

# **1 Introduction**

## **1.1 New Deal for the Long Term Unemployed**

The New Deal for Long Term Unemployed people aged 25 plus was launched throughout Britain in June 1998. Its aim is to help long-term unemployed adults to find work or to improve their prospects of doing so. The stated objectives of the programme are to

help long-term unemployed people into jobs, to improve their prospects of staying in and progressing in employment, and to enhance their employability, thereby contributing positively to sustainable levels of employment (Department for Education and Employment, 1998).

People aged 25+ enter the programme automatically when they have claimed Jobseekers' Allowance (JSA) continuously for two years. Those people who have been unemployed for more than two years automatically enter New Deal when they reach their next 'full year' point, that is three years, four years and so on. In addition, there is scope for people aged 25 plus who have particular labour market disadvantages to enter the programme before they have been unemployed continuously for two years.

## **1.2 How New Deal for the Long Term Unemployed works**

### **Advisory Interview Period (AIP)**

The AIP is a series of individually tailored advisory interviews that participants are obliged to attend. The interviews are carried out by a designated New Deal Personal Adviser (NDPA) from the Employment Service (ES), who explains the New Deal and remains the participant's main point of contact throughout the programme. The Personal Adviser will provide advice on drawing up a New Deal Action Plan, intensive help with job search and continuing support throughout the advisory process and beyond. The AIP does not have a specified length but is expected to last from three to six months in most cases.

### **Further provision**

The programme also provides a range of further provision to help people find work and to improve their chances of finding work. Personal Advisers provide guidance to participants, to help ensure that they can take up appropriate opportunities. People can take advantage of a single measure or a combination of measures, from a range that includes: practical help and support with job applications; motivation and confidence-building courses; job search and interview techniques; grants to help meet the costs of starting work or travelling to job interviews; and work-based training.

## **New Deal opportunities**

The New Deal for people aged 25 plus also provides additional opportunities to help long-term unemployed adults back to work. These are:

- Employer subsidies of £75 per week (for full-time employment) for six months
- Opportunities for New Deal participants to improve employability through a period of full-time education or training
- Participation in Work Based Learning for Adults, a programme that provides an individually tailored combination of guidance, structured work experience, training and approved qualifications.<sup>1</sup>
- Participation in a range of other ES programmes, including Programme Centres, Jobplan Workshop, Jobclub, Work Trials, Jobfinder's Grant, Jobmatch and Travel to Interview Scheme.

## **Follow-through**

The follow-through period is one in which people who have undertaken one of the New Deal opportunities may be given further advisory help. The provision of a follow-through period recognises that some long-term unemployed people may not sustain or even find employment after participating in New Deal. For these people, follow-through advisory help assesses how to build on the skills and experience they have gained through the New Deal in order to find work.

## **1.3 New Deal for the Long Term Unemployed in Pilot areas**

From November 1998 onwards, the New Deal for people aged 25 plus has been delivered in a way that differs from the description given above for people who live in one of 28 Pilot areas. One of the major differences is that, in these Pilot areas, people enter the programme once they have reached 12 or 18 months unemployment, rather than two years.<sup>2</sup> However, it is also the case that people in Pilot areas who enter New Deal with two or more years unemployment are also subject to the rather different procedures that are prevalent in Pilot areas as compared with the rest of the country (referred to henceforth as National areas). It is also necessary to give some consideration, therefore, to the way in which New Deal for people aged 25 plus is delivered in Pilot areas.

### **How New Deal for the Long Term Unemployed works in Pilot areas**

The Pilots are allowed considerable autonomy over how they deliver New Deal and the expectation is that this delivery will be innovative and flexible (Department for Education and Employment, 1998b). This means their design was not set down in detail, but rather

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<sup>1</sup> A similar programme, Training for Work, operates in Scotland.

<sup>2</sup> The operation of New Deal for those with 12 and 18 months unemployment in these Pilot areas is the subject of a separate evaluation (Lissenburgh, 2000).

each Pilot delivery organisation was asked to develop, in consultation with the Employment Service, the detailed design that suited their local area.

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

The following were therefore a feature of every Pilot:

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

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

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

In summary, there are two key differences between provision in Pilot and National areas. First, the innovative and flexible nature of the Pilots means they have scope to deliver a wider range of provision than would normally be the case in National areas. Second, the element of the programme that follows the Gateway or Advisory Interview Period is mandatory in the case of Pilot areas but voluntary in the case of National areas. These two differences mean that a distinction has to be made between the Pilot and National areas when evaluating the performance of New Deal for people aged 25 plus.

## **1.4 Evaluating New Deal for the Long Term Unemployed**

The Policy Studies Institute and BMRB Social Research were commissioned by the Employment Service to carry out a quantitative evaluation of New Deal for people aged 25 plus. This involves analysing participants' experiences on the programme and estimating programme impacts on the likelihood of leaving JSA for particular outcomes within 15-18 months of New Deal entry. As the programme was delivered differently in Pilot and National areas, it is necessary throughout to make comparisons between

experiences and outcomes by area type. While the evaluation is not based on a matched comparison group design or any other form of matching method, techniques are used that enable us, as far as possible, to examine outcomes in Pilot and National areas in a way that compares like with like.

The analyses are based on a survey of 2186 participants in New Deal for people aged 25 plus. The face-to-face interviews took place from August-December 1999. The sample frame for the study was a random sample of those entering New Deal for people aged 25 plus with two years unemployment or more between December 1998 and March 1999 and was drawn from the New Deal Evaluation Database (NDED). Of the 2186 participants interviewed, 650 were from Pilot areas and 1536 were from National areas.<sup>3</sup> Matching in of data from the Joint Unemployment and Vacancies Operating System (JUVOS) facilitated the estimation of programme impacts on exits from JSA. This data covered exits from JSA up to June 2000.

## **1.5 Structure of the report**

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

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<sup>3</sup> Comparisons between outcomes in Pilot and National areas are given greater validity by the fact that the characteristics of interviewees in Pilot and National areas were similar. See Appendix Tables 1-9.

## 2 Experience of New Deal

### 2.1 Introduction

This chapter examines in some detail the programme experiences of New Deal entrants in Pilot and National areas, and looks at how these varied for people with different characteristics. The analyses are based entirely upon information gained from the survey interview. The interview is the best source of information on New Deal experience because it contained a large number of questions on activities carried out by participants as part of the programme and on their views of the process.<sup>4</sup>

#### Recall of New Deal

It seemed likely nine months after becoming eligible for the ND25+ programme that most respondents would recall something of the programme at the interview. As expected, the great majority of all respondents in the total sample were able to recall New Deal experiences in considerable detail, while a smaller proportion recalled much less. There was no marked difference in recall of the programme between the Pilot and National samples (Table 2.1).

**Table 2.1 Recall of New Deal by area type**

	Column percentages		
	Pilot	National	All
No recall of New Deal	8	3	2
Personal contact with ES	2	2	2
Interviews with ES staff	3	3	3
NDPA letter	5	3	3
NDPA interviews	4	5	5
NDPA advice periods/IAP	85	84	84
<i>Weighted base</i>	<i>598</i>	<i>1587</i>	<i>2185</i>
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

Base: all respondents

<sup>4</sup> Throughout this chapter, respondents are classified as having participated in various parts of the programme, such as the Gateway/Advisory Interview Process or the Intensive Activity Period/Further Provision, on the basis of their responses to the questionnaire. As their perceptions are inevitably subjective, there may be some discrepancies between the proportion of respondents undertaking particular routes through New Deal according to this data source and the proportion suggested by administrative data.

Seven per cent of all respondents had no recall of New Deal. A further three per cent only recalled a letter asking them to attend an interview with a New Deal Personal Adviser. The remainder recalled combinations of interviews, advice and activities under the New Deal programme. However, these included five per cent who, although they recalled 'having an interview, or more than one interview with a New Deal Personal Adviser', recalled no further assistance. Nor could they recall dates at which they received advice. The remaining 84 per cent of respondents recalled substantial experience of New Deal, including advice, guidance and help from New Deal Personal Advisers and dates when they had received Further Provision (FP), in the case of National areas, or had experienced the Intensive Activity Period (IAP), in the case of Pilot areas.

Respondents with no recall of New Deal were also asked whether they recalled personal contact with staff at the Employment Service, or attended interviews there. The majority of them did, in fact, recall interviews or contact with the Employment Service. Two per cent of all respondents recalled personal contact with the Employment Service, whilst three per cent recalled Employment Service interviews. In both instances, respondents would have been referring to contact and interviews under New Deal, although they were unaware of it. Thus, only two per cent of all respondents recalled no interviews or contact with the Employment Service since entering the New Deal. Again, this pattern did not differ between the Pilot sample and the National sample.

### **Recall of New Deal experiences to date**

Eight out of ten respondents (80 per cent) in the total sample recalled having experienced the Advisory Interview Period (AIP), in the case of National areas, or the Gateway, in the case of Pilot areas (Table 2.2). Fifty-seven per cent had experienced Further Provision or the IAP. Nine per cent of respondents were still on New Deal having been on the AIP/Gateway and left FP/IAP: they were in the Follow-through period. It is notable that 28 per cent of the total sample were still on the AIP/Gateway at the time of interview. This was approximately nine months after they entered the New Deal programme.

The last two columns of Table 2.2 show marked differences in the New Deal histories of New Deal leavers and those respondents still on the programme at the time of interview ('Stayers'). All those who had no recall of New Deal or only recalled a letter of invitation had already left the programme. They accounted for 18 per cent of leavers.

Just over a quarter of all leavers (28 per cent) had left during the AIP/Gateway period, with another nine per cent of leavers only recalling New Deal Personal Adviser interviews. Therefore, 37 per cent of leavers were from the AIP/Gateway period, broadly defined. Just under half of the leavers (46 per cent) reported some experience of Further Provision or the IAP.

**Table 2.2 Summary of New Deal experience to date**

	Column percentages		
	All	Leaver	Current ND participants
No New Deal experience recalled	7	12	
Letter only	3	6	
NDPA interview(s) only	5	9	
AIP/Gateway, no IAP	28	28	28
FP/IAP, no Gateway	4	4	4
AIP/Gateway and FP/IAP	43	42	46
AIP/Gateway, FP/IAP and Follow-through	9		22
<i>Weighted base</i>	<i>2186</i>	<i>1298</i>	<i>888</i>
<i>Unweighted base</i>	<i>2186</i>	<i>1225</i>	<i>961</i>

Base: all respondents

Of those respondents on the programme at the time of the survey interview, 28 per cent had experienced the AIP/Gateway but not the FP/IAP. The remaining 72 per cent had experienced the FP/IAP. Twenty-two per cent of those still on the programme had left the FP/IAP and were receiving further advice from New Deal Personal Advisers.

Table 2.3 shows how New Deal histories differed between the National and Pilot samples. It shows that three in 10 respondents from the National sample had only experienced the Gateway, with the corresponding figure for the Pilot sample being 23 per cent. Almost half of those in the National sample (47 per cent) had progressed from the Gateway to FP/IAP, while this was the case for 42 per cent of the Pilot sample. Overall, respondents in the National sample were more likely to ‘overstay’ on the Gateway.

This point is emphasised further when we consider the New Deal histories of leavers and stayers in the National and Pilot samples (Appendix Table 10). One in five (19 per cent) stayers in the Pilot sample were still at the Gateway stage, approximately nine months after entering the New Deal programme. The corresponding proportion for the National sample was markedly higher, at three in 10 (31 per cent). Just over half (51 per cent) of the stayers in the Pilot sample had experience of both the Gateway and the IAP, whereas only 44 per cent of those in the National sample had experienced some further provision (Appendix Table 10). The Pilot sample, therefore, shows less overstaying in the AIP/Gateway and more movement into the FP/IAP stage. This finding is probably related to the wider range of help available and mandatory nature of the IAP in the New Deal Pilot programme.

**Table 2.3 Summary of New Deal experience by area type**

	Column percentages		
	Pilot	National	All
No New Deal experience recalled	6	8	7
Letter only	5	3	3
NDPA interview(s) only	4	5	5
AIP/Gateway, no FP/IAP	23	30	28
FP/IAP, no AIP/Gateway	5	4	4
AIP/Gateway and FP/IAP	47	42	43
AIP/Gateway, FP/IAP and Follow-through	11	8	9
<i>Weighted base</i>	<i>599</i>	<i>1587</i>	<i>2186</i>
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

Base: all respondents

### Status at the time of interview

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

Previous analyses of active labour market programmes have found that participants usually see themselves as either being on a government programme or as unemployed. However, participants on the New Deal for the Long-Term Unemployed engage in a variety of activities following the initial period of counselling and advice from a New Deal Personal Adviser. These might include subsidised employment, work experience, job-focused education or training, help towards self-employment and supervised job search. Given this unusual and multifaceted nature of the programme, therefore, it is conceivable that respondents may classify their labour market status in a variety of ways.

The survey obtained information about what respondents had done under New Deal and how they viewed their labour market status during different phases of participation. The following sections look at the New Deal status of respondents, followed by their current labour market status.



## Current New Deal status

In the case of Pilot provision, the Gateway is intended to last for three months, although it can be extended to four months. In National areas, the expectation is that the Advisory Interview Process will last for between three and six months. Given that the survey interviewed participants approximately nine months after entry into the New Deal, it is likely that a high proportion of them would have left the programme. Of those still on the programme, it was anticipated that most of them would be at the FP/IAP stage.

