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Evaluation of the New Deal Innovation Fund - Rounds One and Two

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Economic and Social Research



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INVESTOR IN PEOPLE



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Final Report

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Executive Summary

The New Deal Innovation Fund has been established to develop innovative ways of improving the quality and effectiveness of provision in the New Deal for Young People (NDYP) and the New Deal for Long Term Unemployed (NDLTU). 55 pilot projects have been supported by rounds one and two of the fund between 1999 and 2001. All projects ran for approximately one year and received a maximum of £50,000. The Fund comprises three separate strands:

- an **Innovation Fund**, which is intended to finance innovative approaches to delivering New Deal locally which cannot be supported within existing budgets;
- innovative changes to the local design and delivery of New Deal which do not require financial support - **Non-Funded Innovation**,
- using the employer wage subsidy in innovative ways to increase entry into and retention in jobs - **Innovative Use of the Employer Subsidy**

Key Findings

- In terms of gender, disability, ethnic origin and existing qualifications Innovation Fund participants exhibit similar characteristics to their counterparts in the mainstream NDYP and NDLTU programmes
- Participants eligible for NDLTU are more likely to complete Innovation Fund projects and less likely to enter unknown destinations
- 41% of Innovation Fund participants entered unsubsidised employment compared to 38% of their counterparts in the mainstream New Deal programmes. The most successful projects were aimed at addressing the needs of severely disadvantaged groups where 70% entered unsubsidised employment

Features of Successful Projects

The evaluation has identified general features of projects which helped to ensure, but not guarantee, a reasonable level of success. These include

- Robust project design and effective planning. It is vital that considerable attention is paid to the intricacies of project design e.g. establishing clear lines of communication, developing strong referral networks and setting out procedures for the recruitment of specialist staff and contingencies for the departure of key individuals. The continued involvement of staff responsible for the design of projects, a strong sense of local 'ownership' and a high degree of staff commitment and continuity all had a significant bearing on performance. In addition, the provisional nature of projects places a premium upon good planning so that appropriate administrative and monitoring systems are quickly established which helps to build early momentum.
- Strong managerial support and pro-active management of projects. The existence of strong supportive relationships between projects and ES Regional / Head Office was particularly important. In addition, the appointment of dedicated project managers often ensured that projects were more likely to succeed

- Complementary attitudes and skills of operational staff Project Managers are called upon to fulfil several different roles and need to possess personnel, financial and project management skills Staff working with disadvantaged groups need to be able to empathise but also guard against being over-protective Furthermore, regular awareness raising and briefings of all operational staff is important because of rapidly changing circumstances
- Minimal bureaucracy This feature is particularly important in projects striving to gain the active involvement of employers
- Good partnership working At the outset it is important that the benefits to be gained by partnership working are clearly identified In addition, it is vital that projects are characterised by clarity of responsibility amongst ES staff and between the Agency and their external partners, effective and regular communication during implementation and an accommodation of the different cultures of partners and tolerance of the constraints that they face

Issues for Key Themes

The projects supported by the Fund target a number of groups that are eligible for NDYP and NDLTU Specific foci include ex-offenders; clients in remote and rural areas, homeless people, the disabled, black and minority ethnic groups, substance misusers; clients with 'chaotic lifestyles' and those not claiming JSA The evaluators have classified the projects into nine broad themes

Theme 1: Addressing the needs of severely disadvantaged groups Many of these projects have been unable to gain the expected number of participants This should not be regarded as an indication of the level of demand for such services; rather it reflects the difficulties encountered identifying and reaching severely disadvantaged people Those projects characterised by continuity of support and co-location have minimised the number of inter-agency transitions and experienced lower drop-out rates

Theme 2: Providing post-placement support It is vital that organisations providing post-placement support enjoy credibility with both clients and employers Some projects have paid insufficient attention to the needs of employers and others have experienced problems with the timing of interventions

Theme 3: Reaching the excluded and those dropping out. These projects have begun to increase our knowledge about such individuals and the forms of activity which might attract them into the New Deal The evaluation has underlined the importance of establishing initial contact in the local community, involving community-based organisations with some credibility and direct experience of reaching and working with the excluded, building upon existing partnerships; and adopting a one-to-one approach

Theme 4 Overcoming the barriers faced by clients in remote rural areas. Limited access to personal and public transport is a labour market barrier commonly cited by New Deal participants. Providing the loan of mopeds has represented an imaginative way of addressing these difficulties However, extending the scheme to metropolitan areas may be inappropriate because the barriers here are more to do with attitudes rather than geography

Theme 5 Strengthening pre-employment collaboration with employers. Many of these projects have encountered problems establishing productive relationships with local

businesses. The methods used to market initiatives were often inappropriate and many employers were reluctant to provide placements or change their recruitment practices.

Theme 6 Improving the employment focus of FTET. The ability of projects to raise job outcome rates has been contingent upon the extent to which provider staff were able to adopt the cultural changes necessary for effective implementation of the New Deal, the level of managerial support received from the host college/provider, the ability of providers to encourage participants to view FTET as a means of finding work and the extent to which projects have been able to provide one-to-one support.

Theme 7 Encouraging clients to consider growing sectors of employment. Many of these projects have been characterised by lower than expected numbers of referrals combined with a degree of client resistance. The latter has stemmed from negative perceptions of the tourism, hospitality and childcare sectors. This problem was compounded in the childcare and playwork projects by focussing provision on males and those from ethnic minorities, many of whom were resistant not only to the terms of the jobs on offer but also to the nature of the work itself.

Theme 8 Improving access to vocational training. The experience of these projects suggests that the Schedule 2 requirements may represent an obstacle to securing the involvement of small employers in the NDYP option. The evaluation suggests the need to consider relaxing the requirements.

Theme 9 Raising the motivation and jobsearch of clients. The performance of these projects was mixed. The evaluation has highlighted the importance of actively marketing initiatives to potential beneficiaries and focussing provision on those struggling rather than excelling.

About the Study

The evaluation was a challenging one, given both the requirement for regular information and the diversity, limited scale, experimental and provisional nature of the projects supported by the Innovation Fund. Given this context, the focus is on using the New Deal Evaluation Database to generate performance outcome indicators. This 'harder' outcome analysis has been supplemented by a qualitative (process) element. This involved conducting telephone interviews with all project managers and undertaking qualitative follow-up research with fifteen projects exemplifying the range of provision.

1. INTRODUCTION

1.1 The New Deal Innovation Fund

The New Deal Innovation Fund has been established to develop innovative ways of improving the quality and effectiveness of provision in the New Deal for Young People (NDYP) and the New Deal for Long Term Unemployed (NDLTU). It comprises three separate strands.

- an **Innovation Fund**, which is intended to finance innovative approaches to delivering New Deal locally which cannot be supported within existing budgets;
- innovative changes to the local design and delivery of New Deal which do not require financial support - **Non-Funded Innovation**,
- using the employer wage subsidy in innovative ways to increase entry into and retention in jobs - **Innovative Use of the Employer Subsidy**

Local partnerships were given two opportunities to apply for support from the Innovation Fund. **Round one** took place between April and June 1999, and **Round two** in the period September to November 1999. Bidders were asked to focus on activities which

- led to measurable improvements in performance,
- complemented existing New Deal provision,
- partners would not otherwise be able to undertake,
- were genuinely innovative;
- could potentially be replicated in other localities

It was also intended that the following priorities were addressed:

- piloting some of the recommendations from the New Deal Task Force Report 'Meeting the needs of disadvantaged young people',
- increasing geographical mobility,
- measures to improve retention in work,
- stronger pre-employment collaboration with employers

Bids were assessed by policy sections within the Employment Service (ES), Department for Education and Employment (DfEE), and the New Deal Task Force (NDTF). The final selection was approved by Ministers. Within Round one 34 bids were funded from 292 bids and 24 Round two bids were selected from 338 received. A few projects have been unable to start. Most addressed issues identified in *'Meeting the needs of disadvantaged young people'*

All projects ran for approximately one year. Each was allocated up to £50,000. However, not all projects that were supported received funding. The total cost for Round one was approximately £650,000 and Round two approximately £550,000. Most Round one projects became operational between October and December 1999. However, two projects were subsequently not implemented and a further five delayed until Round two. The majority of Round two projects started between May and September 2000, although a few were subsequently not implemented and many others were delayed.

1.2 The Evaluation of the New Deal Innovation Fund

The evaluation of the New Deal Innovation Fund was conducted by a team of researchers drawn from the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University. The overall objective of the evaluation was

- to provide regular information assessing the progress of projects to enable the Steering Group to draw on any good practice to inform the continuous improvement of New Deal and future rounds of the Innovation Fund

The more detailed aims were:

- 1 to identify which projects are the most successful in terms of performance outcomes,
- 2 to identify the features of successful and unsuccessful innovation projects,
3. to identify projects which may feasibly be replicated elsewhere

The evaluation is a challenging one, given both the requirement for regular information and the diversity, limited scale, experimental and provisional nature of the projects supported. Given this context, the focus of the evaluation is using the New Deal Evaluation Database to generate performance outcome indicators. This 'harder' outcome analysis is supplemented by a qualitative (process) element.

Three key sources of evidence for the effectiveness of projects are used in this evaluation. First, information on outcomes was derived by using the New Deal Evaluation Database (NDED). Data are recorded on the NDED for every New Deal participant. This database was analysed extensively to assess if there were measurable improvements in performance amongst Innovation Fund project participants compared to those in NDYP and NDLTU. The effect of Innovation Fund projects was isolated by comparing outcome data on a 'like for like' basis.

Second, qualitative or 'soft' information about all projects was collected by undertaking telephone interviews with project managers. Interviews lasted for approximately 40 minutes and took place once projects had been operational for three months. The focus was on providing an update of progress against targets for each project and identifying any emerging issues for policy makers. The results of these interviews were summarised in two separate interim reports. This element of the research was particularly useful in providing a continuous source of information for the Steering Group.

Finally, in order to gain an in-depth understanding about the ways in which local partnerships implement pilots qualitative research was undertaken with fifteen projects exemplifying the range of provision both in terms of the three separate strands comprising the Innovation Fund and the key underlying themes (see below). In addition, the selection sought to include both successful and unsuccessful projects. This element involved visiting each project towards the end of the piloting period and undertaking a range of face-to-face interviews with key stakeholders including project managers, personal advisers, partners, employers and clients. Individual Project Reports were then produced which considered the performance of each project, its strengths and weaknesses and any lessons arising.

1.3 Projects supported by the New Deal Innovation Fund

Details on all projects can be found in Annex 1. Table 1 provides data on the constitution and focus of projects. Table 2 gives an indication of their content. The evaluators have classified the projects into nine broad themes according to their focus and content (see Table 3). Although this suggests that there are a series of clear-cut divisions between projects, it is important to recognise that distinctions can be blurred. Many projects, for example, provide an element of post-placement support alongside a range of other services and thus could be broadly defined as post-placement projects. However, this may not be their primary focus. The key themes are:

- Theme 1: Addressing the needs of severely disadvantaged groups
- Theme 2: Providing post-placement support
- Theme 3: Reaching the excluded and those dropping out.
- Theme 4: Overcoming the barriers faced by clients in remote rural areas
- Theme 5: Strengthening pre-employment collaboration with employers
- Theme 6: Improving the employment focus of FTET
- Theme 7: Encouraging clients to consider growing sectors of employment
- Theme 8: Improving access to vocational training
- Theme 9: Raising the motivation and jobsearch of clients.

1.4 Client Groups

The projects target a number of groups in the labour market that are eligible for NDYP and NDLTU. Specific foci include:

- ex-offenders;
- clients in remote and rural areas,
- homeless people;
- the disabled;
- black and minority ethnic groups,
- substance misusers,
- clients with 'chaotic lifestyles';
- those not claiming JSA.

1.5 Project Delivery

The ES has responsibility for delivering New Deal in partnership with others in the community. The accent on local partnerships is also reflected in the constitution of Innovation Fund projects. Although some projects were delivered in-house by ES staff, most were implemented in partnership with other external organisations. A wide variety of partners have been involved including organisations as diverse as Training and Enterprise Councils (TECs), Local Enterprise Companies (LECs), voluntary and community organisations, Local Education Authorities, Careers Services, Business Links, Chambers of Commerce, Colleges, local authorities, Foyers, County Youth Services and private companies.

