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### **The Employment Retention and Advancement scheme – the early months of implementation Summary and conclusions**

**Nigel Hall  
Lesley Hoggart  
Alan Marsh  
Joan Phillips  
Kathryn Ray  
Sandra Vegeris**

Policy Studies Institute

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**Department for Work and Pensions**

**Research Report No 265**

# **The Employment Retention and Advancement scheme – the early months of implementation**

## **Summary and conclusions**

**Nigel Hall, Lesley Hoggart, Alan Marsh, Joan Phillips, Kathryn Ray and  
Sandra Vegeris**

A report of research carried out by the Policy Studies Institute on behalf of the  
Department for Work and Pensions

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# Dedication

This report is dedicated to two colleagues, members of the ERA Evaluation Team, who died in 2004:

**Janet Gregory**, Assistant Director of the Social and Vital Statistics Division in the Office for National Statistics, who died in February 2004 after a short illness.

**Stephen Lissenburgh**, Principal Research Fellow in the Policy Studies Institute, who was lost together with his sons Vikram and Nikhil on Boxing Day 2004 in the Tsunami disaster in Sri Lanka.

# The Authors

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# 1 The Employment Retention and Advancement scheme: design, policy and evaluation

## 1.1 Introduction

The Employment Retention and Advancement (ERA) scheme is a policy initiative designed to test a method of improving unemployed and low-paid workers' labour market prospects. ERA is a 'demonstration project', which is an experiment to test how well such a scheme might work, rather than a 'pilot project' to test a new scheme prior to a planned national implementation. Also, whereas labour market pilot projects have typically compared pilot areas receiving the new services with similar places receiving none, this demonstration project randomly assigns everyone eligible for the new services into two groups:

- **a programme group**, who will be offered the new ERA services and incentives; or
- **a control group**, who will be offered no ERA services or incentives but continue, instead, to receive their existing New Deal services or other schemes, or none, as appropriate.

In a demonstration of this kind, the evaluation and project teams work closely together and the evaluation team shares responsibility for the good conduct of the demonstration. In twelve months, 16,387 people were included in ERA: 8,208 in the programme and 8,179 in the control group. This is the first time a demonstration

project of this kind and on this large scale has been used to evaluate a labour market initiative in Britain. Such projects are more common in the United States and the design of ERA owes much to the work and experience of colleagues from MDRC in New York. MDRC are partners in the consortium carrying out ERA in Britain and are currently running a similar scheme in several US states. Thus, ERA in Britain is a demonstration in every sense, testing the feasibility and advantages of using random assignment in this way, as well as testing the impacts of the new ERA service itself. The project introduces a number of methodological innovations, including the use of Technical Advisers (TAs) who assist and monitor the project in each ERA district ensuring that random assignment and the programme's provisions are carried out to specification.

## 1.2 The ERA policy

The design of ERA builds carefully on the welfare-to-work policies developed in Britain over the past 30 years, combining increased financial incentives to work with continuing access to a personal adviser (PA). ERA is conceived as the 'next step' in welfare-to-work policy by continuing adviser support into the period following customers' entry to work. These new in-work services are aimed at three groups who have difficulty in getting and keeping full-time work and in advancing to more secure and better-paid positions:

- longer-term unemployed people entering the New Deal for 25plus (ND25+);
- lone parents entering the New Deal for Lone Parents (NDLP);
- lone parents receiving Working Tax Credits (WTC) on the basis of jobs in which they worked between 16 and 29 hours a week.

Qualifying members of these three target groups are asked to volunteer for ERA and to be randomly assigned into the programme or control group. A computer programme, operating independently of Jobcentre staff, performs the random allocation of each ERA volunteer to the programme or control group. The intake period for five of the ERA sites began in October 2003 and continued for 18 months for the Jobseeker's Allowance (JSA) and NDLP customers. The start date in the North West was delayed until January 2004 due to resource difficulties and intake continued for 15 months for the New Deal customers. Intake for the WTC customers was extended for three months in all districts due to early administrative problems. For nearly three years the programme group will receive individual support from an Advancement Support Adviser (ASA) to assist them:

- into suitable work;
- in remaining in work and avoiding some of the early pitfalls that sometimes cause new jobs to be short-lived; and
- in getting on in their jobs by advancing to positions of greater job security, better pay and conditions, and so on.

They may also receive additional cash incentives once in employment, including:

- a Retention Bonus if they stay in full-time work of at least 30 hours a week for 13 out of 17 weeks;
- additional cash payments for training;
- access to an emergency payment to overcome short-term barriers to retaining work.

The control group will continue to receive their usual New Deal services, or none, as appropriate.

The ERA scheme is being piloted in six areas, comprising about six per cent of the working population, located in:

- Wales;
- North West England;
- The East Midlands;
- North East England;
- Scotland; and
- London.

In each of the districts, a TA was appointed on secondment from Jobcentre Plus to the Policy Studies Institute. The majority of the TAs has a background in Jobcentres and their procedures. They have also been trained in the ERA processes; and have an understanding of the random assignment methodology and the evaluation. Their aim is to ensure that ERA services are delivered without contamination of the experiment and ensuring the integrity of the research.

### 1.3 The ERA evaluation

The evaluation of ERA is divided into four research strands:

- **A process study** – to show how ERA operated and why the observed outcomes may have arisen. This study will draw on a wide range of data, including both qualitative studies and quantitative surveys of staff and customers and observational data from offices, including monthly diaries kept by the TAs. Most of this report deals with the early stages of this process study.
- **An impact study** – to count and assess the effects of ERA upon its customers both in terms of work outcomes such as incomes, terms and conditions of service and non-work outcomes such as housing, family formation and so on. The impact study will rely on the control group members as true and unbiased representatives of the condition and behaviour of the programme group had they never been assigned to ERA and had received none of its services. Unlike comparative

evaluation methods, this demonstration project will have the power, confidently, to attribute any observed differences between programme and control group members to the effects of the ERA intervention.

- **A cost study** – to find out what ERA really cost to operate. This will include on-site observations of the time spent delivering services.
- **A cost-benefit study** – to find out whether the outcomes are worth that cost. The study will compare the total gain from ERA in terms of the additional employment it may generate, to other wider gains. This estimate will take into account compensating gains from increased tax paid by workers and fewer benefits paid to unemployed claimants.