Nearly six out of every 10 respondents in the total sample (59 per cent) had left the programme by the time of interview, leaving 41 per cent describing themselves as doing a New Deal activity (Table 2.4). A tenth of the sample (11 per cent) were still at the AIP/Gateway stage, while a fifth were experiencing Further Provision or the IAP. The IAP activities most commonly undertaken were job search help, education or training and work experience. One in 10 respondents (9 per cent) were on Follow-through. Table 2.5 also shows differences between the National and Pilot samples. The National sample had a higher percentage of respondents at the AIP/Gateway stage (13%) than the Pilot sample (8%). The proportion of respondents at the FP/IAP stage was the same in both the National and Pilot samples (20 per cent).

**Table 2.4 Current New Deal Status**

	Column percentages		
	Pilot	National	All
<i>Currently on New Deal</i>			
Gateway or Advisory Period	8	13	11
Subsidised employment	1	1	1
Getting work experience with an employer or community/environmental project	3	1	2
Education or training	5	4	4
Jobsearch help or supervised jobsearch activity	10	13	12
Help towards self-employment	1	*	1
Other New Deal activities	1	1	1
Follow-through	11	8	9
All currently on New Deal			41
Left New Deal	61	59	59
<i>Weighted base</i>	<i>600</i>	<i>1587</i>	<i>2187</i>
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

Base: all respondents

## Current labour market status

This section considers the labour market status of respondents at the time of the survey interview. About one in seven respondents (14 per cent) had moved into jobs, whether subsidised or unsubsidised (Table 2.5). Three-fifths of the total sample (62 per cent) described themselves as unemployed and claiming benefits. There is a contrast here between the National and Pilot samples. While 64 per cent of the National sample were unemployed and claiming benefits, this was the case for only 54 per cent of the Pilot sample. A corresponding over-representation of the Pilot sample occurred amongst those on government programmes and in full-time education or training. The proportion of the sample who classified themselves as long-term sick or disabled was also higher in the Pilot sample (nine per cent) than in the National sample (6 per cent).

**Table 2.5 Current labour market status**

	Column percentages		
	Pilot	National	All
Full-time employment	9	8	8
Part-time employment	5	7	6
Self-employment	3	2	2
Government programme	5	2	3
Full-time education/training	5	2	3
Unemployed, claiming benefits	54	64	62
Unemployed, not claiming benefits	5	5	5
Long-term sick or disabled	9	6	6
Looking after home	2	2	2
Something else	2	3	2
<i>Weighted base</i>	<i>597</i>	<i>1587</i>	<i>2184</i>
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

Base: all respondents

Only three per cent of respondents in the total sample classified themselves as on a government programme. This contrasts with the 41 per cent who described themselves as being on a New Deal activity in Table 2.4. This is because most respondents actually on the New Deal regarded themselves as either employed, unemployed or in full-time education or training.

## **2.2 New Deal Advisory Interview Process or Gateway**

After an initial interview with a New Deal Personal Adviser, National programme participants enter the Advisory Interview Process, whereas Pilot programme participants enter the Gateway. These processes are similar. During the AIP/Gateway, participants receive intensive advice, help and counselling about job search, job opportunities, and other opportunities under New Deal. An attempt is made to identify the ‘barriers’ that are preventing participants from finding work. Those who are ‘job ready’ within the first three months of New Deal are encouraged to enter paid work. If, by the end of the AIP/Gateway, the participant has not found a job or ceased claiming unemployment benefits for some other reason, the National and Pilot programmes begin to differ markedly in the approach they take. Those on the Pilot programme are required to enter the Intensive Activity Period (IAP), where they will receive tailored help which can include some or all of the following: supported work experience, job-focused training, help towards self-employment, job search help and supervised job search activity, or some other type of provision available in the Pilot. Movement onto the IAP will usually occur after about three months on the Gateway. Participants on the National programme are not required to undertake Further Provision after the AIP, but may do so if they choose and if the Personal Adviser thinks this would be worthwhile. The range of activities in which they are able to participate is not as wide as for the Pilot programme but does cover some of the same types of activity.

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

The success of the AIP/Gateway may be judged in a variety of ways. Most importantly, it can be judged by the impact it has on participants’ subsequent labour market outcomes. Establishing the labour market impact of the programme, and components of the programme, is a complex task requiring econometric analysis of outcome data. Such an analysis is carried out in Chapter Three. It is also important, however, to assess whether the AIP/Gateway is operating as intended by examining in detail the AIP/Gateway process and asking participants what they thought of it. This is the approach taken in this section. The section concentrates on three issues:

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

## **AIP/Gateway operation**

One of the most important elements of the way in which AIP/Gateway operates is the content of discussions between the New Deal Personal Adviser and the programme participant. Discussions between NDPAs and New Deal participants may range over many issues as the adviser explores the participant's needs and explains what might be on offer through the programme. All respondents recalling interviews with New Deal Personal Advisers or with Employment Service staff were asked to identify, from a showcard, what they had discussed with their advisers, and anything else they had discussed that did not appear on the card. The great majority of respondents who recalled having an interview with a personal adviser, recalled discussing at least one of the topics shown in Table 2.6.

The majority of respondents recalled discussion of their experience and skills and future work possibilities with their New Deal Personal Adviser. Thus, two-thirds of respondents (67 per cent) in both the National and Pilot samples recalled discussions of experience and skills and a slightly lower proportion recalled discussions of what work they might do in the future (Table 2.6). Half of the respondents in the Pilot sample recalled discussions of their educational and training needs, compared with only two-fifths (42 per cent) of the National sample. This indicates that greater emphasis was given to education and training by the Pilot programme when compared with the National programme. Just over half (52 per cent) of Pilot sample respondents also recalled discussions of the variety of activities which could be done under the New Deal, which was somewhat more than the corresponding figure for the National sample (45 per cent).

Table 2.7 shows the types of referrals made (as part of the AIP/Gateway phase) by the New Deal Personal Advisers. Half of the Pilot sample respondents did not receive any type of referral, a proportion that rose to almost six in ten (57 per cent) of the National sample. The most common types of referral were to courses designed to improve job search skills (15 per cent of the Pilot sample and 14 per cent of the National sample), vocational training courses (11 per cent of the Pilot and 9 per cent of the National samples) and to employers with vacancies to fill (8 per cent of the Pilot sample and 7 per cent of the National sample). Thus, while those in the Pilot sample were more likely to receive a referral of some description, there were no marked differences in the types of referral experienced by respondents in the Pilot and National samples.

**Table 2.6 Issues discussed with New Deal Personal Advisers**

	Pilot	% of cases National
Your experience and skills	67	67
What work you might do in the future	63	66
What education or training you might need	50	42
The possibility of working self-employed	26	24
Different ways of looking for jobs	50	54
Making job applications	42	41
Your responsibilities as a jobseeker	54	49
Different things you could do on New Deal	52	45
Financial help to find work or take up a job offer	28	37
How confident you feel about looking for work	27	22
Benefits you can receive in work	41	43
Specific job opportunities	24	24
Something else	2	1
None of these	5	5
Don't know	1	1
<i>Weighted base</i>	<i>561</i>	<i>1487</i>
<i>Unweighted base</i>	<i>608</i>	<i>1449</i>

Base: those respondents recalling interviews with a New Deal Personal Adviser or interviews with Employment Service staff since entry to the programme.

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

**Table 2.7 New Deal Personal Adviser referrals**

	Pilot	% of cases National
None	50	57
Job search skills course	15	14
College/TEC/LEC re: courses/training/work	11	9
Employers with vacancies to fill	8	7
Independent careers advice	7	5
Work experience with an employer	7	4
Someone to assist in becoming self-employed	5	4
Course to improve reading/writing	3	4
Course to improve numeracy or number skills	3	2
Mentor	2	2
An adviser to help with health problems	2	3
Specialist agency to help offenders	1	1
An adviser on debt/finance	1	1
<i>Weighted base</i>	<i>561</i>	<i>1487</i>
<i>Unweighted base</i>	<i>608</i>	<i>1449</i>

Base: those respondent recalling interviews with a New Deal Personal Adviser or with Employment Service staff since entry to the programme.

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

## AIP/Gateway satisfaction

Given that the New Deal Personal Adviser plays a key role in the New Deal programme, the degree to which respondents were satisfied with help given by their NDPA is one measure that can be used to judge the AIP/Gateway phase. A high degree of dissatisfaction with the service given by the NDPA would raise serious concerns about the ability of the programme to meet the participants' needs. However, it is also important to recognise that the effectiveness of the programme and participants' needs may not coincide.

Table 2.8 shows nearly half of all respondents (47 per cent of the total sample) were completely or very satisfied with the help offered by the New Deal Personal Adviser. Just over a quarter of all respondents were fairly satisfied (26 per cent) and nine per cent were very or completely dissatisfied with the help given by the NDPA.

**Table 2.8 Satisfaction with help offered by NDPA (or equivalent) by area type**

	Column percentages		
	Pilot	National	All
Completely satisfied	16	19	19
Very satisfied	26	28	28
Fairly satisfied	27	26	26
Neither satisfied nor dissatisfied	11	11	11
Fairly dissatisfied	7	6	6
Very dissatisfied	5	3	3
Completely dissatisfied	5	6	6
No opinion	3	2	2
<i>Weighted base</i>	<i>562</i>	<i>1487</i>	<i>2049</i>
<i>Unweighted base</i>	<i>608</i>	<i>1450</i>	<i>2058</i>

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

There was no marked differences in the degree of satisfaction with the NDPAs between the Pilot and National samples. Seven in 10 Pilot sample respondents (69 per cent) claimed to be completely, very or fairly satisfied with the help they received, compared with just under three-quarters (73 per cent) of the National sample. Only five per cent of respondents in the Pilot sample and six per cent of respondents in the National sample claimed to be completely dissatisfied with the NDPA service.

The survey also revealed that the degree of satisfaction with the NDPA was linked to the labour market status of respondents, with those in paid employment being more satisfied than those who remained unemployed. As Appendix Table 11 shows, just over half (54 per cent) of those in full-time or part-time employment claimed to be completely or very satisfied with the support given by the New Deal Personal Adviser, whereas the corresponding figure for those unemployed and claiming benefits was 46 per cent. It is interesting to note that only 38 per cent of respondents in full-time education and training claimed to be completely or very satisfied with the NDPA. Two in five (22 per cent) of those in full-time education and training also claimed to be completely or very dissatisfied with the services offered by the NDPA. This contrasts with one in 10 (9 per cent) of those in full-time or part-time employment.

Satisfaction rates also varied according to the progress respondents had made on the New Deal programme. Around two-fifths (44 per cent) of those who were still on the AIP/Gateway at the time of interview were completely or very satisfied with the NDPA. In contrast, almost three-fifths (57 per cent) of those in education or training and more than half (53 per cent) of those receiving job search help were completely or very satisfied. Given that respondents had been on the programme for an average of nine months at the time of interview, those on the Gateway had generally remained on it for considerably longer than was intended. This is likely to be the cause of dissatisfaction.

### **AIP/Gateway effect**

One of the main purposes of the Advisory Interview Process or Gateway period is to identify the barriers that are preventing long-term unemployed adults from entering work and for participants to discuss with New Deal Personal Advisers how these barriers may be addressed and, if possible, overcome. Respondents identified a wide range of problems that had made it difficult for them to find or keep a job in the year prior to the survey interview. Of those respondents who recalled interviews with NDPAs or with Employment Service staff since entry to the programme, the great majority (85 per cent) acknowledged that there was at least one problem that was restricting their employment prospects. Correspondingly, 15 per cent said they experienced 'no problems' in this respect (Table 2.9).

**Table 2.9 Barriers to working and whether they were discussed with NDPA**

	Identified barrier	Column percentages Discussed with NDPA
<i>Types of problem</i>		
Considered too old	36	49
No jobs nearby	28	48
Lack of qualification	28	48
Lack of personal transport	26	45
Own ill-health or disability	25	60
Lack of references from previous employer	15	39
Lack of public transport	12	53
Debt or money problems	10	33
Illness of another member of family	8	50
Difficulties with reading and writing	7	60
Problems with the law or a previous record	5	53
Lack of childcare or affordable childcare	2	43
No permanent place to live	2	32
Problems with drugs or alcohol	2	42
Mortgage problems	2	47
Considered too young	*	38
No problems	15	-
<i>Weighted base</i>	2048	2048
<i>Unweighted base</i>	2057	2057

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

The perceived barriers to working most commonly mentioned by respondents were that they were considered too old (36 per cent)<sup>5</sup>, that there were no jobs nearby (28 per cent), that they lacked qualifications (28 per cent), that they lacked personal transport (26 per cent) and that they were ill or disabled (25 per cent). Other problems identified included lack of references from previous employers (15 per cent), lack of public transport (12 per cent) and debt or money problems (10 per cent).

Where respondents identified a problem, they were also asked whether the New Deal Personal Adviser had discussed it with them at any of their interviews. The extent to which this was done varied appreciably according to the problem. Thus, six in 10 respondents who said that their own ill-health or disability was an obstacle to finding work discussed this with their NDPA. A large proportion of these respondents would have transferred to Incapacity Benefit as a result of these discussions.<sup>6</sup> Six in 10 respondents with reading or writing problems also discussed these with the Personal

<sup>5</sup> Six in 10 (61 per cent) of those respondents who said they were 'considered too old' were over 50.

<sup>6</sup> The impact of health status on transfer to other benefits is examined in more detail in the econometric analyses reported in Chapter Three.