2. THE NEW DEAL EVALUATION DATABASE¹

2.1 Introduction

This section of the report presents the evidence for the effectiveness of the Fund emerging from the New Deal Evaluation Database (NDED). The NDED contains data on all participants including when they started and left projects; whether they completed or left early, which Jobcentre referred them and the relevant Unit of Delivery. These details are then matched, via their National Insurance Number, with data held on the Labour Market System (LMS) and the Joint Unemployment and Vacancies Operating System (JUVOS) to help track their subsequent destinations in the labour market.

This database has been extensively analysed to assess if there were measurable improvements in performance amongst Fund participants compared to those in NDYP and NDLTU. However, it is important to recognise the limitations of using the database in this way. In particular:

- The NDED has no data at all for 12 projects. In some cases this reflects the inappropriateness of quantitative measures of success.
- A third of projects have ten or less participants recorded on the database and only one in ten has a hundred or more.
- As previously agreed, our analysis focuses on period from January 1999 to December 2000. However, the number of starts on Innovation Fund projects was very slow throughout 1999 and only began to build up during the latter stages of 2000 (see Figure one). Since there is a time lag of several months before outcome data becomes available the destinations of many Round two participants are not yet known.
- Some care needs to be exercised when interpreting the results emerging from the NDED. The research team have, for example, not carried out significance testing because it might lead some to place more emphasis on the data than is warranted. This decision has been taken in the light of three main considerations. First, the data is incomplete. The database has no data at all for 12 projects and the outcomes for many round two projects are only just beginning to emerge. Second, in a few cases the data is inconsistent across variables. In addition, there are some destinations missing for those participants who have left projects and destinations for some still participating. Finally, the small numbers involved also pose a problem, a third of projects have ten or less participants recorded on the database.

2.2 Participant Characteristics

The majority of projects focussed on meeting the needs of young people. Consequently, 85% of participants are aged between 18 and 24 years old (see Table 4). Table 5 identifies some of their key characteristics in terms of gender, disability, ethnic origin and existing qualifications. The key points to emerge are that:

- 78% of Innovation Fund participants are male,
- 14% have a disability,

¹ Figures and tables are provided in the annex.

- 11% are from black and minority ethnic groups, and,
- 30% have no existing qualifications

In these respects they exhibit similar characteristics to participants in the mainstream NDYP and NDLTU programmes (see Table 6 and Figures 2,3,4 and 5)

2.3 Destinations

Approximately 42% of participants completed Innovation Fund projects, 18% left early and returned to JSA / New Deal, 19% left early and also left JSA / New Deal and 21% went into unknown destinations (see Table 7 and Figure 6) The data also suggests that those eligible for NDLTU are more likely to complete and less likely to enter unknown outcomes than those eligible for NDYP

Tables 8 to 14 and Figures 7 and 8 detail the immediate destinations of those leaving the Fund It is worth noting that a person recorded as entering unsubsidised employment is deemed to have a sustained job because if they return to JSA within 13 weeks of commencing work it is discounted. The database provides information on immediate destinations for just over half the participants leaving the Fund In approximately half of the cases lacking such data this arises because cases failed to match with details from the main NDYP and NDLTU database for the given date of joining the project For the remaining cases the source of the problem is unknown This may underestimate the actual number of participants entering unsubsidised employment

The evaluation has sought to identify the impact of the Fund by providing comparative data for those leaving NDYP and NDLTU over the same period However, the profile of those leaving mainstream programmes and the Innovation Fund is somewhat different In particular, 41% of those leaving the former are aged 25 and over compared to just 14% in the latter The evaluators have addressed this issue by constructing a weighted average of mainstream programmes which takes into account these differences.

Table 8 shows that 41% of Fund participants enter unsubsidised employment compared to 38% of their counterparts in mainstream New Deal programmes. Table 9 shows that the proportion of participants entering unsubsidised employment ranges from 23% (theme 8 improving access to vocational training) to 70% (theme 1: addressing the needs of severely disadvantaged groups) Themes 2 (providing post-placement support) and 5 (strengthening pre-employment collaboration with employers) also rate highly in this respect Table 10 shows that the proportion of participants entering unsubsidised employment is similar for all three Funding strands, ranging from 36% (innovative use of the employer subsidy) to 44% (non-funded innovation)

Tables 11 to 14 contrast the destinations of various participant sub-groups on a 'like for like' basis with similar groups within mainstream New Deal provision over the same period The key points to emerge are

- Women are more likely to enter unsubsidised employment than men which is converse to the pattern observed in mainstream New Deal programmes They also have a better chance of entering unsubsidised employment than those in mainstream programmes
- Black and minority ethnic groups experience higher rates of entry into unsubsidised employment in the Fund compared to mainstream programmes

- There is little difference in the rate that people with disabilities enter unsubsidised employment between the Fund and mainstream programmes
- People with no existing qualifications have a slightly better chance of entering unsubsidised employment than those in mainstream programmes

Table 15 shows the number of participants entering different types of employment at any point of time after their start on the Fund. Comparable figures have been calculated for those involved in mainstream NDYP and NDLTU programmes. It is worth noting that a participant is only ever counted as starting employment once. For example, if an individual has a sustained spell of unsubsidised employment after having had a sustained spell of subsidised employment, then the former always takes priority. Again, data for all those who have left the Fund was not available on the database. Furthermore, this variable shows more participants entering sustained unsubsidised employment than the immediate destination data. This is opposite to what we should expect and underlines the need to treat this data with some caution.

Nevertheless, table 15 shows that sustained unsubsidised employment forms a lower proportion of all employment destinations in the Fund compared to mainstream provision. Sustained subsidised employment, however, accounts for a quarter of all employment amongst Fund leavers compared to only one in ten of leavers from mainstream provision.

3. ISSUES FOR KEY THEMES

3.1 Introduction

This section of the report considers some of the particular issues that emerged for the nine key themes in provision, both in terms of their performance and some of the wider lessons for policy makers. Qualitative or 'soft' information about all projects was collected by conducting telephone interviews with project managers. This was supplemented by undertaking qualitative follow-up research with fifteen projects exemplifying the range of provision. This involved visiting each project towards the end of the piloting period and undertaking a range of face-to-face interviews with key stakeholders including project managers, personal advisers, partners, employers and clients. The results were summarised in a series of Individual Project Reports.

3.2 Addressing the needs of severely disadvantaged groups

Seven projects address the particular needs of severely disadvantaged groups. Two target ex-offenders, another two focus on meeting the needs of homeless young people and three provide specialist help to black and minority ethnic groups.

Many of these projects have been unable to gain the anticipated number of participants. This should not be regarded as an indication of the level of demand for such services, rather it reflects the difficulties encountered identifying and reaching severely disadvantaged people. Relatively few homeless clients, for example, declare that they are of no fixed abode either at the new claims stage or during ES front-line interventions. Many use friends' addresses when they sign-on. Similarly, many ex-offenders have become adept at hiding their criminal records.

There are many organisations who are trusted by disadvantaged people. Many already have a relationship with an organisation, frequently in the voluntary sector. The implementation of the 'Horizons' project (2/265/99) in Moss Side showed that community-based organisations are frequently able to employ a more responsive and flexible approach to meeting the needs of disadvantaged people. In particular, they were able to adopt a caring and supportive approach which incorporated large amounts of individual attention and required an extremely positive attitude with respect to client potentialities. However, the inclusion of such organisations in local partnerships was not sufficient on its own to address difficulties reaching severely disadvantaged people. The key was the extent to which providers were able to genuinely work in partnership with other relevant agencies. The evaluation underlined the importance of two aspects of partnership working:

- The quality of relationships with the ES at both the strategic and the operational levels. Problems were often encountered at the operational level gaining the commitment of personal advisers.
- The extent to which providers were able to break down the suspicion of other community-based organisations to the New Deal. Many associate the programme with benefit sanctions. Gaining their commitment is important in terms of both the local credibility of projects and widening referral networks.

Severely disadvantaged people find change unsettling and difficult to manage. A lack of

organisational skills mean that some find it difficult to keep appointments when being referred from one organisation to another. It is often easier, therefore, to stick with the status quo. Those projects characterised by continuity of support with clients being seen by the same people and co-location, e.g. project 1/211/99 in Nottingham, have minimised the number of inter-agency transitions and experienced lower drop-out rates

It is important that New Deal is perceived as an easily accessible programme that reflects the needs of the local community. The Adebawale Report recommended that pilots should be conducted to test the concept of 'licensed' centres which, in addition to the Jobcentre, serve as entry points to the New Deal Two projects, in Nottingham and Newtown (Mid Wales), sought to test this approach to help meet the needs of homeless people. Yet difficulties encountered during implementation meant that both were unable to test this approach in a sufficiently rigorous way. However, a number of tentative conclusions can be drawn

- Licensed centres can widen access to the programme. Some participants have also welcomed the increased support and more relaxed working environment characterising the venues used for such centres
- The approach may be best suited to urban areas characterised by both significant levels of long-term unemployment and well developed employment and training delivery systems
- The Adebawale Report, 'Meeting the needs of disadvantaged young people', suggested that many licensed centres would be run by community organisations. It is significant that difficulties establishing relationships with community organisations in one area helped to undermine the concept.
- The capabilities of all operational staff are an important determinant of the effectiveness of the approach. Project Managers, for example, are called upon to fulfil several different roles and need to possess personnel, financial and project management skills. Those working with the homeless need a social work or a counselling background but also need to guard against being over-protective
- The remoteness of licensed centre staff from the JSA signing process and its administrative systems e.g. LMS and JSAPS has been a problem. Allowing the provider to sign clients up to the New Deal directly rather than relying on the Jobcentre would be beneficial in this respect.
- It is important that licensed centres operate in concert with a range of other local initiatives. A better concept may have been a 'one stop shop' where clients could also receive help and advice around poverty, debt, health and other welfare issues

3.3 Providing post-placement support

Seven projects test the possibility of increasing job retention rates through post placement, in-work support for employers and clients. A variety of approaches have been adopted. Some have focussed on supporting either clients or employers, others have provided support to both. Different providers have been used to provide post-placement support including the ES, local authorities and community-based organisations.

Implementation has supported the rationale behind this type of innovation. Many clients

need on-going support to help them retain employment and progress their careers. Some need to develop the attitudes and disciplines which are needed at work, e.g. self confidence, good timekeeping and appropriate behaviour. The 'Right Start' project (1/045/99), for example, has underlined the importance of rebuilding the self-esteem and confidence of clients. This is often dependant upon the personality, experience and skills of the individuals providing such a service rather than the adoption of any particular activities. Other clients suffer from deep-seated barriers such as poor basic skills, criminal records, homelessness, and drug and alcohol dependency. Retention is also an important issue for business. Small employers are wary of the expense and disruption caused by high staff turnover. They may also be reluctant to recruit disadvantaged people because of the extra supervision and support needed.

The evaluation has highlighted number of issues for policy makers.

- It is vital that organisations providing post-placement support enjoy credibility with both clients and employers. Community organisations may be better able to build relationships of trust with disadvantaged young people. However, some have remained reliant on the ES for referrals and many do not have good working relationships with the local business community.
- A key advantage of using ES staff to deliver post-placement support is their extensive experience of working with both clients and employers. However, some clients mistrust the Agency making the identification of their particular needs more difficult.
- Individuals providing post-placement support need a broad mix of skills and aptitudes, ranging from good interpersonal abilities (listening and communicating with clients and employers), through marketing and outreach skills ('selling' the service to employers and agencies) to knowledge and awareness of different types and sources of information and advice.
- Given the negative attitudes that some have towards the Agency it is preferable that clients are met at the workplace or other 'neutral' venues rather than ES offices.
- Some projects have paid insufficient attention to the needs of employers. Yet on-going intervention on a client's behalf is not possible without the commitment of the employer. This has sometimes been difficult to secure and may reflect the client-focussed outlook of some providers and their limited experience of working with employers.
- Employers seek to recruit the 'right person' for the job. They need to be assured that recruitment will not lead to further costs resulting from high turnover and high risk behaviour. However, many indicate that the limited education and training that many welfare recipients bring to the labour market may be compensated by positive attitudes, reliability and motivation. This is especially the case in tight labour markets.
- Some projects have experienced problems with the timing of intervention. It is vital, for example, that contact is established with employers and clients before the latter are placed into work.
- Few clients have been referred to specialist agencies dealing with homelessness and behavioural problems. This reflects both an unwillingness to disclose such problems and difficulties encountered getting specialist agencies on board from the outset.

