fuller account on which this summary is based).

The main lesson to be drawn from these programmes is that the returns to society and to the individuals involved are not so large as to be self-evident. However, careful evaluations conducted over a period of years have produced clear evidence of useful returns as a result of these programmes. (DSS Australia, 1997)

In the case of JET, the programme was voluntary and had a focus on referral to education and training, rather than on immediate movement into work and off benefit. Many of the jobs obtained were part-time and involved continued dependence on welfare benefits. Help with childcare was almost universally available to those who needed it. As well as having achieved reductions in benefit expenditure, one of the impacts of JET was to encourage more lone mothers to see themselves as potential workers.

The focus of programme evaluation in the United States tends to be relative earnings, rather than numbers moving off benefit. An experimental design used for the Californian GAIN evaluation provided the basis for tracking large numbers of programme participants and those whose control group membership precluded their participation. The most widely known findings relate to Riverside County, where a large earnings improvement was associated with the policy of trying to get participants into work as fast as possible. This

\textsuperscript{18} Childcare choices have been explored in Bryson, et al (1999).
'work-first' approach minimised programme expenditure, and was associated with high financial returns for investment in the programme. At that time, other counties mostly based their GAIN programmes on provision of basic education, such as literacy and attainment of the high school diploma. When Los Angeles adopted the work first approach, it was found in the first three years that the effectiveness of the programme increased (Freedman, et al, 1999).

The experience of both JET and GAIN is that modest overall reductions in welfare benefit expenditure can be achieved with programmes based on an advisory service. In the GAIN programme, for example, there was a three per cent drop over three years in the number of lone parents receiving the benefit Aid to Families with Dependent Children (AFDC) (Riccio, Friedlander and Freedman, 1994).19

A second lesson from other countries is that the members of the target group are diverse and have different levels of proximity to work. For those who are not yet able to work, the time spent on improving basic skills and jobsearch behaviour is likely to result in increased movement into work in the longer term. As a result, programme evaluations need to assess these activities as well as increased employment in the short term.

Other countries have implemented policies that require lone parents to work part-time, seek work or take part in education or training as a condition of receiving benefit. Though different rules apply, this is the case in New Zealand, the Netherlands and Norway.20 The move towards greater compulsion has also been seen in the United States. One direct comparison of the ‘labour force attachment’ (i.e. ‘work first’) and the ‘human capital’ approach compared schemes at three sites over two years, demonstrating that both interventions produced additional employment and welfare savings compared with the control group (Hamilton, et al, 1997). There was no clear indication over that time of the relative effectiveness of the two types of programme, partly because the ‘human capital’ approach usually involves a longer time before effects on employment can be detected.

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19 This is not directly equivalent to the situation in the UK, as AFDC is a welfare benefit which is received by those in work as well as those not working.

A further example in which positive effects were demonstrated was in the period 1993 to 1996 in Portland, Oregon (Scrivener, et al, 1998). After two years, 46 per cent of those in the experimental group were in work, compared with 35 per cent of the control group, and this was matched by a greater reduction in welfare receipts among participants. The evaluation showed that these effects derived from:

- a strong employment message and extensive involvement in job search, coupled with a willingness to impose sanctions for non-compliance,
- strong job development and placement services, emphasising ‘good’ jobs rather than ‘any’ jobs,
- a mixed programme offering job search, short-term training, work experience and life skills, in which participants were encouraged to complete activities and then search for work.

Other important features of the Portland programme which may have contributed to its impact included a strong partnership between welfare agencies, local colleges and employment service providers, high quality services and an integrated case management structure, covering welfare eligibility, employment, training and social services.

The examples from New Zealand, Norway, the Netherlands and Oregon are significant in representing a more broadly-based type of programme than the ‘work-first’ model exemplified by the GAIN programme in Riverside County. There remains a strong emphasis on immediate work entry for those ready to do so, but the programmes also provide short-term work-oriented training (rather than basic education) or work experience for those who are not ready to compete for jobs. This is similar to the approach developed in Britain for unemployed people, where compulsion has brought with it a need to offer something appropriate to the situation of each participant. In these programmes, great responsibility is placed on the personal adviser to recognise an individual’s needs and on the programme managers to have provision in place to meet those needs.

2.5 Welfare to Work in Britain

The Phase One prototype New Deal for Lone Parents was the first of Britain’s Welfare to Work programmes to be implemented. There are currently a number of New Deal programmes in operation and being piloted. Table 2.1 summarises the salient points about the main programmes.
### Table 2.1 New Deal Schemes for claimants of Jobseeker’s Allowance, Income Support and other benefits in the UK

<table>
<thead>
<tr>
<th>Target group and start dates</th>
<th>Number in Budget target group (approx.)</th>
<th>Budget required for those in target group 1997-02</th>
<th>Required</th>
<th>Options</th>
</tr>
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<tbody>
<tr>
<td>Young people 18 - 24 years claiming Jobseeker’s Allowance (JSA)</td>
<td>0.4 m</td>
<td>£2,620m</td>
<td>Yes</td>
<td>'Gateway' with personal adviser, 1. Private sector employment with subsidy, 2. Voluntary work, 3. Environmental work, 4. Training or education</td>
</tr>
<tr>
<td>Long-term unemployed, over 25 years of age, claiming JSA</td>
<td>0.5 m</td>
<td>£48-50m</td>
<td>Yes</td>
<td>Personal adviser plus: 1. Private sector employment with subsidy, 2. Training for up to 12 months</td>
</tr>
<tr>
<td>Disabled people, claiming Incapacity Benefit and other benefits</td>
<td>0.9 m</td>
<td>£200m</td>
<td>No</td>
<td>Personal adviser</td>
</tr>
<tr>
<td>Lone-parents with children aged over five claiming Income Support</td>
<td>0.5 m</td>
<td>£190m</td>
<td>No</td>
<td>Personal adviser</td>
</tr>
<tr>
<td>Partners of unemployed people claiming JSA</td>
<td>0.22m</td>
<td>£60m</td>
<td>No</td>
<td>Personal adviser</td>
</tr>
<tr>
<td>New Deal for Over 50s</td>
<td>2m</td>
<td>£270</td>
<td>No</td>
<td>Personal adviser</td>
</tr>
</tbody>
</table>

The main point to notice in Table 2.1 is that the New Deal for Young People offers the greatest variety of supported activities. The New Deal for Long Term Unemployed also offers temporary wage subsidies.

The New Deal for Disabled People (NDDP) is similar to the New Deal for Lone Parents, in that it is based primarily on a personal adviser service to help with the transition to work and support for those in-work. However, the NDDP Personal Adviser pilots differ in that advisers have funds at their disposal to overcome specific barriers to employment, and their in-work support may involve working with the employer.

It is necessary to appreciate the rapid evolution of the New Deals, if only in terms of the size and changing composition of their client groups. For example, the scale on which the New Deal for Young People is being implemented means that all people aged 18 to 24 who were claiming Jobseeker’s Allowance in April 1998 would have been invited
to participate by the end of September 1998. From that point forward, virtually all the people with long durations claiming JSA would have been invited, and thus only people reaching six months' unemployment will be taken into the programme (together with those allowed immediate entry due to special needs). Other programmes may take longer to cover the whole of their target groups, but as each target group changes, there is a need for each of the programmes to evolve rapidly.

Another significant development in Britain is ONE (formerly the 'Single Work-Focused Gateway'), which is being piloted in four Benefits Agency districts from June 1999 and in eight other districts from November 1999 onwards. For the first time in Britain, from April 2000 this introduces compulsion in the pilot areas for lone parents and disabled people to attend advisory interviews as a condition of receiving benefits, both at the start of a claim and at designated 'trigger points' during the claim. The aim is to ensure that all claimants, including lone parents, attend an interview to discuss the options available for them; they will not be required to look for or take up paid work.

2.6 Conclusions

In this chapter, we have seen that lone parent families have received increasing amounts of policy attention both in Britain and in other countries. Starting with a consensus that individuals should choose between parenting or work, and that those who choose parenting can rely on welfare benefits to provide a decent standard of living, a policy has been developed which regards the choice of work as the imperative for those who can manage it, so that welfare support can be provided mainly for those unable to work.

Where voluntarism was a key principle until recently, there has been a definite shift, in Britain as elsewhere, towards greater use of compulsion. Welfare to Work programmes have developed alongside the use of benefit sanctions and have tended to be more broadly-based than those which are voluntary. There is now evidence that some of these programmes have been successful at enhancing the ability of benefit recipients to move into work, although the actual factors that produce these effects are not entirely clear.

The New Deal for Lone Parents should be seen as part of an increasingly significant policy focus on lone parent families.

In recent decades, there have been striking increases in the proportions of families headed by lone parents, and of lone parent families which are dependent on benefits.

Throughout the 1990s, there has been a gradual evolution of work incentive measures in Britain, aimed at removing some of the barriers to work that lone parents face.
The emphasis on advisory services which the New Deal for Lone Parents is based upon has similarities with programmes in many other countries, which have shown overall reductions in welfare expenditure.

Similar programmes in other countries have also highlighted the diversity of the target groups, and the fact that there exist varying levels of proximity to work, which suggests that activities other than short term movement into work should be included in programmes for lone parents.

Claimants can choose whether to take part in the New Deal for Lone Parents (and also in the pilots of New Deal for Disabled People), but there has been an overall shift in most welfare to work policies away from voluntarism towards greater compulsion. From April 2000, the ONE pilots will introduce an element of conditionality in lone parents’ receipt of benefit in Britain.
This chapter aims to identify what the Phase One New Deal for Lone Parents programme consisted of, in terms of:

• the characteristics of the BA districts;
• the number of lone parents eligible for its help;
• the number of advisers who were available to provide such help;
• how the advisers were organised;
• the costs of the programme;
• how many lone parents participated in the programme; and
• how many participants succeeded in getting or increasing paid work.

This chapter also outlines the characteristics of the comparison areas.

The Phase One prototype was introduced in eight Benefits Agency districts. The areas selected were certainly diverse, ranging in size from a compact inner-city area to the east of Sheffield’s centre, to the counties of Warwickshire and Cambridgeshire. The comparison areas had a similar spectrum, including part of central Manchester but also including the counties of Buckinghamshire and Wiltshire.

There was rather less variation between areas in the size of the lone parent population claiming Income Support. The smallest area was Clyde Valley, with just under 5,000, while the largest was North Surrey, with 13,000. These variations were reflected in the number of personal advisers recruited for the programme, which ranged from five in Clyde Valley up to 14 in North Surrey. Table 3.1 summarises the salient points about the Phase One areas, showing those which were managed by the Benefits Agency and Employment Service. In some areas, the advisers worked at a central location, while in others they worked from a number of local offices.

The areas were Benefits Agency districts, a decision which was based on the administration of Income Support. The rate of unemployment was a key basis for selection. Other criteria were the inclusion of areas in Scotland and Wales, and avoidance of areas in which other employment or benefit policy pilots were running, to reduce the risk of confounding effects.

Table 3.2 shows the corresponding data for the comparison areas.
### Table 3.1 Prototype areas (Benefits Agency districts)
(Source: ISCS data)

<table>
<thead>
<tr>
<th>Lead organisation/area</th>
<th>Unemployment Rate (July 1997)</th>
<th>Team location</th>
<th>Eligible lone parents (July 1997)</th>
<th>Target group lone parents (July 1997)</th>
<th>Personal advisers</th>
<th>Eligible lone parents per adviser</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits Agency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Sheffield East</td>
<td>High (7.9%)</td>
<td>Central</td>
<td>6077</td>
<td>3429</td>
<td>8</td>
<td>760</td>
</tr>
<tr>
<td>- North Cheshire</td>
<td>Medium (5.3%)</td>
<td>Dispersed</td>
<td>6808</td>
<td>3996</td>
<td>8</td>
<td>851</td>
</tr>
<tr>
<td>- North Worcestershire</td>
<td>Medium (6.1%)</td>
<td>Dispersed</td>
<td>5690</td>
<td>3268</td>
<td>7.5</td>
<td>759</td>
</tr>
<tr>
<td>- Cambridgeshire</td>
<td>Low (3.3%)</td>
<td>Central</td>
<td>8191</td>
<td>4786</td>
<td>11</td>
<td>745</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>59443</td>
<td>34818</td>
<td>70.5</td>
<td></td>
</tr>
</tbody>
</table>

### Table 3.2 Comparison areas (Benefits Agency districts)
(Source: ISCS Data)

<table>
<thead>
<tr>
<th>Area</th>
<th>Unemployment Rate (July 1997)</th>
<th>Eligible lone parents (July 1997)</th>
<th>Target group lone parents (July 1997)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Springburn/Cumbernauld</td>
<td>High (7.7%)</td>
<td>4748</td>
<td>2905</td>
</tr>
<tr>
<td>Manchester Central</td>
<td>High (5.7%)</td>
<td>5427</td>
<td>3102</td>
</tr>
<tr>
<td>Blackburn</td>
<td>Medium (4.5%)</td>
<td>5040</td>
<td>2830</td>
</tr>
<tr>
<td>North Leicestershire</td>
<td>Medium (4.3%)</td>
<td>6920</td>
<td>3988</td>
</tr>
<tr>
<td>Buckinghamshire</td>
<td>Low (2.6%)</td>
<td>8208</td>
<td>4885</td>
</tr>
<tr>
<td>Wiltshire</td>
<td>Low (2.7%)</td>
<td>7526</td>
<td>4353</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>37869</td>
<td>22063</td>
</tr>
</tbody>
</table>

The comparison might, in principle, have been based on pairing of areas, but this is not a viable approach. Individual communities are unique which means they cannot be equated directly with each other, particularly when the units are as large as Benefits Agency districts. Instead, what was needed was that each set of areas had a sufficient degree of correspondence in aggregate. In the event, they were remarkably well matched in terms of the characteristics of the lone parent populations.\(^{22}\)

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\(^{21}\) Income Support Computer System (monthly extracts were obtained for the evaluation, covering the eight prototype and the six comparison areas).

\(^{22}\) For an illustration of a range of demographic similarities, see Hales, et al (1998), page 26, Appendix A.
The comparison area approach was dictated by the policy emphasis on making the New Deal for Lone Parents available to all who wished to participate. The current study illustrates the difficulties of a comparison area approach to such an evaluation, compared with other evaluation methods. This is particularly in the estimation of the programme's impact, since this must always depend on characteristics of the lone parents population and the labour market in each area. Given variations in these characteristics, only a very large programme effect, of the order of ten per cent or greater, would enable a policy effect to be identified from the difference between treatment and comparison areas.

The prototype and comparison areas were remarkably well matched in terms of their population trends of lone parents claiming Income Support over the period since Spring 1993 (Figure 3.1).