## 1.4 Setting up ERA in Jobcentre Plus

ERA was designed by a team located in the Cabinet Office (see Morris *et al.*, 2004). In December 2002, the Cabinet Office design team handed responsibility for implementing ERA to the Department for Work and Pensions (DWP) and Jobcentre Plus, who established a project team, an evaluation team and an evaluation steering group. Existing local learning and development staff were mobilised to provide training to ASAs and other Jobcentre Plus staff who would be carrying out random assignment and providing ERA services.

Districts had a certain amount of autonomy in the way they implemented ERA, within the requirements of the programme and subject to overview and monitoring by the project team. This inevitably caused some tension between local enterprise and initiative on the one hand, and the need to ensure consistency throughout the six sites of the ERA programme and all the legal and procedural requirements that new services have to be scrutinised for, on the other.

The role of the six TAs has proved crucial to the implementation of ERA and to the success of random assignment. During the first two years of ERA, the TAs have been involved in all the key aspects of the project. They have been contributing to training, overseeing random assignment, backing up when the electronic system slowed or stalled, moving the business forward to concentrate on post-employment services, assisting with the research reported in this volume, and generally functioning as the 'eyes and ears' of the implementation and evaluation effort.

## 1.5 Recruiting customers to ERA

Recruitment to ERA differed between the three customer groups:

- **Lone parents on NDLP** were all volunteers to that programme and so required little more persuasion to agree to be randomly assigned into ERA too. Their numbers built up swiftly, to the extent that one district had to call a halt during summer 2004 lest caseloads grew too large for ASAs to handle.

- **Lone parents receiving WTC** were not volunteers in the same way. None were current customers of Jobcentre Plus and some among them have had no prior contact with the organisation. They would have to be recruited by letter, telephone or other contact and resources were put in hand for this recruitment process. However, outreach work of this kind is relatively new to Jobcentre Plus staff whose style of work is usually response-driven. The lone parents themselves proved hard to mobilise. The initial contact letter did not mention financial incentives because its purpose was to notify customers that Jobcentre Plus advisers would be contacting them. Follow-up contact was then to be made by Jobcentre Plus staff, which proved difficult. The majority of advisers did not mention the financial incentives at this stage due to fears that those assigned to the control group might prove resentful. Therefore, customers contacted by telephone were often said to be puzzled by what was really being offered and were reluctant to make a special journey into the Jobcentre Plus office to volunteer for a 50/50 chance of joining something they didn't really understand. Initial recruitment was small and considerable efforts had to be put in hand to improve their intake, including making the intake interview a lot simpler for them. Mentioning the money has helped too. Later impressions suggest that WTC customers are more responsive when approached using commercial marketing techniques.
- **The ND25+** group were not volunteers either. They were entering a programme that required them to engage in training, work experience and job search, so they too were sometimes puzzled by the additional offer of ERA. Some of them had been unemployed for years so found it difficult to focus on what might happen to them after they got a job, an outcome that quite a large proportion of them and their advisers thought rather unlikely. Others who could imagine getting a job soon, did not welcome the idea of staying in touch with an organisation they had grown weary of attending, however warmly customers spoke of the efforts made to help them into work. In the early weeks of random assignment, quite large numbers of ND25+ participants declined the invitation to submit to random assignment into ERA. Again, this refusal rate fell when money was mentioned and a more engaged style of recruitment adopted through training. It had also become clear, even at the outset, that the national inflow to ND25+ was falling steadily, so substantially fewer such cases were available in the six districts than forecast by the Cabinet Office design for ERA. This also means that this target group has a growing proportion among them who are the most disadvantaged customers of Jobcentre Plus, with multiple barriers to work. Fewer may enter work so the numbers qualifying for the post-employment services offered by ERA may be smaller still.

## 1.6 The random assignment

There is sound evidence that the process of random assignment worked. The numbers are entirely convincing. All the comparisons made between the programme and the control group showed that random assignment is working correctly in the ERA study (see Chapter 2). It is producing two groups of individuals that have almost

identical average characteristics. We may, therefore, rely on the control group to represent what would be the condition of the programme group had no programme been offered to them and none of the ERA services delivered.

Customers were usually given a carefully-scripted explanation of random assignment and when this was done, most customers appeared to understand what was going on. Being volunteers, few appeared really to resent their assignment, one way or the other. Control group members among the long-term unemployed were rarely surprised by their apparent ill-fortune. In fact, it was more likely to be the Intake Clerks and the ASAs who grew uneasy about the process, typically when local chance produced a string of assignments to the control group or to the programme group to the extent that seemed to deny pure chance.

Additional research is in hand specifically to investigate people's reactions to the process of random assignment.

## 1.7 Staffing ERA – findings from the staff self-completion survey

It was important to know what expectations ASAs brought to their new jobs and whether they differed much from their equivalent PAs who continued to serve control group members. Seventy-four ASAs and 165 PAs (a response rate of about 70 per cent in each case) filled in a questionnaire that recorded their personal and employment details and measured their attitudes towards their work and their customers. The questionnaire was completed when ERA had been running for three months. It is also important to note that Jobcentre Plus was going through a period of considerable reorganisation when this study was conducted, including reduction in staff numbers which may affect the results.

ASAs and PAs and the group of advisers combining both roles had similar personal and employment profiles, though ASAs more often distributed their services between offices and types of customer. They were also more likely to have been placed in their posts but this did not seem to have lasting effects on their view of their job.

Advisers generally thought well of their ability to do their jobs but a minority were unhappy about the support they got from their organisation. Men, who were a minority among this small population of advisers, were more likely than the women to record very low job satisfaction scores. Smaller minorities were doubtful whether customers, especially ND25+ customers, could be expected to achieve ERA goals of retention and advancement, though, overall, such pessimism was less common among ASAs compared to PAs.

Overall, it is encouraging from ERA's point of view that ASAs' training reduced their tendency to agree with a pessimistic view of retention and advancement more often expressed by the PAs. However, the better they knew their customers by specialising

in either ND25+ participants or lone parents, the more doubtful they were about their customers' post-employment prospects.