3.4 Reaching the excluded and those dropping out

An important way of reducing social exclusion is through attachment to the labour market. There are two main ways of re-engaging the socially excluded. One option is to design a specifically tailored programme e.g. a 'New Deal for the Socially Excluded' in much the same way as separate programmes have been developed for lone parents and people with disabilities. However, past experience strongly suggests that this risks stigmatising participants.

The alternative is to devise other ways of bringing the excluded within the scope of the New Deal. Three projects help to re-engage those who are currently excluded from the programme. One provides a specialist outreach worker for the Asian community. Another targets those individuals not claiming JSA. The third has established a multi-agency resource centre to reduce the number of individuals not participating in education, training and employment.

These projects have begun to increase our knowledge about such individuals in terms of their motivations and the forms of activity which might attract them into the New Deal. Some of those contacted have low self-esteem, lack motivation and are sceptical about Government programmes. Criminal activity has become a significant form of economic activity for some, if not their entire job.

Yet some of those currently excluded can be re-engaged. Success has been dependant upon the way that projects have been delivered. The evaluation has, for example, underlined the importance of several key aspects of delivery including:

- Establishing initial contact in the local community. This is particularly important because some groups are alienated from mainstream provision and others are territorial and rarely venture outside their home areas.
- Building upon existing partnerships rather than creating new ones.
- Involving community-based organisations with some credibility and direct experience of reaching and working with the excluded.
- Making specialist expertise available e.g. from organisations experienced in working with groups like ex-offenders, ethnic minorities and the homeless.
- Adopting a one-to-one approach and working in a flexible way. This is vital because building relationships of trust is often a long-term process which requires a great deal of patience.

Four projects have sought to increase option retention rates in order to prevent clients from dropping out of the New Deal. All New Deal participants are required to attend an option for a minimum of 30 hours per week. Two projects have allowed clients with 'chaotic lifestyles' to gradually build up their attendance to this level and another employs a support worker to reduce early leavers from the ETF option. In contrast, another project provides help with travel costs and a drop-in facility.

The performance of these projects has been mixed. At the outset, it is important to appreciate the problems caused by the relatively high rates of mandatory referrals to some options. In particular, the ETF and VS options may have become 'options of last

resort' making it more difficult to secure the necessary commitment from participants. Implementation has also shown that clients leave options prematurely for a wide range of other reasons. Some have low self-esteem which is often reflected in alcohol/drug problems. Other early leavers have poor basic skills. Several have been found to have court appearances or appointments with their probation officers.

Nevertheless, the evaluation has highlighted three key issues for policy makers

- It is important that clients are well informed about both the content of options and what is expected of them. The experience of project 1/149/99 is that the opportunity to attend a 'first step' programme prior to entering an option was a useful innovation in this respect
- Intensive one-to-one work with disadvantaged individuals can often reveal their hidden strengths and weaknesses. This can improve the matching of clients with option providers
- Some clients need continued access to specialist support services. The experience of project 2/054/99 is that relationships of trust are a vital pre-requisite so that these needs are identified in the first place

3.5 Overcoming the barriers faced by clients in remote rural areas

Limited access to personal and public transport is a labour market barrier commonly cited by New Deal participants. These difficulties are often more acute in remote rural areas and are addressed by four projects. Three test methods of increasing the mobility of clients by either loaning mopeds or providing financial assistance to offset the costs of travelling to employment opportunities. In contrast, another project uses a bus to make services available to clients in remote areas.

Projects involving significant capital expenditures e.g. to purchase and refurbish a bus have often been subject to severe delays, whereas the growing complexity of New Deal has helped to undermine the project providing financial assistance to clients. In particular, it has meant that personal advisers have not always had the time to identify those individuals that would benefit most from the initiative.

Providing the loan of mopeds represents an imaginative way of addressing the difficulties faced by young people in remote rural areas. This was very popular with young people and characterised by a relatively low incidence of misuse and defaulting. There was, however, some resistance to the idea of using a moped amongst older clients. Nevertheless, there would seem to be scope for the replication of such a service in other parts of the U.K. However, extending the scheme to metropolitan areas may be inappropriate. Here clients often express a reluctance to travel to work outside their immediate area, in spite of good public transport and a wide range of employment opportunities on offer. In such circumstances the barriers are more to do with attitudes rather than geography.

3.6 Strengthening pre-employment collaboration with employers

Stronger pre-employment collaboration with employers was one of the priorities identified in the bidding guidance and was addressed by eight projects. A variety of approaches has been adopted to stimulate employer involvement in the New Deal and to help meet their recruitment needs. Projects have tested the use of labour market intermediaries, business advisors, extended work trials, company visits, commercial placements and customised option packages.

Many projects have encountered problems establishing productive relationships with local businesses. Although some large employers were enthusiastic and well informed about the New Deal, others were less aware and more difficult to reach. The methods used to market initiatives were often inappropriate, relying on 'cold calling' or large scale mailshots. This may have resulted from a perceived need to do something quickly. However, frequent face-to-face contact with appropriate individuals is often more productive albeit more resource intensive. Furthermore, employers were often reluctant to provide placements or change their recruitment practices. This often reflected concerns about job-readiness and the imperative to recruit 'the right person' for the job.

Despite these difficulties projects such as 1/256/99, which employed business advisors to discuss the nature and content of New Deal options and encourage employers to recruit clients, have shown that such a pro-active approach can pay dividends. It has, for example, allowed the ES to gain a fuller understanding of the barriers faced by SMEs in participating fully in the New Deal. In respect of the latter, a major problem for employers in rural parts of Suffolk is their inability to locate appropriate and accessible courses for their employees. Similarly, project 1/039/99 has found that involving employers in the VS and ETF options in Liverpool has secured several benefits including giving them first-hand knowledge of what to expect from clients, improving the content of placements by suggesting activities that will impart skills relevant to full-time employment; and building the confidence of clients by allowing them the opportunity to meet existing workers when visiting an employer's premises.

The experience of welfare to work in America has been that labour market intermediaries have become increasingly important for employers who are recruiting, retaining and advancing former welfare recipients. Relatively cheap and easy to use, they are reported to be fulfilling a critical labour market need. The use of intermediaries in Innovation Fund projects has been disappointing, although it must be borne in mind that they were not fully fledged intermediaries of the kind found in America and many received modest levels of funding. Nevertheless, a number of issues have been highlighted.

- The main appeal of intermediaries to business is that they can operate as an efficient link between the company and the public sector, relieving much of the administrative burden. However, this message does not seem to have been communicated to either ES operational staff or local employers.
- Intermediaries need to have significant contacts and experience of working with both employers and the ES. In at least one case this seems to have been lacking.
- It is vital that intermediaries enjoy credibility with employers. There is an important personal dimension to this process which can be undermined by the departure of key staff.
- Effective intermediaries are customer-focused. They must understand current trends in the local labour market and have detailed knowledge of the job-specific skills that

are being demanded by employers.

- The type of service offered by an intermediary is crucial. In one project, for example, the intermediary was unable to offer services to Information Technology companies. Yet the local labour market was characterised by a high number of such vacancies.
- American intermediaries have provided a more comprehensive service. In particular, they often screen, train and place welfare recipients into jobs, and then undertake follow-up work to ensure that employees succeed in their new positions.

3.7 Improving the employment focus of FTET

Six projects sought to improve the employment focus of the FTET option. One involves a consortium of five Cheshire colleges and aims to improve job outcome and job retention rates. In the remaining projects the Learning Skills Development Agency (LSDA) supports various FTET providers in five Units of Delivery including Knowsley, Blackpool, Fylde & Wyre, Cheshire, Lewisham, and North and Mid Essex. In these projects each provider adapts their New Deal offer to increase the profile of activity within their learning programmes aimed at developing employability and securing work.

Implementation has highlighted the cultural differences between the ES and further education colleges. In broad terms ES view the New Deal as principally concerned with getting clients into work and improving their long-term employability. This 'jobs first' approach was not shared by some college staff. In particular, some advocated a 'human capital' approach where activities such as gaining a qualification are viewed as an end in their own right. In such circumstances a key strength of these projects has been that they have enabled the ES and colleges to begin '*speaking with the same language*' regarding the importance of job outcomes.

The evaluation has identified several explanations for low FTET job outcome rates. Some FTET participants are placed onto the wrong course. This is sometimes the result of poor advice or because the participant is unsure about their future career. Others have been 'shoe-horned' into existing courses because it is more cost effective. However, this has often resulted in uninterested participants being placed onto unsuitable programmes. In addition, some tutors have developed hostile attitudes to FTET participants because of their unreliability. More generally, there is a mismatch between the need for greater flexibility which is demanded by New Deal and the comparatively inflexible way in which many colleges are organised in terms of course delivery and support services.

Some projects, for example 2/301/99 in North and Mid Essex and 2/298/99 in Blackpool and the Fylde college, have significantly raised FTET job outcome rates whilst others have struggled. However, all consultees were agreed that the scope for further improvement may be diminishing. The falling number of participants is increasingly leaving a residual of difficult-to-place clients. These individuals were described as '*serial course attendees*' and often saw FTET as an '*easy option to help keep the Jobcentre off their back*'.

The ability of pilots to raise job outcome rates has been contingent upon several key factors.

- The extent to which operational staff were able to adopt cultural changes necessary for effective implementation of New Deal
- The level of managerial support received from the host college. Some colleges have responded enthusiastically viewing the New Deal as part of their commitment to tackling social exclusion. Others regard it as a marginal activity and are unwilling to adopt the necessary cultural changes. In such cases much is being left to the enthusiasm and commitment of a few individuals
- The ability of providers to encourage participants to view FTET as a means of finding work. The most successful projects have identified the employment goals of participants from the outset and worked steadily towards their realisation. This contrasts with the view that *'jobsearch is something that is tacked on at the end of FTET'*
- The extent to which projects have been able to provide one-to-one support. This is vital because college attendance may represent a key turning point in an individual's life. Many have negative experiences of learning environments and may feel unsettled with the result that relatively trivial personal problems may precipitate dropping-out. Vocational tutors are often unable or unwilling to provide personal support. A project based at Blackpool and the Fylde college (2/298/99) has shown that matching clients with young 'buddies' more able to empathise with participants was highly regarded by many of those participating in FTET.
- The extent and quality of links with local employers so that participants can be helped into appropriate placements of full-time employment.

3.8 Encouraging clients to consider growing sectors of employment

Five projects encourage clients to consider job opportunities emerging from growing sectors. Three provide information, advice and 'taster' programmes to support jobseekers taking up employment in childcare and playwork and another recruits learning assistants in schools. One project raises awareness of job opportunities emerging in the retail, hospitality and tourism sectors. In contrast, another establishes a 'not-for-profit' agency to link short-term/temporary and seasonal contracts to enable clients to make the most of job opportunities emerging from the National Exhibition Centre and Birmingham International Airport.

Many projects have been characterised by lower than expected numbers of referrals combined with a degree of client resistance. This has stemmed from negative perceptions of particular sectors. Many, for example, view work in the tourism, hospitality and childcare sectors as being low paid and insecure. This is important because many clients are risk averse, and wary of the bureaucracy and uncertainty associated with making a new benefit claim. This problem was compounded in the childcare and playwork projects by focussing provision on males and those from ethnic minorities, many of whom were resistant not only to the terms of the jobs on offer but also to the nature of the work itself.

The evaluation has also suggested that projects have encountered some problems gaining employer involvement. This particular difficulty often arose from inadequate

marketing rather than a general lack of employer interest. In addition, some projects paid insufficient attention to matching the aspirations and skills of clients to the needs of employers. This made it difficult to secure the on-going commitment of local businesses. It is significant that the projects which paid considerable attention to recruiting and training clients and matching them with appropriate employers, encountered few such problems.

These projects are attempting to ease labour market rigidities. However, if this approach is to be adopted more widely, locally based projects need to be informed by research. It is critically important that initiatives are based on sectors which are both of local significance, and which are also capable of providing additional job opportunities. It was, for example, the recruitment difficulties experienced by two major local employers that provided the impetus for the development of 'Jobjunction' (2/076/99). Moreover, the partnership has gained detailed knowledge of the job-specific skills being demanded by these employers which will become a major strength of the initiative. Considerable attention may need to be given to promoting the benefits of working in some sectors. Furthermore, if sectorally based initiatives are to be developed, it is vital that the views and experience of employers are assimilated into local projects. This can create some dilemmas. On the one hand it is in the interests of employers to widen the pool of potential employees, but on the other they will not usually wish to make any form of job commitment as this might constrain their freedom to operate in the labour market.