**Figure 3.1 Number of lone parents in receipt of Income Support** (August 1997 = 100) (Source: DSS Analytical Services Division, 5% Quarterly Statistical Enquiry)

Figure 3.1 shows that the period from August 1997 to August 1998 saw a consistent reduction in the number of lone parents claiming Income Support in both the prototype and the comparison areas. Following a period of sustained increase, apart from seasonal fluctuations, over the previous four years, the change is remarkable.23

It should be noted that the unemployment rates were falling throughout the period covered by the prototype, although less rapidly than they had fallen in the previous 18 months (Figure 3.2). In aggregate, the two sets of areas have tracked the national trend in the rate of claimant unemployment, but with a consistent differential. This point is extremely significant for the evaluation, because it shows that the comparison areas have consistently been below the national rate by an amount which almost exactly matches the prototype areas' offset above the national.

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23 One factor could be the Evidence Project, part of DSS anti-fraud activity, which operated at about this time.
rate. It can be seen that from the beginning of January 1996 to the end of 1998 the unemployment rate has been more favourable in the comparison areas for each of the three rates of unemployment.24

Figure 3.2 Percentage unemployment rates in prototype and comparison areas (January 1996 to December 1998) (Source: Green, 2000)

A further complication affecting comparisons is that the prototype areas had only two ‘low’ unemployment areas, including 23 per cent of the lone parents, while the six comparison areas had 42 per cent of their lone parents in the two low unemployment areas.25

The practical implication of this is that direct comparisons between the prototype areas and the comparison areas are of limited value. Instead, multivariate analyses have been conducted which incorporate the monthly rates of male and female unemployment and the number of notified vacancies, in order to control statistically for the difference in labour market circumstances. The details of this work and its results will be discussed in Section 4.2.

24 The selection of the comparison areas was based on their having unemployment rates within the same three bands as prototype areas at the time of selection. Equally significant was the region, the geographical character of the BA districts selected and the need to avoid areas subject to other piloting exercises. Given the limited number of BA districts available, it is unlikely that a better set of comparison areas could have been identified.

25 In the design and analysis of surveys of lone parents, this was allowed for by differences in the sampling interval and weighting.
It has been observed already that the population of lone parents is dynamic. At the start of the programme in July 1997, the total number of lone parents claiming Income Support (and hence eligible for the New Deal for Lone Parents) in the eight Benefits Agency districts was 59,444. By the end of 1998, this total had fallen to 55,108 (92.7 per cent). However, of the latter number, only 38,590 were members of the original July 1997 cohort of Income Support recipients, just 65 per cent of the original group. The others had come into the eligible group during the 18 month period to which the data relate. Indeed, the pattern is more complicated than this suggests, because a few of those in the original cohort had stopped claiming Income Support and then resumed their claim, while in the interim there were others who both started to receive Income Support and stopped doing so.

While there was an overall drop of 7.3 percentage points in the prototype areas from July 1997 to December 1998, the scale of change varied with the rate of unemployment. The areas with low unemployment had a fall of 7.5 percentage points, those with medium unemployment a fall of 8.0, and the high unemployment areas a drop of 6.3 percentage points. Over the same period, the comparison areas also had an overall drop of 7.3 percentage points.

These overall reductions mask some differences within each area’s lone parent population. In the prototype areas, of those in the original cohort whose youngest child was aged less than five, 65.8 per cent were still in receipt of Income Support at the end of 1998. This compares with 64.2 per cent of those whose youngest child was aged five or over.

This comparison is of interest partly because this distinction was intrinsic to the programme: lone parents whose youngest child was aged five or over were the target group who were due to be invited to participate. The others were able to participate if they wished, but they would have to put themselves forward. By the end of Phase One, 5.8 per cent of all those who had some contact with the programme were non-target lone parents who had put themselves forward. However, these people represented nearly one in four (24 per cent) of those who participated in the programme and 27 per cent of those who found work or increased their hours.

As well as the target and non-target groupings, the programme made another important distinction. Those in the ‘stock’ group, who already had existing claims at the start of the programme, were to be invited in a specific order based on a digit in their National Insurance Number (NINO). This was designed to encourage staff to deal systematically with the eligible population, rather than with groups which could react more readily and favourably. However, in keeping with the wish to provide help when it was asked for and to encourage take-up by lone parents, advisers were able to allow lone parents to participate in the programme earlier than their NINO digit would imply.26

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26 The implications of this policy will be discussed in Section 4.2.
Apart from the ‘stock’ groups, the other main category consisted of those lone parents who became members of the target group from May 1997 onwards. These people would be identified in a computer file sent to each office at the start of each month. This ‘flow’ group would be accorded priority in the issuing of invitations to participate.

The combined effect of the approaches for the stock and flow groups was that all lone parents whose youngest child was aged five or over would be offered the opportunity to participate in the programme during Phase One. The stock present at the outset numbered 33,332 lone parents, and if all were to be invited in the space of 15 months, this would have to be at a rate of at least 2,200 per month. However, we have seen that over a third of the stock ceased to claim Income Support by the end of December 1998. Thus, assuming a uniform rate of despatch of invitation letters, towards the end of the Phase One programme the monthly rate of mailing to the stock would have fallen to around 1,500 per month. The much smaller target group of ‘flow’ cases numbered just over 5,700 throughout Phase One or about 400 per month for 15 months (subject to some seasonal fluctuations).

It is not suggested that these calculations were actually made in the planning of Phase One. The assumption may have been that the number of Income Support claims would continue the upward trend of the previous two decades, although in fact the start of the Phase One programme coincided with a sharp downward shift in the number of lone parents in receipt of Income Support. Indeed, in twelve months the number of claims had dropped to almost the level in mid-1994 (Figure 3.1).

Nor is it suggested that the adviser managers aimed at maintaining an even flow throughout Phase One. Their ability to demonstrate results would be maximised by issuing invitations at as fast a rate as possible in the early months of the programme, consistent with their ability to cope with caseloads. This will be discussed further in Section 3.5, after further consideration of the staffing and organisation of Phase One.

The method of implementing the New Deal for Lone Parents prototype varied between areas to reflect their different environments and the working practices chosen by specific teams. Four areas were managed by the Benefits Agency and four by the Employment Service.

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27 Given that the first invitations were issued in July 1997, those in this group were newly eligible from May 1997 onwards, as the claim had to be in existence for eight weeks before any New Deal contact. This measure was designed to avoid starting to provide a service for those who, without any intervention, were likely to leave Income Support within a short time.

28 Nearly twice as many new claims occurred in this time among the non-target group.
In some areas, the New Deal for Lone Parents teams were based in separate accommodation, while others used office space within premises already accessible for mainstream Employment Service or Benefits Agency services. In addition, some had a central site for their advisers, while others distributed them across a number of local sites (Table 3.1). This had important implications for the functioning of teams. The centralisation of teams had advantages for work flow and mutual support. For example, they had more access to support staff, including people who specialised in managing the IT systems. On the other hand, those advisers who found themselves managing a local office’s caseload single-handed found that they knew everything that was going on, because there was no-one else to do it.

The eight areas took slightly different approaches to recruitment. Most commonly, personal adviser posts were filled by people who were already working for the lead organisation. This happened even in an area that advertised its vacancies and received over 3,000 inquiries. Most of the advisers were therefore people who already had skills of interviewing and at least a basic knowledge of jobsearch methods, the local labour market and the benefit system. A training programme was nevertheless arranged for all advisers.

The two organisations had rather different traditions, which were reported to have resulted in contrasting styles of working. The Employment Service tended to locate its staff in Jobcentres, where an open-plan layout is standard. Benefits Agency offices have a rather different environment, for example having glass screens between staff and the public, which arguably could be less conducive to discussion. Neither arrangement was felt by advisers to be one which a lone parent would find congenial, particularly if he or she found it necessary to bring his or her children to the office. In practice, very few did so. On this point, some personal advisers reasoned that a ‘job ready’ lone parent should be able to arrange temporary child care, and that inability to do so would raise doubts about his or her prospect of moving into work.

The Benefits Agency has a tradition of home visiting for clients, particularly at the start of a claim. In contrast, Employment Service staff expressed anxiety about going into the homes of clients, particularly at first meeting. The advisers in rural areas perceived that access to the New Deal for Lone Parents office might be a problem, and were more ready to offer home visits. However, according to surveys conducted for the evaluation, almost all (96 per cent) lone parents who had attended interviews with personal advisers had visited the office.

These contrasts in the implementation of Phase One make it quite difficult to generalise about working practices. For example, some areas allocated clients to advisers on a geographical basis, while others used an alphabetical approach. The former was designed with decentralised
teams and/or home visiting in mind, while the latter assumed that participants would attend the New Deal for Lone Parents office. Some offices had reception staff who acted as the first point of contact for lone parents and who might take on some of the functions of advisers, such as explaining what the New Deal for Lone Parents could offer; in other cases the personal adviser signed the letters which were issued and handled all contacts with inquirers and participants.

One of the important aspects of the programme’s style in Phase One was the freedom which staff were given to develop their own working methods. For the advisers with experience of working for the Benefits Agency and the Employment Service, this represented a highly valued remit to offer a client-focused service, in contrast to working methods which had become standardised and target-orientated. The key element of the personal adviser service was often the initial interview, which most advisers treated as a fact-finding exercise. These interviews sometimes lasted an hour or more, during which time the adviser learned a great deal about the situation of each lone parent. With the people who needed further specific help, the subsequent contact often took the form of telephone calls or letters. However, another face to face meeting was often held to complete the complex forms needed for Family Credit claims. The impression given by advisers was they often completed these application forms on behalf of the lone parent but needed the applicant’s signature. Advisers also made use of telephone contact with the Benefit Agency’s Family Credit Unit to expedite these claims.

A significant element of advisory interviews was very often a ‘better-off’ calculation. Advisers had a software package (‘IBIS’), which worked out how much a lone parent’s income would be, assuming different wage rates, how many hours the lone parent wished to work, and how much income in-work benefits would contribute, taking account of maintenance income, housing costs and other factors. The program could easily provide estimates for a number of scenarios, and the adviser was able to provide a print-out of the results. One of the principles to which advisers adhered was that they wanted every lone parent to feel that she (or he) had received something as a result of participating, even where this had not removed a barrier to working. In many cases, the ‘better-off’ calculation was the physical manifestation of such help.29

More fundamentally, advisers recognised that they could offer clarification of how the benefit system worked. As one put it:

‘When they went away they may still not wish to work, but at least they’ll be making an informed decision. That’s what we offered, the ability for them to make a decision based on facts, not what their next-door neighbour […] had told them’.

29 It was reported that one area tried sending a specimen better-off calculation with invitation letters, to make more tangible the kind of service a participant could expect to receive.
As reported by advisers, many lone parents had no idea how much their income would be, even with just the minimum of 16 hours work per week to gain entitlement to Family Credit. Although three-quarters (72%) of lone parents were aware of Family Credit, unless they had previous experience of receiving it they had very little idea about how the benefit worked.

The significance of this personalised advice needs to be seen in the context of the low level of educational attainment among the lone parents: five out of six of them had left school by the age of 16. Although few of them had serious problems of literacy or numeracy, the task of working out how in-work benefits would apply in their situation was a fundamental obstacle to making an assessment of the options available to them. In this respect, the personal adviser was able, for some, to offer a much needed service.

3.4.1 Caseloads

The reaction of lone parents to their personal adviser will be presented in Chapter 6. In practice, advisers found that each participant had a more or less complicated set of needs, and that the advisory process was time-consuming. One estimate, made in retrospect, was that the most an adviser could manage would be two first interviews in a day. The rest of the day would be spent following up other work. However, an adviser’s plans for a day could easily be disrupted by a late cancellation or the unexpected arrival of someone without an appointment.

Looking back over the prototype, managers reported that personal advisers’ enthusiasm led some of them to build up caseloads greater than they could manage at the outset. Competition between areas may also have contributed to large caseloads. Regular management reports of the numbers participating and of people helped into work provided a ‘league table’ of the eight areas’ performance.

As time went on, advisers and their managers felt that a caseload of about 20 to 30 per adviser was about the right number for efficient working. Some advisers had tried to cope with three times this number at an earlier stage. A key part of caseload management was the withdrawal of those people who were no longer committed to finding work. As described by advisers, this occurred when there had been no contact for a few weeks, and the adviser would telephone or write as a reminder that their service was still available if needed. When there was no response to this, the lone parent would no longer be considered a participant.

The progress of a case from first contact to ‘completion’ was built into the ‘Lone Parent Adviser’ (LPA) database, which had been developed for Phase One. A variable identified the ‘case status’ so that this could be tracked over time.
A key part of this theoretical progression from one stage to another was the ‘pending review’ category. Initially, the intention was that people who were not ready to participate when first contacted would be assigned this code, and they would be re-contacted around six months later. This was an aspect of the design that was not implemented in any systematic way, mainly because there was limited capacity for handling further invitations. Instead, what many teams started to do was to send second and third letters to people who had not responded initially. This appears to have been motivated by a wish to account for non-responding target group members and to demonstrate that advisers had made appropriate efforts to contact lone parents.

One of the contributing factors to the limited availability of adviser resources was the LPA database itself. There were significant initial problems with the system, but once a training programme was organised the advisers made better use of the LPA system. Entering the data was time consuming, and usually took place separately from the lone parent interview. Advisers were under instructions that the database formed a key resource for the evaluation, and that they must use it as the method of documenting what they had been doing. In some respects it was successful in this, and it also seems to have been useful for staff as a repository of information about participating lone parents.

In practice, the process of inviting lone parents to participate diverged appreciably from the uniform monthly rate outlined in Section 3.3. The standard method of inviting eligible lone parents was to send a letter to the address on the Income Support records. As a result of the relatively low rate of take-up of the programme, however, invitations to stock cases were issued more rapidly than the theory implied.

Advisers also appreciated that, within the flow of those newly eligible in the target group, there was a sizeable proportion of people who were not ready to be helped, for example those who were recently separated and were having to come to terms with a crisis. Advisers felt that their time could be better devoted to the people who came forward.

The introduction in April 1998, of the national programme for new and repeat claims may well also have had an impact on the Phase One programme. All the areas seem to have had difficulty in replacing any staff who left, although some managed to maintain their effort by making greater use of clerical grade staff.

It is important to appreciate that the Phase One programme was a significant departure from established practices of the organisations, and the necessary adjustments took some time. For example, the Employment Service’s efforts at the time were focused on the Jobseeker’s Allowance client group, who were predominantly male and seeking full-time work. As a result, employers had not been
encouraged to notify the Jobcentre about part-time vacancies of the type that might suit most lone parents, and advisers reported this meant they had only a limited supply of vacancies for their clients. Another illustration was a Jobclub manager who was persuaded to run a session for lone parents, using resources which had become available due to the drop in claimant unemployment levels, but this happened through an initiative in a single area, rather than being built into the way the system operated.

At the outset, it is clear that advisers had to alleviate suspicion on the part not only of lone parents, but of their local support groups, Citizens' Advice Bureaux and others who might act as points of referral. While it appears that organisations representing lone parents could be persuaded of the good intentions of the programme, lone parents themselves often perceived the invitation letter as a potential threat to their benefit (Hales, et al, 2000b, Section 6.3). Advisers reported that interest in the New Deal for Lone Parents sometimes vanished when a lone parent realised that his or her entitlement to benefit would not be affected if they chose to take no further part. Although as many as one in six of the participants had heard about the programme from a friend, they had often heard about it by other means as well (Hales, et al, 2000b, Table 6.3.1 covers the sources of information).