Adviser. The relatively high tendency to discuss this problem may have arisen because the Gateway or Advisory Interview Process includes basic skills courses that might be of practical help to someone with literacy problems. Where problems were less likely to be discussed with Personal Advisers, this tended to be either because they were unusual problems (such as being homeless or considered too young) or because they would have seemed intractable to the NDPA (lack of references from previous employers).

Respondents were also asked whether the New Deal Personal Adviser or staff at the Employment Service offered any help to deal with or solve the problem or problems identified. Such help was reported in a quarter of cases (Table 2.10). There was no tendency for the receipt of help to vary according to whether the respondent was in the Pilot or National sample.<sup>7</sup>

**Table 2.10 Whether any help was offered to overcome barriers to working, by area type**

	Column percentages		
	New Deal area Pilot	National	All
Yes	25	25	25
No	75	75	75
<i>Weighted base</i>	<i>496</i>	<i>1242</i>	<i>1738</i>
<i>Unweighted base</i>	<i>532</i>	<i>1204</i>	<i>1736</i>

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

### 2.3 Routes through New Deal

Earlier in this chapter we showed that a fifth of respondents were on the Intensive Activity Period or receiving Further Provision at the time of the survey interview, and that a further one per cent were in subsidised employment. Of those participants on the FP/IAP, the greatest number were experiencing job search help or supervised job search activity (12 per cent of all respondents). The other FP/IAP activities in which reasonably large numbers of respondents were participating were education or training (four per cent) and getting work experience with an employer or on a community or environmental project (two per cent). A further nine per cent of New Deal participants were on Follow-through at the time of the survey interview, while 59 per cent had left New Deal. In this section, we investigate how current New Deal status, and especially current FP/IAP activity, varied according to the characteristics of respondents.

As Table 2.11 shows, 73 per cent of respondents in the total sample were in the National programme, whilst 27 per cent were in the Pilot programme. Given this distribution, the table also shows that respondents in the National sample are somewhat over-represented at the Gateway stage. Thus, 82 per cent of those in the Gateway are from the National

<sup>7</sup> There was also no tendency for the receipt of help to vary by age, gender, ethnicity or health.

sample, with only 18 per cent being from the Pilot sample. There is some under-representation of those from the National programme in education and training - 67 per cent of those in education and training were from the National programme, in contrast to their sample proportion of 73 per cent.

**Table 2.11 Current New Deal Status by area type<sup>8</sup>**

	<b>Pilot</b>	<b>National</b>	Row percentages <i>Weighted base</i>
All	27	73	2187
Gateway or Advisory Period	18	82	249
Subsidised employment	(14)	(86)	(22)
Work experience	(45)	(55)	(40)
Education or training	33	67	92
Jobsearch help	22	78	263
Self-employment help	(67)	(33)	(12)
Other New Deal activities	(50)	(50)	(16)
Follow-through	32	68	196
Left New Deal	28	72	1297

Base: all respondents

Current New Deal status showed some variation according to gender. Women were marginally less likely to be at the Gateway stage than men. Whilst women made up 16 per cent of the total sample, 13 per cent of those at the Gateway stage were women (Table 2.12). Women were more likely than men to be gaining work experience under the FP/IAP, although the sample numbers in this category were small.

The survey also provides information on the experience of ethnic minority respondents on New Deal. Ethnic minorities accounted for just under one in 10 (eight per cent) of the sample (Table 2.13). In terms of New Deal activities, ethnic minority participants showed a somewhat greater tendency than the white majority to be in education or training, where they accounted for 13 per cent of the sample.

<sup>8</sup> Percentages are placed in brackets where they are based on sample numbers of fewer than 50. This is to indicate that the base number is too low for the findings to be reported with confidence. This convention is followed throughout this report.

**Table 2.12 Current New Deal Status by gender**

	<b>Male</b>	<b>Female</b>	Row percentages <i>Weighted base</i>
All	84	16	2186
Gateway or Advisory Period	87	13	249
Subsidised employment	(86)	(14)	(22)
Work experience	(73)	(28)	(40)
Education or training	82	18	91
Jobsearch help	85	15	263
Self-employment help	(83)	(17)	(12)
Other New Deal activities	(94)	(6)	(16)
Follow-through	87	13	196
Left New Deal	83	17	1297

Base: all respondents

**Table 2.13 Current New Deal Status by ethnic group**

	<b>White</b>	<b>Ethnic minority</b>	Row percentages <i>Weighted base</i>
All	90	8	2185
Gateway or Advisory Period	88	9	248
Subsidised employment	(91)	(9)	(22)
Work experience	(85)	(10)	(40)
Education or training	85	13	91
Jobsearch help	86	9	263
Self-employment help	(83)	(17)	(12)
Other New Deal activities	(94)	(6)	(16)
Follow-through	90	8	196
Left New Deal	92	7	1297

Base: all respondents

New Deal status also varied according to housing tenure. Just over half of the total sample (53 per cent) lived in accommodation rented from a council, New Town or housing association (Table 2.14). This group were over-represented among those at the Follow-through stage of the programme, with 63 per cent of those in Follow-through being social renters. In contrast, those who owned their accommodation outright were

less likely to be on Follow-through activities. Thus, whilst this group accounted for 29 per cent of the total sample, they accounted for 21 per cent of those in Follow-through. The owner-occupiers were over-represented in education and training, where they accounted for over a third (36 per cent) of the sample.

**Table 2.14 Current New Deal Status by housing tenure**

				Row percentages
	<b>Owner- occupier</b>	<b>Social renter</b>	<b>Private renter</b>	<i>Weighted base</i>
All	29	53	17	2164
Gateway or Advisory Period	27	53	19	245
Subsidised employment	(26)	(44)	(26)	(23)
Work experience	(39)	(51)	(7)	(41)
Education or training	36	50	13	90
Jobsearch help	25	53	19	260
Self-employment help	(27)	(27)	(46)	(11)
Other New Deal activities	(20)	(67)	(7)	(15)
Follow-through	21	63	13	194
Left New Deal	30	53	16	1285

Base: all respondents

Around a third of all respondents (31 per cent) had a health problem that they expected to last for more than a year (Table 2.15). Given the policy interest in the progress on New Deal of people with this labour market disadvantage, it is important to consider their New Deal status. Those with health problems were slightly less likely to be in education and training, where they accounted for just over a quarter (28 per cent) of the sample. They were rather more unlikely to be in Follow-through activities, accounting for 23 per cent of the participants in this category.

We can also consider New Deal status by unemployment duration. As Table 2.16 reveals, those with particularly long spells of unemployment preceding New Deal entry were more likely to still be on the Gateway than those unemployed for somewhat shorter periods. Whilst respondents who had been unemployed for more than 60 months accounted for a third (36 per cent) of the total sample, they accounted for two-fifths (44 per cent) of those on AIP/Gateway. In contrast, while those unemployed for 24-35 months also accounted for about a third of the sample (34 per cent), they comprised only a quarter (27 per cent) of those still on the Gateway. Those with very long qualifying spells of unemployment were also somewhat less likely to be gaining education or training under FP/IAP (30 per cent) but were more likely to be receiving help with job search (42 per cent).

**Table 2.15 Current New Deal Status by health problems**

	<b>Has health problem</b>	<b>No health problem</b>	Row percentages <i>Weighted base</i>
All	31	67	2183
Gateway or Advisory Period	30	69	249
Subsidised employment	(5)	(96)	(22)
Work experience	(30)	(70)	(40)
Education or training	28	73	91
Jobsearch help	31	68	262
Self-employment help	(36)	(46)	(11)
Other New Deal activities	(40)	(60)	(15)
Follow-through	23	75	196
Left New Deal	33	64	1297

Base: all respondents

**Table 2.16 Current New Deal Status by length of qualifying spell of unemployment**

	<b>24-35 months</b>	<b>36-59 months</b>	<b>60 months plus</b>	Row percentages <i>Weighted base</i>
All	34	30	36	2187
Gateway or Advisory Period	27	28	44	250
Subsidised employment	(41)	(32)	(27)	(22)
Work experience	(40)	(38)	(23)	(40)
Education or training	35	35	30	92
Jobsearch help	24	34	42	262
Self-employment help	(50)	(25)	(25)	(12)
Other New Deal activities	(40)	(20)	(40)	(15)
Follow-through	35	26	39	196
Left New Deal	36	30	33	1298

Base: all respondents

Over half (53 per cent) of all respondents did not have a licence to drive a car or motorcycle at the time of the survey interview (Table 2.17). This group were somewhat more likely to still be on the AIP/Gateway, accounting for six in 10 (58 per cent) of respondents in this activity.

**Table 2.17 Current New Deal Status by driving licence**

	<b>Has driving licence</b>	<b>No driving licence</b>	Row percentages <i>Weighted base</i>
All	47	53	2184
Gateway or Advisory Period	42	58	249
Subsidised employment	(50)	(50)	(22)
Work experience	(35)	(65)	(40)
Education or training	47	53	91
Jobsearch help	47	53	263
Self-employment help	(55)	(46)	(11)
Other New Deal activities	(60)	(40)	(15)
Follow-through	48	52	195
Left New Deal	47	53	1298

Base: all respondents

We can also examine whether New Deal status varied according to academic qualifications (Table 2.18). Two-thirds of the sample (67 per cent) had no academic qualifications at the time of the survey interview. This group showed a greater tendency not to have progressed beyond the AIP/Gateway stage, accounting for three-quarters (74 per cent) of those on the AIP/Gateway at the time of the survey interview. They were also less likely to be in education and training during the FP/IAP phase, accounting for just over half (52 per cent) of those engaged in this activity. In contrast, one in six respondents (16 per cent) were educated to GCSE level but this group accounted for a fifth (20 per cent) of those in education and training and less than one in 10 (8 per cent) of those at the AIP/Gateway phase. Those with higher-level qualifications ('A' Levels and beyond) accounted for the remaining one in six (17 per cent) of the total sample. They were over-represented among those in education and training (24 per cent of this group).

Older respondents (those aged 50 years or more at the time of the interview) accounted for two-fifths (38 per cent) of the total sample. They accounted for 45 per cent of those still at the AIP/Gateway stage at the time of the interview and as Table 2.19 shows they were more likely than those in the 35-49 age group to be at this stage. Younger respondents (those in the 25-34 age group) accounted for a fifth of the total sample. They

were somewhat over-represented among those in education and training, accounting for a quarter (26 per cent) of this group.

**Table 2.18 Current New Deal Status by highest academic qualification**

	Row percentages			
	None	GCSE	'A' level and above	<i>Weighted base</i>
All	67	16	16	2183
Gateway or Advisory Period	74	10	16	249
Subsidised employment	(71)	(10)	(19)	(21)
Work experience	(75)	(13)	(13)	(40)
Education or training	52	24	24	91
Jobsearch help	66	19	14	263
Self-employment help	(36)	(9)	(55)	(11)
Other New Deal activities	(47)	(40)	(13)	(15)
Follow-through	65	16	19	196
Left New Deal	68	16	16	1297

Base: all respondents

**Table 2.19 Current New Deal Status by age group**

	Row percentages			
	25-34	35-49	50 plus	<i>Weighted base</i>
All	20	42	38	2186
Gateway or Advisory Period	18	38	45	250
Subsidised employment	(27)	(50)	(23)	(22)
Work experience	(30)	(43)	(28)	(40)
Education or training	26	53	21	91
Jobsearch help	18	42	40	263
Self-employment help	(9)	(73)	(18)	(11)
Other New Deal activities	(27)	(47)	(27)	(15)
Follow-through	19	42	39	196
Left New Deal	21	41	38	1298

Base: all respondents

The survey also obtained information of the New Deal status of those with basic skills problems, that is those respondents with problems with literacy and/or numeracy. As Table 2.20 shows, a fifth (19 per cent) of the total sample had basic skills problems. In terms of New Deal status, these respondents were over-represented at the AIP/Gateway stage, where they accounted for a quarter (27 per cent) of all participants. There was also some under-representation of those with basic skills deficiencies at the Follow-through stage. Participation in education and training as well as job search activities was in keeping with their sample proportions.

**Table 2.20 Current New Deal Status by basic skills problems**

	No basic skills problems	Has basic skills problems	Row percentages <i>Weighted base</i>
All	81	19	2185
Gateway or Advisory Period	74	27	249
Subsidised employment	(77)	(23)	(22)
Work experience	(80)	(20)	(40)
Education or training	78	21	91
Jobsearch help	81	19	263
Self-employment help	(83)	(17)	(12)
Other New Deal activities	(93)	(7)	(15)
Follow-through	86	14	196
Left New Deal	81	19	1297

Base: all respondents

## 2.4 Perceptions of New Deal

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

Respondents were asked whether New Deal improved their chances of getting a good job. Of the total sample, one in eight (12 per cent) respondents strongly agreed with this suggestion, whereas a quarter (25 per cent) strongly disagreed (Table 2.21). The responses of the Pilot and National samples were broadly similar to this. One in 10 of the Pilot sample strongly agreed with the suggestion that New Deal improved their job prospects, whereas three in 10 (28 per cent) strongly disagreed. In the National sample,



one in eight (12 per cent) agreed with the suggestion whilst a quarter (24 per cent) disagreed.<sup>9</sup>

**Table 2.21 Whether New Deal improved chances of getting a good job, by area type**

	Row percentages		
	<b>Strongly agree</b>	<b>Strongly disagree</b>	<i>Weighted base</i>
All	12	25	2186
Pilot	10	28	598
National	12	24	1588

Base: all respondents

Perceptions regarding job prospects also varied by current labour market status (Appendix Table 12). Three in 10 respondents who were in full-time employment at the time of interview strongly agreed with the suggestion that participation in the New Deal improved their chance of getting a good job. This was the group most likely to think that the New Deal improved their job prospects. In contrast, only a tenth (9 per cent) of those in part-time work agreed strongly that the New Deal improved their chances of getting a good job. Two-fifths (19 per cent) of those in full-time education and training thought that the New Deal improved their chance of getting a good job. These respondents clearly thought that their investment would pay off in terms of good jobs in the future. Those respondents who were unemployed and not claiming benefits and the long-term sick and disabled were among the least likely to perceive of the New Deal as having enhanced their job prospects. Only seven per cent of each of these groups strongly agreed with the statement that the New Deal improved their change of getting a good job.