3.9 Improving access to vocational training

Six projects aim to improve access to vocational training. Some seek to address the training related barriers to the participation of employers in the Employment option. A number of approaches have been adopted including relaxing schedule 2 requirements, allowing greater flexibility in the 26 day off the job training requirement, and using training advisers to help employers select the most appropriate training route. Other projects have created a central training budget from the £750 training grant or linked Work Based Learning for Adults with the New Deal.

Implementation of these projects has highlighted several issues for policy makers in terms of both improving the quality of training provision and addressing the training-related barriers to the participation of SMEs in the Employment option.

First, many employers need help with sourcing and managing training for New Deal recruits. This is a particular problem for small employers because many do not have the capacity to undertake relevant training in-house or have sufficient resources to organise training through a recognised provider. It is significant that many of the employers becoming involved in the projects had workforces of less than 50 people. The use of local training brokers with detailed knowledge of the needs of employers and the services offered by training providers has been helpful in this respect. In particular, they have been able to help employers identify and locate appropriate training and secure significant cost savings for the ES.

Second, many further education colleges are unable to provide 'roll-on, roll-off' entry to courses. This problem is often more acute in rural areas where the small flow of clients through the Employment option means that such provision is unsustainable. These difficulties have sometimes meant that either employment offers have been withdrawn or inappropriate training has been accessed. A North Yorkshire project (1/198/99) found that allowing employers greater flexibility so that they could agree Individual Training Plans and employ clients for several months before the commencement of training was a

useful innovation. However, less than half of the expected number of employers made use of this facility.

Third, some local training providers aware of the £750 training contribution, have been raising their prices. The experience of a Glasgow project (1/282/99) is that the creation of a central training budget from the £750 training grant has allowed more bargaining power with training providers and helped to generate significant cost savings and better value-for-money. In only four of the thirty nine cases examined by the evaluators did training costs exceed £750, the cost of most was between £250 and £450. It is, however, vital that those managing the budget have detailed knowledge of the local training market and are impartial and independent.

Finally, there is some evidence that schedule 2 requirements may represent an obstacle to gaining the involvement of employers in the NDYP Employment option. The relaxation of these requirements in a Lincolnshire project (1/174/99) has allowed a more tailored and job-specific approach to training. However, it has not significantly increased SME involvement in the New Deal. This may indicate that the real issue for many employers is that they do not want to undertake any externally validated training for the type of posts filled by New Deal recruits.

All of this suggests that it may be better to make no training requirement of employers participating in the NDYP Employment option. This course of action may be politically sensitive. Nevertheless, four key merits of pursuing such an approach were identified:

- It recognises that provision ought to focus more closely on employer needs rather than New Deal regulations. This is important because employers must be willing to recruit those seeking work if welfare-to-work policies are to be successful.
- It corresponds with American experience where policy makers have had to reach out to employers in ways that make good business sense.
- It appreciates that many companies conduct on the job and industry-specific training themselves and find that 'soft' skills are the main requirement of job-ready candidates. This is particularly the case in tight labour markets where employers indicate that the limited education and training that many welfare recipients bring to the labour market may be compensated by positive attitudes, reliability and motivation.
- It is popular with some personal advisers. Many of those interviewed were convinced that the absence of schedule 2 requirements in the NDYTU programme makes the placing of clients with employers significantly easier.

3.10 Raising the motivation and jobsearch of clients

Two projects aim to raise the motivation and jobsearch of clients. One extends the availability of Jobseeker's Grant to help NDYP clients move from New Deal options into employment. In contrast, another offers a 'Recognition of Achievement' certificate to NDYP clients showing significant improvement in their attitudes and skills.

The performance of these projects was mixed. The former was characterised by low take-up, only seven people had been accepted for a grant when contacted by the evaluators compared to a target of thirty. This seems to have partly resulted from a desire to minimise deadweight and consequently the availability of the grant was not

actively marketed by ES. Instead the emphasis was on clients or their advisers identifying need. The latter performed well, at the half way stage twelve individuals had gained the certificate compared to an annual target of twenty. Awarding the certificate seems to have helped to increase the self-esteem of recipients which sometimes had a positive impact on their employment prospects. In particular, some clients used the certificate to market themselves to prospective employers. This was welcomed by some employers because it provided some indication of the likely quality of prospective employees in terms of their reliability and conscientiousness. However, it may have been better focused on those individuals struggling rather than excelling.

4. IMPLEMENTATION

4.1 Introduction

This section of the report considers the evidence gathered about the ways in which local partnerships implement pilot projects. As before, it is informed by the qualitative (process) element of the research. This aspect of the evaluation identified

- the problems stemming from the organisational context of the Innovation Fund; and
- the defining features of successful and unsuccessful projects

4.2 The Organisational Context

It is important to recognise that experimental programmes such as the New Deal Innovation Fund are structured by their organisational context. This realisation is particularly important because the ES is undergoing a period of intense change. It is evolving culturally from an organisation largely driven from the centre by rules to one where there is a greater degree of flexibility in how objectives are achieved. Consequently, the Agency is renewing itself by changing the way it operates, and how it interacts with its clients, employers and partners. This process will culminate in the establishment of pathfinders for the new Jobcentre Plus from Autumn 2001. Change is also being brought about by an extremely demanding agenda including

- The delivery of the Government's **welfare to work** policies. The ES has been given lead responsibility for the New Deals for 18-24 year olds, for those aged 25 and over, for Lone Parents, for Disabled People, for the Partners of Unemployed people and for those aged 50 plus
- The introduction of a programme of continuous improvements to the New Deal e.g. **Gateway to Work**
- The piloting of **ONE**. The ES, Benefits Agency, local authorities and other partners have been working together to provide a single point of entry for claimants receiving benefits
- The implementation of 'fully fledged' **Employment Zones**

Although it does not explain why some projects worked better than others, this organisational and operational context of renewal and change has affected the implementation of projects in a variety of ways. In particular

- ES local offices have prioritised the implementation of the New Deals. Consequently, those implementing projects have often found it difficult to make the space necessary for effective implementation. This was reflected in difficulties maintaining the profile of projects within very busy local office environments, securing reliable sources of referrals and gaining the commitment of key operational staff
- Levels of referrals have fallen over the tenure of many projects. However, much of this fall has been due to improving labour market conditions.
- Staff continuity has been undermined as key operational staff have been given new

responsibilities or transferred to new initiatives. This problem has affected both the ES and external providers.

- Key staff have been unable to devote sufficient time to projects
- Securing the involvement of ES staff has been made more difficult because the Innovation Fund is not part of the Agency's Annual Performance Agreement. It was, for example, a noticeable feature of many projects that commitment to partnership working was stronger at the strategic rather than the operational level
- Personal advisers have often been an unreliable source of referrals, although this often reflected a lack of information and understanding about projects. Those projects relying on referrals from this source have often struggled
- The high caseloads of many personal advisers, the wide range of options available to them and the low profile of projects have caused particular problems. Project managers have had to continually familiarise personal advisers with projects so that they remain aware of them. The recent introduction of Gateway to Work has compounded this problem by widening the range of options available to personal advisers
- In some areas high turnover amongst personal advisers has been a complicating factor. This has undermined relationships between the ES and its local partners and has adversely affected the performance of projects
- There was no focus on exit strategies at the outset, and officials at the DfEE, ES and NDTF did not take decisions on what to do with the findings of the evaluation early enough. This important lesson has, however, informed the development of round three bids

4.3 Performance characteristics

The evaluation has shown that some projects work better in some areas than others. The reasons for this are diverse and include local implementation conditions, organisational capacity and partnership arrangements. Further analysis of the qualitative information collected by the evaluators has highlighted general features associated with both successful and unsuccessful projects. This analysis underlines the view that in assessing policy effectiveness evaluators need to focus on the 'how' as well as the 'what'.

4.3.1 Features of Successful Projects

Features helping to ensure, but not guarantee, a reasonable level of success include

- Robust project design and effective planning. It is vital that considerable attention is paid to the intricacies of project design e.g. establishing clear lines of communication, developing strong referral networks, setting out procedures for the recruitment of specialist staff and contingencies for the departure of key individuals. The continued involvement of staff responsible for the design of projects, a strong sense of local 'ownership' and a high degree of staff commitment and continuity all had a significant bearing on performance. In addition, the provisional nature of projects places a premium upon good planning so that appropriate administrative and monitoring systems are quickly established which helps to build early momentum.

- Strong managerial support and pro-active management of projects The existence of strong supportive relationships between projects and ES Regional / Head Office was particularly important In addition, the appointment of dedicated project managers often ensured that projects were more likely to succeed
- Complementary attitudes and skills of all operational staff Project Managers are called upon to fulfil several different roles and need to possess personnel, financial and project management skills Staff working with disadvantaged groups, for example, need to be able to empathise but also guard against being over-protective. Furthermore, regular awareness raising and briefings of all operational staff is important because of rapidly changing circumstances
- Minimal bureaucracy This feature is particularly important in projects striving to gain the involvement of employers
- Good partnership working At the outset it is important that the benefits to be gained by partnership working are clearly identified. In addition, it is vital that projects characterised by clarity of responsibility amongst ES staff and between the Agency and their external partners, effective and regular communication between partners during implementation and an accommodation of the different cultures of partners and tolerance of the constraints that they face.

4.3.2 Features of Unsuccessful Projects

The research has also identified many characteristics associated with unsuccessful projects. Examples include.

- Inadequate planning and time to establish projects. Lengthy delays in operationalising projects and failing to build early momentum were often the result These problems were often compounded by the departure of key staff, lack of appropriate accommodation, contractual difficulties, protracted recruitment processes, etc
- Problems securing the active and continuing involvement of key staff The low profile of projects, a lack of staff continuity affecting both the ES and external providers and infrequent briefings of operational staff have been particular problems Many felt that 'client possessiveness' on the part of some personal advisers stemming from an output-driven culture was a further problem in this respect
- Difficulties identifying the client group and low referrals The former was particularly acute for projects focussing on meeting the needs of groups like the homeless and ex-offenders. A failure to develop strong referral networks and a consequent over-reliance on personal advisers were particular problems in respect of the latter A few projects suffered from inappropriate referrals External providers have, for example, complained that referrals received from the ES have not been 'job-ready' However, this problem sometimes reflected the unrealistic expectations of some providers
- Operationally complex and bureaucratic projects involving many different offices spread over a large area or several different providers This has often compounded the problems keeping operational staff fully informed about pilot projects
- Weak local partnerships Some projects were unable to break down the suspicion of

some community groups to the New Deal. This was a particular problem for projects addressing the barriers faced by severely disadvantaged groups. Projects failing to realise the benefits of partnership working were often characterised by a lack of communication and a suspicion of the cultures, values, attitudes and styles of working amongst partners. ES personnel, for example, sometimes complained that community-based organisations were not sufficiently focussed on job outcomes. In contrast, community-based organisations complained that the ES was too focussed on outcomes and that their involvement was unattractive to many severely disadvantaged groups.

5. CONCLUSIONS

5.1 Introduction

This final section of the report presents some of the main conclusions emerging from the evaluation. The present research has identified the importance of five key issues

- Improving the quality of bids
- Securing the active involvement of personal advisers
- Strengthening local partnerships
- Reaching employers in ways that make business sense.
- Encouraging organisational development and capacity building

5.2 Improving the quality of bids

Local partnerships made approximately 630 bids for support from Rounds one and two of the Innovation Fund. These were assessed by policy sections within ES, DfEE and NDTF. Administering such a large-scale exercise has been complex, time consuming and resource intensive. Yet some of the subsequent difficulties experienced by projects can be traced back to the bidding process. In particular, many bids were characterised by

- inadequate attention to the intricacies of project design,
- insufficient time to prepare high quality bids,
- a discontinuity between staff designing bids and those implementing them,
- exaggerated projected outcomes often reflecting a desire to improve the chances of being funded;
- unrealistic assessments of the time necessary for establishing projects,
- little attention to exit strategies

This suggests that future rounds of the Innovation Fund should be smaller and more focussed. This would free some resources which could then be devoted to supporting those preparing bids and ironing out any ambiguities during post tender negotiations. Several consultees felt that bid quality could also be improved by the introduction of face-to-face interviews between policy sections and those making bids which would allow a wider range of issues to be fully aired prior to implementation. These difficulties might also be addressed by changing the criteria for bid assessment. Changes might focus on encouraging all relevant parties to become involved in preparing bids and discouraging overly complex project designs. Another possibility may be the use of an 'establishment phase' to enable all partners to get up to speed prior to full

implementation. These lessons have been taken into consideration for round three projects

5.3 Securing the active involvement of personal advisers

One of the New Deal's most important innovations has been to assign a personal adviser to every participant. They play a pivotal role in ensuring that the programme is client-centred and the quality of this relationship often determines how both participants and providers assess the New Deal. Unfortunately, many Innovation Fund projects have struggled to gain the active involvement of personal advisers. These difficulties have often stemmed from the growing demands which are being placed on personal advisers by the New Deal and the increasing range of options available to them.