One of the main constraints on the effectiveness of advisers was that supporting services were patchy. Where, for example, they found a local college that had enlightened access policies and experience of the same client group, this was an opportunity to be seized upon and it was. But there appear to have been few other opportunities for referral. As a result, many of the personal advisers assumed that their job was to offer a 'one-stop shop', while others did their best to meet each individual's needs. This militated against making the advisers' particular skills most widely available, and was not a necessary feature of an 'integrated' service. While advisers and their managers were aware of this, and devoted significant efforts to contacting other organisations, it had to be recognised that it takes time for such services to respond to an initiative such as the New Deal for Lone Parents. As a result there was considerably less interaction with other organisations, either as a source of referral or for specific types of assistance, than might be expected (and encouraged) to develop over a longer period of time.

The response of advisers to this difficulty varied. For example, some advisers pointed out that a lone parent who was going to succeed in work should be able to identify a job vacancy or organise child care for his or her child, having been given general advice about what to do. While this may be true for many lone parents, this stance would have left some lone parents at a disadvantage, which it was the aim of the programme to alleviate.
A n important feature of the evaluation was an analysis of the costs and benefits of the prototype. Over the period of Phase One of NDLP (which spanned three financial years: 1996/97, 1997/98 and 1998/99) expenditure on the NDLP programme totalled slightly over £7.9 million. Not all of these costs are appropriate to an assessment of the net benefits of the NDLP prototype. For instance, some costs are ‘set up costs’ which are incurred as part of the prototype programme but will also benefit any subsequent national programme. Other costs are related to innovations and experiments in delivery rather than the core Personal Advisor element of the programme. A more difficult issue relates to the distinction between fixed and variable costs. Some costs do not vary with the number of participants on the programme. The project team and IT systems are both examples of this type of fixed cost. They can be contrasted with the costs that will vary directly with participation in the programme, such as the time and training of Lone Parent advisers, costs of providing child care while lone parents are seeking work, and so on. The distinction suggests that there is a difference between the total cost and the marginal or operational cost of the programme.

For the purpose of this evaluation, and in view of these issues, some items of cost were removed from the assessed costs, others were spread over a longer time period and a distinction is always drawn between total and operational costs. The effect of these adjustments is to reduce the total cost attributable to the prototype programme from £7.9 million to £4.7 million.

Information on programme costs can be used, in conjunction with information derived from administrative data, to derive unit costs for the NDLP programme. These costs relate only to the direct public expenditure on NDLP. The average unit cost is estimated by dividing the relevant number of lone parents into the total adjusted cost of the programme. The marginal cost is calculated in a similar fashion but with the cost of the programme being restricted to those costs incurred by the Employment Service and the Benefits Agency on the direct provision of the programme. Estimated unit costs are shown in Table 3.3.

30 The main adjustments relate to IT support, central DSS support costs and some items of miscellaneous costs. Some costs have been excluded on the grounds that they do not relate to the central NDLP prototype programme. Other costs have been excluded on the grounds that such costs would have been incurred in any event while set up costs have been spread over a longer period (which has the effect of reducing the cost of the prototype programme). Further details are in Hasluck (2000).
Table 3.3 Direct public expenditure costs of NDLP

<table>
<thead>
<tr>
<th>Number of lone parents in relevant situation</th>
<th>Average cost (£)</th>
<th>Marginal cost (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per LP invited to interview</td>
<td>33,681</td>
<td>140</td>
</tr>
<tr>
<td>Per LP attending an interview</td>
<td>8,107</td>
<td>581</td>
</tr>
<tr>
<td>Per LP participating in NDLP</td>
<td>7,302</td>
<td>645</td>
</tr>
<tr>
<td>Per LP finding work</td>
<td>3,393</td>
<td>1,388</td>
</tr>
<tr>
<td>Per LP leaving Income Support</td>
<td>3,153</td>
<td>1,493</td>
</tr>
</tbody>
</table>

The average unit cost of NDLP ranges from around £140 per lone parent invited to attend an interview to £1,493 per lone parent gaining employment and leaving Income Support. The marginal unit cost is lower and ranges from £92 per lone parent invited for interview to just less than £1,034 per lone parent leaving Income Support. These unit costs will, of course be offset by public finance savings in terms of reduced benefit payments and benefits in the form of additional tax and National Insurance receipts. The net public finance outcome of the programme is considered in Section 4.7.

3.8 Programme outputs

Altogether, in the period up to the middle of October 1998, the LPA database records that 3,393 lone parents started work or increased their hours of work. Of these, 27 per cent were non-target group lone parents.

3.8.1 Target group participation

Among the target group of 33,681 who were invited to interview, 81 per cent were recorded as having had some contact with the programme. Most of those people were not interested in participating and were recorded as ‘inactive’ or ‘pending review’, depending on whether their situation seemed likely to change. Others were people who did not respond to the invitation. Some were people who had put themselves forward to participate or to inquire about the programme in advance of any invitation being sent to them. The remainder (19 per cent) were not recorded as having been sent an invitation letter or having made any other contact.

There were 7,198 lone parents who agreed to an interview. Of these, 87 per cent attended a first interview and 77 per cent agreed to ‘join the programme’, in the sense that they agreed to meet a personal adviser and seek work. Most of those who decided not to participate further (Hales, et al, 2000b) were people who felt the initial interview was required to keep their entitlement to Income Support, although some may have learned from the ‘better-off’ calculation that they would not increase their income by working. Hence, there were 5,561 target group

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3. This figure is derived from the Lone Parent Adviser database and is higher than is suggested by the survey data. The phrase ‘first contact has been initiated with an adviser’ is taken to mean that either party might have taken the initiative for the contact; in most cases, this means that an invitation letter had been sent to the lone parent.
participants, just under one in six (18 per cent) of those who had contact with an adviser.

At each stage of the take-up process among those contacted, there were differences between the areas with different rates of unemployment. The level of take-up was 16.3 per cent in high unemployment areas, 17.6 per cent in medium and 20.3 per cent in low unemployment areas. Among the target group, therefore, the proportion of lone parents who felt the New Deal for Lone Parents had anything to offer them at that time was appreciably different across the prototype areas. However, among those who actually attended a first interview, the rate of further participation showed the opposite pattern, ranging from 93 per cent in high unemployment areas to 84 per cent in low unemployment areas.

Just under half of the target group lone parents who participated in the programme, 45 per cent, either found work or increased their hours. Of these 2,473 people, only 211 remained on Income Support.

3.8.2 Non-target group participation

The non-target group – all of whom had put themselves forward – showed a different pattern. There were 2,298 in total who contacted the personal adviser teams, of whom 1,741 (76 per cent) participated. Just over half of this group obtained work or increased their hours, a total of 920 participants or 53 per cent of those who participated.

In this case, the level of participation and job starts among those who contacted advisers was greater in the high unemployment areas. For example, in the high unemployment areas, 81 per cent participated and 56 per cent started work. In the low unemployment areas, 75 per cent participated and 48 per cent obtained work. These are not very large differences, but they imply that lone parents in high unemployment areas who heard about New Deal for Lone Parents and put themselves forward to participate were especially likely to succeed in the programme's terms.

3.8.3 Adviser caseloads

Overall, the LPA database records 7,302 people who participated in the programme and 3,393 who started work or increased their hours. If we relate this to the 70 personal advisers employed and the 65 weeks duration of the prototype phase, we arrive at an average caseload per adviser of 104, or 1.6 participants starting per week. In terms of

32 One of the low unemployment areas, Warwickshire, adopted a different approach from the other areas, having contacted only 56 per cent of the target group lone parents, where other areas all contacted 80 to 88 per cent. In Warwickshire, 30 per cent of those contacted were participants, which gave 17 per cent of the target group, compared with 18 per cent over Phase One as a whole. The percentage who started work or increased their hours was 46 per cent of the participants in Warwickshire, one per cent higher than the overall figure.

33 The number of advisers was not constant, and the figure of 70 reflects what was reported at the end of the programme.
work outcomes, the average was 48 lone parents who started work, or one per adviser every one and a half weeks.

It needs to be emphasised that these calculations are concerned only with the time period of the programme. It is very likely that many of the participants who did not start work by October 1998 were waiting to find the right job, and would start work in due course.

As well as conducting advisory interviews, the personal advisers had to spend time handling the considerable number of invitations and the responses they generated, although in some areas they had clerical staff who handled a part of this work. For each participant, there were on average five other lone parents who were invited, most of whom contacted a personal adviser to explain their reasons for non-participation, which advisers had to record on the LPA system. The number of lone parents moving into work per adviser needs to be seen in this context. It should also be recalled that advisers were having to devise their own methods of working with lone parents, and spent time on contacting other organisations and on inviting participation by outreach activities.

Almost half (45 per cent) of the lone parents who participated were, in fact, successful in obtaining work within the time period for Phase One. In addition, the effort expended by personal advisers is likely to have generated outcomes which did not materialise during this time period but would do in due course. The early survey sample (selected to represent those invited in Autumn 1997) had a much higher rate of exits (29 per cent) than the later cohort (19 per cent), which represented those invited in early 1998. This reflects the importance of the time available for lone parents to enter work after participation, and suggests strongly that the ‘outputs’ of the prototype had only partly materialised by the end of 1998. (See Hales, et al, 2000b, Section 9.2).

What is not evident from the statistics on participation is how many potential participants were who missed the opportunity to be helped by the programme. Of course, some of the people contacted may have decided that they did not need a personal adviser’s help or may have found the help they needed through the existing system of access to in-work benefit provision. On the other hand, some people may have been missed by the programme who would have benefited from its help - perhaps because they failed to read the invitation letter, or because they telephoned to explain that they were temporarily unable to participate but then received no further invitation, in spite of the intention that such cases would be reviewed every six months. These are aspects on which the interviews with lone parents can shed light, and the information collected is presented in the next section.

Rather than focus solely on numbers, we also need to understand
The advisory interviews had three main elements:

- Exploring the lone parent's situation, including the barriers to work and how these might be mitigated.
- Addressing the lone parent's motivation to work, including confidence, skills and awareness that there were suitable vacancies.
- Helping with financial information, crucially in estimating the improvement in income which a combination of earnings from part-time work, Family Credit and Housing Benefit would provide. Although virtually all lone parents were already aware of Family Credit, their understanding of how it works and their own entitlement was very limited.

Within a period of 15 months, nearly half (45 per cent) of the people who participated had either started work or increased their hours, and very few of those in work remained on Income Support. About one in five (21 per cent) of the people contacted did then participate in the programme. However, the effectiveness of personal advisers was limited by the time spent dealing with the large number of those contacted who did not then participate.

An assessment of these outputs of the programme needs to be placed in the context of the time available for outcomes to become apparent and represents an underestimate. It can be expected that many of the people who took part in New Deal for Lone Parents advisory interviews will start work in the months following the end of the prototype period.

The number of lone parents claiming Income Support had increased from 1993 to 1997, but then fell throughout Phase One in both the prototype and comparison areas.

The comparison areas had consistently lower rates of claimant
unemployment from January 1996 to December 1998 and therefore had more favourable labour market conditions.

Only two-thirds of the lone parents claiming Income Support at the start of Phase One were still claiming in December 1998, the drop in numbers was similar for both the target and non-target groups.

The prototype areas had a total of about 70 personal advisers, who found a caseload of 20-30 lone parents at any one time was appropriate.

The Phase One prototype represented a significant departure from usual working practices in the Benefits Agency and Employment Service at the time.

The cost of the prototype was £7.9 million, but after adjustment for costs associated with it being a prototype, the estimated cost was £4.7 million.

Just under half the target group (45 per cent) participants in the programme started work or increased their hours; among the non-target group participants, 53 per cent started work or increased their hours.

On average, 1.6 lone parents started participating on the programme in each adviser-week; one lone parent started work every one and half adviser-weeks.
4.1 Introduction

As mentioned at the end of the previous chapter, an assessment of the Phase One prototype New Deal for Lone Parents implies the question: What would have been the situation if the programme had not existed?

This is the issue which this chapter addresses, looking at it from a number of different but complementary points of view. One approach to this assessment is comparison between the prototype areas, where the programme existed, and the set of areas which were selected to represent the situation without the programme. However, we did not assume that the comparison areas would provide a picture of the most likely state of the prototype areas in the absence of the programme. Rather, the assumption was that there would be various differences in the personal characteristics of lone parents and in labour market conditions which would need to be included in the analysis to allow comparisons to be drawn.

There are several main sources of information which enable the prototype and the comparison areas to be analysed. These are:

- The number of Income Support claims by lone parents in each of the fourteen BA districts. This was available for each month of the Phase One period, with details of the start date and associated administrative data for each claim. Secondly, the number of Income Support claims was available for each BA district each quarter in the period from May 1993 to August 1998, based on a five per cent extract of Income Support records. Data also existed for the number of Family Credit claims by lone parents in each BA district from May 1993 to August 1998.

- A wide range of labour market data, including the number of male and female claimants of the Jobseeker’s Allowance (or Unemployment Benefit) and the number of vacancies notified to the Employment Service for the period from January 1996 to December 1998;

- Survey data collected in prototype areas at two points in time, from December 1997 to March 1998 and from October 1998 to January 1999. Equivalent data were collected in the comparison areas at the second of these time periods. Further details of the survey design are provided in Hales, et al, 2000b, Appendix 2, but an outline of the main features of the sample structure and survey methods will be presented where the material needs to be explained.

- Qualitative studies conducted in both prototype and comparison areas, providing an understanding of the barriers to working which lone parents face and their perceptions of the New Deal for Lone Parents, complementing the survey data on the same topics.
• Visits to all New Deal for Lone Parents offices by researchers in the early months of the programme. In February 1999, the managers of each area attended a focus group\(^{34}\) to discuss their working methods and the lessons learned from Phase One.

4.1.1 The area comparison method

It has already been seen in Chapter 3, that the rate of unemployment in the comparison areas as a whole was consistently lower than the rate in the prototype areas over the whole of the period since January 1996 (Figure 3.2). Although a direct, straightforward comparison was therefore not valid, the changes in the number of lone parents claiming Income Support and their movement into paid work in the comparison areas provided a starting point for considering what the situation would have been in the prototype areas in the absence of the programme.