It was common for advisers to admit to feeling under uncomfortable pressure in their work, but the ASAs were significantly **less** likely to say this compared to PAs, some of whom seemed under considerable pressure. Multivariate analysis suggested that a lot of the satisfaction in being a Personal Adviser (ASAs and PAs together) is associated with being able to take an approach to their customers that actually fits quite well with the approach encouraged by ERA. This means, for example, that advisers who acknowledge that it will not be easy to convert lone parents and long term unemployed people into full-time workers, but who have real faith that it can be done, are far more likely to report greater job satisfaction scores too.

There were no systematic differences in levels of job satisfaction or other attitudes between the six ERA districts.

## 1.8 Staffing ERA – findings from the qualitative staff interviews

Staff interviews were conducted in all six of the ERA districts approximately five months after the start of ERA. Eighteen staff were interviewed: two ASAs and one ERA manager in each of the six ERA districts. These interviews found that staff were very supportive of the general ethos behind ERA. They saw value in the continuing in-work support and the likely motivational effect of financial incentives. Staff perceptions of their role in ERA varied, however, according to their workloads and how successfully they felt their work was organised. Inadequate staff resources in some districts and the relatively low profile of the programme in general, were believed to be detracting from the full delivery of ERA during these first few months. Staff also described tensions between the expected approach to ERA customers and Jobcentre Plus performance targets. These targets are expressed in the total of points gained for getting claimants into paid work. Advisers are given targets of points to achieve and are judged on whether they achieve these targets but there are no points awarded for the post-employment contacts that the ASAs must make.

Many advisers did not see ERA as greatly different from the New Deal programmes in which ERA is framed, particularly at the pre-employment stage that preoccupied their work during these early months. Staff noted that ND25+ and lone parent customers received different ERA treatments prior to entering work, reflecting fundamental differences in these New Deal programmes that may carry over into ERA. Most ASAs pointed out that they used the same approach when advising their ERA and non-ERA customers prior to employment.

Staff recognised the multiple barriers to work facing many of their customers. They also generalised about their customers in ways that included familiar stereotypes of lone parents and long-term unemployed people. Not all of these were supportive, but it was generally the motivation of individual customers that was seen as the key

to the success of finding and retaining work. NDLP customers were generally viewed in the more positive light in terms of their individual work orientation and motivation, even if some staff were sceptical about the aim to move more lone parents into work of 30 or more hours. The majority of ASAs believed that the optimal number of hours for lone parents (including WTC customers) was conditional on their childcare responsibilities. New Deal 25+ customers, in contrast, were seen as a more problematic customer group, who had more barriers to work, were less job-ready and were often unwilling to work.

Maintaining contact with customers was sometimes problematic for advisers. These problems were greater among customers who were already in work. From ERA's point of view as a post-employment service, this is a problem to be addressed urgently. Advisers who took a 'reactive' approach, expecting their customers to get in touch with them when they felt they needed to, tended to have predictably fewer contacts with their customers. Difficulties in contacting employed customers were explained by reference to the advisers' lack of experience in dealing with in-work support, customers' lack of commitment to remaining in touch, and, in some cases, to limited resources.

At the time of the interviews, staff felt they had received neither sufficient training nor support on the advancement element of ERA. Staff emphasised that, for them, advancement took on numerous meanings and the concept was often adjusted to suit the contingencies of individual customers. There were also differences among the districts on how advancement was promoted to customers. One set of advisers introduced the notion of advancement right from the start, often encouraging customers to aim for an 'ideal job'. Another set of advisers linked advancement to the post-employment phase of ERA and consequently, did not address strategies for advancement while a customer was seeking work.

## 1.9 Customers' experiences of ERA

Forty-eight in-depth interviews were conducted with a wide range of customers. Most of those interviewed occupied plainly disadvantaged positions in the labour market. This information was intended to provide feedback on early ERA operations across the six districts from customers' points of view. In these early months of ERA, few of these customers had entered paid work so three-quarters were not employed at the time and so had no experience of ERA **post**-employment services to report.

Though both are designed to find their customers paid work, NDLP and ND25+ are different programmes. Lone parents are not required to work (though they are increasingly required to hear work-focused advice) and so volunteer to receive a supportive programme for advice and training opportunities whose pace and direction they largely select and direct for themselves. ND25+ customers have been JSA recipients out of work for about 18 months (though some enter the scheme earlier) and are required to enter ND25+. This involves a number of mandatory activities, including participation in a six month 'Intensive Activity Period' that includes work experience and training.

During this pre-employment phase, it was apparent from what they said about NDLP and ND25+ that the two groups of customers were receiving very different programmes. This was particularly evident in the experiences they related about training and the approach to their job search. These contrasts were also picked up in the interviews with ERA staff and are most likely attributable to fundamental differences between these two New Deal programmes in general.

Customers were generally positive about the ERA programme although they often confused ERA with the job-entry features of the New Deals. Customers were also positive about their ERA advisers. But pre-employment contact with ASAs was reduced when customers, particularly the lone parents among them, were not in regular contact with the Jobcentre Plus office or were in work-related training.

The study was able to collect relatively few experiences of ERA in the post-employment phase as only 12 customers in the sample were working 16 or more hours a week. None of the customers interviewed had yet received any of the ERA incentive payments, though this is not entirely surprising at this early stage. Few of these twelve working customers reported anything like frequent post-employment contact with their advisers and some reported no contact at all since entering work. This general finding was noted in all six districts. Those that had experienced any such post-employment contact recalled help in settling into work, or support directed to issues of job retention, rather than help towards advancing in a job. For those in work, the main barriers to advancement were said to be restrictions associated with employers or their employment circumstances. Due to their domestic caring responsibilities, some lone parents said they were less willing to work full-time hours.