Interviews with personal advisers revealed that many felt unable to assess, refer and support clients through Innovation Fund projects. This often reflected a lack of information and understanding about projects. Many had been given insufficient briefing. They also identified a lack of feedback from providers which made it difficult for them to continue referring clients to projects. These problems were often compounded by inadequate marketing and the low profile of projects within very busy local office environments.

Consequently, the ability of local partnerships to conduct regular awareness raising and briefings of personal advisers was a key determinant of project performance. However, in some cases the problem was more deep-seated and arose because personal advisers felt little 'ownership' or commitment to projects. This suggests that bidders should be encouraged, where appropriate, to involve personal advisers in the design of individual projects. It may be too late to adequately address this issue once projects are underway.

5.4 Strengthening local partnerships

The ES has responsibility for delivering the New Deal working in partnership with others in the community. The accent on local partnerships is also reflected in the Innovation Fund. There are several good reasons for forming local partnerships including

- **Client-centred approaches.** Very few agencies have the necessary resources to address all the needs of disadvantaged groups. Client-centred approaches can, therefore, only be achieved through the mobilisation of a range of local agencies.
- **Coherence.** Partnerships are a useful way of ensuring that the needs of the unemployed are met in a coherent way thus avoiding potential duplication of effort and wastage of resources.
- **Synergy.** Partners may bring different expertise and experience to projects, thus facilitating innovation.
- **Transformation.** Exposure to new ways of working can lead to permanent change in the practice of partners.

The evaluation found that partnership arrangements had a significant bearing on project performance. All too often projects were characterised by a strong commitment to partnership working at the strategic level which was not shared by operational staff. This suggests that future bidding guidance contains a greater emphasis on the mechanics of

partnership working. In particular, several reasons why local partnerships failed to realise their potential were identified

- insufficient planning and preparatory work with partners at the design stage,
- hastily constructed partnerships reflecting short time-scales and the demands of funders,
- poorly defined role allocation and demarcation geared to partner strengths,
- limited experience of working in partnership,
- a lack of communication,
- suspicion of the motives of other partners which was sometimes reflected in competitive behaviour,
- differences in culture, values and styles of working

In a few cases these difficulties were the result of deep cultural differences between the ES and its partners. This was most readily apparent in the projects seeking to improve the employment focus of FTET. More generally, the evaluation has highlighted the mismatch between the need for greater flexibility which is demanded by New Deal and the comparatively inflexible way in which many colleges are organised in terms of course delivery and support services

5.5 Reaching employers in ways that make business sense

Employers are critically important to the success of New Deal since a key objective of the programme is to help people find work. Yet a recurring theme has been the inability of projects to fully engage with local employers. Several contributory factors were identified

- a failure to involve employers in the design of projects,
- poor local labour market knowledge;
- inadequate assessment of employer needs,
- insufficient attention to matching the aspirations and skills of clients to the recruitment needs of employers,
- limited local labour market relevance,
- the client-focused outlook of some providers and their limited experience of working with employers;
- the use of inappropriate marketing techniques

Many employers have been reluctant to provide placements or change recruitment practices. This often reflected concerns about the job-readiness of clients and the imperative to recruit 'the right person' for the job. Furthermore, employers need to be assured that recruitment will not lead to further costs resulting from high turnover and high

risk behaviour. This corresponds with the experience of welfare to work in America where policy makers have had to reach out to employers in ways that make business sense.

This suggests that future rounds of the Innovation Fund ought to pay closer attention to meeting the demands of employers. This is already happening. The bidding guidance for round three projects, for instance, highlights the importance of proposals that engage employers in the design of the New Deal. A demand-led strategy would recognise that employers want recruits able to contribute the key business goals of productivity and profitability. They are less keen to participate in a programme that expects them to substitute their business goals for social ones. Future initiatives might explore the use of supplier chains as a means of establishing initial contact with employers in particular sectors. The use of labour market intermediaries serving both employers and disadvantaged jobseekers has been an integral part of such a demand-led strategy in America. However, on a cautionary note,

- A demand-led strategy is most effective in buoyant labour markets. There are still many areas of the UK characterised by weak labour demand.
- Recent economic events in America may lead to a general economic slow down and significantly reduced recruitment activity.
- Policy makers will need to ensure that intermediaries are encouraged to work with disadvantaged groups and do not merely 'cherry pick' the most job ready.

5.6 Encouraging organisational development and capacity building

A key finding is that most employment and training organisations are unable to provide an effective service to both employers and disadvantaged jobseekers. Few public, community or education institutions have the skills or experience to provide an effective service to local employers. Similarly, those with a focus on meeting the needs of business often have little credibility with disadvantaged people. However, the experience of welfare-to-work in America strongly suggests that providers should be encouraged to think of both employers and disadvantaged jobseekers as their clients. This will require significant organisational development and capacity building.

A number of points can be made in this respect:

- Round one and two projects have not been given resources to fund organisational development and capacity building.
- Many community organisations will want to retain their primary focus on working with disadvantaged groups.
- Effective capacity building requires a major organisational commitment to identifying necessary changes and the development of specific staff competencies. Many organisations will only make such an undertaking if they are convinced that it is in their long-term interests to do so.
- In the first instance, the task for Government is to reinforce the message that intermediaries have a crucial role to play in the next generation of active labour market policies. They then need to create an environment that stimulates and supports the growth of intermediaries.

- Sustained investment is necessary over several years so that intermediaries can become a significant part of the employment and training delivery system
- Much of the work of intermediaries is concerned with building and maintaining customer relationships. Policy makers may need to formulate payment systems which are more compatible with these forms of activity

5.7 The usefulness of labour market pilot programmes

Some feel that pilot programmes are characterised by several weaknesses which limit their usefulness. They point out that the resources devoted to pilots may exceed those available at national roll-out. There may also be a greater level of commitment amongst staff involved in implementation. However, this report has shown that these limitations are less relevant to the New Deal Innovation Fund. In particular, many projects have received no additional funding and the maximum allocation was just £50,000. Furthermore, pilots have experienced circumstances that have constrained their implementation which would not apply to national programmes.

The experience of the New Deal Innovation Fund is that labour market pilot programmes can be an indispensable aid to programme design and provide valuable insights into the likely effects of programmes when implemented on a national scale. The evaluation of the Innovation Fund has identified several key messages for the design of New Deal:

- Outreach work is necessary to help re-engage those currently excluded from the programme
- Licensed centres can widen access to the programme. Some participants have also welcomed the increased support and more relaxed working environment characterising the venues used for such centres
- The provision of post-placement support can raise job retention rates and improve employer experiences of the New Deal
- Continuity of support and co-location can minimise the number of inter-agency transitions and reduce drop-out rates
- Providing the loan of mopeds represents an imaginative way of addressing the difficulties faced by young people in remote rural areas. There would seem to be scope for the replication of such a service in other parts of the U.K.
- There is some evidence that schedule 2 requirements may represent an obstacle to securing the involvement of small employers in the NDYP Employment option. The evaluation has suggested that it may be better to relax the training requirement of employers participating in the NDYP Employment option.

ANNEX 1

TABLE 1: PROJECT CONSTITUTION AND FOCUS

No.	Bid No.	Unit of Delivery	Partners	Target
1	1/127/99	Croydon & Bromley	SE London Probation Service	NDLTU ex-offenders
2	1/256/99	Suffolk & Waveney	Suffolk COC Business Link	NDYP
3	1/062/99	Powys & Ceredigion		NDYP & NDLTU in rural areas
4	1/045/99	Dunbartonshire		NDYP & NDLTU unsubsidised jobs
5	1/033/99	Sutton, Merton, Epsom, Esher and Kingston	ECO-ACTIF	NDYP post placement support
6	1/043/99	Cheshire		NDYP FTET
7	1/039/99	Liverpool	Merseyside MCVS Liverpool CC Employment Links	NDYP & VS & ETF options
8	1/268/99	Cardiff	Welsh Office LEA	NDYP & NDLTU
9	1/049/99	HOVAC	Blaeanau Gwent CBC Tydfil Training Consortium	NDYP
10	1/149/99	Staffordshire	Staffs TEC Staffs Career Service	NDYP disadvantaged
11	1/151/99	Wigan	Q Mat	NDYP ETF
12	1/211/99	Greater Nottingham	BestCo	NDYP homeless
13	1/137/99	Bristol & South Gloucestershire		NDYP
14	1/142/99	Fife	Fife Council	NDYP ETF
15	1/050/99	Dorset	Dorset Probation Service	NDYP & NDLTU ex-offenders
16	1/275/99	Edgware & Leaside	Tottenham Partnership	NDYP BME and disabled
17	1/115/99	Rochdale	Ashiana Housing Association	NDYP Asians
18	1/053/99	Birmingham	Birmingham and Solihull TEC	NDYP
19	1/077/99	Crawley	Youth Clubs Sussex Ltd	NDYP
20	1/086/99	Southwark	Pecan Ltd	NDYP VS option
21	1/148/99	Staffordshire	Staffs TEC Staffs Careers Service	NDYP Gateway
22	1/174/99	Lincolnshire		NDYP Schedule 2
23	1/198/99	York & North Yorkshire		NDYP Employment
24	1/292/99	Liverpool		NDYP clients with chaotic lifestyles
25	1/177/99	Tayside	CWG Training & Recruitment	NDYP & NDLTU
26	1/282/99	Glasgow	Glasgow Development Agency Glasgow Access	NDYP
27	1/020/99	Wiltshire & Swindon	Wiltshire & Swindon TEC	NDLTU
28	1/176/99	Newham	Wise Group	NDYP aftercare
29	1/234/99	Dumfries & Galloway	Stewarty CVS	NDYP
30	1/165/99	Lambeth & Wandsworth	Talent Resourcing Ltd	NDYP

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31	1/007/99	Cornwall		NDYP special needs
32	1/159/99	Central Bristol	Centre for Education, Employment and Development	NDYP ethnic minorities
33	2/025/99	Powys/Ceredigion	Montgomeryshire Foyer	NDYP homeless
34	2/054/99	Cheshire	West Cheshire College County Youth Service CEWTEC Careers Connections	NDYP those not claiming JSA
35	2/076/99	Birmingham JVP	Birmingham TEC	NDYP & NDLTU
36	2/176/99	York & North Yorkshire	North Yorkshire TEC York & North Yorkshire Chamber North Yorkshire Guidance Services	NDYP & NDLTU
37	2/200/99	Dumfries & Galloway	Pathfinder Adult Guidance Network	NDYP remote rural areas
38	2/297/99	Knowsley	Learning Skills Development Agency	NDYP FTET option
39	2/298/99	Blackpool, Fylde & Wyre	Learning Skills Development Agency	NDYP FTET option
40	2/299/99	Cheshire	Learning Skills Development Agency	NDYP FTET option
41	2/300/99	Lewisham	Learning Skills Development Agency	NDYP FTET option
42	2/301/99	North & Mid Essex	Learning Skills Development Agency	NDYP FTET option
43	2/319/99	West Lothian	Career Development Edinburgh & Lothians	NDYP
44	2/326/99	Dunbarton		NDYP & NDLTU
45	2/278/99	Edinburgh, East & Mid Lothian	Edinburgh Volunteer Exchange	NDYP, NDLTU unsubsidised unemployment
46	2/197/99	Gloucestershire	The Link Group Prospect Training Services	NDLTU Employment option
47	2/046/99	Southwark	Pecan Ltd	NDYP
48	2/230/99	Southwark	Kids' Club Network	NDTP & NDLTU males and ethnic minorities
49	2/293/99	Sheffield	NACRO	NDYP VS option
50	2/296/99	Peterborough		NDYP & NDLTU remote rural areas
51	2/055/99	Hertfordshire	Hertfordshire TEC	NDYP
52	2/265/99	Manchester	Moss Side & Hume Community Development Trust	NDYP & NDLTU ethnic minorities
53	2/074/99	Liverpool	Merseyside Employer Coalition	NDYP
54	2/269/99	Leeds	Kids' Club Network	NDYP & NDLTU males and ethnic minorities