4.1.2 Outcomes observed in the Phase One period

As discussed in Chapter Three, the 15 months of the prototype is short in relation to the propensity of lone parents to move into work, especially for those who participated towards the end of the 15 month period. The outputs attributable to the work of personal advisers should therefore continue to be realised for a period of some months after the end of the prototype. However, any further assessment would be confounded by the introduction of the Phase Three national programme, as there must be a high probability that lone parents who participated in Phase One will take advantage of the national advisory service.\(^{35}\)

4.2 Movement off Income Support (analysis of administrative data)

If the programme was working as intended, the most straightforward test of its effect is to establish whether the number of Income Support claims changed in response to the programme. This assessment can be based on records of the number of Income Support claims each month throughout the Phase One programme. As these are population figures, they are unaffected by issues of survey sampling and response rate, unlike the measures of movement off Income Support and into work for which we depend on survey data.\(^{36}\)

The changes in the number of Income Support claims among lone parents in the target group, those with a youngest child aged five or over, are illustrated in Figure 4.1. This includes both stock and flow claims. In this figure, the number of Income Support claims in July 1997 is taken as an index value of 100, and each subsequent month's total is shown as a percentage of the July 1997 value. It can be seen that

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\(^{34}\) Two focus groups were held, one attended by Employment Service managers and the other by Benefits Agency managers. Where a manager was unable to attend, one of the personal advisers represented the area.

\(^{35}\) Phase Two also existed from April 1998 throughout the country, including in the comparison areas, however its effect appears to have been quite limited.

\(^{36}\) Response rates were very high and we can be confident of the representativeness of the samples.
in August and September 1997, there was a slight increase in both prototype and comparison areas. In the next four months, there was a sustained fall in both the prototype and comparison areas, but more rapid in the prototype areas, with the result that a difference of almost one percentage point existed in December 1997. After a temporary increase in the number of lone parents claiming Income Support in January 1998, the decline was continued, but more rapidly in the prototype areas. A difference of about two percentage points was established for most of the period from March to August 1998. At that time, there was another modest, temporary increase in the number of lone parents claiming Income Support, but then the numbers continued to fall in both sets of areas. However, the decline was much faster in the comparison areas, such that by November 1998, the gap was one tenth of one percentage point.

Figure 4.1  Stock and flow target group lone parents claiming Income Support, monthly from July 1997 to end of December 1998 (Source: ISCS data)*

The pattern seen in Figure 4.1 would be consistent with the New Deal for Lone Parents having had an impact on the number of lone parents claiming Income Support throughout virtually the whole of the prototype phase, although these differences are not statistically significant because of the variations between the prototype and comparison areas. The scale of the impact would appear to have been fairly modest, although considering that the number of target group claims in July 1997 was about 34,800, a drop of two percentage points for the period of six months from March to August, and one percentage point in the other seven months in the period November 1997 to

* Data is supplied for intervals of four weeks. November 1997 appears twice on this graph as two data supply points (in early and late November) are represented.
November 1998, would be equivalent to some 6,600 person-months' reduction, or a reduction of about 1.3 per cent in all person-months over the period of 18 months.\(^{37}\)

As we have noted in Chapter 3, the comparison areas had more favourable labour market conditions throughout the prototype phase. Better job opportunities in the comparison areas might then be expected to mask any additional movement off Income Support in the prototype areas, making it likely that Figure 4.1 understates any effect of the New Deal for Lone Parents.

A second type of evidence does provide more conclusive proof of a programme effect for the largest segment of the eligible group. Some four-fifths of all lone parents who were invited to participate in the programme were people with existing Income Support claims and a youngest child aged five or over, the stock target group, who were invited to participate in an order based on the value of a digit in the National Insurance Number (NINO). At the start of the programme, teams were to begin with the value 0. Then after issuing invitations to those with the value 0, they were to invite those with the value 1, and so on.

The key point about this is that each digit defined a group equal to one-tenth of the lone parents in the stock, target group, and each of these groups was a random sample of the stock and identical to all of the others. At the time when very few of the people with high digits had been invited, the rate of movement by lone parents ceasing to claim Income Support in the absence of the programme would be shown by looking at the number of claims remaining each month among those with, say, digits 7, 8 and 9. The additional movement off Income Support attributable to the programme should be indicated by the gap between the number remaining on Income Support who had high digits, and the number remaining who had low digits. The result of this analysis is shown in Figure 4.2.

In order to represent the aggregate picture, and to avoid chance fluctuations with small groups, the comparison is made between those with digits 0, 1 and 2, most of whom received letters inviting them to participate in the programme between July and October 1997, with the same number of lone parents, those with digits 7, 8 and 9, who on the whole were not being invited until December 1997, and most of whom were not invited until February 1998 or later.

It can be seen that a small difference became apparent as early as September 1997, and widened gradually until March/April 1998. What this suggests is that the programme was effective at encouraging some additional movement off Income Support. From April 1998 onwards,}\(^{37}\) In terms of estimating the savings in benefit expenditure, the person-month is a more useful measure than the difference at any point in time.
the size of the gap diminished. This is what we would expect to find, since by that time some more of the people with higher N I N O digits had participated in the programme.

**Figure 4.2 Number of lone parents claiming Income Support - Target, Stock divided into low and high N I N O digit groups**

In practice, at least some of the personal adviser teams were using additional methods of inviting participation, which did not involve issuing letters using the N I N O sequence, at the same time as inviting those with digits 0, 1 and 2. For example, some areas used events such as coffee mornings and stands in shopping centres, which encouraged any eligible lone parent to come forward to participate. Those who did respond to such initiatives, or who put themselves forward to participate, were likely to have been closer to finding work than most of the people who were invited by means of a letter. As a result, the gap between the low and high groups of digits will tend to under-state the size of the programme’s effect. Hence, we can be reasonably confident in asserting that the programme increased the number moving off Income Support by at least two per cent.

Although the apparent gap decreased to about one per cent over the next six months, it is clear that those invited to participate earlier in the programme had a continuing advantage. The persistence of the gap between the two lines is evidence that it often took some months for people to move off Income Support after becoming involved in the programme.

A separate analysis of the difference between the early and later participant groups was conducted as part of a broader analysis of the detailed records of individual claims for Income Support as maintained

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38 The difference is expressed in percentage points, and indicated on the axis on the right.
by the Benefits Agency (McKnight, 2000). This supports the picture shown in Figure 4.2, estimating that there was a difference of 12 per cent in the odds of an Income Support claim terminating by December 1997 in the group with NINO digits 0, 1 and 2, compared with the group with digits 7, 8 and 9. By June 1998, the difference in odds had reduced to seven per cent and by December 1998 to five per cent.

The key figure is that for the point in time when the comparison best approximated the difference between a group which had been exposed to the programme, and those not yet having taken the opportunity to participate, namely that in December 1997. McKnight estimates the effect of the programme at that time as 1.5 percentage points additional reduction in Income Support claims. Allowing for some of the effect on the programme group to have materialised after that date, the estimated effect was 2.6 per cent by June 1998 and 3.3 per cent by December 1998.

It is known that some people with NINO digits 7, 8 and 9 did put themselves forward to participate in the months between July and December 1997 (See Hales et al, 2000b, Figure 5.3.2). Given that only a very small minority of these people were responding to invitation letters (ibid., Figure 5.3.1), it can be inferred that they came forward because they were already moving towards work. In other words, we can be very certain that by December 1997, the difference between the groups was reduced by participation in the programme by some of the people with digits 7, 8 and 9. Nor was participation by the group with NINO digits 0, 1 and 2 complete at that stage; the same sources show members of this group continuing to start participation during 1998. These two factors mean that the estimates just presented are very likely to be a lower bound estimate of the prototype programme’s effect.

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39 McKnight’s report also considers a number of analyses in addition to the one on which this paragraph focuses. A similar analysis of more recent stock Income Support claims found an increase of 12% in the odds of such a claim ending in the high unemployment prototype areas. However, with the stock lone parents as a whole, even after controlling for demographic and labour market characteristics, there was no significant difference between the prototype and comparison areas. Given the strong evidence presented here that the programme did have an effect in the prototype areas for the stock, McKnight concluded that the data on claimant unemployment rates and rates of vacancies notified to the Employment Service were not effective at controlling for geographical differences in the chances of moving off Income Support for lone parents. Claimant and vacancy data are compiled for aggregate areas and it may be that the labour market in which lone parents operate has rather different characteristics from those to which official data mainly relate.

40 Each of these analyses was statistically significant at the five per cent level.
In order to know what those who stopped claiming Income Support were doing, we need to refer to survey data. Interviews were conducted with a random sample of lone parents in prototype areas and a closely matched sample in comparison areas. Although the interviews were conducted over the same period from mid-October 1998 to January 1999, the samples in each case were drawn to represent people who were eligible to be invited to participate the programme in its early months, that is around September to October 1997, and a second group who would have been eligible to be invited to participate around February to April 1998. As we have seen, those who participated earlier were more likely to have had enough time for the programme to have had its impact, although by Autumn 1998 one would expect the effect to have diminished.

The overall situation is summarised in Table 4.1. This compares the prototype and comparison areas for the early and later sample cohorts. For each group, the distribution of the sample is shown at two points in time, at the time of eligibility for invitation to participate in the New Deal for Lone Parents and at the time of the survey interview at the end of 1998.

**Table 4.1 Main activity status at time of New Deal for Lone Parents contact and at follow-up survey interview by prototype and comparison areas and by survey cohort**

<table>
<thead>
<tr>
<th></th>
<th><strong>Comparison Areas</strong></th>
<th><strong>Prototype Areas</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Time of New Deal</td>
<td>Time of New Deal</td>
</tr>
<tr>
<td></td>
<td>survey eligibility</td>
<td>survey interview</td>
</tr>
<tr>
<td><strong>Early cohort</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not receiving Income Support</td>
<td>10</td>
<td>26</td>
</tr>
<tr>
<td>Receiving Income Support</td>
<td>90</td>
<td>74</td>
</tr>
<tr>
<td>Weighted base</td>
<td>799</td>
<td>799</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>788</td>
<td>788</td>
</tr>
<tr>
<td><strong>Late cohort</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not receiving Income Support</td>
<td>7</td>
<td>22</td>
</tr>
<tr>
<td>Receiving Income Support</td>
<td>92</td>
<td>78</td>
</tr>
<tr>
<td>Weighted base</td>
<td>526</td>
<td>526</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>519</td>
<td>519</td>
</tr>
</tbody>
</table>

Base: All respondents (random sample).

The important figures in this table are the numbers not receiving Income Support at the time of the survey interviews, which took place at the end of 1998. It can be seen that in the comparison areas, the early cohort included 26 per cent who had ceased to claim Income Support. The corresponding figure for the prototype areas was 29 per cent. This difference was not statistically significant.
The members of the early cohort had about 12 months between their New Deal for Lone Parents contact date and the time of the survey interviews. On the other hand, the late cohort consisted of people who would have mainly been contacted by the programme in February or March 1998. Hence they had less time but still somewhat more than six months to have been affected by the programme. The percentage from the late cohort who had ceased to claim Income Support was 22 per cent in the comparison areas and 20 per cent in the prototype areas. This difference was not statistically significant.

These numbers indicate that the programme may have induced additional movement off Income Support, compared with what had happened in the comparison areas, at least for the early cohort. However for the second cohort the figures show slightly greater movement off Income Support in the comparison areas. This may reflect a lessening of the programme’s impact for those who were invited later.

However, a more significant issue is that different labour market conditions in the prototype and comparison areas may have influenced the rate at which lone parents came off Income Support regardless of the prototype programme. This issue was addressed by the second multivariate study undertaken by the Institute of Employment Research (Elias, 2000).

This analysis is based upon benefit histories provided by survey respondents. It indicates that, after controlling for differences between areas in the composition of lone parents (ages of lone parents, ages of their children, prior experience of work and Income Support) and taking account of variations in job opportunities (for which the female unemployment rate was used as a proxy), there still remained a residual difference in the rate at which lone parents left Income Support. For those who were on Income Support at the time the programme commenced in July 1997, after fifteen months the stock of Income Support claims was estimated to be three percentage points lower as a result of the programme. Although this estimated difference was not statistically significant at the 95 per cent level, it was significant at a 93 per cent level. This represents a risk of one chance in fourteen that the conclusion of a difference between the prototype and comparison areas was invalid and arose due to chance.41

However, this conclusion must be tempered by the observation that in both prototype and comparison areas, a proportion of those who had earlier stopped claiming Income Support had returned to claiming. In the early cohort, these were four per cent and three per cent, respectively, in the prototype and comparison areas. For the late cohort, however, a more significant issue is that different labour market conditions in the prototype and comparison areas may have influenced the rate at which lone parents came off Income Support regardless of the prototype programme. This issue was addressed by the second multivariate study undertaken by the Institute of Employment Research (Elias, 2000).

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However, this conclusion must be tempered by the observation that in both prototype and comparison areas, a proportion of those who had earlier stopped claiming Income Support had returned to claiming. In the early cohort, these were four per cent and three per cent, respectively, in the prototype and comparison areas. For the late cohort,

41 This figure does not allow for additional variation arising from differences between prototype and comparison areas.
the figures were 12 per cent and 13 per cent, respectively. One interpretation of these figures would be that the programme had not increased (or decreased) the security of the jobs taken by lone parents. This would be consistent with the information that personal advisers played little part in matching participants to vacancies, and hence would have had little influence on the matching of the applicant and the vacancy.

4.4 Movement into paid work

In both the prototype and comparison areas, it was not uncommon for lone parents to be working while they were claiming Income Support, both at the time of eligibility for the programme or at the time of the survey interview (Table 4.1). Current arrangements allowed them to have earnings of up to £15 per week, which would be ‘disregarded’ in the calculation of their Income Support entitlement. Earnings over £15 per week would be deducted in full from the amount of Income Support paid. For this reason, many of those working while claiming Income Support seemed to have set a target of £15 per week for their earnings. Those who worked more than 16 hours per week would be eligible for Family Credit, and would cease to claim Income Support.

At the date of eligibility for invitation to participate in the prototype, and the corresponding date in the comparison areas (which was used as a basis for sample selection), nine per cent of lone parents in the prototype areas and ten per cent in the comparison areas had ceased to claim Income Support. Almost half of these people, five per cent and four per cent, respectively, said they were doing paid work for 16 hours or more per week. The other people who were no longer claiming Income Support were mainly classified as economically inactive, usually either having re-partnered or having changed to a different benefit. A few others were ‘unemployed’, in an education or training course or in paid work for less than 16 hours per week.

Almost equally important is the fact that among those claiming Income Support, 12 per cent in the prototype areas and ten per cent in the comparison areas were doing part-time paid work for less than 16 hours per week. Another six per cent and five per cent, respectively, were doing education or training courses while claiming Income Support. This is a clear indication of the extent to which work and gaining qualifications were a part of the lives of those eligible for the programme. Only just over half the target group members, 52 per cent in the prototype areas and 55 per cent in the comparison areas, were economically inactive at the time of eligibility for invitation to participate (or at the equivalent time in the comparison areas).

42 These differences were not statistically significant.
By the date of the survey interviews, 30 per cent of the lone parents in the prototype areas and 28 per cent in the comparison areas were no longer claiming Income Support. More than half of these people, 17 per cent and 18 per cent, respectively, were working 16 or more hours per week, and of these the majority had started working, while a few had increased their hours.