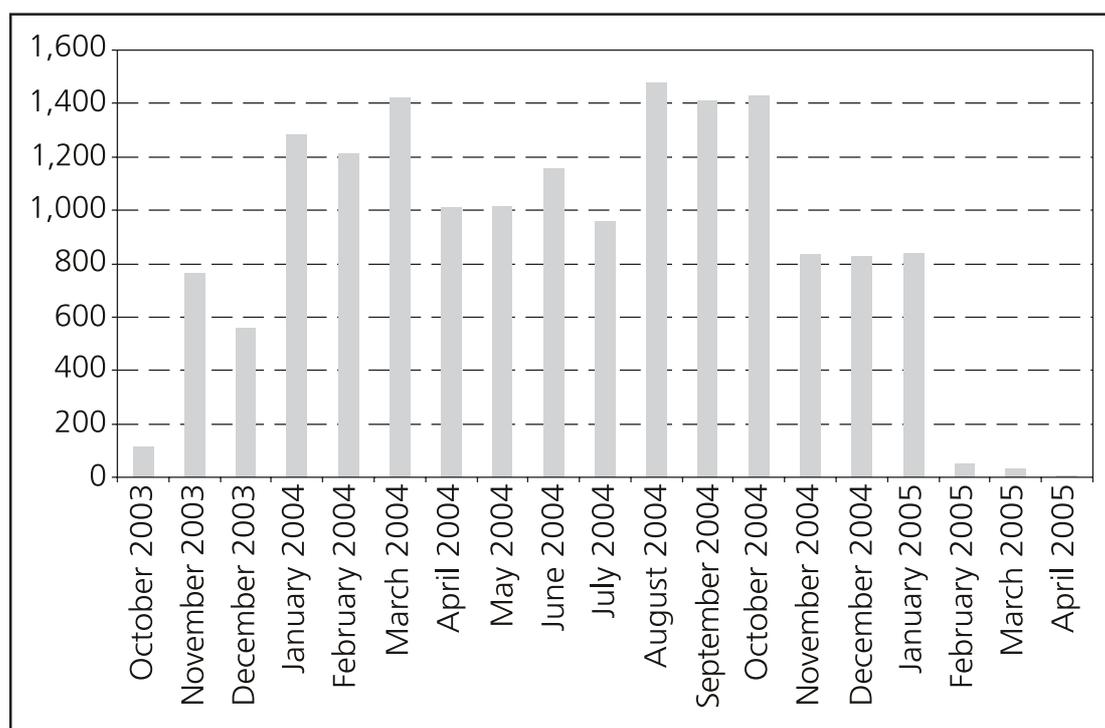


## 2 Participation rates

### 2.1 Recruitment

Recruitment to ERA began on 27 October 2003 and continued until the first week of April 2005, when 16,387 people had completed an Intake Interview and volunteered to be randomly assigned; 8,208 went into the programme group and 8,179 into the control group. The great majority of these entered during the first ten months of 2004, the inflow peaking above 1,200 a month during the first and third quarters of that year (Figure 2.1).

**Figure 2.1** Numbers entering ERA each month



The totals entering ERA in each of the six districts broadly reflect their relative size (Figure 2.2). The greatest variation was in their intake of lone parents receiving WTC.

**Figure 2.2 Regional distribution of ERA participants**

## 2.2 Refusals

A further 1,542 people, or 8.5 per cent of those who got as far as an Intake Interview and completed at least part of their Basic Information Form, declined their invitation to be randomly assigned. This proportion fell steadily during the intake period, beginning at about 16 per cent and falling to just under six per cent by the end of 2004. These refusals were concentrated among the ND25+ customers who were 41 per cent of acceptances but 77 per cent of these refusals<sup>1</sup>.

## 2.3 The three customer groups

Coincidentally, the numbers entering ERA from NDLP and ND25+ were almost identical, each making up 41 per cent of ERA entrants, with 17 per cent from the Lone Parents on WTC group. These three groups, however, had very different social compositions, as the profile summarised in Table 2.1 shows.

<sup>1</sup> Further research will be carried out on the likely effect of this refusal rate upon the interpretation of the likely impact of ERA. This analysis will include the additional refusal rates observed for NDLP and ND25+ customers who avoided the Intake Interview altogether. Among ND25+ customers, for example, this dual refusal rate reduced those entering ERA as programme or control group members to about two-thirds of those entering ND25+ itself.

### **2.3.1 ND25+ participants**

Broadly speaking, ND25+ participants are older men who have relatively few educational or vocational qualifications above a basic grade. More than a third of them have no qualifications at all, which constitutes a considerable barrier to work. They live mostly in rented accommodation, the majority of these as social tenants, or with their parents or other relatives, which is the familiar social profile of long-term claimant-unemployed people in Britain. They include substantial numbers of non-white ethnic group members, who, in our case, are concentrated in the North West and London districts. Only a quarter have their own transport, only four out of ten are anyway qualified to drive and two-thirds cite other barriers to work, though among a group unemployed for 18 months or more, this in itself constitutes a barrier to work for them all.

### **2.3.2 NDLP participants**

In contrast to the ND25+ participants, NDLP participants are young-to-middle aged women; fewer than one in five is older than 40. Being younger, they are a little better qualified, on average, but still almost a quarter have no qualifications at all while fewer than half have GCSEs or anything higher. They too are concentrated into rented accommodation and two-thirds of them live as social tenants – a sector that now accommodates fewer than one in four British families with dependent children (Marsh and Perry, 2003, Table 2.13, pp35).

### **2.3.3 Lone parents working less than 30 hours a week and receiving WTC**

The working lone parents differ again from the two non-employed New Deal groups in ways that underscore the differences between people who have been typically a long while out of work and those who have paid jobs. The proportion of homeowners among the WTC group is four and a half times greater than among the New Deal participants and the proportion of social tenants far smaller. They are far more mobile too since two-thirds have their own transport compared to only a third of the out-of-work lone parents. Their advantage in work, however, does not depend solely on better qualifications since they are no more likely than the unemployed lone parents to have anything better than basic level qualifications. Interestingly, the working lone parents are equally likely to cite barriers to work, which, in their case, they have overcome. Other research (see, for example, Kasparova *et al.*, 2003) has shown that a key difference is that the working lone parents are older and have older children of course, but our data are unable to show this.

The profiles of the two New Deal groups correspond closely to what is known of the profile of all the customers entering these two New Deal programmes in the country as a whole. For example, according to an analysis carried out by the DWP of New Deal entrants nationally among:

- ND25+ participants, 81 per cent of ERA volunteers were male and 20 per cent from a non-white ethnic group, compared with 83 per cent and 17 per cent, respectively, among ND25+ participants nationally;
- NDLP participants, 95 per cent of ERA volunteers were female and 14 per cent from a non-white ethnic group, compared with 94 per cent and 12 per cent, respectively, among NDLP participants nationally.