TABLE 2: PROJECT CONTENT

No.	Bld No.	Content
		<i>Funded Innovation</i>
1	1/127/99	Screening offenders with basic skill difficulties, delivering of one-to-one tuition and use of mentors to link them with New Deal
2	1/256/99	Provision of business advice to employers focussing on training and recruitment
3	1/062/99	Financial assistance with transport or accommodation to overcome the barriers to taking up work outside home area
4	1/045/99	Provision of additional caseload activity to support unsubsidised employment
5	1/033/99	Establishment of a training and support programme for employers taking New Deal clients
6	1/043/99	Improvement of the focus, design and delivery of the FTET option
7	1/039/99	Provision of staff to engage employers in ETF & VS options and marketing of clients
8	1/268/99	Promotion of Employment option within local schools
9	1/049/99	Loan of motor scooters to help young people take up and retain subsidised and unsubsidised employment
10	1/149/99	Provision of a range of preparation modules and activities for disadvantaged clients
11	1/151/99	Marketing ETF clients to employers through outreach / caseloading
12	1/211/99	Case managing homeless clients through a specialist centre
13	1/137/99	Extension of the availability of Jobseekers Grant to enable clients to move from options into employment
14	1/142/99	Provision of a placement support adviser to identify and overcome barriers to participation in the ETF option
15	1/050/99	Provision of a marketing service and support to offenders
16	1/275/99	Support, training and mentoring to BME and disabled clients Help for employers to recognise the importance of ethnic minority issues
17	1/115/99	Specialist outreach work for the Asian community
18	1/176/99	Provision of an aftercare infrastructure and client monitoring system for those participating in programmes offered by local Wise company or affiliate. Case worker to provide on in-work benefits and childcare arrangements
19	1/234/99	Employment of a childcare co-ordinator to raise awareness of the New Deal with existing childcare providers and encourage composite placements
20	2/025/99	Case managing homeless clients through a Foyer and the provision of specialist help
21	2/054/99	Provision of outreach work to encourage those not currently claiming JSA to join New Deal and offer support to clients in danger of dropping out of the programme
22	2/076/99	Linking short-term/temporary and seasonal contracts to enable clients to move from contract to contract at Birmingham Airport and the NEC without the need to return to benefit
23	2/176/99	Employment of a training adviser to help SMEs recruiting NDYP and NDLTU clients to select the most appropriate training route
24	2/200/99	Purchase and refurbishment of a bus to make induction day services available to clients in remote rural areas
25	2/297/99	Improvement of the employment focus of the FTET option
26	2/298/99	Improvement of the employment focus of the FTET option
27	2/299/99	Improvement of the employment focus of the FTET option
28	2/300/99	Improvement of the employment focus of the FTET option
29	2/301/99	Improvement of the employment focus of the FTET option

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30	2/319/99	Provision of post placement support for both clients and employers
31	2/326/99	Raising awareness of the job opportunities in the tourism, hospitality and retail sectors and the provision of appropriate FTET training
32	2/230/99	Provision of information, advice and taster programmes to support clients taking up employment in childcare and playwork
33	2/296/99	Help to improve the mobility of rural residents through the loan of mopeds, driving lessons and help with taxing and insuring private vehicles
34	2/265/99	Provision of a package of one-to-one guidance and vocational counselling for ethnic minority clients
35	2/074/99	Stimulation of greater SME involvement in pre-employment and accredited 26 week Employment option training
36	2/269/99	Provision of information, advice and taster programmes to support clients taking up employment in childcare and playwork
37	2/055/99	Establishment of a multi-agency resource centre for NDYP clients
		<i>Non-funded Innovation</i>
38	1/053/99	Provision of customised option packages for a maximum of 9 months linked to Job Interview Guarantees and employment opportunities
39	1/077/99	An award for clients showing significant improvement
40	1/086/99	Extended work trials and customised training for clients in the VS option
41	1/148/99	Use of Access Funding to provide additional support for travel costs and to provide a 'drop-in' facility for disadvantaged young people
42	1/174/99	Relaxation of Schedule 2 payments enabling clients to get industry specific qualifications prior to entering work
43	1/198/99	Reduction in the 26 day off-the-job training requirement
44	1/292/99	Relaxation of the requirement that all applicants must attend FTET, VS and ETF Options for a minimum of 30 hours per week
45	1/007/99	Post Gateway specialist support during first three months of unsubsidised employment
46	2/278/99	Creation of a pool of trained volunteer mentors to help clients make the transition to unsubsidised employment
47	2/293/99	Utilisation of commercial/private sector placements for the final eight weeks of the VS option
		<i>Employer Subsidy</i>
48	1/177/99	Develop greater access to jobs through company visits, work experience, work trials and work shadowing
49	1/282/99	Creation of a central training budget to offer clients an individual learning account
50	1/020/99	Variation of subsidy payments to employers in three stages after a trial period
51	1/165/99	Provision of a dedicated consultant to enhance catchment, strengthen client support/delivery to employers and job retention
52	1/159/99	Provision of two training and employment officers for competitive recruitment, supervised induction and specialist training for BME clients.
53	2/046/99	Recruitment agency for NDYP in the Gateway
54	2/197/99	Linking Work Based Learning for Adults with the New Deal for NDLTU clients

TABLE 3: KEY THEMES

No.	Bld No.	Theme
1	1/127/99	Addressing the needs of severely disadvantaged groups
2	1/211/99	
3	1/050/99	
4	1/275/99	
5	1/159/99	
6	2/025/99	
7	2/265/99	
8	1/045/99	Providing post-placement support
9	1/033/99	
10	1/176/99	
11	2/319/99	
12	1/007/99	
13	2/278/99	
14	1/165/99	
15	1/149/99	Reaching the excluded and those dropping out
16	1/142/99	
17	1/115/99	
18	2/054/99	
19	2/055/99	
20	1/148/99	
21	1/292/99	
22	1/062/99	Overcoming the barriers faced by clients in remote rural areas
23	1/049/99	
24	2/200/99	
25	2/296/99	
26	1/256/99	Strengthening pre-employment collaboration with employers
27	1/039/99	
28	1/151/99	
29	1/053/99	
30	1/086/99	
31	1/177/99	
32	2/046/99	
33	2/293/99	
34	2/074/99	
35	1/043/99	Improving the employment focus of FTET
36	2/297/99	
37	2/298/99	
38	2/299/99	
39	2/300/99	
40	2/301/99	
41	1/268/99	Encouraging clients to consider growing sectors of employment
42	1/234/99	
43	2/076/99	
44	2/326/99	
45	2/230/99	
46	2/269/99	
47	2/176/99	Improving access to vocational training
48	1/174/99	
49	1/198/99	
50	1/282/99	
51	1/020/99	
52	2/197/99	
53	1/137/99	Raising the motivation and jobsearch of clients
54	1/077/99	

FIGURE 1: PROJECT STARTS BY MONTH

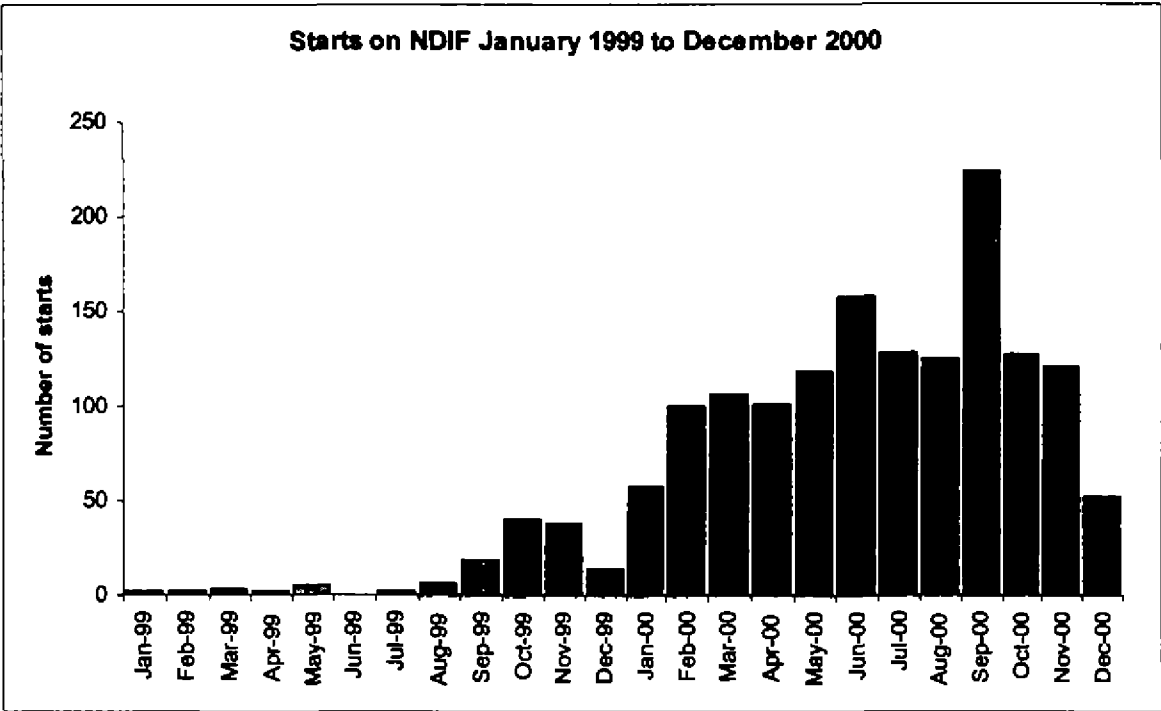


TABLE 4: AGE OF PARTICIPANTS

	Number of participants	% of participants
18-24 year olds	1,285	85.3
25-39 year olds	139	9.2
40-49 year olds	50	3.3
50-64 year olds	33	2.2
Total	1,507	100.0

TABLE 5: PARTICIPANT CHARACTERISTICS

	18-24 year olds		25+ year olds		Total ¹	
	No of participants	% of participants	No of participants	% of participants	No of participants	% of participants
Gender						
Female	284	22.9	40	18.7	334	22.5
Male	958	77.1	174	81.3	1,152	77.5
Total	1,242	100.0	214	100.0	1,486	100.0
People with Disabilities						
Those with a disability	163	12.7	43	19.4	206	13.7
Without a disability	1,122	87.3	179	80.6	1,301	86.3
Total	1,285	100.0	222	100.0	1,486	100.0
Ethnic Origin						
White	1,112	86.5	184	82.9	1,304	85.7
Black-Caribbean	37	2.9	7	3.2	45	3.0
Black-African	21	1.6	0	0.0	21	1.4
Black-Other	19	1.5	1	0.5	22	1.4
Indian	5	0.4	1	0.5	6	0.4
Pakistani	24	1.9	6	2.7	30	2.0
Bangladeshi	3	0.2	0	0.0	4	0.3
Chinese	4	0.3	0	0.0	4	0.3
Other	21	1.6	10	4.5	32	2.1
Prefer Not to Say	39	3.0	13	5.9	53	3.5
Total	1,285	100.0	222	100.0	1,521	100.0
Existing Qualifications						
Foundation	72	11.2	2	8.3	74	11.0
NVQ/SVQ Level 1	112	17.4	1	4.2	117	17.4
NVQ/SVQ Level 2	118	18.4	2	8.3	122	18.1
NVQ/SVQ Level 3	16	2.5	2	8.3	18	2.7
NVQ/SVQ Level 4	7	1.1	1	4.2	8	1.2
Other	123	19.1	8	33.3	131	19.4
None	195	30.3	8	33.3	204	30.3
Total	643	100	24	100	674	100

¹Totals include those for whom age is not recorded. Due to this components will not necessarily sum to totals

TABLE 6: PARTICIPANT CHARACTERISTICS COMPARED TO MAINSTREAM NEW DEAL

		Participants aged 18-24		Participants aged 25+	
		NDYP	NDIF	NDLTU	NDIF
Starts from January 1999 to December 2000		279,379	1,285	256,106	222
% of whom	Men	70.2	77.1	84.2	81.3
	Disabled	11.0	12.7	20.7	19.4
	Ethnic Minorities	14.2	10.5	10.3	11.2
	No Qualifications	30.0	30.3	24.3	33.3
	Aged 50+	N/A	N/A	28.8	14.9