Taking just the lone parents who left Income Support for paid work, and who had not returned to Income Support by the date of the survey, we can compare the characteristics of the jobs obtained. The median number of hours worked was 21 in the prototype areas and 22 in the comparison areas. The median hourly pay was £4.00. This translated into a small difference in mean weekly earnings, between £58.17 in the prototype areas and £56.26 in the comparison areas (see Hales, et al, 2000b, Table 9.4.7).

If the New Deal for Lone Parents had been instrumental in helping lone parents into work, the main evidence for this might well be apparent in several aspects of jobsearch. However, there was very little evidence for this in answers to questions about how lone parents had first heard about the job. The predominant source was friends and relatives, mentioned by 34 per cent in prototype and 31 per cent in comparison areas. Only one per cent credited their personal adviser as the source of their first knowledge of the job.43 What was more common was general advice on the types of jobs to seek, with preparing to apply for jobs and general encouragement. Another ten per cent said they first heard about the job from a notice or staff at the Jobcentre (see Hales, et al, 2000b, Table 9.4.8).

A second way in which the New Deal for Lone Parents adviser might have affected jobsearch was by suggesting different jobs or different ways of looking for them. However, the evidence from the survey was that on the whole, lone parents who found jobs had changed neither. Indeed, a slightly greater percentage of lone parents in the comparison areas said they had changed the type of jobs they looked for or that they looked in a different way (Hales et al, 2000b Table 9.4.9).

Many of the lone parents who had started jobs had been looking for work before their New Deal for Lone Parents contact. These were people whose behaviour might have been affected by the personal adviser. In fact, half of them said that their jobsearch had been influenced in some way. A quarter of these lone parents said they had been encouraged to be more positive about their jobsearch. (Hales et al, 2000b Table 9.4.10). Three-fifths of the lone parents said they would have got the job anyway, but one in three (35 per cent) felt they had been helped by their personal adviser.

43 A slightly larger percentage, 6%, said the adviser had helped in finding the job.
The conclusion of this is that very few lone parents were told about a vacancy by their personal adviser, but many of them felt that they had been given significant help in other ways. On the other hand, it appears that lone parents in the comparison areas were almost as likely to have received some help. When asked whether they had received help in leaving Income Support, one in five (20 per cent) of those in comparison areas reported such help, compared with 16 per cent in the prototype areas (Hales, et al, 2000b Table 9.4.15). In the comparison areas, one quarter of those who received help said it was the DSS or Benefits Agency which was helping them (independently of NDLP), and others said they had been helped by parents and friends. In the prototype areas, 28 per cent of participants said they had received some help, compared with 13 per cent of non-participants.

Although the survey findings did not reveal a clear difference in the number of lone parents claiming Income Support, or in the pattern of successful job search, they did provide a considerable amount of information about the situation of lone parents after ceasing to claim Income Support in the prototype and comparison areas due to finding work.

Just over half the lone parents in both prototype and comparison areas said they felt they were better off in work than when they had been claiming Income Support (Table 4.2). On the other hand, a quarter of lone parents living in both the comparison areas (27 per cent) and the prototype areas (26 per cent), whether participating or not, said they were a little or much worse off. However, only 16 per cent of participants reported feeling worse off. This may reflect the help they were given by personal advisers to assess whether they would in practice be better off in a specific job, given the hours and rate of pay.

**Table 4.2 Subjective situation after leaving Income Support: lone parents who left Income Support for work-related reasons and did not return to claim Income Support by time of survey interview**

<table>
<thead>
<tr>
<th>Subjective situation after IS ended</th>
<th>Comparison Areas %</th>
<th>Prototype Areas %</th>
<th>Participants in Prototype areas %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Much better off</td>
<td>18</td>
<td>17</td>
<td>23</td>
</tr>
<tr>
<td>A little better off</td>
<td>34</td>
<td>38</td>
<td>43</td>
</tr>
<tr>
<td>Neither/no change</td>
<td>17</td>
<td>20</td>
<td>16</td>
</tr>
<tr>
<td>A little worse off</td>
<td>13</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>Much worse off</td>
<td>16</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Weighted base</td>
<td>2742</td>
<td>296</td>
<td>133</td>
</tr>
<tr>
<td>Unweighted base</td>
<td>304</td>
<td>350</td>
<td>479</td>
</tr>
</tbody>
</table>
A second possible source of evidence that the prototype programme may have had an impact on is in the percentage of lone parents who left Income Support for reasons other than work. The second most important reason for ceasing to claim Income Support after work was re-partnering. This was the reason given by 18 per cent of the lone parents in the prototype areas who had ceased to claim Income Support, compared with 13 per cent in the comparison areas. The invitation to take part in the New Deal for Lone Parents may, perhaps, have persuaded a few lone parents in the prototype areas that their having re-partnered meant they should cease to claim Income Support. This is clearly an on-going process, since the number doing so was not much smaller in the comparison areas.

A further group of those who left Income Support, and stayed off, included eight per cent in the prototype areas and four per cent in the comparison areas who had started an education or training course. This difference could have been attributable to the help given by personal advisers with finding courses or their advice that some of the participants should gain qualifications before seeking to work and/or assistance with locating suitable courses. However, in the prototype areas about half (56 per cent) of the lone parents in government training courses said they would have been on the same course even if they had not participated in the programme. Only one in five of the participants who had started an education course said that the programme had helped them; the others would have done the same course anyway.

Another approach to the assessment of the New Deal for Lone Parents prototype is to estimate the financial value of the additional output of goods and services produced by lone parents who gained employment through the programme and to compare this with the costs of the programme. This additional output can be valued using information on earnings.

The cost of the prototype has several different components. First, there are the direct costs incurred in the operation of the programme. Second, indirect costs arise if lone parents obtain employment that would otherwise be taken by other jobseekers (potential substitution and displacement effects). Such indirect costs are difficult to estimate in practice. However, we have assumed that each lone parent who starts work will delay one unemployed jobseeker’s entry to work by one month (details of this and other key assumptions can be found in Hasluck, (2000).

Estimation of the net Exchequer costs of the programme requires an examination of financial flows, such as benefit payments and income

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44 This difference is statistically significant at the 99% level.
taxes, that are ignored in the estimation of direct policy-related benefits and costs. The public finance gains from the prototype arise from savings in Income Support benefit payments and gains from additional tax and National Insurance receipts if the lone parent enters employment. Additional employment of lone parents will also generate tax revenues from the employer's National Insurance contributions and from VAT receipts from additional output produced. Savings in public finance arise as Income Support claimants who enter paid work lose their eligibility for some or all of a range of additional benefits (such as Housing Benefit). Such Exchequer gains will be offset, in part at least, by in-work benefits (notably Family Credit) paid to lone parents returning to work.

Using information derived from survey evidence and administrative data relating to the characteristics of participants in the programme and the jobs that some of them enter, estimates have been made of the value of additional output for the economy (referred to as 'policy-related benefits') and the net Exchequer gains (i.e. the effect on public finances). The results of this analysis suggest that the net benefits of the prototype were a gain in the region of £3.1 million. Estimates of the net Exchequer cost of the prototype suggest that, after the impact on tax revenues and benefit savings are taken into account, the programme is likely to have had a net cost in the region of £650,000.

4.7.1 Additional employment

A critical factor affecting the net economic and public finance benefits arising from the prototype is the scale of any additional employment arising from the programme. Additional employment refers to the estimated number of lone parents who have entered jobs over and above what would have been the case in the absence of the programme. Two sources of information that we have available for this are the results of econometric modelling of exits from Income Support and the statements of lone parents about how far they were helped into work by participating in the programme. The modelling suggested that, controlling for other factors, the prototype areas had a reduction in the number of stock target group Income Support claims of at least 2.5 percentage points.\footnote{The difference was 1.5 per cent at the end of 1997, about 2.6 by July 1998 and 3.3 per cent by the end of December 1998 (McKnight, 2000).} Compared with the base of 34,818 lone parents in the target group in July 1997 (Table 3.1), this represents some 870 fewer Income Support claims by the end of the prototype.\footnote{At that time, the number relates almost entirely to the stock of claims existing prior to May 1997. The analysis found increased odds of leaving Income Support among the flow, but this was statistically significant only in the high unemployment areas, and hence is not allowed for here (McKnight, 2000).} Of the participants who started work, 28 per cent reported that the personal adviser had given them significant help. Reducing this to 20 per cent of the 3,393 participants who started work (Table 3.3) results in an estimated 679 lone parents for whom the advisers' help enabled them to start work when they would not otherwise have done so at that
time. The latter figure includes some non-target group members (who were 27 per cent of those who found work), so this figure is well within the share of all Income Support exits attributable to starting work, about two-thirds of the exits (Hales, et al, 2000b, Table 9.4.1). In proposing a figure of 20 per cent additionality, we are conscious that the effects of the prototype were incomplete in October 1998, in the sense that more lone parents would move into work in the period following the prototype. In other words, the employment additionality rate of 20 per cent seems a reasonable minimum estimate for the purpose of the cost-benefit analysis.

Household circumstances and the nature of employment taken by lone parents also affect the outcome of the net benefit calculations. In general, the higher the level of earnings in work (the higher the level of hourly wage or the longer the weekly hours of work) the greater the policy-related benefits and the lower the net Exchequer costs. (This is because low incomes not only generate low policy-related benefits, they precipitate higher benefit entitlements). Similarly, the larger the number of dependent children (and the older they are) the greater will be the net Exchequer costs (because of the impact of the number of children on benefit entitlements).

The cost of the prototype is estimated at £7.9 million up to the start of Phase Three at the end of October 1998. However, as discussed in Section 3.7 this includes a significant amount which is not properly attributable to the prototype, including development of the LPA database, the evaluation and a share of the headquarters' administrative costs. Net of these elements, the adjusted cost of the prototype is estimated as £4.7 million.

All estimates of the net benefits of labour market programme are subject to a margin of error due to the lack of complete information about the effects on participants and others in the labour market. Examination of the impact of varying some of the key factors in the cost benefit calculation provides an indication of the sensitivity of the estimates. On the assumptions used in the evaluation, an increase in additional employment from 20 per cent to just 23 per cent would result in the net Exchequer costs becoming zero (the programme would break even in public finance terms). Similarly, the net benefits of the programme would be increased if there is no substitution of lone parents for other jobseekers. While such an increase is not sufficient to completely offset the net Exchequer cost of the programme, it significantly reduces its public cost. Varying the assumed level of additional employment by the same amount in the other direction increases the net cost of the programme to the Exchequer, but it remains a small cost in relation to the gains to the economy.

The net benefit calculations are short term in focus and examine
immediate outcomes over the life of the prototype. The programme may well produce further positive impacts on the ‘employability’ and lifetime earnings of lone parents. Such effects would significantly raise the net benefits of the programme. Future benefits are too uncertain to be precisely accounted for in the financial assessment. But an indication of their potential importance is evidenced by the fact that examination of the net benefits accruing from a differential of six per cent in initial earnings between participants and non-participants in full-time work in the prototype areas produces a substantial policy related gain, and a significant reduction in the net Exchequer cost of the programme. Obviously, the assumptions made for the calculation of net costs could have been made slightly differently and produced a more positive or negative outcome. However, we are satisfied that this would not significantly affect the overall conclusions of the cost-benefit analysis.

The overall conclusion of the financial assessment is that, while it is difficult to estimate the net costs of the prototype with any precision, the evaluation suggests that there are significant policy-related gains which are achieved at a relatively small Exchequer cost (just 12 per cent of the direct expenditure on the programme). Allowing for a wage premium in the current and future earnings of lone parents, assuming a greater level of additionality or a lower level of substitution may all add to the scale of policy-related benefits and bring the net Exchequer cost closer to or beyond the break even point (Hasluck, 2000).

4.8 Non-financial aspects of programme provision

Part of the rationale for the New Deal programmes is to tackle social exclusion. Although there are various manifestations of deprivation which can be grouped under this heading, it is clear from the information collected in surveys of lone parents that those who depend on Income Support do have appreciable levels of financial hardship (e.g. Hales, et al, 2000b, Chapter 4). Because their situation tends to remain the same, they can experience such hardship for very long periods of time. Compared with unemployed people in general, they appear to face much greater perceived barriers to employment.

Without reiterating the evidence for relative deprivation, we note here that improvement in the living conditions of lone parent families may be seen as sufficient justification for the existence of a programme such as the New Deal for Lone Parents. Although this cannot be documented with information collected in the time period of the prototype Phase One evaluation, it is arguable that support in making the transition into work may, in time, result in breaking an inter-generational dependence on benefits. In this way, there may be gains to society, quite apart from the apparent gains to the individuals who have participated in personal adviser interviews.
The final part of this assessment of the prototype phase is to consider to what extent it was likely to be possible for a programme conducted on a small scale in a small set of areas to have an impact commensurate to that which a national programme may achieve.

On the one hand, there is the possibility that a prototype programme may benefit in various ways from its small scale. For example, this may be reflected in the selection of staff, who may show a greater willingness to develop imaginative ways of working than is often the case with a national programme with more prescriptive arrangements and working methods. On the other hand, a prototype programme may be effectively divorced from a set of complementary services. An advisory programme may be particularly handicapped by a limited range of activities to which people can be referred if they are not ready to seek work in the short term. As evidence of this constraint, referral from the programme to existing Employment Service programmes was appreciably less than had been anticipated.

The main reason for the lack of referral to existing Employment Service programmes appears to have been the perception that Jobclubs, short courses dealing with the motivation to work, and the adult training programme are most suited to unemployed people claiming Jobseeker’s Allowance (of whom around two in three are men, most of whom are seeking full-time work). There was very little reported referral to such services in the survey sample and there may well have been concerns about hours of work which make no concessions to child care needs, either in the length of the working day or the possibility of taking time off to care for a sick child. While there were some instances of such provision being adapted by local staff and presented as being tailored to the needs of lone parents, it would clearly take time to develop such services or for adjustments of this type to occur independently of a formal programme.

In common with similar programmes in other countries (Section 2.4), the prototype New Deal for Lone Parents is shown to have had a small, positive effect over the period covered by the evaluation.47

It is important to note that at the time they were due to be invited to participate in the programme, only half of the target group lone parents in both prototype and comparison areas described themselves as economically inactive. The other half were already involved in part-time work, education or were looking for work. Around ten per cent of them had already stopped claiming Income Support at about the time when they were due to be invited to participate in the programme.

47 Planned collection of further data in early 2000 should increase appreciably the extent to which the impact of the New Deal for Lone Parents can be assessed, although it may be difficult to distinguish prototype and Phase Three impacts.
The comparison areas had a pattern of changes in activity which almost exactly mirrored those in the prototype areas, emphasising the dynamic behaviour of much of the lone parent population. It is believed that more favourable labour market conditions existed in the comparison areas. When these conditions were controlled for in an analysis of survey data (using the female unemployment rate), the analysis showed a difference of 2.5 percentage points in the number of lone parents claiming Income Support, which appeared to be attributable to the effect of the prototype, but was at the margins of statistical significance. A statistically significant impact of this magnitude was also found when a comparison was made within the prototype areas between those invited to participate earlier in the programme and another group that mainly participated later.