Information on perceptions regarding New Deal according to New Deal status was also obtained (Appendix Table 12). Those who were still on the AIP/Gateway at the time of the interviews were the least likely to think that the New Deal enhanced their job prospects, with only one in 10 of them strongly agreeing with this suggestion and three in 10 (29 per cent) strongly disagreeing. In contrast, three in 10 (29 per cent) of those experiencing education and training under the FP/IAP agreed with this suggestion. Again, this reflects the perception that human capital acquisition will pay off in terms of employment.

<sup>9</sup> This measure of New Deal's success is subjective and as such should be interpreted with caution, for three reasons. First, without some comparison with another programme with similar aims and participant profile, it is difficult to interpret percentages agreeing that the programme had improved their chances of a good job as either good or bad. Secondly, differences across groups of participants may reflect genuine differences of opinion about the impact of the programme. However, they may also reflect differences in expectations about what constitutes a 'good job' and the chances of getting one, regardless of the help offered by the programme. Thirdly, although it seems self-evident that a successful programme should assist all participants, those programmes of most benefit to the labour market as a whole are those that disproportionately assist those least able to get a job without assistance.

Respondents were also asked whether people on New Deal were pushed into things they did not want to do. Just over a quarter (27 per cent) of the total sample strongly agreed with the statement, whilst a fifth (19 per cent) strongly disagreed (Table 2.22). There was a somewhat greater tendency for those on the Pilot programme to feel coerced into activities when compared with those on the National programme. Three in 10 of those in the Pilot sample strongly agreed with the suggestion that people on New Deal were pushed into things they did not want to do, whereas the corresponding proportion for the National sample was a quarter. This is likely to reflect the mandatory nature of the Pilot programme.

**Table 2.22 Whether, on New Deal, people were pushed into things they didn't want to do, by area type**

	Row percentages		
	<b>Strongly agree</b>	<b>Strongly disagree</b>	<i>Weighted base</i>
All	27	19	2186
Pilot	30	17	599
National	25	20	1587

Base: all respondents

Responses to this question also varied according to labour market status at the time of interview (Appendix Table 13). Contrary to expectation, over a third (36 per cent) of those in both full-time employment and full-time education and training strongly agreed with the notion that New Deal pushed people into activities they did not want to do. The long-term sick and disabled held similar views. In the case of those in full-time employment, respondents tended to think the New Deal pushed people into things they did not want to do if they also strongly disagreed with the suggestion that New Deal increased their chances of getting a good job. Among those respondents in full-time employment who strongly disagreed that New Deal increased their chances of getting a good job, as many as seven in 10 (71 per cent) thought New Deal pushed people into things they did not want to do. In contrast, only one in eight (12 per cent) of those respondents in full-time employment who strongly agreed with the notion that New Deal increased their chances of getting a good job simultaneously held the view that New Deal could be coercive. This clearly points to a dichotomy in post-New Deal job experience, with some respondents thinking they had been forced to take unsuitable employment by the programme and others getting the kinds of jobs they wanted. These issues are explored in more detail in Chapter Four.

Respondents were asked to summarise their New Deal experience by saying how useful their time on the programme had been. One in six (16 per cent) of all respondents thought the programme had been very useful, with a similar proportion (18 per cent) thinking it had not been at all useful (Table 2.23). The pattern of responses in the National and Pilot samples was broadly similar to this. In terms of current labour market status, those in full-time employment were the most likely to perceive of their time on the New Deal as being useful, with three in 10 (28 per cent) of them strongly agreeing with this suggestion

(Appendix Table 14). In contrast, respondents who were long-term sick and disabled were among the least likely to think of the time spent on the programme as being useful, with less than one in 10 (7 per cent) thinking so.

**Table 2.23 Usefulness of time on New Deal, by area type**

	<b>Very useful</b>	<b>Not at all useful</b>	Row percentages <i>Weighted base</i>
All	16	18	2187
Pilot	14	19	599
National	16	17	1588

Base: all respondents

With regard to New Deal status, a third (34 per cent) of those receiving education and training under FP/IAP found their time on the New Deal to be very useful. Those receiving job search help were also more likely than the average respondent to find their time on the New Deal very useful. Those on the Gateway displayed much lower levels of satisfaction than those in the above activities, with only 15 per cent of them finding the programme very useful. Given that most of them had spent much longer than the intended period on the programme, this is not surprising. This group were also the most likely to say that the New Deal was not at all useful (22 per cent) – the corresponding figure for those in education and training was 10 per cent.

The questionnaire also asked in more detail about whether the New Deal had been helpful in particular ways and the aspect of New Deal that had been most helpful. Almost half of respondents from both the National programme (49 per cent) and the Pilot programme (45 per cent) said that New Deal had been helpful in ‘looking for work’ (Table 2.24). This finding is consistent with the relatively high proportion of respondents who had received job search assistance from the New Deal Personal Adviser or were receiving supervised job search help as part of the Intensive Activity Period or Further Provision. A third of Pilot respondents and three in 10 National respondents had become more confident as a result of New Deal and around a fifth of respondents from both samples had improved their skills and learned new skills. Only about one in eight respondents (12 per cent) said they had gained work experience through New Deal and Pilot respondents were rather more likely to say this (17 per cent) than National respondents (10 per cent). That a reasonably high proportion of respondents mentioned skill acquisition reflects the relative importance of education and training as an FP/IAP activity. The lower proportions gaining work experience can clearly be related to the low numbers reporting entry into subsidised employment or work-based activities under Further Provision or the Intensive Activity Period.

**Table 2.24 Whether New Deal has been helpful in any of the following ways**  
(column percentages)

	Pilot	National	All
Increasing your confidence	33	30	31
Improving your skills	22	19	19
Learning new skills	22	16	18
Getting work experience	17	10	12
Looking for work	45	49	48
<i>Weighted base</i>	<i>540</i>	<i>1424</i>	<i>1964</i>
<i>Unweighted base</i>	<i>597</i>	<i>1401</i>	<i>1998</i>

Base: all respondents who recalled New Deal

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

**Table 2.25 What aspect of New Deal has helped you most**

	Pilot	National	All
Guidance with careers	1	1	1
Interviews with a New Deal Personal Adviser	24	27	26
Help with looking for jobs	12	13	13
Help with getting job interviews	2	5	4
Work experience	4	1	2
Further education and training	10	7	8
Help with reading, writing or language skills	1	1	1
Help with numeracy or number skills	*	*	*
Advice on self-employment	2	2	2
Information about specific job opportunities	3	4	4
Anything else	4	1	2
None	37	36	36
Don't know	1	2	2
<i>Weighted base</i>	<i>539</i>	<i>1424</i>	<i>1963</i>
<i>Unweighted base</i>	<i>597</i>	<i>1401</i>	<i>1998</i>

Base: all respondents who recalled New Deal

When asked what aspect of New Deal had helped them the most, about a quarter of respondents (27 per cent of the National sample and 24 per cent of the Pilot sample) said 'interviews with a New Deal Personal Adviser' (Table 2.25). This reflects both the pivotal role of NDPAs in the New Deal programme (Bryson, Knight and White, 2000) and the generally high levels of satisfaction with the help provided by personal advisers that were reported earlier in this chapter. The other helpful aspects that were mentioned by relatively large numbers of respondents are consistent with the major elements of FP/IAP – 13 per cent of respondents mentioned 'help with looking for jobs' and eight per

cent said ‘further education and training’ was most helpful. Overall, about six out of ten Pilot respondents (62 per cent) had found New Deal helpful in some way, while just over a third (36 per cent) said that no aspect of New Deal had been helpful. These percentages did not vary across the Pilot and National samples.

## **3 Programme effects**

### **3.1 Introduction**

The previous chapter took a detailed look at the experience of participants in New Deal for the Long Term Unemployed in both Pilot and National areas. As such, it identified the extent to which participants were satisfied with the programme and whether they thought it had enhanced their employment prospects. In this chapter, we take the analyses a stage further by investigating whether Pilot participants performed better than the National sample in relation to a number of outcome measures. This was done in two stages. First, an analysis was carried out using descriptive statistics of how the Pilot and National samples performed in relation to a number of 'intermediate' outcomes, mostly relating to job search. These are outcomes which, while not directly related to employment, can be seen as 'stepping stones' towards employment, as individuals with enhanced job search capabilities should have a better chance of getting a job than others (Gorter and Kalb, 1993). Second, an econometric analysis was carried out of the determinants of post-programme job entry and unemployment exit. This was done using outcome variables from Joint Unemployment and Vacancies Operating System (JUVOS) data. As these outcomes were measured 15-18 months after New Deal entry the analyses offer reliable insights into whether Pilot provision was more effective than National provision in encouraging participants off unemployment benefits and into work. Analyses are also carried out to investigate the relative effectiveness of different New Deal opportunities.

### **3.2 Intermediate outcomes**

It is among the stated objectives of both Pilot and National provision under New Deal for the Long Term Unemployed that continuing job search and attachment to the labour market should be emphasised throughout the programme (Department for Education and Employment, 1998a, 1998b). Respondents in the Pilot and National areas were compared on:

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

Significant differences between the Pilot and National samples were found in relation to three of these measures of job search flexibility: minimum acceptable hourly wages, maximum acceptable travel to work time and willingness to accept a short-term or

temporary job. In each case, the National sample was found to exhibit a greater degree of flexibility than the Pilot sample.<sup>10</sup>

### Minimum acceptable hourly wages

Respondents were asked about the lowest amount of take-home pay they would accept in a job. This is closely associated with the economic concept of a ‘reservation wage’, the wage below which workers will withhold, or ‘reserve’, their supply of labour. Generally speaking, it is considered that the higher the minimum wage that job seekers find acceptable, the worse are their chances of entering employment, other things being equal. There is some evidence from previous research to support this argument, although it is by no means a common finding (White, Lissenburgh and Bryson, 1997).

Among those who answered this question, members of the Pilot sample were looking for minimum take-home pay of £4.50 per hour on average, whereas the National sample were willing to settle for an average of £4.30 (Table 3.1). While this difference is not large, it is statistically reliable. It also persisted once the figures had been adjusted for region.

**Table 3.1 Mean differences in minimum acceptable hourly wages and maximum travel-to-work times, by area type**

	Pilot	National	Significance	<i>Weighted base</i>
Minimum hourly wage (net)	£4.50	£4.30	5%	1667
Travel-to-work time	48	52	1%	2186
	minutes	minutes		

Base: all respondents in case of travel-to-work time; all respondents who had looked for work in the nine months prior to the survey interview and provided valid data in the case of minimum hourly wages.

### Maximum travel to work time

Respondents were asked how much time they were prepared to spend travelling from home to work per day (one way). Pilot respondents were willing to spend an average of 48 minutes, whereas National respondents were willing to spend a little longer travelling to work, an average of 52 minutes (Table 3.1). Again, this was not a large difference but it was statistically significant and persisted once region had been controlled for. It suggests that the National sample would enjoy an advantage over the Pilot sample when

<sup>10</sup> The questionnaire also contained a number of attitudinal questions related to job search. These presented respondents with a number of statements and asked them how much they agreed or disagreed with them. For example, ‘Getting a job is more down to luck than the effort you put in’ and ‘Having almost any job is better than being unemployed’. The purpose of these questions was to capture less tangible qualities that might affect job search such as levels of motivation and confidence. Crosstabular analyses (not reported here) revealed no differences between the Pilot and National samples in relation to these questions.

looking for work, because there would be a greater number of potential jobs within a travelling distance they considered acceptable.

### **Flexibility over contract terms**

Respondents were asked whether they would accept a short-term or temporary job. Over half of the National sample (56 per cent) said they would, compared with just under half (47 per cent) of the Pilot sample (Table 3.2). As a willingness to accept short-term or temporary jobs widens the range of employment opportunities job seekers might find acceptable, this would again suggest that the National sample would be at an advantage over the Pilot sample in relation to job search.

**Table 3.2 Whether respondent was willing to accept short-term or temporary job, by area type**

Would you accept a short term or temporary job?		New Deal area		
		Pilot	National	Total
	Yes	47	56	53
	No	27	27	27
	Depends	23	16	18
	Don't know	3	2	2
	<i>Weighted base</i>	<i>599</i>	<i>1588</i>	<i>2187</i>
	<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

Base: all respondents

Overall, therefore, those differences that existed between the two samples, while not large, suggested a greater degree of job search flexibility on the part of National as compared with Pilot participants. This should give the National sample an advantage in terms of job entry probabilities. Whether this proved to be the case is explored in the next section.