In Figures 2 to 5 the percentages for all New Deal are weighted according to the balance of age groups across all Fund participants. This takes into account the relatively larger group of 18-24 year olds participating in the Fund compared to mainstream New Deal

FIGURE 2: PERCENTAGE OF PARTICIPANTS WHO ARE MALE

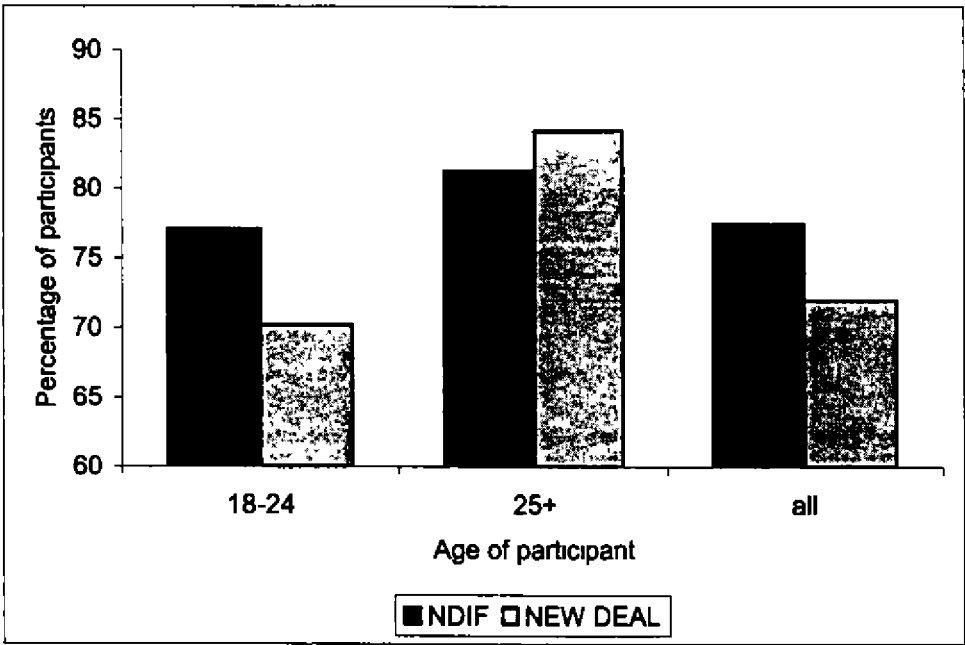


FIGURE 3: PERCENTAGE OF PARTICIPANTS WHO ARE DISABLED

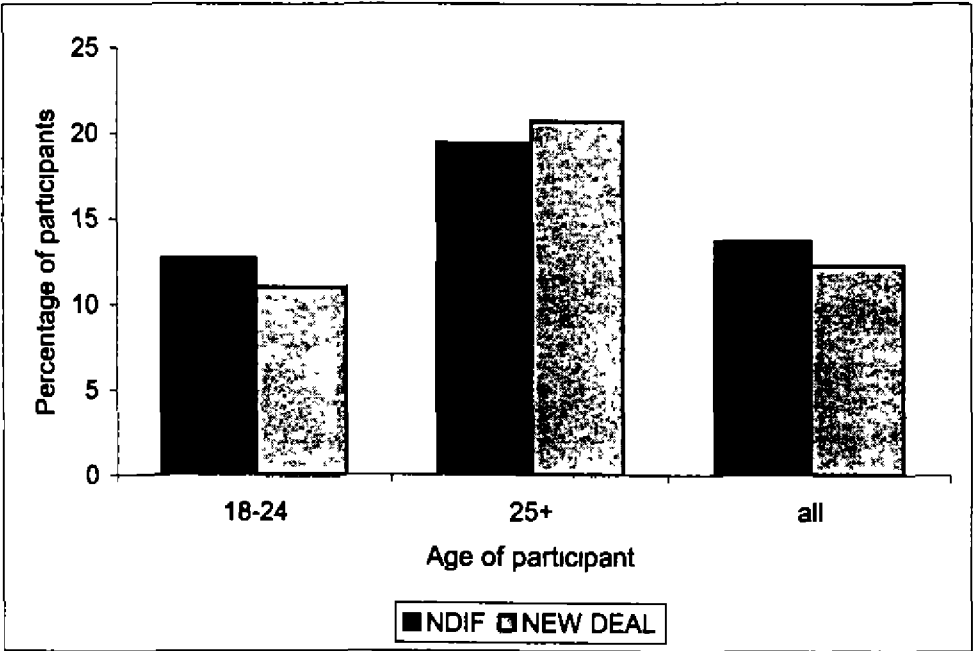


FIGURE 4: PERCENTAGE OF PARTICIPANTS WHO ARE ETHNIC MINORITIES

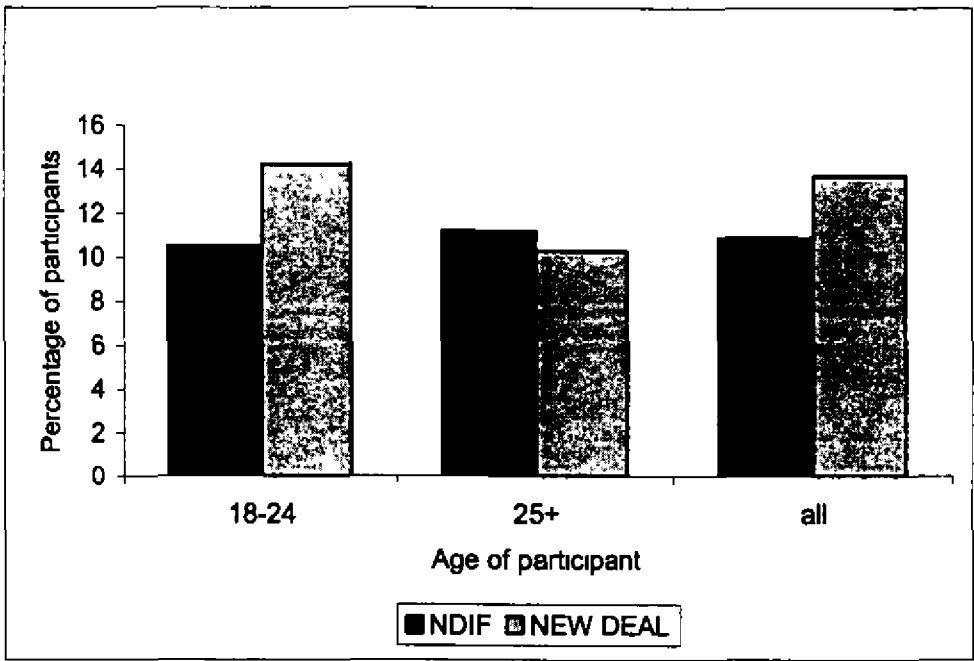


FIGURE 5: PERCENTAGE OF PARTICIPANTS WHO HAVE NO QUALIFICATIONS

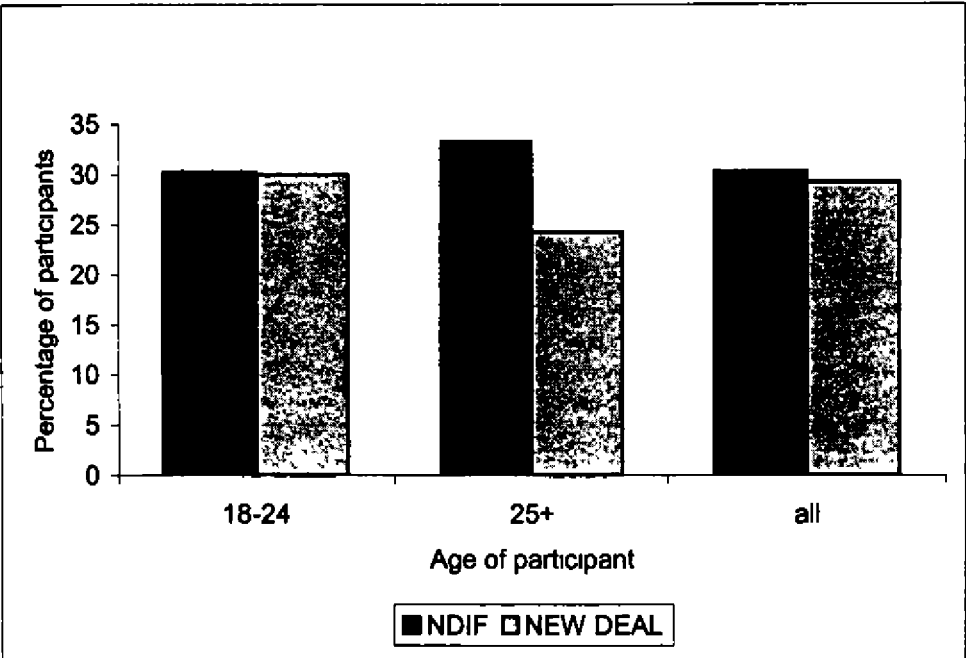


TABLE 7: COMPLETION RATES

	18-24 year olds		25+ year olds		Total ¹	
	No of participants	% of participants	No of participants	% of participants	No of participants	% of participants
Completed project	259	40.1	53	51.5	318	41.5
Left project early, returned to JSA/New Deal	115	17.8	20	19.4	140	18.2
Left project early, also left JSA/New Deal	130	20.2	17	16.5	147	19.2
Outcome unknown	141	21.9	13	12.6	161	21.0
Total	645	100.0	103	100.0	766	100.0

¹Totals include those for whom age is not recorded. Due to this components will not necessarily sum to totals.

FIGURE 6: COMPLETION RATES FOR PARTICIPANTS

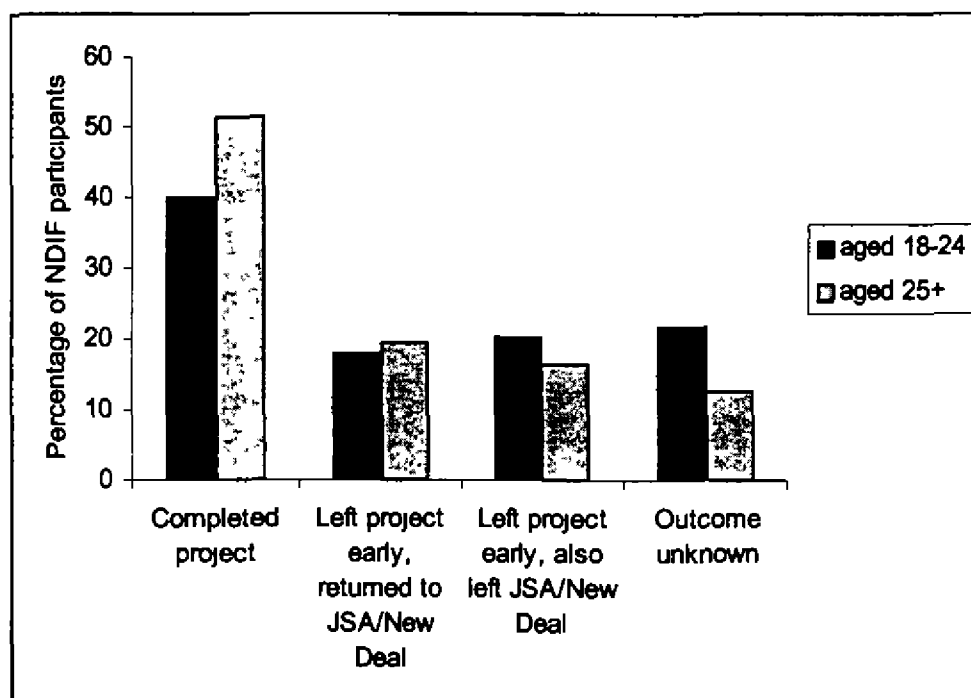


TABLE 8: DESTINATIONS COMPARED TO MAINSTREAM PROGRAMMES

	NDIF					
	18-24 year olds		25+ year olds		Total ¹	
	No of participants	% of participants	No of participants	% of participants	No of participants	% of participants
Unsubsidised Employment	152	42.8	20	30.8	172	40.7
Other Benefits	17	4.8	4	6.2	21	5.0
Other known destination	69	19.4	28	43.1	98	23.2
Not known	117	33.0	13	20.0	132	31.2
Total	355	100.0	65	100.0	423	100.0