The chapter draws on a range of data sources to provide an estimate of how much movement off Income Support and how much movement into work was attributable to the programme.

Two different analyses, one based on Income Support administrative records and the other based on survey data on work and benefit histories, produced complementary evidence that the programme reduced the number of lone parents claiming Income Support by between two and three percentage points by the end of 1998.

At the time they were due to be invited to participate in the surveys, only half of the lone parents described themselves as economically inactive, the others already being involved in part-time work, education courses, looking for work or no longer claiming Income Support as a result of working 16 or more hours per week, having changed to a different benefit (e.g. due to incapacity) or having re-partnered.

By the end of the prototype phase, looking first at the early survey cohort of lone parents, 29 per cent of the lone parents in the prototype areas were working 16 hours or more per week; a very similar percentage, 26 per cent, were doing so in the comparison areas. These figures compare with 20 per cent and 22 per cent, respectively of those in the later survey cohort. However, these differences were not statistically significant.

A third of the lone parents who started working were earning less than the national minimum wage, which came into effect in April 1999, about four months after the survey; this shows how much of an effect this policy could have on the incomes of lone parents in work.

There was little evidence of direct assistance of personal advisers with finding vacancies, but over a quarter of lone parents (28 per cent) considered that their personal adviser had given important help with starting work.
Just over half (55%) of the lone parents who started work (and remained off Income Support) felt they were financially better off than they had been on Income Support. Twenty per cent said they were neither better nor worse off, and another quarter (23%) said that they were a little or much worse off. Of the participants who were in work (and had not returned to Income Support), 66 per cent said they were financially better off.

In making a financial assessment of the prototype, it has been estimated that 20 per cent of the lone parents who started work in the prototype areas could be attributed to the programme, which represents about 680 individuals. This figure is consistent with the estimate of 2 to 3 per cent additional movement off Income Support as a result of the programme among the stock target group, which equates to about 870 individuals.

This produced a small net programme cost to the Exchequer, of the order of £1,000 per additional job. In addition, there were non-financial gains of increased well-being and returns to the economy.
The New Deal for Lone Parents represented a pioneering initiative in the use of personal advisers in the Benefits Agency and the Employment Service. Although similar roles had existed in other organisations, the integration of a wide range of skills in one adviser post was unusual at the time. Equally unusual was the idea of examining the personal situation of the client and responding to it with a tailor made set of activities. It is necessary to stress the extent to which the role was an innovation, because this was an important feature of the Phase One prototype. However, there were constraints in the limited size of each team’s effort and the limited time available to demonstrate the effectiveness of the method.

The next section reviews the information on participation and non-participation (Section 5.2). The personal adviser service consisted of three stages, each considered in turn in this chapter. The advisory interview or ‘assessment’ phase is considered in Section 5.3. The matching of the individual to a job, training course and/or benefit advice are considered in Section 5.4. For those who obtained work, it was envisaged that the personal adviser would offer in-work support (Section 5.5). The extent to which other services were used will be considered in Section 5.6.

The perceptions of lone parents about how well the personal advisers performed their role is considered in Section 5.7, together with the overall assessment by lone parents of the NDLP programme.

Whereas the previous chapter drew heavily on data covering both the prototype areas and the comparison areas, this chapter is based largely on survey and qualitative information collected from lone parents in the prototype areas alone, including the booster samples of participants which were included in both the early and late survey sample cohorts.

Overall, three quarters (77 per cent) of the lone parents interviewed in surveys in the prototype areas did not take part in the programme. The other quarter (23 per cent), who did have an initial advisory interview included 21 per cent who became full participants and three per cent49 whose initial interview was their sole contact. The initial participants were people who attended one interview with a personal adviser, but who did not discuss jobsearch, training, employment opportunities, in-work benefits or other issues which were central to the programme. It is the fact that they did discuss one or more of these things which identifies ‘full participants’.

5.2 Participation

5.2.1 Levels of participation - early and late cohorts48

48 This section draws on the results of surveys, whereas Section 3.8 used administrative data to provide an overview of the numbers who participated.

49 These percentages are rounded to the nearest whole number.
There was an appreciable difference between the survey’s two cohorts, reflecting in part the additional time available to the first cohort, but also indicating a change of strategy by advisers. The first cohort members had about a year to participate before the main set of survey interviews which took place just after the end of the Phase One prototype. Just under a quarter of the first cohort (24 per cent) were full participants, and an additional four per cent were initial participants. In contrast, among the second survey cohort only 16 per cent were full participants and one per cent were initial participants. A further difference was that in the second cohort, a quarter of the full participants had put themselves forward without having received an invitation to participate, compared with only 14 per cent in the first cohort. The smaller total numbers in the second cohort reflect the greater focus on those who came forward with least prompting, while less intense efforts were made to engage others.

A contrast of similar magnitude existed between the participants from the ‘stock’ and the ‘flow’. Overall, only 17 per cent of the relatively small flow group were participants, compared with 27 per cent of the larger stock. This means that three times as many participants came from the stock as from the flow. Part of the reason for this difference was the use of invitation letters which stated an appointment time at about the time the first cohort was being invited. When we control for this factor, the rate of participation was similar between stock and flow.

A comparison of non-participants, initial and full participants shows that there was little difference between them in terms of demographic characteristics. Specifically, their age, sex and ethnic group seemed to make no appreciable difference to participation. Slightly more non-participants reported that they or someone else in their household had a health problem, but nearly a quarter of the full participants reported similar problems. The conclusion to draw from this is probably that some people had less serious problems which were not a barrier to their participation and seeking work.

Participants were rather more likely to have a youngest child of primary school age (64 per cent) than non-participants (55 per cent). They also tended to have slightly fewer children in their household. Both of these points reflect the lower probability of leaving Income Support for those with greater family responsibilities who have often spent longer claiming. The reasons which explain their having had longer durations on benefit also made them less likely to wish to participate.

Larger differences appear when we turn to factors more directly associated with ability to compete in the labour market. For example, more of the non-participants (48 per cent) had no qualifications than those who became full participants (31 per cent). One in six (15 per cent) of non-participants lacked some basic skills, as compared with nine per cent of full participants. Eight per cent of non-participants...
had no previous work experience, as compared with three per cent of participants. Three fifths (60 per cent) of full participants said they were already looking for work when they were invited to take part in the programme, compared with 53 per cent of the non-participants.

These characteristics were also predictive of those initial participants who did not continue in the programme. In many respects those who had only an initial interview were similar to the non-participants. However, they also included some people who felt they could pursue their job search on their own - people who decided they could find for themselves what the personal advisers were offering.

Although access to transport does not seem to have differed between participants and non-participants, there was evidence that proximity to the New Deal for Lone Parents office affected take-up. Among those who knew where the office was located, two-thirds who lived within ten minutes did participate in at least an initial interview, compared with two-fifths (39 per cent) of those living an hour away.

One of the key factors which influenced the level of participation was lone parents' perception of whether it was voluntary or compulsory. Three quarters (72 per cent) first heard about the programme when they received an invitation letter, while 28 per cent had already heard about it. So the form of the letter was important in communicating what the programme was about. Some areas experimented with a letter which specified an appointment. Of those who received this type of letter, three-fifths (62 per cent) thought they were required to attend the interview (though many did not then wish to be full participants), compared with one-third (34 per cent) of those whose letter asked them to contact the office to arrange an appointment.

Receiving an appointment-specific invitation letter increased the likelihood of participation in the programme. Over half (53 per cent) of lone parents who received such a letter went on to become full participants, compared to less than a quarter (23 per cent) of those whose letter did not specify an appointment time. The probability of moving off Income Support was lower among those participants who received a letter with an appointment time than for those whose letter asked them to contact an adviser. However, the overall impact of appointment-specific letters was to produce a higher rate of moves off benefit, due to the greater numbers they brought into the programme in the first place.

Given that a quarter (28 per cent) of lone parents were already aware of the New Deal for Lone Parents, there was some potential for them to ask to take part before an invitation letter arrived. As well as the lone parents who responded to an invitation letter, some were therefore 'uninvited' participants.
The main reasons for lone parents participating in the programme were to get help finding a job and to learn whether it would be worthwhile financially to work. Around two-thirds of full participants and just over half of initial participants gave these as the reasons for deciding to have an interview. Other common reasons were to get advice or information on another specific topic (stated by 42 per cent of full and 36 per cent of initial participants) and wanting to learn what benefits they could get in work (stated by 12 per cent overall).

Some reasons for participation were less positive. Half of all participants had not realised that the scheme was voluntary and said that they thought attending an interview was required. Just under one in four (23 per cent) said they were worried that they might lose benefits.

Uninvited participants appeared to be more focused in their reasoning for attending, mentioning a median of 1.2 reasons in comparison to a median of 3 mentioned by invited participants. The most common reason that they had initiated contact was to get help in finding a job (44 per cent mentioned this reason). Fifteen per cent wanted to get information about benefits.

Of the non-participants, three-fifths (60 per cent) actively decided that they did not want to meet a New Deal for Lone Parents adviser. Some of them were already in work (17 per cent), in education (seven per cent) or on a training course (one per cent). Others said their children were too young (15 per cent) or that their health precluded work (11 per cent). One in twelve (eight per cent) wanted to do their own jobsearch.

For the remaining two-fifths of non-participants, meeting an adviser ‘just did not happen’. They were affected by circumstances at the time, such as illness (10 per cent of those for whom a meeting ‘just didn’t happen’) or other matters they felt they must attend to (13 per cent of these). These circumstances were sometimes related to the aftermath of relationship breakdown. Others gained the impression that the adviser would contact them again and might have taken part in the programme if some more impetus had been applied. These people reflect the lack of self-confidence which is common among lone parents who have spent some time dependent on Income Support, who were not sufficiently proactive to take the opportunity and tended to allow their initial interest to lapse.

Many of the above reasons for non-participation reflect the type of circumstances found by the qualitative study to influence motivation or ability to work at a particular time. (See Finch, et al, 1999 and Hales et al, 2000b for further details on factors related to participation and non-participation).
Summing up the results of participation, in relation to those eligible for the programme in the target group:

- Almost half of lone parents decided not to take part (44 per cent of those eligible in the target group).
- One in three (33 per cent) might have participated but did not follow through the interest initially stimulated: this group included about 15 per cent of the total who wanted to know more before making a decision.
- A small number (three per cent) had an initial interview and then decided not to continue.
- About one-fifth (21 per cent) became full participants.

5.3 Advisory interviews

5.3.1 Length

Initial interviews varied quite appreciably in length, but participants and advisers gave rather differing accounts of them. Advisers reported that many first interviews took over an hour, in order to cover some fact-finding questions, to provide a ‘better-off’ calculation and to discuss possible lines of work. Some participants had first interviews like this and also had subsequent sessions. But the surveys indicate that these were the exceptions.

For whatever reason, one in five (21 per cent) of those who were only ‘initial participants’ reported having had an interview lasting five to ten minutes. Another fifth had an interview which lasted 15 to 20 minutes (19 per cent) and another fifth had interviews of about half an hour (20 per cent). Only a handful of these people said they had interviews which lasted an hour.

Full participants tended to have longer first interviews. Seventy per cent of them had interviews lasting about half an hour to an hour. About one in six had an interview lasting more than an hour.

5.3.2 Number of interviews

Full participants also, on the whole, had only a single interview (62 per cent), followed by telephone calls, something posted to them or, occasionally, a visit from the personal adviser. Only about one in twenty had five or more interviews. Most full participants who had more than one interview saw the same personal adviser on further occasions, though where this did not happen most lone parents were quite happy about it.

More of the later cohort full participants had only a single interview (69 per cent), compared with 54 per cent of the early cohort. In part, this probably reflects the greater amount of time for those in the first cohort to have more than one interview. At the time of the survey interviews at the end of 1998, one in five full participants expected to have further meetings with a personal adviser, which would reduce the difference. However, this is one of several points which suggest that the intensity of the adviser service diminished towards the latter period of Phase One.
Although most full participants had only a single interview, three-quarters of lone parents who participated fully said they had about the right amount of contact. One in five (21 per cent) said they had too little contact.

This section focuses on the full participants, since by definition the initial participants did not pursue further with their personal adviser any of the issues or activities with which the programme was concerned. It is worth noting that this section is based on 692 early cohort interviews and 676 later cohort interviews and thus provides a robust basis for examining the content of advisory interviews.

The most common points discussed in interviews were each mentioned by about two participants in three:

- Sixty-five per cent discussed steps towards looking for a job;
- Sixty-two per cent received advice on benefits;
- Sixty-one per cent discussed childcare;
- Sixty per cent were given an ‘Action Pack’, a binder with advice and contact addresses;
- Seventy-nine per cent had a better-off calculation;
- About one quarter of participants mentioned help with job applications or with their CV.

The calculations could be based on a specific job or could be wholly hypothetical, and again it is not clear that recipients would necessarily appreciate the margin of error in both of these approaches. Four out of five full participants had a better-off calculation, mainly at the first
interview, and the results were thus likely to be based on a hypothetical job and approximations of factors such as housing costs.

For seventy per cent of those who had one or more better-off calculations, the results showed that they would be better-off in work, with an average improvement of the order of £30 per week. Thirteen per cent were told they would be neither better nor worse off and twelve per cent were told they would be worse off. The reaction to evidence that their income would increase if they worked was, however, quite mixed. About half were pleased and surprised at the result, but others were disappointed that their income would not be even more. About one in five felt that working would not be worthwhile for the difference they expected in their income. A few made remarks which suggested that they mistrusted the calculation, and a few others gave rather neutral answers. A prediction that they would be better off was not, therefore, enough to convince all of them that looking for work was in their interest.

For the few with a more negative prediction, there was a greater sense that they already knew this and that this proved that working would be pointless.

5.4.2 Advice on benefits

Full participants had a very high level of awareness of Family Credit (72 per cent mentioned it, unprompted), but other benefits were more likely to be picked out when they were shown a list of the named benefits. Arrangements such as fast-track Family Credit, however, were recognised by very few.

Explaining the impact of in-work benefits was a main function of the better-off calculation. We can assume that many of those who received this calculation were better able to relate the benefits to their own position as a result.

A second main feature of advisory interviews, for the lone parents who started work, was receiving the help of the personal adviser in completing the Family Credit claim form. One in three (35 per cent) of full participants received this help and a quarter (24 per cent) had help filling in forms for other benefits. The accounts of advisers implied that they often completed forms on the applicant's behalf, and only needed his or her presence to sign it.