### **3.3 Job entry and unemployment exit**

An investigation into the impact of New Deal for the Long Term Unemployed Pilot provision relative to National provision was carried out using outcome variables derived from JUVOS data. Data was obtained from JUVOS on the reason for Jobseekers' Allowance (JSA) claim end for each member of the Pilot and National samples. The data collected covered any JSA claims up to June 2000, about 15-18 months after the average respondent entered New Deal. If respondents were claiming JSA in June 2000 they were recorded as such, whereas if they had left JSA at this time the reason for ending their last JSA claim before June 2000 was recorded. The impact of a number of explanatory variables on this outcome measure was then estimated using logistic regression techniques. By including an indicator of Pilot provision amongst the group of explanators as a binary variable, which took the value 1 for 'received Pilot provision' and 0 for 'received National provision', it was possible to determine the impact of Pilot provision



relative to National provision on the participants' chances of either entering work or leaving JSA by mid-2000.

Table 3.3 shows the proportions of the Pilot and National samples in a variety of outcome states according to the JUVOS data. Pilot respondents were less likely to be claiming JSA in June 2000 than were members of the National sample. Whereas 52 per cent of the Pilot sample was claiming JSA at this time, this was true of 61 per cent of the comparison sample. Correspondingly, the Pilot participants were more likely to have found work (17 per cent versus 14 per cent), to have transferred to other benefits (17 per cent versus 15 per cent) and to have stopped claiming JSA for some other reason (13 per cent versus 11 per cent).<sup>11</sup>

**Table 3.3      Employment status, by sample**

**JUVOS Reason for Claim End**

<b>Reason</b>	<i>Column %s</i>	
	<b>Pilot</b>	<b>National</b>
Still claiming	52	61
Found work	17	14
Other benefits	17	15
Other exit	13	11
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>

**Econometric model**

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

A multinomial logistic regression model was estimated to show the impact of Pilot provision on the chances of getting a job or exiting unemployment. The dependent variable took the value 0 if the respondent was still claiming JSA in June 2000, 1 if they had found work, 2 if they had exited JSA but transferred to another benefit and 3 if they had exited JSA for some other reason. It thus represented a 'snapshot' of economic activity status taken about 28 months, on average, after New Deal entry. The explanatory

<sup>11</sup> The JUVOS 'reason for claim end' variable has a large number of categories, which have been collapsed in order to make the models computable. Those in the 'Found work' category were those who said they 'Found work' or were in the 'Jobseeker works on average 16 hours+' category. Respondents were classified as transferring to other benefits if they reported leaving JSA for Sickness Benefit, Incapacity Benefit, Income Support or any another non-JSA benefit. Those in the 'Other exit' category had left JSA for any other reason, including cases where no reason was given. It is possible, therefore, that some of these individuals were in work in June 2000. In the absence of any further information, however, they are treated as having a non-work outcome. The most common type of 'other exit' was 'transfer to government training'. Respondents in this category are likely to be doing New Deal activities that are not generally consistent with JSA claiming, such as undertaking a New Deal opportunity.

variables included a binary indicator of whether the respondent had received Pilot or National provision and a number of variables which previous research has shown to have an impact on the chances of job entry. The analysis estimated how each explanatory variable affected the odds of finding work or exiting unemployment as opposed to remaining a JSA claimant, net of the influences of other variables that are also included in the analysis. Several variants of the model were computed, so that account could also be taken of whether the participants took up any New Deal opportunities.

The definitions of the dependent and explanatory variables used in this model are given in Appendix Table 15.

### **Controlling for selection**

Chapter Two and its associated appendices showed that there were very few differences between the Pilot and National samples with regard to characteristics that might be expected to influence job entry. However, it is still necessary to model selection into the Pilot and National samples in order to control for those differences that do exist. As entry into Pilot or National provision is determined primarily by the area of the country in which an unemployed person lives, most of the factors associated with entry into Pilot provision were related to the characteristics of areas rather than individuals.

Selection was controlled for by computing a univariate probit model that indicated what characteristics were associated with entry to Pilot rather than National provision, saving the predicted probabilities from this model and then inserting these probabilities into the multinomial logistic regression model that estimated programme impacts. Gregg and Wadsworth (1995) and White, Lissenburgh and Bryson (1997) have used this method previously.

The findings of the selection model are of interest in themselves. A respondent was *more* likely to receive Pilot provision if

- They had vocational qualifications
- Their highest academic qualification was CSE or equivalent
- They lived in Yorkshire and Humberside or the South West
- They were aged 35 or over
- They lived in an area in which New Deal was delivered by an Employment Service Joint Partnership
- They lived in an area in which the unemployment rate was relatively high prior to the introduction of New deal

They were *less* likely to receive Pilot provision if

- They were from an ethnic minority
- They lived in private rented accommodation
- They lived in the West Midlands

The differences relating to region, delivery model and local unemployment rate simply reflect the fact that areas were not given Pilot status on a random basis but as the result of a competition. Some areas and types of delivery model happened to perform a little better in this competition than others. The differences by ethnic group, type of housing tenure, qualifications and age are also likely to reflect area characteristics rather than selection processes, but it is nevertheless important to control for them as they may affect outcomes from the programme.

### **Interpreting logistic regression models<sup>12</sup>**

The results of the econometric model, adjusted for selection, are given in Appendix Table 16. The following paragraphs explaining how these should be interpreted are included for the benefit of readers who are not familiar with logistic regression models or with modelling terminology more generally. Others are advised to skip on to the next section.

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

The models include explanatory or predictor variables that ‘explain’ why one outcome has occurred rather than another. Thus, the fact that a respondent is aged over 50 might explain, to some extent, why they have remained on JSA rather than found work. A respondent’s possession of a driving licence may partly explain why they have found work, rather than stayed on JSA. The size of each effect is shown by the variable’s coefficient. The precise interpretation of each predictor variable depends whether it is categorical or continuous.

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

When the predictor variable is continuous (that is, when there is an equal distance between each point on the scale, as with months in time or wages in pounds sterling), the

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<sup>12</sup> This section draws heavily on Payne, Payne, Lissenburgh and Range (1999) and White, Lissenburgh and Bryson (1997).

model coefficient represents the multiplicative effect of a unit increase in the value of the predictor variable on the odds of the outcome being modelled. Thus, if the predictor variable is the minimum net hourly pay for which the respondent will work, then the coefficient represents the marginal impact of each extra pound of expected earnings on the odds of the specified outcome occurring, as opposed to the reference outcome.

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

### **Econometric results**

For the most part, the explanatory variables had the signs and levels of statistical significance one would expect from previous theoretical and empirical work in the literature. The results of the analyses can be summarised as follows:-

Exiting JSA to enter work was more likely if the respondent had a driving licence, was a female without dependent children, was widowed, divorced or separated, or had an employed partner or a partner whose main activity was looking after the home. It was less likely if the respondent had been unemployed for five years or more prior to New Deal entry, had a long-term health problem, lived in social rented accommodation, lived in Scotland, the North or Yorkshire and Humberside, or was aged 50 or more.

Exiting JSA to other benefits was more likely if the respondent had a long-term health problem, lived in the South-west, was female (especially with dependent children), was aged 50 or more and had a partner who was neither working nor looking after the home. It was less likely if the respondent was willing to spend a relatively large amount of time travelling to work.

Exiting JSA for other reasons was more likely if the respondent had a driving licence, was a female without dependent children, or had an employed partner or a partner who was neither employed nor looking after the home. It was less likely if the respondent had been unemployed for five years or more prior to New Deal entry, had three or more dependent children, had a long-term health problem, or lived in Scotland, Yorkshire and Humberside, Wales or the West Midlands.

Our main interest, however, is in the programme effects, and these are summarised in Table 3.4. The overall effect of Pilot provision relative to National provision is to increase the chances of entering work by a factor of 1.73 and to increase the chances of an exit from JSA for other reasons by a factor of 1.48. These effects are both statistically significant, and highly so in the case of the 'found work' coefficient.

There is no effect of Pilot provision on exits from JSA to other benefits. Given the similar characteristics of those in Pilot and National areas and that selection into the different types of provision was controlled for in the modelling process, these findings provide convincing evidence to suggest that Pilot provision is more effective than National provision in encouraging participants off JSA and into work. Furthermore, this does not come about through Pilot participants having a greater tendency to transfer to non-JSA benefits.<sup>13</sup>

**Table 3.4 Econometric estimates of programme effects - JUVOS Reason for Claim End**

	<i>Effect on odds</i>		
	Found work	Other benefits	Other exit
<i>Area Type</i>			
Pilot	1.73****	n.s.	1.48**
<i>Type of New Deal Pilot participation</i>			
Gateway	2.83****	2.15****	1.85****
Intensive Activity Period	n.s.	0.40**	n.s.
Neither Gateway nor Intensive Activity Period	n.s.	n.s.	1.47*

N=2099

Key: \*\*\*\* = significant at 0.1% level

\*\*\* = significant at 1% level

\*\* = significant at 5% level

\* = significant at 10% level

### The effect of Pilot provision by stage of programme reached

In order to investigate *why* Pilot provision had a positive impact on the likelihood of leaving JSA for employment or other reasons, further variables were added to the model which captured the nature of respondents' participation in Pilot provision. These variables were obtained from administrative data that relates specifically to the New Deal for the Long Term Unemployed Pilot areas. The three variables indicated whether the respondent reached the Intensive Activity Period of Pilot provision, whether they stopped at the Gateway, or whether there was no record of them entering the Gateway or Intensive Activity Period.<sup>14</sup> Selection terms were derived for each of these types of Pilot participation, using methods similar to those described above for Pilot participation as a whole, and added to the multinomial logistic regression model along with the three variables. The JSA exits of each of these groups of Pilot participants could then be compared to those of the National sample (Table 3.4).

<sup>13</sup> Variables were also included in the model to test whether the effectiveness of Pilot provision varied by model of delivery. There was very little evidence of such variation so these results are not reported.

<sup>14</sup> Amongst those for whom there was no record of entry to the Gateway or IAP, some left New Deal before reaching Gateway, during what is known as the 'pre-Gateway' period, while for others there was simply no information. Sample numbers were not sufficient to distinguish between these two groups in the analysis.

The results show clearly that those Pilot participants who reached the Gateway stage of the programme, but progressed no further, achieved the most desirable outcomes in relation to exits from JSA. This group of Pilot participants had a likelihood of leaving JSA for employment that was 2.83 times greater than that for National participants. Neither of the other two groups of Pilot participants was more likely to leave JSA than the National sample (Table 3.4). This suggests that the overall Pilot effect on exits to employment is due to the success of the Gateway group.

Whereas there was no overall Pilot effect on exits from JSA to other benefits, an effect does emerge when a distinction is made between those Pilot participants that reached only the Gateway and those that moved on to the IAP. The Gateway group were 2.15 times more likely than National participants to leave JSA for other benefits, whereas the IAP group were less likely to do so. This suggests perhaps a filtering process whereby those Pilot participants who were not able to actively seek work transferred to other benefits (usually Incapacity Benefit or Sickness Benefit) during the Gateway. Pilot participants who joined the IAP would have been jobseekers, by and large, whose ability to look for work would not have been impeded by health problems. Thus, they were less likely to leave the programme for other benefits.

The overall effect of the Pilots on exits from JSA for other reasons can again be seen to result primarily due to the Gateway group, who were 1.85 times more likely to exit JSA for this outcome than the National sample. Pilot participants with no record of Gateway or IAP entry were also more likely to achieve this outcome than the National sample, although the effect here was not large and only on the borderline of statistical significance.

### **3.4 The impact of Full-time opportunities under New Deal**

Once New Deal for the Long Term Unemployed participants have passed through the Gateway or Advisory Interview Process, there may be the chance to undertake one of a number of activities, or opportunities, designed to help them into work. As Chapter Two emphasised, the range of opportunities available through New Deal for the Long Term Unemployed is broad, especially in the Pilot areas. In this section, we investigate whether undertaking any of these opportunities increased participants' chances of leaving JSA and entering work.

The focus is on four types of opportunity: subsidised employment, Education and Training Opportunities (ETO), Work Based Learning for Adults (WBLA) and any other opportunity that was undertaken as part of New Deal. Table 3.5 shows the proportion of respondents in each sample that undertook any of these opportunities.

**Table 3.5 Take-up of New Deal opportunities, by area type**

	<i>Column percentages</i>	
	New Deal area	
	Pilot	National
Employer Subsidy	1	4
Education and Training Opportunities	1	2
Work Based Learning for Adults	6	6
Other opportunities	12	5
None	80	83
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>

Base: all respondents

The take-up of opportunities under the New Deal was relatively low. Only around a fifth (18 per cent) of the sample had undertaken an opportunity before June 2000.<sup>15</sup> This proportion did not vary a great deal by area, but the type of activity undertaken did vary somewhat. Very few respondents had obtained subsidised employment through New Deal but the proportion was a little higher in National areas (four per cent) than in Pilot areas (one per cent). Equally few respondents had experienced an ETO (one per cent in the Pilot areas and two per cent in the National areas) and only marginally more had been on WBLA (six per cent in each area). The only difference of any magnitude between area types in relation to New Deal opportunities was that about one in eight (12 per cent) of those in Pilot areas had undertaken one of a number of ‘other’ opportunities as part of New Deal, compared with one in twenty (five per cent) of those in National areas. These ‘other’ opportunities related mostly to job search assistance and the range of activities covered was very wide. The most common examples, however, were entry to Jobclubs and Programme Centres. The fact that these activities were more common in Pilot than in National areas underlines the conclusion from Chapter Two that provision was more varied in Pilot than in National areas.