With respect to a comparison between the ERA lone parents working part-time and receiving WTC and their equivalents elsewhere, it is harder to know what to expect. The ERA group were recruited from an arbitrary selection among those the Jobcentre Plus staff could contact and invite into the office to be randomly assigned. A comparison with the equivalent group interviewed for the 2001 Families and Children Survey (FACS), however, indicates that their social profile is similar. Forty-five per cent of ERA participants are owner occupiers, for example, compared to 40 per cent among the FACS survey; 68 per cent have their own transport compared to 56 per cent<sup>2</sup>, and so on.

**Table 2.1 Profile of the three customer groups**

	<i>Column and cell percentages</i>		
	ND25+	NDLP	Lone parents working less than 30 hours a week and receiving WTC
<b>Sex</b>			
Male	81	5	3
Female	19	95	97
<b>Age group</b>			
Younger than 25	*	22	NA <sup>1</sup>
25 to 29	16	19	
30 to 34	19	20	
35 to 39	17	20	
40 to 44	16	12	
45 to 49	12	5	
50 and older	19	2	
<b>Ethnicity</b>			
White	77	84	92
Other ethnicity	20	14	8
Prefer not to say	2	1	0

Continued

<sup>2</sup> Authors' calculation from original FACS data, 2001.

**Table 2.1 Continued**

	ND25+	NDLP	Lone parents working less than 30 hours a week and receiving WCT
<i>Column and cell percentages</i>			
<b>Education (highest obtained)</b>			
Degree or equivalent	8	4	6
A-levels	4	5	6
GNVQ	1	3	1
GCSE	17	35	34
NVQ	12	15	16
Other	21	15	24
None	36	23	12
<b>Housing tenure</b>			
Homeowner	12	10	45
Social tenant	44	66	37
Private tenant	18	15	10
Other tenure	16	9	8
Has driving licence (%)	40	41	72
Has access to vehicle (%)	23	33	68
Has barriers to work (%)	63	65	68

<sup>1</sup> Due to an error in recording dates of birth for WTC group, ages are available only for ND25+ and NDLP group.

## 2.4 Programme and control groups

Table 2.2 presents the same profile given in Table 2.1 divided, instead, by ERA participants who were randomly assigned to the programme group or the control group. If random assignment worked, these two profiles should be virtually identical. Allowing for small random fluctuations and rounding errors, they are. Thus, the control group may be relied on as true representatives of what would be the experience and condition of the programme group had ERA not been offered to them.

## 2.5 Conclusion

Intake to ERA was effective and has provided a sound basis for the evaluation of the programme. An initially worrying refusal rate fell swiftly to levels that are unlikely to seriously affect the interpretation of the impact measures, though further research is necessary on this point. For the moment, it is clear that ERA participants are broadly typical of their groups of origin. Further research will be necessary to compare in more detail those randomly assigned to ERA and the total eligible population they were drawn from. A shortfall of lone parent WTC participants may

make some of the more finely grained comparisons difficult but will still allow programme effects to be measured. These issues are taken up again below.

Among those volunteering for the process, random assignment into programme and control groups appears to have been carried out entirely correctly. Discussions at the design stage included doubts that this could be done on this scale in the context of busy Jobcentre Plus offices and this outcome is an achievement.

**Table 2.2 Profile of the programme and control groups**

	<i>Column and cell percentages</i>	
	<b>Programme Group</b>	<b>Control Group</b>
<b>Sex</b>		
Male	36	36
Female	64	64
<b>Age group</b>		
Younger than 25	11	12
25 to 29	17	18
30 to 34	19	19
35 to 39	19	19
40 to 44	14	13
45 to 49	9	9
50 and older	11	10
<b>Ethnicity</b>		
White	83	83
Other ethnicity	16	16
Prefer not to say	2	1
<b>Education (highest obtained)</b>		
Degree or equivalent	6	6
A-levels	5	5
GNVQ	2	2
GCSE	27	27
NVQ	14	13
Other	19	20
None	27	27
<b>Housing tenure</b>		
Homeowner	17	17
Social tenant	52	53
Private tenant	16	15
Other tenure	15	15
Has driving licence (%)	46	46
Has access to vehicle (%)	35	35
Has barriers to work (%)	64	66

# 3 The early operating challenges of ERA: a summary and some tentative conclusions

## 3.1 The idea of ERA and its customers

Lone parents especially are known to respond to a combination of active case management and financial incentives to work and their rates of employment have risen as a result (Brewer *et al.*, 2004). The majority of the remaining non-employed lone parents have 'barriers to work' that are mostly external to them. They believe their local labour market offers few jobs suitable for lone parents to do, that employers are unsympathetic, transport is costly and inconvenient, there is a lack of affordable childcare, and anyway they are occupied looking after small children, which many of them feel is what they ought to be doing for a while. Many feel, as partnered mothers often feel, that doing paid work and rearing very young children are not compatible activities. A minority are unwell, unskilled or still adjusting to a sudden or painful end to their relationship. However, despite all this, the important point to remember is that most lone parents would work if they were not parents. Most of them did work before they were parents (Kasparova *et al.*, 2003). So a service like ERA that increases still further their financial advantage in full-time work, continues to help them deal with employers, transport and childcare when perhaps things get difficult, and offers more help with in-work training, was hard to see as anything but a welcome extension of good practice. It would address short-term problems of retention as some stumble in the first few weeks and months of work. It would address longer-term problems of advancement since many lone parents continue to work short hours in not-very-skilled occupations in order to maintain their essential work-life balance in favour of time with their children. But children grow up and if their lone parent is to avoid being stranded in short hours, low-paid

work without the child subsidies that lone parents get, then they will need to be established in a full-time job long before that time.

The ND25+ customers that join the lone parents in ERA are very different and present contrasting challenges. They represent about 100,000 long-term unemployed people that enter the programme each year, a third entering for a second time. Most of them have been out of work the best part of two years, often much longer. They are generally older men in their 40s and 50s, though there are a growing number of older women among them too. Their barriers to work are more likely to be individual difficulties associated with low educational attainment and poor skills. Increasingly, getting and keeping a job requires these social skills as well as employment skills. Many have a history of substance dependence; others are recent migrants, ex-offenders, or people with poor health or mild mental and personality disorders, all viewed by employers with a mixture of wariness and covert discrimination. Unlike NDLP, the ND25+ programme is mandatory and active; the main feature is a six months Intensive Activity Period of work placement and training, or some therapeutic intervention. Only a minority leave ND25+ for a paid job (20 to 30 per cent depending on local labour market conditions) and almost half these return to out-of-work benefits before very long. For them, ERA's aims are more sharply focused on issues of retention.

