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### **Implementation and first-year impacts of the UK Employment Retention and Advancement (ERA) demonstration.**

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**Department for Work and Pensions**

**Research Report No 412**

# **Implementation and first-year impacts of the UK Employment Retention and Advancement (ERA) demonstration**

**Richard Dorsett, Verity Campbell-Barr, Gayle Hamilton, Lesley Hoggart, Alan Marsh, Cynthia Miller, Joan Phillips, Kathryn Ray, James A. Riccio, Sarah Rich and Sandra Vegeris**

A report of research carried out on behalf of the Department for Work and Pensions by a research consortium consisting of three British organisations (the Policy Studies Institute, the Office for National Statistics and the Institute for Fiscal Studies) and MDRC, a US-based non-profit social policy research firm, which is leading the consortium.

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# Glossary of terms

**Advancement Support Adviser (ASA)**

Employment specialist holding a position specifically created as part of ERA. These individuals provide ERA participants with continuing advice and assistance intended to help them overcome obstacles to steady employment and find pathways to better job opportunities and higher wages.

**Employment Retention and Advancement (ERA) programme**

A demonstration programme offering a combination of employment counselling services and financial supports to certain recipients of government benefits or lone parents claiming Working Tax Credit. Its purpose is to help people stabilise and improve their work situations.

**Income Support (IS)**

Benefit available to low-income adults working less than 16 hours per week.

**Jobcentre Plus**

The UK governmental institution, an agency of the Department for Work and Pensions, which provides help and advice on employment and training for people who can work and financial support for those of working age who cannot.

**Jobseeker's Allowance (JSA)**

Benefit available to unemployed individuals who are actively seeking work.

**New Deal programme**

The UK's main welfare-to-work initiative. New Deal services include the development of individual action plans outlining customers' work goals, and job search assistance and training to help them achieve these goals.

<b>New Deal 25 Plus (ND25+)</b>	Mandatory New Deal programme that serves longer-term unemployed people (mostly males) over the age of 25, specifically those who have been unemployed and receiving Jobseeker's Allowance for at least 18 out of 21 months.
<b>New Deal for Lone Parents (NDLP)</b>	Voluntary New Deal programme that serves lone parents (mostly females) who are in receipt of Income Support.
<b>Personal Adviser (PA)</b>	Employment specialists, working in Jobcentre Plus offices, who provide job advice and assistance to New Deal customers who were not randomly assigned to the ERA programme group.
<b>Post-Employment Team (PET)</b>	A group of Advancement Support Advisers whose sole task in the ERA programme is to work with in-work customers.
<b>Technical Adviser (TA)</b>	Staff position specifically created as part of ERA. These individuals, posted in each ERA district, ensure that ERA services are delivered in accordance with the policy design and provide general support for the evaluation effort.
<b>Working Tax Credit (WTC)</b>	Lone parents working less than 30 hours per week are eligible to receive this credit.

# Abbreviations and acronyms

<b>ADF</b>	Adviser Discretion Fund
<b>ASA</b>	Advancement Support Adviser
<b>CTC</b>	Child Tax Credit
<b>DWP</b>	Department for Work and Pensions
<b>EDF</b>	Emergency Discretion Fund
<b>ERA</b>	Employment Retention and Advancement programme
<b>FACS</b>	Families and Children Society
<b>FC</b>	Family Credit
<b>FIS</b>	Family Income Supplement
<b>GCSE</b>	General Certificate of Secondary Education
<b>GMS</b>	Generalised Matching Service
<b>HB</b>	Housing Benefit
<b>IAP</b>	Intensive Activity Period
<b>IB</b>	Incapacity Benefit
<b>IS</b>	Income Support
<b>JSA</b>	Jobseeker's Allowance
<b>JUVOS</b>	Joint Unemployment and Vacancies Operating System
<b>ND25+</b>	New Deal 25 Plus

<b>NDLP</b>	New Deal for Lone Parents
<b>PA</b>	Personal Adviser
<b>PET</b>	Post-Employment Team
<b>TA</b>	Technical Adviser
<b>US</b>	United States
<b>WASC</b>	Work Advancement and Support Centers
<b>WFTC</b>	Working Families' Tax Credit
<b>WPLS</b>	Work and Pensions Longitudinal Study
<b>WTC</b>	Working Tax Credit

# Summary

## Introduction

This report presents findings on the implementation and early effects of Britain's Employment Retention and Advancement (ERA) demonstration, which is being carefully evaluated through a large-scale randomised control trial. Aimed at helping low-income individuals sustain employment and progress in work, ERA is distinguished by a combination of job coaching and financial incentives that it offers to participants once they are working. It is administered by Jobcentre Plus in six regions of the country: East Midlands, London, North East England, North West England, Scotland, and Wales. At the present time, there is no government commitment to operate ERA on a national basis. A decision on whether to do so is to be informed by long-term evidence on the project's effectiveness.