### Controlling for selection

Variables indicating whether respondents had undertaken any of these opportunities were added to the model described above. This was only done however, after selection models had been produced for each of the opportunities. These models showed the kinds of characteristics associated with undertaking each of the opportunities. This exercise mirrored the selection modelling undertaken for Pilot versus National participation and was necessary to control for unobserved heterogeneity that might affect programme entry and outcomes.

As the numbers of respondents going into each of the opportunities was relatively low, constructing models that were able to account well for selection into each of them was not straightforward. This was particularly the case for entry into ETO and WBLA. While

<sup>15</sup> Information on opportunities undertaken as part of New Deal was obtained from the New Deal Evaluation Database (NDED). It was possible, therefore, to look at opportunities undertaken after the survey interview but before the date (June 2000) at which programme outcomes were measured.

fewer respondents entered subsidised employment than WBLA, modelling entry into subsidised employment proved easier because entry was associated quite strongly with a small number of characteristics. In summary, entry into subsidised employment was *more* likely where the respondent

- Had vocational qualifications
- Had a driving licence
- Lived in the North West, Yorkshire and Humberside, the West Midlands or the South West
- Had a partner whose main activity was looking after the home and family

It was *less* likely where the respondent

- Lived in a Pilot area
- Had a high 'reservation wage'
- Had a long-term health problem
- Had been unemployed continuously for more than three years prior to New Deal

While not exclusively so, these characteristics indicate that entrants into subsidised employment tended to be from a labour market background that was more advantaged than the sample as a whole.

Entry into ETO was *more* likely if the respondent

- Had vocational qualifications
- Had been employed immediately prior to the spell of unemployment that qualified them for New Deal
- Had professional qualifications
- Were willing to spend a relatively large amount of time travelling to work
- Were living in privately rented accommodation
- Had a partner who was doing something other than working or looking after the home and family

Entry into WBLA was *more* likely if the respondent

- Was qualified to 'A' Level

It was *less* likely if they

- Had been in employment immediately prior to the spell of unemployment that qualified them for New Deal
- Had a long-term health problem
- Lived in Scotland
- Were aged over 50
- Had been unemployed continuously for five years or more prior to New Deal



As with subsidised employment, entrants to ETO and WBLA tended to be from a relatively advantaged background compared to the sample as a whole, although it should be re-emphasised that the selection models for ETO and WBLA were not well specified and the effects identified were not strong.

The selection model for entry into ‘other’ New Deal opportunities had more explanatory power. It suggested that entry into ‘other’ opportunities was *more* likely if the respondent

- Was qualified to GCSE level or equivalent
- Had three or more dependent children
- Was from an ethnic minority
- Lived in the North, North West, Wales, the East Midlands and Eastern region or the South West
- Lived in area in which New Deal was delivered by a consortium
- Lived in a Pilot area

It was *less* likely if the respondent

- Had a high ‘reservation wage’
- Lived in Yorkshire and Humberside
- Was a female with no dependent children

In contrast to the other opportunities, those receiving ‘other’ help did not appear relatively advantaged compared with the sample as a whole. The significance of Pilot area in the multivariate context re-emphasises the point that this wider range of opportunities was associated strongly with Pilot provision.

### **The effects of New Deal opportunities**

As had been done with the selection model for Pilot provision, the fitted probabilities from these selection models were entered into the job entry model along with indicators of whether the respondent had undertaken a particular opportunity. The results of this exercise are shown in Table 3.6.

**Table 3.6 Econometric estimates of programme effects – New Deal opportunities**

**JUVOS Reason for Claim End**

	Effects on odds		
	Found work	Other benefits	Other exit
<i>Opportunity</i>			
Employer subsidy	7.88****	n.s.	n.s.
Education and Training Opportunities	n.s.	n.s.	0.15
Work Based Learning for Adults	0.49**	0.16**	2.23
Other opportunities	n.s.	0.43***	n.s.

N = 2039

Key, \*\*\*\* = significant at 0.1% level

\*\*\* = significant at 1% level

\*\* = significant at 5% level

\* = significant at 10% level

The most striking result was the positive effect of subsidised employment on employment entry. Respondents who gained access to this opportunity were almost eight times more likely to have left JSA for employment by June 2000, controlling for other characteristics, than those who did not undertake any New Deal opportunities. The positive impact of subsidised employment can perhaps be shown more simply by comparing the proportion of subsidised employment entrants who had left JSA for work by June 2000 (61 per cent) with that for the sample as a whole (15 per cent). Similarly, only 33 per cent of this group were still claiming JSA in June 2000, compared with 58 per cent of the sample as a whole.

Given the very small numbers undertaking an Education and Training Opportunity, it is not surprising that its effects are weak. The only effect discernible in relation to this opportunity was that participants were less likely to exit JSA to an outcome that was neither employment nor transfer to another benefit. While the effect here was large it was only on the borderline of statistical reliability and so does not warrant detailed explanation.

Entrants to Work Based Learning for Adults were less likely to exit JSA for employment or for other benefits and more likely to do so for other reasons than were respondents who did not undertake any New Deal opportunities. The most common reason for JSA exit amongst this group was 'transfer to government training'. This being the case, it is likely that entry into WBLA had triggered this exit and that respondents were still on the programme by June 2000. There is little that can be concluded from these results, therefore, about the effect of WBLA where entered through New Deal.

Much the same conclusion can be drawn from the results relating to other opportunities entered through New Deal. These opportunities had a negative impact on JSA exits to other benefits but otherwise the experience of this group did not differ from that of those who undertook no New Deal opportunities.

### **3.5 The New Deal experience of disadvantaged groups**

The previous sections have described econometric analyses based on the Pilot and National samples as a whole. There is considerable policy interest, however, in whether the Pilots have been able to achieve positive outcomes for groups of long-term unemployed people who are particularly disadvantaged in the labour market. In this section, attention is focused on those with health problems or disabilities, those aged 50 plus, those with basic skills problems, ethnic minorities and those who had been unemployed continuously for five years or more prior to New Deal entry (referred to henceforth as the ‘very long-term unemployed’).

Table 3.7 shows the proportions of the Pilot and National samples in a variety of outcome states according to the JUVOS data and repeats the equivalent section from Table 3.3 to show how this differs from the sample as a whole.

For those with health problems, the gap between Pilot and National samples in terms of the proportion of respondents who were still claiming JSA in June 2000 was smaller than for the sample as a whole. Thus, 53 per cent were still claiming JSA in the Pilot sample as against 57 per cent in the National sample (the equivalent figures for the sample as a whole were 52 and 61 per cent respectively). Amongst both Pilot and National respondents with health problems the outcomes of those who had left JSA were more likely to be ‘other benefits’ than ‘found work’ – 27 per cent of those in the Pilot sample with health problems had left JSA for other benefits, as had 25 per cent of those in the National sample with health problems.

**Table 3.7      Employment status, by sample (disadvantaged groups)****JUVOS Reason for Claim End (whole sample)***Column percentages*

<b>Reason</b>	<b>Pilot</b>	<b>National</b>
Still claiming	52	61
Found work	17	14
Other benefits	17	15
Other exit	13	11
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>

**JUVOS Reason for Claim End (health problems or disabilities)***Column percentages*

<b>Reason</b>	<b>Pilot</b>	<b>National</b>
Still claiming	53	57
Found work	10	9
Other benefits	27	25
Other exit	9	9
<i>Unweighted base</i>	<i>202</i>	<i>484</i>

**JUVOS Reason for Claim End (aged 50 plus)***Column percentages*

<b>Reason</b>	<b>Pilot</b>	<b>National</b>
Still claiming	48	60
Found work	13	10
Other benefits	22	19
Other exit	17	11
<i>Unweighted base</i>	<i>251</i>	<i>563</i>

**JUVOS Reason for Claim End (ethnic minorities)***Column percentages*

<b>Reason</b>	<b>Pilot</b>	<b>National</b>
Still claiming	46	63
Found work	28	11
Other benefits	17	13
Other exit	9	14
<i>Unweighted base</i>	<i>54</i>	<i>152</i>

**JUVOS Reason for Claim End (basic skills problems)**

<i>Column percentages</i>		
<b>Reason</b>	<b>Pilot</b>	<b>National</b>
Still claiming	59	61
Found work	19	11
Other benefits	14	18
Other exit	8	11
<i>Unweighted base</i>	<i>124</i>	<i>319</i>

**JUVOS Reason for Claim End (very long-term unemployed)**

<i>Column percentages</i>		
<b>Reason</b>	<b>Pilot</b>	<b>National</b>
Still claiming	59	66
Found work	14	8
Other benefits	18	17
Other exit	10	10
<i>Unweighted base</i>	<i>260</i>	<i>549</i>

Respondents aged 50 plus differed from those with health problems in that the gap between Pilot and National samples with regard to the proportion of respondents who were still claiming JSA was larger than for the sample as a whole. Whereas 48 per cent of Pilot respondents aged 50 plus were still claiming in June 2000, this was true of 60 per cent of those aged 50 plus in the National sample. Compared with the sample as a whole, there was a large gap between those aged 50 plus in the Pilot and National samples among those who had left JSA for other exits (a gap of six percentage points in the 50 plus age group compared to two percentage points for the sample as a whole).

Ethnic minorities in the Pilot sample also showed a greater tendency to leave JSA than those in the National sample, to an extent that was greater than for Pilot respondents as a whole. Only 46 per cent of ethnic minorities in the Pilot sample were still claiming JSA in June 2000, as compared with 63 per cent of ethnic minorities in the National sample. This differential was due entirely to a large difference in exits to work for ethnic minorities in the Pilot versus the National sample (17 percentage points).

There was also a relatively large difference in exits to work between the Pilot and National samples for those with basic skills problems. These were people who said at the survey interview that they had experienced problems with literacy or numeracy since leaving school. There was very little difference among those with basic skills problems between the proportion in the Pilot and National samples who had left JSA (two percentage points) but there was a difference in exits to work of eight percentage points. Those with basic skills problems in the Pilot sample were less likely to have left JSA by June 2000 for other benefits or other reasons than were similar respondents in National areas.

Finally, very long-term unemployed people (those had been unemployed continuously for at least five years prior to New Deal entry) were the least likely of any of the

disadvantaged groups under consideration to have left JSA 15-18 months after New Deal entry. Six in 10 (59 per cent) of very long-term unemployed respondents remained on JSA in Pilot areas, as did two-thirds (66 per cent) of this group in National areas. Even among this group, however, there was a larger difference in exits to work than existed for the sample as a whole – 14 per cent of very long-term unemployed people in Pilot areas had left JSA for work by June 2000 compared to 8 per cent in National areas.

Table 3.8 shows the programme effects for econometric models that were run separately for each of the five disadvantaged groups and repeats the overall Pilot effect for comparative purposes. In findings that are largely consistent with the descriptive analyses presented above, the Pilot effect on JSA exits to employment for those aged 50 plus, ethnic minorities, those with basic skills problems and those with very long spells of unemployment prior to New Deal is larger than that for the sample as a whole.

**Table 3.8 Econometric estimates of programme effects – disadvantaged groups**  
JUVOS Reason for Claim End

	<i>Effect on odds</i>		
	Found work	Other benefits	Other exit
<b>Sample</b>			
Pilot	1.73****	n.s.	1.48**
Number	2099	2099	2099
<b>Health problems</b>			
Pilot	n.s.	n.s.	n.s.
Number	709	709	709
<b>Aged 50 plus</b>			
Pilot	1.97**	n.s.	2.05***
Number	783	783	783
<b>Ethnic minorities</b>			
Pilot	3.74***	n.s.	n.s.
Number	258	258	258
<b>Basic skills problems</b>			
Pilot	2.26**	n.s.	n.s.
Number	423	423	423
<b>Very long-term unemployed</b>			
Pilot	2.30***	n.s.	n.s.
Number	770	770	770

Key, \*\*\*\* = significant at 0.1% level  
 \*\*\* = significant at 1% level  
 \*\* = significant at 5% level  
 \* = significant at 10% level

Thus, while the multiplicative effect of Pilot provision on employment entry chances is 1.73 for the sample as a whole, it is 1.97 for those aged 50 plus, 3.74 for ethnic minorities, 2.26 for those with basic skills problems and 2.30 for very long-term unemployed people. In contrast, there is no Pilot effect on exits to employment for those with health problems. It is also interesting to note that the Pilot effect on other JSA exits that existed for the sample as a whole was only replicated among disadvantaged groups for those aged 50 plus. Thus, the positive effects of Pilot provision that existed for most of the disadvantaged groups operated almost exclusively by improving the chances of exits from JSA to employment.