It is an easy generalisation to say that ERA for lone parents is more about advancement than retention – especially since half the intended customers already have a part-time job – and ERA for ND25+ customers is more about retention than advancement. But it is important to bear in mind that the two ideas are part of one process. The early experience of training ASAs has shown this clearly. Advancement for people in this sector of the labour market can be as modest a gain as getting a permanent contract instead of a temporary one or bargaining a wage that is sufficiently above the National Minimum Wage to start to feel like a real job that is worth persisting with. Placing people in work they like and they feel holds modest promise for them, and supporting them when early reversals threaten this promise, could, if successful, have a significant long-term impact on employment flows. If the flow can be biased only a little in favour of people spending longer in work and less on benefit, the stock of people out-of-work and claiming benefit will fall significantly, other things being equal. Among the many benefits of this will be greater resources available for the remaining unemployed. Thus, the aim of continuing to 'treat' barriers to work through ERA, long after entry to a paid job, would begin a benign cycle of improvement to the labour market prospects of many who find getting and keeping work so difficult now.

With this in mind, the subject of this analysis of ERA's first year is the extent to which Jobcentre Plus, in this pilot scheme, can make the transition from a target-driven organisation whose purpose is predominantly job-entry, to one that takes a longer proactive view of its customers. The paradox that ERA presents is that, by design, it is a logical and irresistibly sensible extension to a growing public service that has already had considerable success in improving its customers' labour market prospects.

In operation, though, it cuts across the grain of much of the way Jobcentre Plus is organised. It asks advisers to pause and try to place people in more suitable work at a time when the task of meeting job-entry targets is paramount. The transfer of advisers' skills from job-placement to job-advancement is not at all as obvious as the design implies. It is not more of the same. It might involve, for example, advising someone to consider leaving an employer for better prospects elsewhere. Whether a pre-employment Jobcentre Plus can develop a post-employment service that is both operationally effective and cost effective too, is the central question of the five-year evaluation begun by this report.

### 3.2 Implementing ERA

The six ERA districts have faced similar challenges. Beyond the sheer administrative effort to implement ERA as a scheme, which, for the most part, went well everywhere, there were three main challenges:

- **Staffing:** Each district faced staffing problems, to the extent that one district could not roll out ERA in October 2003 and began three months later. In all districts, fewer ASAs volunteered than were required so they had to co-opt some of their ASAs.
- **Recruiting customers to ERA:** There were lower-than-expected intake levels in the first few months, especially among WTC customers – though as we show, not all the expectations about intake were realistic ones.
- **Advancement:** Issues around retention were readily grasped, but no district achieved any real focus on advancement during the early period of ERA when this research was conducted. As the ERA programme matures and the focus shifts towards post-employment support, it is envisaged advancement activities will increase. For the second stage of implementation, this alone is the overriding important aim.

### 3.3 Staffing ERA

ERA was introduced in the wake of a business merger of unprecedented scale that combined the work of the Employment Service and The Benefits Agency, and combined their respective ministries too. Indeed, the choice of Jobcentre Plus offices where ERA could be introduced was limited to the relatively small number of districts that had actually reached this advanced point in the national rollout of the new service.

The original Cabinet Office ERA design estimated that recruitment to the programme would require one full-time adviser per district for NDLP and ND25+ and one full-time adviser per district for WTC intake. However, two people per district working on ERA intake was a considerable underestimation and all six districts had problems in staffing, which had an impact on ERA's early performance levels. Low initial staffing levels played a significant role in the lack of focus across districts on WTC

intake. Managers had to divert resources from New Deal programme delivery to ERA intake to increase their ERA recruitment numbers. A lack of sufficient staff in some sites often resulted in peripatetic or multi-tasking by ASAs, more than expected of a typical PA. As a result, ASAs often felt that they could not sufficiently focus on ERA. Three out of ten ASAs were placed in their jobs but those placed in this way were not always the least content with how they were getting on in their new role. Some were fearful at first but soon felt more optimistic when they got to grips with what the new job involved.

In some cases, sites have deployed proactive and innovative strategies to supplement staffing levels. There is a sense in which low initial staffing levels and low intake have been mutually reinforcing. This is a cycle that needed to be challenged strongly since the degree of autonomy granted to district management results in staffing decisions taken locally to match demand, which is sensible enough in a demand-driven organisation that has job-entry targets to meet. To increase staffing in order, effectively, to increase demand during the second half of ERA intake, was not something that would have strong appeal for district managers. On the other hand, resources were put in place for these purposes and will be mobilised.

Our initial research with staff answered some important questions. Since the evaluation team had no influence over the choice of ASAs<sup>3</sup>, there was a danger that atypical selections would be made. Some managers keen to support ERA, for example, might assign their keenest and most able PAs to ERA. Other managers concerned, perhaps, about the likely effect on job-entry targets, might do the opposite. This would not, in itself, invalidate the results of the demonstration project, but it would qualify the outcome such that ERA could be said to be effective, if it was effective, with a set of advisers who were not typical of the pool of PAs from which they were drawn.

As it turned out, ASAs and PAs were quite similar, though this will have to be checked again when all the ASAs have been in post a while. The differences that were found between ASAs and PAs were traceable to the new role taken up by ASAs. Many appeared to acknowledge that ERA provided them with a little breathing space in their working lives and time to take a longer-term view of their customers. So they felt under less pressure than the PAs did – though this measure was taken before caseload levels had started to build. They took a more robust view of the task of persuading lone parents to work longer hours, for example, which their new training had emphasised was the right approach. They were also more optimistic than the PAs that all types of customer could respond to coaching to keep their jobs and advance in work even though all advisers were less optimistic, or perhaps more realistic, about the type of customer they knew best. On the other hand, it was possible to take encouragement from a finding that suggested a good fit between the factors that contributed to high job satisfaction among all advisers

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<sup>3</sup> At the design stage, a case was advanced for selecting them at random.

and the kind of approach favoured by ERA. That is to say, advisers who acknowledged that it might not be easy to effect the changes ERA proposed to lone parents' and ND25+ customers' labour market prospects but who had real faith that it could be done, were generally happier in their work than those who doubted it.