	NEW DEAL MAINSTREAM PROVISION					
	NDYP		NDLTU		Weighted Average of NDYP and NDLTU	
	No of participants	% of participants	No of participants	% of participants		
Unsubsidised Employment	113,351	41.0	29,318	15.2	38.4	
Other Benefits	31,771	11.5	23,094	12.0	11.5	
Other known destination	47,024	17.0	118,603	61.7	21.6	
Not known	84,233	30.5	21,341	11.1	28.5	
Total	276,379	100.0	192,356	100.0	100.0	

¹Totals include those for whom age is not recorded. Due to this components will not necessarily sum to totals

FIGURE 7: DESTINATIONS OF PARTICIPANTS AGED 18-24 COMPARED TO MAINSTREAM NDYP

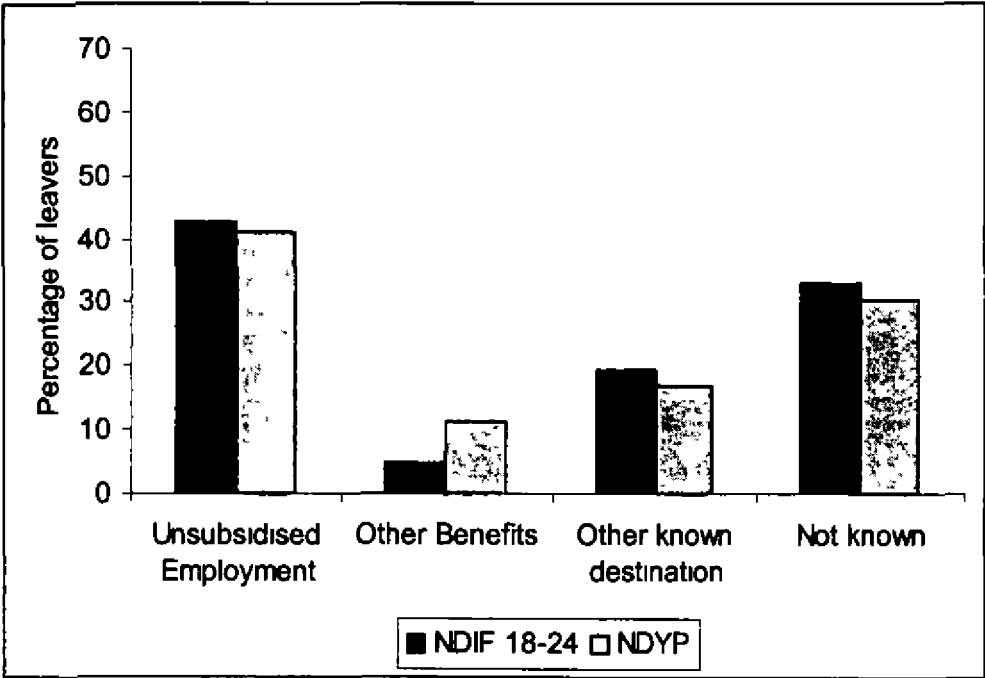


FIGURE 8: DESTINATIONS OF PARTICIPANTS AGED 25+ COMPARED TO MAINSTREAM NDLTU

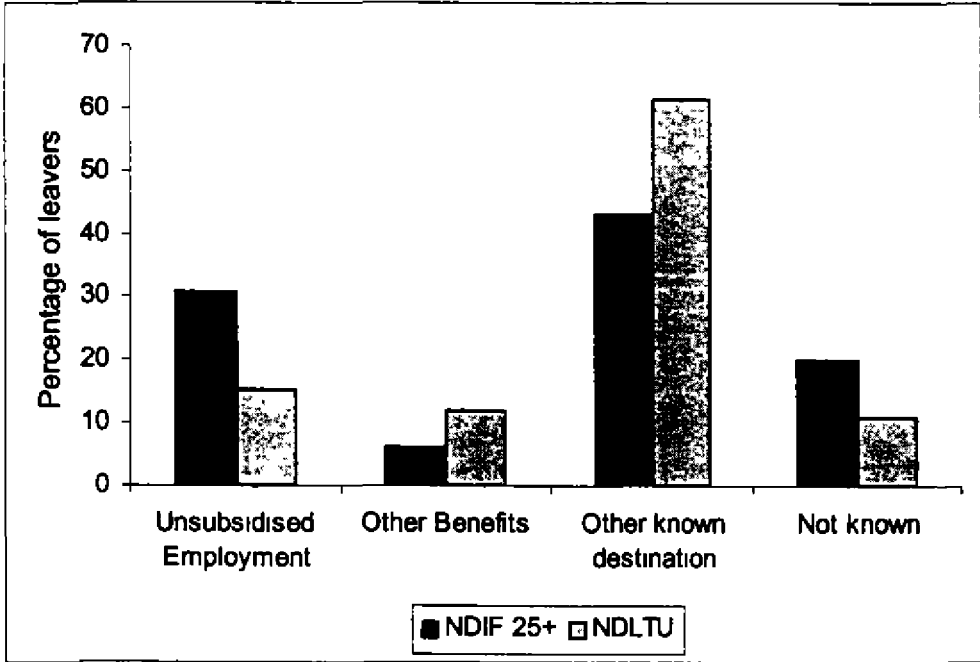


TABLE 9: DESTINATIONS BY KEY THEME

	Number of participants	Percentage of participants				Total
		Unsubsidised Employment	Other Benefits	Other known destination	Not known	
Severely disadvantaged groups	27	70.4	3.7	22.2	3.7	100.0
Post placement support	31	61.3	0.0	9.7	29.0	100.0
Pre-employment collaboration with employers	106	45.3	0.9	29.2	24.5	100.0
Barriers in remote rural areas	27	44.4	11.1	22.2	22.2	100.0
Improving the employment focus of FTET	75	41.3	5.3	20.0	33.3	100.0
Motivation and jobsearch	24	37.5	4.2	25.0	33.3	100.0
Growing sectors of employment	12	33.3	0.0	0.0	66.7	100.0
Reaching excluded and drop-outs	77	26.0	11.7	23.4	39.0	100.0
Access to vocational training	44	22.7	4.5	29.5	43.2	100.0
Total	423	40.7	5.0	23.2	31.2	100.0

TABLE 10: DESTINATIONS BY FUNDING STRAND

	Number of participants	Percentage of participants				Total
		Unsubsidised Employment	Other Benefits	Other known destination	Not known	
Non-Funded Innovation	43	44.2	14.0	16.3	25.6	100.0
Funded Innovation	261	42.1	4.6	20.7	32.6	100.0
Employer Subsidy	119	36.1	2.5	31.1	30.3	100.0
Total	423	40.7	5.0	23.2	31.2	100.0

TABLE 12: DESTINATIONS BY GENDER

	Number of participants	NDIF Percentage of participants				Total
		Unsubsidised Employment	Other Benefits	Other known destination	Not known	
Male	328	39.0	4.3	23.5	33.2	100.0
Female	80	51.3	6.3	18.8	23.8	100.0
Total ¹	423	40.7	5.0	23.2	31.2	100.0
		Weighted average for NDYP and NDLTU Percentage of participants				Total
		Unsubsidised Employment	Other Benefits	Other known destination	Not known	
Male		39.1	8.9	22.5	29.4	100.0
Female		36.7	18.1	19.0	26.2	100.0
Total ¹		38.4	11.5	21.6	28.5	100.0

¹Will include cases where gender is not known. Due to this components will not necessarily sum to totals

TABLE 12: DESTINATIONS BY ETHNIC ORIGIN

NDIF						
Percentage of participants						
	Number of participants	Unsubsidised Employment	Other Benefits	Other known destination	Not known	Total
White	395	39.7	5.1	23.0	32.2	100.0
Ethnic Minority Group	21	52.4	0.0	23.8	23.8	100.0
Total ¹	423	40.7	5.0	23.2	31.2	100.0
Weighted average for NDYP and NDLTU						
Percentage of participants						
		Unsubsidised Employment	Other Benefits	Other known destination	Not known	Total
White		41.7	12.9	17.3	28.1	100.0
Ethnic Minority Group		33.0	7.7	22.9	36.4	100.0
Total ¹		38.4	11.5	21.6	28.5	100.0

¹Will include cases where participant has responded 'Prefer no to say' or ethnic group is not recorded. Due to this components will not necessarily sum to totals

TABLE 13: DESTINATIONS BY DISABILITY

		NDIF				
		Percentage of participants				
	Number of participants	Unsubsidised Employment	Other Benefits	Other known destination	Not known	Total
People with disabilities	52	32.7	5.8	26.9	34.6	100.0
People without disabilities	368	42.1	4.9	22.6	30.4	100.0
Total ¹	423	40.7	5.0	23.2	31.2	100.0
		Weighted average for NDYP and NDLTU				
		Percentage of participants				
		Unsubsidised Employment	Other Benefits	Other known destination	Not known	Total
People with disabilities		33.4	16.9	26.4	23.2	100.0
People without disabilities		39.1	10.8	20.9	29.2	100.0
Total ¹		38.4	11.5	21.6	28.5	100.0

¹Will include cases where disability is not recorded. Due to this components will not necessarily sum to totals

TABLE 14: DESTINATIONS BY QUALIFICATION LEVEL

		NDIF				
		Percentage of participants				
	Number of participants	Unsubsidised Employment	Other Benefits	Other known destination	Not known	Total
None	69	36.2	7.2	26.0	27.5	100.0
Qualification at any level	171	40.9	1.8	17.5	39.2	100.0
Total ¹	423	40.7	5.0	23.2	31.2	100.0
		Weighted average for NDYP and NDLTU				
		Percentage of participants				
		Unsubsidised Employment	Other Benefits	Other known destination	Not known	Total
None		34.3	15.2	18.6	32.0	100.0
Qualification at any level		45.4	9.5	17.5	27.7	100.0
Total ¹		38.4	11.5	21.6	28.5	100.0

¹Will include cases where qualifications are not recorded

TABLE 15: ALL EMPLOYMENT DESTINATIONS

	NDIF					
	18-24 year olds		25+ year olds		Total ¹	
	No of participants	% of participants into employment	No of participants	% of participants into employment	No of participants	% of participants into employment
Sustained Unsubsidised job	207	51.6	29	54.7	237	51.7
Sustained Subsidised job	100	24.9	15	28.3	115	25.1
Unsubsidised job lasting <13 weeks	81	20.2	3	5.7	87	19.0
Subsidised job lasting <13 weeks	13	3.2	6	11.3	19	4.1
Total	401	100.0	53	100.0	458	100.0

	NEW DEAL MAINSTREAM PROVISION					
	NDYP		NDLTU		Weighted Average of NDYP and NDLTU	
	No of participants	% of participants into employment	No of participants	% of participants into employment		
Sustained Unsubsidised job	111,378	67.2	28,290	63.0	67.1	
Sustained Subsidised job	14,250	8.6	8,470	18.9	9.0	
Unsubsidised job lasting <13 weeks	37,250	22.5	6,967	15.5	22.2	
Subsidised job lasting <13 weeks	2,755	1.7	1,184	2.6	1.7	
Total	165,633	100.0	44,911	100.0	100.0	

¹Totals include those for whom age is not recorded. Due to this components will not necessarily sum to totals

The New Deal Innovation Fund has been established to develop innovative ways of improving the quality and effectiveness of provision in the New Deal for Young People (NDYP) and the New Deal for Long Term Unemployed (NDLTU). 55 pilot projects have been supported by rounds one and two of the fund between 1999 and 2001. All projects ran for approximately one year and received a maximum of £50,000.

The Employment Service (ES) has commissioned the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University to carry out an evaluation of the first two rounds of the fund. The overall objective of the evaluation was to provide regular information assessing the progress of projects to enable the Steering Group to draw upon any good practice to inform the continuous improvement of New Deal and future rounds of the Innovation Fund. This report presents the findings of the evaluation.

The evaluation was a challenging one, given both the requirement for regular information and the diversity, limited scale, experimental and provisional nature of the projects supported. Given this context, the focus was on using the New Deal Evaluation Database to generate performance outcome indicators for each project. This 'harder' outcome analysis has been supplemented by a qualitative (process) element. This involved conducting telephone interviews with all project managers and undertaking qualitative follow-up research with fifteen projects exemplifying the range of provision.

All reports and their summaries are available from:

Research Management
Employment Service
Research and Development
Level 2, Rockingham House
123 West Street, Sheffield, S1 4ER

Tel 0114 259 6278
Fax 0114 259 6463
red.es.rh@gtnet.gov.uk

This Report is also available in Braille and Large Print formats upon request.
Note: all R&D publications are available free of charge.
However this policy is under review and the position may change.

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