### **3.6 Conclusion**

This chapter has investigated the impact of Pilot relative to National provision on the likelihood of making different exits from Jobseekers' Allowance (JSA) within 15-18 months of programme entry. It also examined whether the impact of Pilot provision varied according to the stage of the programme the respondent reached, whether New Deal opportunities had any impact on the probability of JSA exit, and whether the experiences of disadvantaged groups differed from those of the sample as a whole. The main conclusions of the chapter are as follows:-

- After controlling for other characteristics, Pilot participants were 1.73 times more likely to exit JSA to employment compared with National participants. They were no more likely to leave JSA for other benefits, but were 1.48 times more likely to leave for other reasons.
- The effectiveness of Pilot provision seemed to derive from people leaving the Gateway for work, other benefits or other reasons, rather than leaving from the Intensive Activity Period (IAP) or other parts of Pilot provision.
- Of the New Deal opportunities, only subsidised employment had a positive long term impact. Among those who obtained access to subsidised employment, only 33 per cent were still claiming JSA in June 2000, compared with 58 per cent of the sample as a whole.
- Pilot provision was effective in raising the employment entry chances of those from a particularly disadvantaged labour market background. Pilot participants with basic skills problems, a particularly long spell of unemployment immediately prior to New Deal entry, those from ethnic minorities and those aged 50 or more had their chances of leaving JSA for employment raised by Pilot provision to a degree that was greater than for the sample as a whole, compared with National participants from a similar labour market background. This was not the case for those with a long-term health problem, however, whose relative performance on the Pilots was the same as for the sample as a whole.

## 4 Job quality

### 4.1 Introduction

This chapter examines the impact of Pilot and National provision on job quality. Three aspects of job quality are analysed:

- job satisfaction
- the receipt of training and satisfaction with training
- wages

These aspects of job quality are of considerable interest in the evaluation of New Deal for the Long Term unemployed, for the following reasons:

First, research in labour economics suggests that wages are positively related to labour productivity (Polachek and Siebert, 1993). Thus, if participants' wages are boosted by the programme it can be assumed that they are more productive. This would suggest in turn that the programme brought wider economic benefits than those implied by an analysis only of employment entry probabilities (Payne, Lissenburgh, White and Range, 1996).

Second, recent research on the relationship between employment and health suggests that poor quality, stressful and insecure jobs can have negative effects on mental health. These negative effects might be as pronounced as the negative impact of unemployment on mental health. As a consequence, it might be the case that only high quality and stable jobs improve mental health compared to being unemployed. Therefore, it is of great importance to assess the quality of jobs promoted by New Deal.

And third, a good quality, well-paid job shows recognition of the employer and society as a whole towards the recently unemployed person and an increase in job quality can have positive effects on self-esteem and the stability of personal circumstances. Seeing work as a "foundation for independence and a sense of self-worth" (Employment Service, 1997:2) is itself an aim of New Deal.

While there are no strong reasons to believe that there *should* be significant differences in job quality outcomes by type of New Deal provision it is important to explore the degree to which job quality does vary by whether the respondent experienced Pilot or National provision.

The rest of the chapter is structured as follows. Focusing on jobs held at the time of the survey interview, the next section examines overall differences in job satisfaction by type of New Deal provision. This is followed by analysis of whether respondents received training in this job and, if so, whether there were any differences between Pilot and National areas in the level of satisfaction with this training. Finally, a wage determination model is constructed to investigate whether Pilot provision boosted the earning power of participants compared with National provision.



## 4.2 Job satisfaction

About one in seven respondents (14 per cent) were in full-time or part-time employment at the time of the survey interview.<sup>16</sup> Reported levels of satisfaction with this job were very high. Nine out of 10 respondents (93 per cent) were at least fairly satisfied with the job and most of these were very or completely satisfied (Table 4.1). There were no large differences between Pilot and National samples with regard to satisfaction levels.

**Table 4.1 How satisfied or dissatisfied are you with the job, all things considered, by area type**

	New Deal area		
	Pilot	National	All
Completely satisfied	35	29	31
Very satisfied	29	34	33
Fairly satisfied	31	28	29
Neither satisfied nor dissatisfied		3	2
Fairly dissatisfied	1	3	2
Very dissatisfied	2	1	2
Completely dissatisfied	1	1	1
Not on card/too early to say		*	*
No opinion		*	*
<i>Weighted base</i>	<i>27</i>	<i>73</i>	<i>100</i>
<i>Unweighted base</i>	<i>92</i>	<i>211</i>	<i>303</i>

Base: respondent in full-time or part-time jobs at time of the survey interviews

Differences did emerge, however, when respondents were asked whether this job was what they really wanted to do. Two-thirds (66 per cent) of those in the Pilot sample who were in work at the time of the survey interview said the job was what they really wanted to do, but this was true of less than six in 10 (56 per cent) of those in National areas. This provides some suggestive evidence of higher job quality in the Pilot areas or that NDPAs are securing a wider pool of vacancies in the Pilot areas.

<sup>16</sup> A further two per cent of the sample were self-employed. As the numbers in self-employment were very low, they were not included in the analyses of job quality.

**Table 4.2 Is this job what you really wanted to do, or not? by area type**

	New Deal area		
	Pilot	National	All
Yes	66	56	59
No	28	34	32
Not sure	6	10	9
<i>Weighted base</i>	86	229	315
<i>Unweighted base</i>	92	211	303

Base: respondents in full-time or part-time jobs at the time of the survey interview

### 4.3 Training

While analyses of job satisfaction and perceptions of job value provide useful subjective indicators of quality, the provision of training is widely seen as an objective measure of job worth (Booth, 1991). Those respondents who were in employment at the time of the survey interview were asked whether, since starting the job, they had received any training to do the work. About three in 10 of those in work (29 per cent) said they had received at least some training (Table 4.3). There was no difference between Pilot and National areas with regard to training receipt.

**Table 4.3 Since you started the job, have you received any training to do the work? by area type.**

	New Deal area		
	Pilot	National	All
Yes	28	29	29
No	72	71	71
Don't know		*	*
<i>Weighted base</i>	86	230	316
<i>Unweighted base</i>	92	211	303

Base: respondents in full-time or part-time jobs at the time of the survey interview

As with job satisfaction, most respondents who received training in the jobs they held at the time of the survey interview were satisfied with the training they received. Again, nine out of 10 (88 per cent) of those who received training were at least fairly satisfied with it and most of these were very or completely satisfied (Table 4.4). There were some differences between those in Pilot and National areas, however, according to the *degree* to which they were satisfied with the training. Whereas almost half (46 per cent) of those in Pilot areas were completely satisfied, this was true of only a fifth (21 per cent) of those in National areas. While this difference is large, it should be noted that the percentage for satisfaction in Pilot areas is based on a small subsample.

**Table 4.4 How satisfied are you with the training in this job? by area type**

	New Deal area		
	Pilot	National	All
Completely satisfied	46	21	28
Very satisfied	33	36	35
Fairly satisfied	13	30	25
Neither satisfied nor dissatisfied	8	9	9
Fairly dissatisfied		2	1
Not on card/too early to say		3	2
<i>Weighted base</i>	<i>24</i>	<i>67</i>	<i>91</i>
<i>Unweighted base</i>	<i>24</i>	<i>63</i>	<i>87</i>

Base: all respondents in full-time or part-time jobs at the time of the survey interview who had received training since starting the job.

#### 4.4 Analysis of wages

The analysis of wages in the jobs held at the survey interview begins with a brief look at descriptive statistics, followed by a wage determination model adjusted for sample selection bias.

##### Descriptive analysis

Table 4.5 reports mean net hourly wage rates by area. The average wage among those respondents who were in work at the survey interview was £4.13. While low compared to wages in the labour market as a whole, these net hourly rates are comparable to those recorded in earlier analyses of the return to work after a long spell of unemployment (Payne, Lissenburgh, White and Payne, 1996; White, Lissenburgh and Bryson, 1997; Payne, Payne, Lissenburgh and Range, 1999). Those respondents who had found work in Pilot areas earned more (£4.36) than those in National areas (£4.04), but the difference was not statistically significant. These descriptive statistics indicate that Pilot provision had no effect on earnings, but in order to confirm this finding it is necessary to carry out multivariate analyses that control for differences between respondents. This involves the construction of a wage determination model.

**Table 4.5 Mean net hourly wages, by area type**

New Deal area	Mean	Weighted base
Pilot	4.36	71
National	4.04	185
All	4.13	256

Base: all respondents in full-time or part-time jobs at survey interview who provided valid wage data

## Wage determination model

A wage determination model was constructed using Ordinary Least Squares (OLS) regression. This is the statistical technique most commonly used to investigate the causes of pay variation. It is possible to use OLS because we have a continuous measure of the variable requiring explanation (wages). The technique involves estimating the extent to which variation in the wage variable is associated with variation in a number of explanatory variables that are included in the model. The technique is able to identify the *independent* impact of each of the explanatory (or predictor) variables on pay, holding constant the effect of the others. In constructing these models, we are able to draw upon a substantial theoretical and empirical literature that has identified the types of factors that are consistently able to explain why one person will earn more than another. These factors include an individual's personal characteristics, employment history, family circumstances, level of educational attainment, training and aspects of their job such as occupation and industry. To these were added an indicator of participation in Pilot rather than National provision, so we could see whether this had any impact on pay, once the other factors had been controlled for.

The OLS wage model was adjusted for sample selection bias. Sample selection bias may arise because given that only a minority of respondents were able to gain a job by the time of the survey interview, it is possible that these respondents have different characteristics from the sample as a whole. If this were the case and we were able to observe the remainder of the sample in jobs, it may be that pay variation would be explained by a different set of factors or that, at least, the explanatory power of the predictor variables would be different from those estimated from the analysis relating only to actual job-holders. In this case, the coefficients from the wages models for actual job-holders would be biased. The effects of sample selection bias can be taken into account using a technique introduced by Heckman (1979). This involves including as a predictor in the OLS wages model a variable, called lambda ( $\lambda$ ), which reflects the importance of unmeasured characteristics in explaining job entry.<sup>17</sup> The inclusion of this variable corrects the other coefficients for sample selection bias and also indicates the amount of wage variation that is explained by unobserved differences between job-holders and the remainder of the sample.

The wage variable we used for the wage determination model was the natural logarithm of net hourly wages.<sup>18</sup> The following independent or explanatory variables were included in the model: Pilot participation, length of unemployment spell that qualified the respondent for New Deal, number of children, ethnicity, firm size, occupation, region and the selection correction variable lambda ( $\lambda$ ).

Table 4.6 presents the result for the model. The model explained variation of earnings satisfactorily well.<sup>19</sup> New Deal participants are a relatively homogenous group compared

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<sup>17</sup> The  $\lambda$  variable is obtained from a probit model used to estimate the influences on job entry.

<sup>18</sup> This has the advantage that coefficients of the model can be interpreted as an approximate percentage change.

<sup>19</sup> The model had an adjusted  $R^2$  of 0.10.

to the whole population; especially in terms of education and labour market experience, which are variables that typically explain a high percentage of variation in wages. Thus, we expected our model to do less well than similar models applied to a cross-section of the whole population.

The model suggested that pay was higher where

- The respondent worked in an establishment with 50 or more employees
- The respondent worked in a skilled manual occupation

Pay was lower where

- The respondent had three or more dependent children
- The respondent lived in the North West, the West Midlands or the East Midlands and Eastern region
- The respondent had a very long spell of unemployment prior to New Deal entry

Our primary interest is in the programme effects but in relation to these there is little to report. Participating in Pilot rather than National provision had no impact on net hourly pay.

**Table 4.6 OLS regression model for log net hourly wages**

<b>Variable</b>	<b>Coefficient</b>
Constant	1.4267****
Duration of unemployment spell that qualified respondent for New Deal (months)	-0.0022***
Respondent has three or more dependent children	-0.2022**
Respondent is from an ethnic minority	0.1193
Respondent lives in the North West	-0.1443*
Respondent lives in the West Midlands	-0.1492*
Respondent lives in the East Midlands and Eastern region	-0.1691**
Respondent works in an establishment with 50-99 employees	0.1567*
Respondent works in an establishment with 100-499 employees	0.1313*
Respondent works in an establishment with 500 or more employees	0.2381*
Respondent works in a skilled manual occupation	0.1955***
8	0.0362
<b>Respondent lives in Pilot area</b>	<b>-0.0077</b>

N=235

Key, \*\*\*\* = significant at 0.1% level

\*\*\* = significant at 1% level

\*\* = significant at 5% level

\* = significant at 10% level

## **Conclusion**

The analyses presented in this chapter suggest that the quality of jobs obtained by participants after New Deal was reasonably high. Most respondents were satisfied with their jobs and said that the job was what they really wanted to be doing. About three in 10 of those in work had received some training since starting the job and most were satisfied with this training. While wages were not high in the jobs held by participants at the time of the survey interview, they were not low compared with previous surveys of respondents with similar labour market experiences.

There was no strong evidence that the jobs obtained by Pilot participants were of better quality than those obtained by National participants. The only reliable difference between the two samples was that the proportion of Pilot respondents who said the job was what they really wanted to be doing was greater than the proportion of National respondents who said this.

## 5 Summary and conclusions

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

A number of barriers to employment were identified during the course of participant interviews with NDPAs. The most common of these were a lack of local jobs, age, lack of personal transport, ill-health and lack of qualifications. Where a barrier had been identified, the clients reported receiving help to overcome it from their NDPAs in around a quarter of cases. Offers of help were more forthcoming in relation to problems to which the personal adviser might feasibly offer some solutions, such as basic skills problems. There was no difference between Pilot and National areas in the likelihood of receiving help where barriers had been identified.

When participants were asked to assess the overall usefulness of New Deal provision, the answer again depended heavily on current New Deal and labour market status. Those in full-time employment at the time of the survey interview were inclined to think their time on New Deal was useful, whereas those who were long-term sick or disabled thought it was not. In terms of New Deal status, those receiving education or training through the Intensive Activity Period or Further provision were positive in their assessment of New Deal, whereas those who were still on the Gateway or in the Advisory Interview Process were less happy. Perceptions of the overall usefulness of New Deal provision did not vary by area type.