The finding of the depth interviews suggested that advisers took a more differentiated view of their customers and placed a lot more emphasis on individual motivation. For example, compared to the PAs, ASAs' views in the self-completion survey had been more positive about moving lone parents into longer working hours. However, this was a relative finding and the in-depth interviews with ASAs found them anxious and even reluctant on this point. Many, by contrast, had a sceptical view of ND25+ customers whom they found difficult to motivate. Overall, though, they revealed a more positive, almost a warmer view of ERA as a programme and supported the ethos that gave rise to the pilot scheme. At the same time, they said more of the tensions between job-entry targets and the longer view implied by ERA, not to mention the time demanded by such an approach when pressure to achieve shorter-term goals was paramount. It was difficult for them to get their heads up and look towards advancement, which point we take up again in Section 3.5.

### 3.4 Recruiting customers into ERA

It is fair to conclude that ERA has had more trouble recruiting its participants than was anticipated. In some places, recruitment has been a major operational challenge. One group were no problem since NDLP customers are volunteers to their New Deal, so they responded well to ERA too. Indeed, one district had to temporarily stop recruiting them because their lone parent caseloads were overflowing by mid-2004. By contrast, there are shortfalls in the numbers of WTC members entering ERA. As a result, we may have no reliable measure of the impact of ERA upon WTC participants at the district level, though we will be able to estimate the impact for all districts combined.

#### 3.4.1 The ND25+ shortfall

We may have little more than half the ND25+ participants in ERA than planned, though probably ERA has captured as many of these customers as it was ever likely to. It is acknowledged that the Cabinet Office intake projections were too ambitious and the inflow to ND25+ was already falling throughout the long planning period. The programme itself is thought to have exerted a downward pressure on long-term claims for JSA and national rates of employment remain relatively buoyant so that more JSA recipients enter work before the 18-month point of entry to ND25+. It is hard to view this as anything but good news from a general point of view. However, it is inconvenient for ERA in two ways: it will place restrictions on the size of subgroup comparisons that can be made in disaggregating the effects of ERA; and it means that increasingly ND25+ is left trying to help the very hardest to help. Thus, the rates of job entry from this group may be proportionately lower and so the amount of post-employment service delivered to this group may be even smaller

than the reduced intake will impose. On the other hand, resources should be more abundant to help them. It will be a major operational challenge to ensure that districts continue to lay down the staff resources ERA planned for, even though they may be dealing with fewer post-employment cases. Reduced scale should result in higher quality and greater density of service, not simply a reduced scale pro-rata.

### 3.4.2 The WTC shortfall

Among many successes, probably the most critical observation made of ERA during its first few months was the failure to recruit any, but a fraction, of its intended WTC customers. Unlike ND25+ entrants, there is no national shortage of lone parent WTC recipients working 16 to 29 hours a week. These shortfalls were due to a combination of operational difficulties and customer disengagement. The not-very-encouraging letter, the slow placement of staff resources and a lack of 'sales' training for them, and the puzzled reluctance of many of those who were contacted, all contributed to an early shortfall of WTC entrants to ERA. Even the promise of the chance of more money might not have registered with a group already receiving, typically, as much in total benefits and tax credits as they earned in wages. They may not have believed they could get more, tax free, on top of all that.

Again, though, it is fair to stress that no one had any real idea of how this customer group would respond to what amounted to cold calling from Jobcentre Plus staff, or whether the recruitment plan was a realistic one. No one has ever done this before and Jobcentre Plus staff have no experience of outreach to people who are not their customers. Some spirited and resourceful responses from staff, assisted by the TAs and project team, retrieved some of this initial shortfall and a slightly extended intake period will have retrieved more. Remedial action by the project team, including the use of a shorter intake procedure that did not try their prospects' patience quite so much (the 'Mini-BIF' to its friends), is expected to restore these numbers at least to a level where a programme-level test of the impact of ERA will be possible for this group. Later reports should have better news of them.

The importance of these WTC customers to the evaluation is that they all have jobs on entry to ERA. Indeed, even with this reduced intake, their numbers in work throughout the 33 months will be similar to the numbers **entering** work from the much larger NDLP group. So theirs is the purest test of the scheme's effectiveness. And theirs too is the most delicate of judgements since the aim is to get them to work full-time. The ASAs' training stresses that no-one should be unreasonably pressured into working full-time if their judgement remains in favour of more time with their children. There are, after all, no targets to be met for the numbers making that transition. But it is a fine judgement nonetheless and one that will concern the process study.

## 3.5 Advancement

### 3.5.1 Moving toward advancement

All that has been said previously will remove any surprise from the finding that the amount of post-employment activity during these first months of ERA was small. But there is some reason to believe that it was even smaller than it should have been. It was confined almost entirely to making sure those few qualifying for a Retention Bonus received their entitlement, the use of the Emergency Discretion Fund and occasionally, arranging training. All this is important, of course, and it is the kind of work that advisers are already good at. But these activities are addressed primarily to job retention not to job advancement and the plan to begin advancement advice 'from day one...' has not been realised. 'Day one...' for most customers is actually pre-employment and there is, at this stage, little evidence that the content of pre-employment services differs much between programme and control group members. Given the amount of mandatory activity laid upon ND25+ customers, advisers felt it would be quite hard to achieve a significant difference anyway.

The lack of focus on advancement has been an issue throughout all the districts even though a number of ASAs attended the Continuous Improvement Workshop at which strategies to deal with advancement were explored. Generally, ASAs expressed their lack of confidence in dealing with advancement issues with their customers. It is work they have never done before, except in the most informal way when customers, typically lone parents, ring up their former adviser for advice in the weeks after they start work. This also holds a clue to the problems of training ASAs to be proactive in advancement work: all the rest of their work and training is essentially in 'response mode'. They deal with what is in front of them and, it must be said, are often hard pressed to do that.