Where the lone parent had received help with understanding in-work benefits or completing application forms, they generally felt the help had been good or very good, although nearly one in five felt it had been 'neither good nor bad' and some were more critical. For example, in relation to the decision about whether working was the right thing to do, 45 per cent said the adviser was very good and another 36 per cent said the adviser was fairly good. On the other hand, in relation to applying
for jobs, 28 per cent said the adviser’s help was neither good nor bad, while 18 per cent said it was fairly or very bad. (Hales, et al, 2000b, Table 8.2.1)

5.4.3 Jobsearch

About two-fifths of full participants recalled that the adviser had discussed looking for work, both in the sense of the individual being advised how to find vacancies and the adviser promising to look out for vacancies on the client’s behalf. About one in six said that the adviser helped with preparing for a job interview and one in ten said the adviser had helped to set up a job interview. About one in ten had discussed self-employment and the same percentage had discussed voluntary work. Yet the source of information about jobs which lone parents actually started suggests that jobsearch was not one of the ways in which personal advisers were very effective. About one half of the New Deal for Lone Parents participants who started work and left Income Support felt that the programme had affected their jobsearch strategy by, for example, encouraging a more positive attitude to work or a more active and varied jobsearch. Other participants may have felt that the New Deal for Lone Parents helped them in some way, but did not feel the job was directly attributable to the programme (Hales et al, 2000b Table 9.4.11). Indeed, advisers did not necessarily see it as their role to find vacancies, feeling that they could help on the strategy but that the lone parent should do the rest for herself or himself.

Not all lone parents said that it had been relevant for them to discuss particular aspects of jobsearch, either because their circumstances or their ability to manage on their own made it unnecessary to do so. Where lone parents had been given advice or help with looking for jobs, applying for jobs or deciding whether it was right to start work, almost all said it had been good.

5.4.4 Training

One in three lone parents discussed training and one in six discussed education. Although half of those who received advice on these topics felt it was good or very good, a quarter were dissatisfied.

5.4.5 Childcare information

Another common aspect discussed was how to arrange childcare, including where it could be found and how the lone parent could meet its cost. About half the lone parents had discussed finding childcare, of whom 30 per cent said the advice was fairly bad or very bad, 30 per cent said it was neither good nor bad while 39 per cent said it was good or very good.

5.5 In-work support

A third of the lone parents who started work had further contact with their personal adviser, although for most this occurred only once or twice. The most common reason for this contact was for help with filling in claim forms for Family Credit (14 per cent) or other benefits (11 per cent). Some referred to their personal adviser with problems to do with childcare, maintenance or rent. Other contacts were to let the adviser
know that the lone parent had started work (10 per cent) or had lost his or her job (6 per cent). In-work support was a welcome part of the programme and it was utilised by a much higher proportion of participants than some other services provided by the scheme.

5.6 Use of other services

One of the evaluation’s objectives was to assess the demand for services as a result of the New Deal for Lone Parents, in order to estimate the resource implications of a national programme. In total, the Lone Parent Adviser database identified just 67 participants who used Employment Service Programmes, 196 who participated in Work-Based Training for Adults and 131 who took part in other training courses.50

It therefore seems that there was only limited referral to other services. This may have been for a variety of reasons such as the limited availability of appropriate services, initial concern among other organisations about the intentions of the New Deal for Lone Parents policy, and a possible desire among advisers to provide a comprehensive service themselves. The newness of the programme was probably another factor that constrained the development of links to other organisations. It is very unlikely that these figures reflect the potential take-up of other services so the Phase One prototype offers little guidance about the use of resources when appropriate referrals are being made and recorded.

5.6.1 Childcare costs and travel costs

The personal advisers had limited funds to provide help with childcare costs while the lone parent was at an interview or trying to find work, and paying for travel to interviews. These services were used very infrequently. Only two per cent of full participants said that the New Deal for Lone Parents ever paid for childcare costs and nearly a third of these were not happy with the way this service covered costs. Only a quarter of full participants said they were told by their adviser that travel costs to meetings could be reimbursed and just over four in ten of this group actually claimed any reimbursement.

5.7 Perceptions of personal advisers

Lone parents reacted to the New Deal for Lone Parents and the invitation letter in different ways. Many were positive and appreciative, while others were sceptical or suspicious. Negative initial impressions often derived from the perception that the programme was compulsory or in some way intended to ‘clamp down’ on lone parents.

Compared to these initial impressions, it was the quality of the contact with the personal adviser which largely determined the assessment of the prototype among those lone parents who participated in the programme. A distinction between ‘effective’ and ‘ineffective’ advisers emerged from the early qualitative research. Effective advisers were

50 The take up of courses at local Further Education courses is probably underestimated since records were not kept of external sources of funding which lone parents drew upon.
those who were friendly, outgoing, positive, enthusiastic and who put the participants at ease by being relaxed and confident. Ineffective advisers lacked these qualities, and were described as 'inexperienced', 'unclear' and 'wissy washy'.

The assessment of the personal adviser tended to be wholly positive or negative: fewer than one in ten respondents gave mixed answers. The favourable answers were given by some four-fifths of full participants, who described them as 'helpful', 'friendly', 'very good' and in other positive ways. Fourteen per cent said their adviser was 'alright' or 'okay'. Negative comments were made by 11 per cent. On the whole, therefore, it would appear that the advisers were felt to be good at their work.

The predominant reactions to what the programme was offering were also very positive, although they were expressed in numerous different ways. Two answers were given which perhaps implied that lone parents felt that there had been a lack of attention to their needs. For example, 11 per cent said that the New Deal for Lone Parents showed they were not forgotten. Seventeen per cent said it was good to have someone to talk to. Where something more specific was mentioned it tended to reflect ways in which lone parents felt better informed as a result, for example in knowing about their benefit entitlement (11 per cent), how much they might be able to earn (five per cent) or about where to look for job vacancies (eight per cent). It is perhaps because these rather general points were emphasised that there was little reference in these answers to practical assistance, for example with finding jobs or training.

More than half of the full participants said there was nothing in particular that they disliked about the programme. The criticisms focused on lack of information on aspects such as childcare, job vacancies or on benefits. A few people indicated shortcomings in a lack of follow-up or in having felt pressure to start working.

The survey interviews included questions about whether the adviser had recommended activities which lone parents were unwilling to consider. Although only 89 individuals were involved, their answers are of some interest. Most of the criticism was about trying to persuade the lone parent either to consider work when she or he was not ready (16 per cent), or to take any job (13 per cent), or to take a type of job which was not what the lone parent wanted to do (14 per cent). A similar percentage thought a course was being recommended when they did not want to consider one at all (13 per cent). Nine per cent of the full participants had refused to consider a job suggested by their adviser.

On the whole, full participants were positive about their experience of the New Deal for Lone Parents. They were asked to sum up their
impression, by rating the programme on a scale where zero indicated ‘no help at all’ and ten was ‘all the help you could possibly want’. A quarter of the participants (25 per cent) gave the programme a rating of ten out of ten. Another quarter (26 per cent) gave a score of eight or nine. The overall mean score was 6.6 out of ten. The lone parents who were positive about their personal adviser gave a mean score of 7.4, while those who were negative gave a mean score of 2.4. This underlines the pivotal role of the personal adviser at the heart of the programme.

Two out of three (64 per cent) full participants said they had benefited from the programme. The most commonly mentioned ways in which they had benefited were:

- being helped to have a more positive, confident attitude (17 per cent);
- having somewhere to get help and advice (18 per cent);
- having a better sense of what the options were (13 per cent);
- knowing more about benefits or sorting out benefits (14 per cent);
- knowing about whether they would be better or worse off in work (13 per cent).

A great importance was thus attached to the knowledge that underpins choices about whether to work or undertake training. There were relatively few lone parents who said the greatest benefit was ‘receiving help to find work’ (three per cent), although rather more did credit the adviser with ‘having got me a job’ (seven per cent) or ‘getting me on a course’ (six per cent).

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

One of the implications of this is that personal advisers may in some cases have accelerated movement towards work by people who were diffident about their ability to achieve this. This move would not necessarily have materialised in the period of time available for the prototype, and indeed one would expect that the more a lone parent lacked confidence or needed help to take the initiative to find work, the longer it was likely to take to find a suitable job.

The predominant conclusion is that personal advisers largely worked with people who were already on the way to starting work and who might have done so anyway. Their chief value in promoting additional movement into work was in providing guidance and reassurance and
increasing the lone parent's self-confidence to make the transition less traumatic.

In the next chapter we turn to the issue of projecting the experience and lessons of the prototype into the rather different environment which exists in Phase Three.

5.8 Conclusions

One of the key findings is that among the target group, one-third (33 per cent) of the lone parents were aware of the programme and might have participated but did not follow through the interest which the letter or other approach had stimulated. Almost half of this group (15 per cent overall) said they had wanted to know more before deciding whether to participate. There were too few personal advisers during the prototype to ensure that every target group member had more than one opportunity to participate, or to have handled the resulting caseload if more lone parents had come forward.

As a result, those who did participate were predominantly people who had a good chance of finding work on their own. Although we cannot prove this with evidence from the prototype, we think it likely that more additional employment would have been generated if the programme had been able to engage with more of those lone parents who were diffident about taking part. A prototype programme which set out to deal more comprehensively with a smaller number of lone parents might in this way have been more informative.

Nevertheless, the prototype did demonstrate the value of a personal adviser service for lone parents. Its main value was in explaining the options available to lone parents, boosting confidence about working, and offering practical help with completing claims for in-work benefits.

5.9 Summary of key points

Almost a quarter of target group lone parents participated in the prototype phase of the programme.

Of those who participated in an initial interview, 93 per cent became ‘full participants’.

There were only small demographic differences between participants and non-participants, but the former tended to be slightly better qualified, to have more work experience and slightly more of them had been looking for work before the programme.

For some, a factor in attendance in the initial interview was the perception that this was compulsory; in fact the programme was voluntary, and remains so in Phase Three.

Almost half the target group (44 per cent) who were invited had decided that they did not wish to take part in the programme, but another 33 per cent might well have participated if more effort had been devoted to engaging their interest.
Most full participants had only one face-to-face interview with a personal adviser, although some had a number of interviews.

Most interviews covered a range of aspects relevant for finding work, including job search, advice on in-work benefits and childcare. Four-fifths of the full participants had a better-off calculation and a quarter had help with a job application or with their CV.

A third of those who started work had further contact with their adviser, often for help with claiming Family Credit.

Personal advisers made very limited referrals to other services, or use of funds available to support childcare and travel expenses while lone parents were taking part in interviews with personal advisers, applying for jobs or taking short courses.

On the whole, lone parents were very appreciative of their personal advisers and felt they had about their right amount of contact with them; two-thirds of participants felt they had benefited from the programme.
6 A NATIONAL WELFARE TO WORK PROGRAMME FOR LONE PARENTS

This chapter is concerned with the reasons for arguing that one should not extrapolate directly from the prototype to what is likely to happen in the Phase Three national New Deal for Lone Parents. These are:

- differences in the orientation of the prototype phase;
- a national programme could, more explicitly, aim to test the value of a ‘mixed services’ work-first approach, including work-preparation training and other support for those not ready to move rapidly into work;
- more scope to draw upon complementary services external to the New Deal for Lone Parents;
- developments in childcare and in-work financial support.

The purpose of a prototype programme is to provide lessons for a full-scale implementation phase. However, a national programme is not subject to many of the constraints of a prototype. Indeed, the whole purpose of having a prototype phase is to enable the effectiveness of the later phase to be optimised on the basis of the lessons learned from a less than perfect beginning. There are therefore likely to be a number of important differences between a prototype and its successor.

This is not to argue that a prototype is necessarily less efficient. On the contrary, the staff engaged in a prototype programme may well bring a degree of commitment and enthusiasm which it would be difficult for a national programme to match. There is evidence from the views of lone parents that the great majority of staff who worked on the prototype were ‘effective’ advisers, though there were a few exceptions. Many of the people recruited as personal advisers had indeed had a range of experience in different parts of the Benefits Agency or the Employment Service, which they were able to use in their work.

The atmosphere of the prototype also encouraged a degree of competition between the teams working in similar areas. Monthly reports of progress in getting lone parents to attend interviews and the number who had been helped into jobs were circulated among the teams. There was also some rivalry between the Benefits Agency and Employment Service staff to produce the best possible results. This was supported by direct contacts with head office staff, who were involved in the day to day operation of the teams to a much greater extent than would usually be the case.

Another factor was the limited time available. There was a great sense of urgency to get on with the job, despite a fairly slow start in some areas.
On the other hand, a prototype programme carries some inefficiencies. One of these was the time of year when this particular programme began. The first initial letters were issued during July 1997. This was not the best time for some lone parents, who were then preoccupied with having children at home during the school summer holiday. It was also not early enough for the personal advisers to have made themselves known within the area, in order to offer help to the considerable number of lone parents who were going to start work in the Autumn of 1997. In other words, the programme was just starting, at a time when it needed to be at its peak performance.

The key deficiency for the operation of a personal adviser service was the availability of institutional support arrangements, for services to which lone parents could be referred for help in overcoming barriers to work. The proposition being made here is that the personal adviser's role is one of orientation and assessment. The emphasis needs to be as much on setting targets as on addressing immediate barriers to work. However, those who have more deeply rooted problems need longer-term support than a personal adviser can offer.

In this light, the tendency of the personal adviser teams to operate in isolation from other services seems inappropriate. Personal advisers did their best to provide an integrated service but probably lacked some of the skills and more importantly, the resources to deal with people who had significant barriers to work. This is not to say that such resources were entirely lacking in the prototype, but they were patchy.

One of the fundamental constraints on the prototype was simply one of scale, because of the large number of lone parents who were supposed to be offered the opportunity to participate. It is arguable that the imperative to process such large numbers meant that the attention of the personal advisers was directed towards people who were relatively easily helped, rather than allowing time to deal with helping the people who were least likely to manage successfully on their own.

A key determinant of the effectiveness of a national programme for lone parents seems to be the development of a network of services, which will support the work of personal advisers. There is a good prospect of this taking place within Phase Three of the New Deal for Lone Parents, which is being implemented in a different environment from that of the prototype. The New Deal for Young People and the New Deal for Long Term Unemployed have had substantial resources, and this effort has been channelled through local partnerships of organisations. These include chambers of commerce, local authorities, training and enterprise councils, training providers, voluntary organisations and others with an established presence in labour market policy, with the aim of ensuring that programmes are well adapted to
local needs. Although the nature of this provision under the other New Deal programmes tends to be focused on full-time work and on jobs usually done by men, there may well be a more favourable approach to adapting existing provision - or the development of new provision - for women who are looking for work. This may well have indirect benefits for lone parents who wish to work.

Underlying this discussion is the sense that the prototype phase had only a limited amount to offer lone parents who faced appreciable barriers to work. The personal advisers were probably at their most effective in the short term when they were faced with a lone parent who had already found a job and who needed assistance with claiming Family Credit. It appears that, as might be expected of a voluntary welfare to work programme, the majority of the lone parents who started work while on the programme were people who could also have found work without it. Just over a quarter (28 per cent) of the full participants who found work said they were helped by the programme to do something which they probably would not have achieved on their own.

Half of the participants had not started work during the time period of the prototype and their subsequent progress is not known. The information about the nature of participation suggests that in general they were not engaged in a series of advisory interviews. Rather, the process seems to have been one in which the adviser presented the better-off calculation and the justification for working. To a large extent it was then left to the lone parent to conduct a job search or to identify suitable childcare arrangements.