The analysis of intermediate outcomes, reported in Chapter Three, showed some differences between participants in Pilot areas and National areas, although these were not large. Pilot area participants had higher minimum hourly wage expectations, a lower maximum travel to work time and less flexibility over contract terms than National participants. These differences suggested a somewhat greater degree of job search flexibility on the part of National as compared with Pilot participants. This would be expected to give the National sample an advantage in terms of job entry probabilities. This, however, did not prove to be the case.

- After controlling for other characteristics, Pilot participants were 1.73 times more likely to exit JSA to employment compared with National participants. They were no more likely to leave JSA for other benefits, but were 1.48 times more likely to leave for other reasons.

- The effectiveness of Pilot provision seemed to derive from people leaving the Gateway for work, other benefits or other reasons, rather than leaving from the Intensive Activity Period (IAP) or other parts of Pilot provision.
- Of the New Deal opportunities, only subsidised employment had a positive long term impact. Among those who obtained access to subsidised employment, only 33 per cent were still claiming JSA in June 2000, compared with 58 per cent of the sample as a whole.
- Pilot provision was effective in raising the employment entry chances of those from a particularly disadvantaged labour market background. Pilot participants with basic skills problems, a particularly long spell of unemployment immediately prior to New Deal entry, those from ethnic minorities and those aged 50 or more had their chances of leaving JSA for employment raised by Pilot provision to a degree that was greater than for the sample as a whole, compared with National participants from a similar labour market background. This was not the case for those with a long-term health problem, however, whose relative performance on the Pilots was the same as for the sample as a whole.

Chapter Four analysed job quality. The quality of jobs obtained by participants after New Deal was reasonably high. Most respondents were satisfied with their jobs and said that the job was what they really wanted to be doing. About three in 10 of those in work had received some training since starting the job and most were satisfied with this training. While wages were not high in the jobs held by participants at the time of the survey interview, they were not low compared with previous surveys of respondents with similar labour market experiences.

There was no strong evidence that the jobs obtained by Pilot participants were of better quality than those obtained by National participants. The only reliable difference between the two samples was that the proportion of Pilot respondents who said the job was what they really wanted to be doing was greater than the proportion of National respondents who said this.



## Appendix Tables

**Appendix Table 1 Gender, by sample**

(Column percentages)

	Pilot	National	All
Male	83	84	84
Female	17	16	16
<i>Weighted base</i>	<i>599</i>	<i>1588</i>	<i>2187</i>
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

Base: all respondents

**Appendix Table 2 Age group, by sample**

(Column percentages)

	Pilot	National	All
25-34	19	21	20
35-49	41	42	42
50 plus	40	37	38
<i>Weighted base</i>	<i>598</i>	<i>1587</i>	<i>2185</i>
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

Base: all respondents

**Appendix Table 3 Length of qualifying spell of unemployment, by sample**

(Column percentages)

	Pilot	National	All
24-35 months	32	35	34
36-59 months	28	31	30
60 months plus	40	34	36
<i>Weighted base</i>	<i>598</i>	<i>1587</i>	<i>2185</i>
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

Base: all respondents

**Appendix Table 4 Ethnicity, by sample**

	(Column percentages)		
	Pilot	National	All
White	92	89	90
Black – Caribbean	2	4	3
Black – African	1	1	1
Black – Other	1	1	1
Indian	1	1	1
Pakistani	2	1	1
Bangladeshi	1	1	1
Chinese	*	*	*
Other	1	2	2
No answer	*	1	*
<i>Weighted base</i>	<i>599</i>	<i>1588</i>	<i>2187</i>
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

Base: all respondents

**Appendix Table 5 Health problems or disabilities, by sample**

	(Column percentages)		
	Pilot	National	All
Has health problems	31	31	31
Does not have health problems	66	67	67
No answer	3	2	2
<i>Weighted base</i>	<i>598</i>	<i>1588</i>	<i>2186</i>
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

Base: all respondents

**Appendix Table 6 Housing tenure, by sample**

	(Column percentages)		
	Pilot	National	All
Accommodation owned outright	17	14	15
Being bought on a mortgage	17	12	13
Social renting	52	53	53
Rented privately	12	18	17
Other	3	2	2
<i>Weighted base</i>	<i>599</i>	<i>1588</i>	<i>2187</i>
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

Base: all respondents

**Appendix Table 7 Highest academic qualification, by sample**

	(Column percentages)		
	Pilot	National	All
None	66	68	67
GCSE Grades D-G or equivalent	6	4	5
GCSE Grades A-C or equivalent	10	13	12
GCE 'A' Level or equivalent	8	6	7
Post 'A' Level qualification	3	2	3
First degree or higher	7	7	7
<i>Weighted base</i>	<i>598</i>	<i>1588</i>	<i>2186</i>
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

Base: all respondents

**Appendix Table 8 Basic skills problems, by sample**

	(Column percentages)		
	Pilot	National	All
No basic skills problems	82	80	81
Basic skills problems	18	20	19
<i>Weighted base</i>	<i>599</i>	<i>1587</i>	<i>2186</i>
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

Base: all respondents

**Appendix Table 9 Driving licence, by sample**

	(Column percentages)		
	Pilot	National	All
Has driving licence	48	46	47
Does not have driving licence	53	54	53
<i>Weighted base</i>	<i>598</i>	<i>1588</i>	<i>2186</i>
<i>Unweighted base</i>	<i>650</i>	<i>1536</i>	<i>2186</i>

**Appendix Table 10 Summary of New Deal experience to date**

Column percentages

	All	Leavers	Current ND participants
<b>PILOT AREAS</b>			
No New Deal experience recalled	6	10	
Letter only	5	8	
NDPA interview(s) only	4	7	
Gateway, no IAP	23	25	19
IAP, no Gateway	5	6	3
Gateway and IAP	47	44	51
Gateway, IAP and Follow-through	11		27
<i>Weighted base</i>	599	367	232
<i>Unweighted base</i>	650	362	288

Base: All pilot respondents

**NATIONAL AREAS**

No New Deal experience recalled	8	13	
Letter only	3	5	
NDPA interview(s) only	5	9	
AIP, no FP	30	29	31
FP, no AIP	4	4	5
AIP and FP	42	41	44
AIP, FP and Follow-through	8		20
<i>Weighted base</i>	1587	930	657
<i>Unweighted base</i>	1536	863	673

Base: all national respondents

**Appendix Table 11 Satisfaction with help offered by NDPA**

	Row percentages		
	<b>Completely/ very satisfied</b>	<b>Completely/ very dissatisfied</b>	<i>Weighted base</i>
	%	%	
All	46	9	2050
<i>Current labour market status</i>			
Full-time employment	53	9	172
Part-time employment	54	9	128
Self-employment	(28)	(15)	(47)
Government programme	56	2	61
Full-time education/training	38	22	64
Unemployed, claiming benefit	46	8	1276
Unemployed, not claiming benefit	50	5	94
Long-term sick or disabled	41	13	116
Looking after the home	(28)	(15)	(46)
Something else	(54)	(13)	(46)
<i>Current New Deal status</i>			
Gateway or Advisory Period	44	7	250
Subsidised employment	(82)	(5)	(22)
Work experience	(38)	(11)	(37)
Education or training	57	9	91
Jobsearch help	53	6	262
Self-employment help	(27)	(18)	(11)
Other New Deal activities	(40)	(7)	(15)
Follow-through	50	4	197
Left New Deal	44	10	1166

Base: all pilot respondents

**Appendix Table 12 Whether New Deal improved chances of getting a good job, by current labour market status and current New Deal status**

	<b>Strongly agree</b>	<b>Strongly disagree</b>	Row percentages <i>Weighted base</i>
All	12	25	2183
<i>Current labour market status</i>			
Full-time employment	30	24	179
Part-time employment	9	21	136
Self-employment	(10)	(29)	(48)
Government programme	12	20	65
Full-time education/training	19	19	62
Unemployed, claiming benefit	10	26	1345
Unemployed, not claiming benefit	7	24	109
Long-term sick or disabled	7	26	140
Looking after the home	(6)	(42)	(45)
Something else	6	15	54
<i>Current New Deal status</i>			
Gateway or Advisory Period	10	29	249
Subsidised employment	(46)	(18)	(22)
Work experience	(15)	(20)	(40)
Education or training	29	12	91
Jobsearch help	15	21	264
Self-employment help	(8)	(17)	(12)
Other New Deal activities	(13)	(20)	(15)
Follow-through	12	21	196
Left New Deal	9	27	1299

Base: all pilot respondents

**Appendix Table 13 Whether people on New Deal are pushed into things they don't want to do, by current labour market status and current New Deal status.**

	Row percentages		
	Strongly agree	Strongly disagree	Weighted base
All	27	19	2186
<i>Current labour market status</i>			
Full-time employment	36	24	180
Part-time employment	27	24	136
Self-employment	(40)	(6)	(48)
Government programme	20	26	65
Full-time education/training	36	25	64
Unemployed, claiming benefit	24	20	1344
Unemployed, not claiming benefit	27	17	109
Long-term sick or disabled	33	11	140
Looking after the home	(36)	(15)	(47)
Something else	19	11	53
<i>Current New Deal status</i>			
Gateway or Advisory Period	25	19	248
Subsidised employment	(32)	(36)	(22)
Work experience	(25)	(18)	(40)
Education or training	29	9	90
Jobsearch help	26	16	263
Self-employment help	(27)	(18)	(11)
Other New Deal activities	(20)	(13)	(15)
Follow-through	29	24	196
Left New Deal	27	18	1298

Base: all pilot respondents



**Appendix Table 14 Usefulness of time on New Deal, by current labour market status and current New Deal status.**

	Row percentages		
	Very useful	Not at all useful	Weighted base
All	16	18	2188
<i>Current labour market status</i>			
Full-time employment	28	12	181
Part-time employment	18	12	137
Self-employment	(13)	(26)	(47)
Government programme	19	19	65
Full-time education/training	19	23	65
Unemployed, claiming benefit	15	17	1346
Unemployed, not claiming benefit	14	14	109
Long-term sick or disabled	7	27	139
Looking after the home	(9)	(30)	(46)
Something else	9	21	53
<i>Current New Deal status</i>			
Gateway or Advisory Period	15	22	249
Subsidised employment	(46)	(5)	(22)
Work experience	(28)	(10)	(40)
Education or training	34	10	93
Jobsearch help	20	13	264
Self-employment help	23	15	(13)
Other New Deal activities	20	7	(15)
Follow-through	19	15	195
Left New Deal	12	19	1297

Base: all pilot respondents

**Appendix Table 15****Reference List of variables used in econometric models**

<b>Label</b>	<b>Definition</b>
UNEMP3	Respondent was unemployed continuously for five years or more prior to New Deal entry
LICENCE	Respondent has a driving licence
NCHILD3	Respondent has three or more dependent children
TTWTIME	Maximum travel-to-work time (minutes)
UNHEALTH	Respondent has a health problem or disability
SOCRENT	Respondent lives in social rented accommodation
PRIVRENT	Respondent lives in private rented accommodation
RENTFREE	Respondent pays no rent or mortgage
NESREG1	Respondent lives in Scotland
NESREG2	Respondent lives in the North
NESREG3	Respondent lives in the North West
NESREG4	Respondent lives in Yorkshire and Humberside
NESREG5	Respondent lives in Wales
NESREG6	Respondent lives in the West Midlands
NESREG7	Respondent lives in the East Midlands or East
NESREG8	Respondent lives in the South West
FEMKID	Respondent is female with a dependent child or children
FEMNOKID	Respondent is female without dependent children
AGE3	Respondent is aged 50 or over
WDS	Respondent is widowed, divorced or separated
PARTEMP	Respondent has employed partner
PARTLAHF	Respondent's partner is looking after home and family
PARTOTH	Respondents' partner is doing something else
PILOT	Respondent lives in PILOT area

**Appendix Table 16**  
**Multinomial logistic regression model for exit from JSA**

Variable	Effect on job entry	Effect on entry to other benefits	Effect on other exits
CONSTANT	0.24****	0.13****	0.15****
UNEMP3	0.54****	0.97	0.71**
LICENCE	1.80****	1.07	1.35*
NCHILD3	0.95	1.34	0.39**
TTWTIME	1.00	0.99***	1.00
UNHEALTH	0.57****	2.67****	0.66**
SOCRENT	0.72*	0.95	1.08
PRIVRENT	0.80	1.19	1.21
RENTFREE	0.93	0.78	1.51
NESREG1	0.62*	1.40	0.52**
NESREG2	0.54**	1.04	0.65
NESREG3	1.14	1.37	0.72
NESREG4	0.55***	1.08	0.66*
NESREG5	1.49	1.49	0.44*
NESREG6	1.13	0.87	0.47**
NESREG7	0.76	1.07	0.88
NESREG8	1.35	2.14**	0.81
FEMKID	0.88	4.10**	1.01
FEMNOKID	1.79***	1.53**	1.52**
AGE3	0.59****	1.58***	1.10
WDS	1.59**	0.99	0.96
PARTEMP	4.37****	1.04	4.97****
PARTLAHF	1.94***	1.36	1.34
PARTOTH	1.12	1.65**	2.96****
PILOT	1.73****	1.21	1.48**

N=2099

Key; \*\*\*\* = significant at 0.1% level  
\*\*\* = significant at 1% level  
\*\* = significant at 5% level  
\* = significant at 10% level