Advisers have been more concerned about managing their increasing caseloads and have had limited success in trying to engage customers with advancement issues when they have turned their hands to it. The Project Team and TAs have come up with a number of strategies in response to this slow start on advancement. For example, training events have been held, districts assisted by the TAs have conducted a number of advancement workshops, and they have also started to monitor and challenge the Advancement Action Plans which set out customers' long-term goals. There is some evidence for the effectiveness of these review measures in increasing advisers' focus on advancement.

### 3.5.2 The barriers to advancement

The research identified several factors that seemed to be interfering with the advancement process, or at least beginning the process, which will have to be dealt with during the next phase of ERA as more and more participants enter jobs.

### 3.5.3 Low staffing resources

A few of the advisers said they lacked the time to follow-up their caseload in employment due to their ERA pre-employment commitments. For some advisers, this was compounded by the time needed to travel between work sites. A related issue was a need for improving ASA time management skills, which was recognised by both management and advisers. The observation of one TA cannot be bettered:

*'Due to high caseloads, the engagement of clients post-employment is patchy at best. I think that even the introduction of a benchmark would not affect the contact rates. Until we tackle the caseload problems and move advisers away from the inherent Jobcentre Plus practice of putting unemployed customers first then this will continue.'*

TA Diaries, November 2004

### 3.5.4 Customers' attitudes and circumstances

There are early impressions from the US ERA evaluation that few customers may share a 'middle class' notion of advancement in terms of getting on in a job, securing promotion, negotiating higher salaries, better fringe benefits and so on. A similar first impression is evident from some of these early encounters with the advisers of our British ERA participants and further research will be alert to this question. Some customers were content with their work situation. They did not want to gain new skills, nor increase their hours of work, nor take on additional responsibility in their job. One ASA felt that her customers needed to show a 'commitment' before she would pursue advancement. Those dealing with lone parents find it hard to let go of the idea that it is somehow natural for them to work shorter hours, though ASAs are starting to let go of this idea themselves.

### 3.5.5 Customers' understanding of continuous support

A substantial number of customers did not anticipate they would remain in contact with their ASA once work started. ASAs will need to establish a contact strategy appropriate to each customer.

### 3.5.6 Employment circumstances

Restrictions on the number of hours and promotion positions that could be offered by an employer were seen as a significant barrier to advancement for some customers. The kinds of employer taking on people from the jobcentre did not have flourishing career structures, just a lot of routine work for a single grade of employee, run by a handful of supervisory staff.

### 3.5.7 Employer engagement

Staff were in two minds about getting involved with the employers of their customers. Some felt that getting the employer on-side was critical to advancement. One adviser had involved employers, selling customer training options that would benefit the workplace. Some managers also encouraged advisers to engage with

employers, recognising the critical role they play in advancement. On the other hand, other advisers were reluctant to contact employers unless requested to do so by their customers. Selling the advancement element of ERA to employers could also be viewed as misleading because, in the end, a customer may need to change employers in order to advance.

**The local labour market** was also seen as a barrier to advancement, limiting the variety of jobs or offering temporary jobs that did not qualify for the Retention Bonus. Local labour market issues were thought to have a potential impact on the efficacy of the programme and to be linked to employers' views about the ERA programme and about their employees' advancement. Broadly, everyone has to be realistic, especially in the face of a shortage of permanent jobs in the area, which made it difficult to encourage customers to consider changing jobs as part of a strategy of advancement. And there were typically a lack of advancement opportunities in the type of jobs customers were entering.

There was a view among managers, in particular, that the intention to engage employers in ERA had not been fully developed. They felt that there had been little consultation with employers on advancement issues. It was also felt that there may prove to be cases where a customer's advancement might be against the interests of the employer if, for example, advisers felt that their customer ought to look for a better job. Thus, employer engagement would have to be handled sensitively.

### 3.6 The future of ERA

ERA is very much an experiential process for everyone in the UK team: advisers, managers, TAs, evaluation researchers, and the customers themselves, all building their understanding through practice and case-by-case circumstances. Levels of engagement in ERA have varied greatly, as you would expect, but it seems fair to conclude that ERA has not always benefited from the level of operational district management involvement that it needs, nor been assigned the priority it requires. This may partly be due to the low-key approach to the launch of ERA associated with the very long-term commitment to evaluation. It is also due to fierce competition for resources in an organisation under pressure to meet job-entry targets, which is a concern to management and staff alike. This has been made more difficult because ERA is seen, with some justification, as taking a somewhat more relaxed approach to job entry itself, preferring, instead, to place customers in work that will really suit them and in jobs that might endure. So in some sense, ERA is seen as cutting across the grain of Jobcentre Plus' work-first ethos.

With respect to the evaluation of ERA, the first year has demonstrated the value of the all-inclusive approach developed by MDRC in launching and operating a large demonstration project in an initiative such as ERA. The role of the TA Team has clearly been valuable. Although the majority of the skills required by staff are transferable from previous adviser experience, much is new, requiring a different approach or unlearning previously familiar strategies. Nothing more can be done

now to improve intake, nor to change any of the fundamental design. The pre-employment role will fade over the next nine months and ASAs will have progressively to concentrate on advancing their workers-in-work. ERA is now poised to deliver on its main purpose. Over the next three years ASAs will need to make the transition from 'helping people get jobs' to 'making a sustained contribution to establishing their customers in decent well-paid job'. This transition is crucial and the evidence of this report is that it will need increased input and resources to be delivered at a strength that will make the difference intended. ASAs are finding it especially difficult to switch to a proactive way of working when their well-trained instincts are to respond, instead, to customers' needs and to accommodate their anxieties. Advisers need to have a greater willingness to challenge inertia among their customers and sell advancement to them. The reluctance of working lone parents to increase their hours and the reluctance of ASAs to make a case to them is one obvious and important example. Proactively engaging with customers and their new employers in setting up training opportunities for them may be another.

Overall, the evidence in this report of the implementation of ERA in its first few months supports a positive and optimistic view. There is also evidence, on the other hand, that raises real concerns about whether Jobcentre Plus can deliver ERA in the enterprising and pro-active way the design requires. There is a clear need to resolve competing operational priorities in favour of the demonstration project, one that is so important for the future of social policy evaluation in Britain as well as to welfare-to-work policy itself and work has begun on this.

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