There were some lone parents who enrolled in college courses, but this was also the case prior to involvement with the programme. There were also some who undertook Employment Service courses or Work-Based Training for Adults, although the survey provided only a few who had done this, and it was also too soon for the results of such training to be ascertained.

It would seem likely that there would be opportunities to undertake training while continuing to claim Income Support; but there is little evidence that personal advisers encouraged this. Plans of activities which would lead to work in a period of some months do not seem to have been developed to any great extent.

Two specific opportunities for helping lone parents into work through support groups or work intermediaries, do not appear to have been...
developed during the prototype, when experience elsewhere (e.g. in
the United States) suggests that they might have been an effective
contributor to programme outputs.

6.3.1 Support groups

The way in which Jobclubs operate is partly by overcoming lack of
self-confidence about ability to work. When at least some people are
seen to overcome what they perceive to be barriers to their working,
this can provide the incentive for others to make greater efforts.

At the same time as the prototype programme, a number of ‘Innovative
Schemes’ for lone parents were operated by voluntary and other
organisations with funding from the Department of Social Security (Finch
and Woodfield, 1999). In contrast to the one-to-one basis of personal
adviser working practices, some of these developed the notion of lone
parents providing help and support for each other. This seems likely to
be one of the ways in which continuing involvement of people who
need time to move into work can be arranged without requiring substantial
commitment of time by personal advisers.

6.3.2 Work intermediaries

Secondly, there may be a place for working arrangements other than
mainstream employment, when this would be more suitable for some
lone parents. An example of this is agency work, where the agency deals
with basic training and perhaps offers transport, but does not require a
full-time commitment at the outset. It may well be the case that
employers are prepared to engage staff through an agency whom they
would be reluctant to employ directly. This would not necessarily
have widespread application, but for some people it might represent
an effective transitional stage between dependence on benefit and more
regular work. A constraint on this type of arrangement has been the
difficulty of combining intermittent work with benefit receipt during
the transition, although this should be alleviated by the 12 week linking
rule introduced in the 1998 Budget.

Part of the rationale for this route is that it already offers much of the
in-work support which personal advisers might provide. The difference
is that employers may believe that agency staff provide a more effective,
‘packaged’ support.

6.4 Other policy developments

Another respect in which the prototype and national programmes take
place in different settings is the establishment of complementary
programmes. These were briefly considered in Chapter 2.

6.4.1 Childcare

It has been known for a long time that one of the differences between
Britain and some countries in Europe, as well as Australia, is the extensive
development in those other countries of childcare provision, compared
with its much more limited availability in Britain. The National Childcare
Strategy represents a significant change, which should support both
part-time and full-time work.
The major initiative to make paid work attractive is Working Families’ Tax Credit (WFTC), which raises further the levels of support currently available through Family Credit. It also includes a 100 per cent maintenance disregard and a childcare tax credit for those who use officially-registered services. This implies it may be of greatest benefit to those who take up full-time work, who currently tend to make the most use of registered childcare services, rather than the majority of lone parent who prefer to work less than 30 hours per week. However, at this stage, it is not possible to anticipate how far WFTC will succeed in its aims.

A further initiative, specifically directed at lone parents to ease the transition from benefit into work, is the Lone Parent’s Benefit Run-on, introduced in October 1999. This means that lone parents who have been getting Income Support, or income based JSA, for at least six months, who move into work of at least 16 hours a week and expect it to last for at least five weeks, may be able to carry on receiving benefit for two weeks after they start work.

There are several reasons to believe that the prototype does not provide a simple basis for estimating the potential for the national Phase Three programme.

One factor is that the national programme is one of a number of New Deal programmes, through which it may be that the Employment Service can make greater use of referral to other services than occurred in the prototype.

While the national Phase Three programme retains a ‘work first’ orientation, it also offers a wider range of support for lone parents. In doing so, it may be able to make use of peer group working; another possibility is the use of intermediary services, such as temporary work agencies, to provide in-work support for those not ready to take up mainstream jobs.

Several significant policies to support the value of moving from benefits to work have been implemented or take effect early in the Phase Three programme; these include the Minimum Wage, the National Childcare Strategy and the Working Families’ Tax Credit.
7 CONCLUSIONS

7.1 The early impact of the programme

The evaluation’s overall conclusion is that the Phase One prototype New Deal for Lone Parents did have a small but appreciable positive effect on the rate of movement off Income Support and into work among lone parents in the eight Benefits Agency districts where it was implemented. This conclusion is supported by the following key findings:

- The number of lone parents claiming Income Support, as recorded by the DSS, fell more rapidly in the eight prototype areas than in six comparison areas during the period of the prototype. The difference was particularly marked in the case of the target group, that is lone parents whose youngest child was aged five or over (Figure 4.1).

- A comparison of Income Support claims which had already been established by those in the target group (i.e. the ‘stock’), within the prototype areas showed that the group who were mainly invited to participate early in the programme were more likely to stop claiming Income Support (Figure 4.2).

- Multivariate analytical techniques were employed to probe further into these differences. Analysis of the administrative records of the start and end dates of existing Income Support claims made by the stock, target group within the prototype areas showed that the group who were invited to participate early in the scheme had a significantly higher probability of leaving Income Support than those who were invited later. Estimates of the scale of this effect suggest that the programme led to a reduction in the number of existing Income Support claims by 1.5 percentage points after six months. Projecting forward the differential in the rate of movement off Income Support, it is estimated that the difference was 2.6 percentage points after one year and 3.3 percentage points after eighteen months (McKnight, 2000).

- Similar analysis of the work and benefit histories of Income Support claimants who were interviewed in the surveys of eligible lone parents showed a faster rate of decline in existing Income Support claims (the ‘stock’) among respondents in the prototype areas than in the comparison areas, by about six percentage points after 15 months. After controlling for differences in local labour market conditions and personal characteristics of the lone parents and their children, a three percentage point difference remained which could be a measure of the effect of the New Deal for Lone Parents, but which was significant at only the 93 per cent level (Elias, 2000).

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52 Controlling for the characteristics of the lone parent populations and local labour market conditions.
The comparison areas were shown to have had more favourable labour market conditions during the prototype (Figure 3.2). As a result, they were not directly comparable and do not indicate in a simple way what conditions would have been in the prototype areas in the absence of the programme. Although the programme had an effect in the prototype areas, the more favourable labour market conditions in the comparison areas resulted in a similar amount of movement off Income Support and into work as the programme had produced in the prototype areas. As a result, the differences between the number of those interviewed who were in work, or who had stopped claiming Income Support for family reasons (such as re-partnering), were too small for this result to be ascribed to the programme. It was expected that the multivariate analyses would be able to isolate the effect of lower unemployment rates in the comparison areas to enable their contribution to be estimated. However, the results of these analyses were generally not statistically significant.

Although the survey data show very similar percentages of lone parents in the prototype and comparison areas had stopped claiming Income Support and had started work, the comparison between those who were eligible to be invited to participate early in the programme and those who were mainly invited later has demonstrated that the programme did have a positive effect on the rate of movement off Income Support. A second key finding was that a quarter (28 per cent) of lone parents who had started work said that their personal adviser had given them significant help to enable this. The nature of this help was in boosting confidence and encouraging a positive attitude, rather than in identifying vacancies and acting as an advocate with the employer.

In estimating how many additional transitions from Income Support and into work were attributable to the programme, a figure which has a key importance for the cost-benefit analysis, we have used a figure of 20 per cent, rather than the 28 per cent which the finding reported above would suggest. In other words, we are assuming that four out of five of the lone parents who participated in the programme and found work would have done so in the absence of the programme. On this basis, it is estimated that the prototype had a net cost to the Exchequer of about £650,000. This is the result of calculating the costs associated with running the prototype and the benefits, in terms of tax revenue, National Insurance contributions and benefit savings, when one in five of the jobs was additional. This is a very small marginal cost (about £1,000) per additional job. A slightly different assumption about additionality, at 23 per cent, would have produced a break-even result.

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53 The reduction is made partly because a question of this type cannot provide more than a guide to whether or not the personal adviser's help was critical in enabling the transition to work to occur.
At the same time, it needs to be noted that these calculations depend on assumptions for some important factors. One factor not taken into account is the issue of how many participants would have started work after the end of the prototype\textsuperscript{54}, while another is the percentage of lone parents who would have moved from work back to claiming Income Support over a longer period of time. Even if these unquantified factors were less favourable than we have assumed, the programme’s result would still be only a modest net cost to the Exchequer (Hasluck, 2000).

Taking a broader view of the benefits to the economy, whether the additionality rate in the calculation is assumed to be 20 per cent or 23 per cent, the result is a substantial positive benefit. The same is true, on the whole, for the lone parents concerned. Of those who were working, half (51 per cent) in the prototype areas said they were better off, and another one in five (19 per cent) said they were neither better nor worse off than when they had been on Income Support. It is important to note that none of these measures implies that the prototype programme provided the optimum use of resources, but they do support the argument that the programme was justified by the outcome.

The overall conclusion of the financial assessment is that, while it is difficult to estimate the net costs of the Phase One prototype with any precision, the evaluation suggests that there are significant policy related gains which are achieved at a relatively small Exchequer cost (just 12 per cent of the direct expenditure on the programme). Allowing for a wage premium in the current and future earnings of lone parents, finding a greater level of additionality or a lower level of substitution may all add to the scale of policy-related benefits and bring the net Exchequer cost closer or beyond the break even point.

The conclusion of a positive effect needs to be considered in the context of the prototype. Areas of constraint on the operation of the prototype programme can be identified together with scope for improvement. It should also be noted that there have been changes in the broader context which suggest that a national programme would be likely to achieve more favourable results.

Firstly, it is worth noting some of the positive outcomes of the prototype.

In the course of about fifteen months, almost a quarter (23 per cent) of the target group of lone parents took part in the programme. Of those who attended an initial interview, 93 per cent were full participants and most of them chose to have further contact with a personal adviser.

\textsuperscript{54} It is planned that a further survey will be conducted to establish how many further lone parents started work and how many of those who had jobs during the prototype had lost them.
Almost half those who participated were successful in finding jobs during the time-scale of the prototype, and more could be expected to do so in the period thereafter.

Against a background of some initial suspicion, the great majority of participants (64 per cent) were impressed by the efforts made by personal advisers to be helpful. However, about one in ten of the participants (11 per cent) reported that they felt the personal adviser had been ‘ineffective’, notably those who appeared to be inexperienced or disorganised. Nevertheless, the format of individual interviews seems to have been fairly effective at allowing the lone parent to explain his or her circumstances, and for the personal adviser to help to focus on an action plan, as well as to gain a commitment to seek work.

One of the key devices used by personal advisers was the ‘better-off’ calculation, a practical demonstration of the likely effect of combining work with claiming in-work benefits. Not all lone parents had any knowledge of Family Credit, but all of them recognised its name once they had participated in the New Deal for Lone Parents. The important point, according to personal advisers, was not necessarily that the combination of earnings and Family Credit would yield a higher income than Income Support, but that they could see more clearly what their options were and under what circumstances they could be better off.

The most serious constraint on the prototype was probably the focus on providing a service for as many people as possible. Personal advisers were kept busy interviewing the people who came forward, either as a result of the invitation letter or after hearing about the programme from other sources. Many of these people were quite easy to help, and a majority of full participants had only a single interview, followed up in many cases with a few telephone calls. Those who found a job often had a second meeting with a personal adviser to complete Family Credit forms. In this way, the personal advisers gave some welcome help, which was less accessible elsewhere - although it was often, in fact, already available (albeit not in an integrated form) from the Benefits Agency or the Employment Service. It is, therefore, difficult to prove that personal advisers were providing a wholly different service for this group whose needs in preparing for work were met relatively easily.

The other side of this situation is the evidence from the survey that a great many potential participants were contacted but failed to have an interview because they needed support to make even that first step. If personal advisers are to be effective at helping people who are unlikely to manage to move into work of their own accord, it is likely that such people would be found among this group.
Our assessment is that the method for helping lone parents into work might have been better tested by dealing exhaustively with a smaller target group. That this was not the approach adopted was partly due to its dependence on the availability of complementary services to provide training and work preparation for people who lack confidence or qualifications and skills. The same type of provision would be needed for those lone parents who are constrained by one or more barriers to working, but who might be able to undertake training while continuing to claim Income Support, in order to be better able to work when their circumstances change. Such provision takes time to develop, and there was little sign that the prototype achieved movement in that direction. Where training was taken up, this tended to be existing provision at a local Further Education college or on a programme for unemployed people.55

In the spectrum of Welfare to Work programmes, the New Deal for Lone Parents can be labelled as one which, in practice, primarily represented a 'work-first' approach. Although we understand the intention of the policy was to provide training and other services for those who were not work-ready, in practice it was the work-first aspect which was predominant. This outcome seems to be attributable to the scale of the lone parent population, the focus on job outcomes, the limited number of advisers and the short time-scale.56

The criticism that the time scale was too short for so large a population loses its force if one considers the rationale for moving from the prototype to national implementation. Arguably, the prototype gave sufficient evidence that a personal adviser service was workable and had positive results to allow a shift in policy towards addressing the limitations of the prototype within a national programme. One of the justifications for this could be the extent to which the national context was changing.

Three key facilitators of a future Welfare to Work programme for lone parents are the Minimum Wage, the National Childcare Strategy and the Working Families' Tax Credit (WFTC). All of these have a wider aim than helping lone parent families, although lone parents are

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55 This is not to imply that lone parents can only take part in training which has been set up especially for them. It is just that some of the existing provision was targeted at groups with rather different needs.

56 It is necessary to point out, in order to be fair to those responsible for the prototype, that much of the planning had been conducted on the assumption that a three year programme was being developed for the same number of lone parents. It was also assumed that this would have placed a greater emphasis on provision of training and other support over a longer time period. When the time scale was shortened, it appears that the implications of this for the nature of the programme were not foreseen in detail.
one of the key groups likely to benefit from both initiatives. The three measures and the New Deal for Lone Parents are inter-dependent, in the sense that the early take-up of childcare provision and WFTC may well depend on a programme such as the New Deal for Lone Parents. There is considerable evidence from the survey, as in earlier research, that lone parents have difficulties in understanding the benefit system. The availability of a personal adviser to explain these arrangements in a way that makes sense to the lone parent could be a key contributor to their take-up and effectiveness.

7.4 Summary of key points

The evaluation concludes that the prototype New Deal for Lone Parents had a small, positive effect in reducing the number of lone parents claiming Income Support and increasing the number who started work or increased their hours of work.

While the effect was positive, a key constraint was the focus on providing a service to all the lone parents in the target group and any non-target group members who put themselves forward. Our view is that the prototype would have yielded more lessons, and probably more additional movement into work, if the approach had been to deal exhaustively with a smaller target group.

Changes in the external environment, notably the National Childcare Strategy and Working Families' Tax Credit are likely to facilitate further movement of lone parents from Income Support to work; however, it can be argued that a personal adviser service can do much to explain how these measures help lone parents, and may be a key factor in the success of the new policies.
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