The current report addresses three main questions: First, how well have the districts implemented the ERA model, particularly its extended job coaching and financial incentives for customers who enter work? Second, as a result of ERA, did customers receive substantially more advice and assistance from Jobcentre Plus to help them succeed once in work, and were they more likely to have combined work and training activities? And third, has ERA begun to produce any improvement in customers' employment and earnings and any reductions in their reliance on government benefits?

The initial results, covering individuals' first 12 months after they began the ERA programme, are encouraging. Despite the districts' early difficulties in operating the programme, and although not all customer groups in all districts have benefited from it so far, ERA has had a number of positive effects. Across various types of people and places, it has increased the receipt of services and training for working customers, increased participants' average earnings, and produced some reductions in their benefit receipt. Still, it is much too soon to draw firm conclusions about ERA's effectiveness. Progression in work is a gradual process that can take several years to unfold. Furthermore, many ERA customers were just entering work during the first follow-up year or were still preparing for jobs, and none could yet have taken full

advantage of the programme's offer of up to two years of **in-work** guidance and incentives.

The Department for Work and Pensions (DWP), working with Jobcentre Plus staff in each of the study districts, is managing the overall implementation of ERA and is overseeing the evaluation. The study is being conducted by a research consortium that includes the Policy Studies Institute, the Institute for Fiscal Studies, the Office for National Statistics, and MDRC (a New York City-based research organisation experienced in conducting large-scale random assignment tests of new social policies).

## What is ERA?

Launched in 2003, ERA was envisioned as a 'next step' in British welfare-to-work policies. A centrepiece of those policies is the New Deal programme, which offers job placement help from a Personal Adviser (PA) and other pre-employment assistance to out-of-work recipients of government benefits. The New Deal programme is operated by Jobcentre Plus, a network of government offices that administer cash benefits and employment services. To the existing pre-employment New Deal services ERA adds a new set of financial incentives and job coaching following customers' entry into work. It is aimed at three groups that have difficulty getting and keeping full-time work or advancing to more secure and better-paid positions:

- 1** lone parents (mostly women) who receive Income Support (IS) and volunteer for the New Deal for Lone Parents (NDLP) programme;
- 2** longer-term unemployed people over the age of 25 (mostly men) who receive Jobseeker's Allowance (JSA) and are mandated to enter the New Deal 25 Plus (ND25+) programme; and
- 3** lone parents who are already working part-time (between 16 and 29 hours a week) and are receiving Working Tax Credit (WTC).

For the two New Deal customer groups, ERA begins with job placement and other pre-employment assistance, largely following the same procedures as the regular New Deal programme. This assistance is expected to last up to nine months. The programme then continues into a unique two-year post-employment or 'in-work' phase. During that phase, ERA's job coaches, known as Advancement Support Advisers (ASAs), aim to help customers avoid some of the early pitfalls that sometimes cause new jobs to be short-lived, and to help them advance to positions of greater job security and better pay and conditions – at their current employer or a new one. ERA also offers special cash incentives and other resources to promote these goals, including:

- an employment retention bonus of £400 three times a year for two years for staying in full-time work (at least 30 hours per week for 13 out of every 17 weeks, which is about 75 per cent of the time);
- training tuition assistance (up to £1,000) and a bonus (also up to £1,000) for completing training while employed; and
- access to emergency payments to overcome short-term barriers to staying in work.

Members of the WTC group, who are already working when they enter ERA, begin immediately with the post-employment phase. They are offered the same forms of in-work support and incentives, plus help getting re-employed if they leave their jobs or their jobs end.

## The random assignment process

Qualifying members of the three target groups were invited to volunteer for ERA. Because the number of available slots in this programme was limited, assignment to ERA was made through a lottery-like process of random assignment. After completing an informed consent process, half of the volunteers were assigned to the ERA programme group, and the remainder to a control group. Individuals assigned to the control group could continue to receive whatever provisions they were normally entitled to receive from Jobcentre Plus. Thus, controls in the two New Deal customer groups went on to receive regular New Deal pre-employment services. In contrast, controls in the WTC customer group, who would not normally enter the New Deal programme because they were not receiving IS or JSA, were not offered any special services or incentives. However, as always, they could seek other services or training on their own.

For all three groups, the success of ERA is determined by comparing the outcomes of the programme group (e.g. future average earnings) with the outcomes of the control group. Because of random assignment, any statistically significant difference in these outcomes can be attributed with confidence to ERA. Such differences are referred to here as the programme's effects, or 'impacts'.

Intake into the study began in October 2003 and continued through the end of 2004 for most customers; it was completed for all by early 2005. Over 16,000 people were randomly assigned through this process, making this study one of the largest randomised social policy trials ever undertaken in Britain. It is also important to note that although all six districts recruited WTC customers, only the East Midlands managed to enrol an adequate number to support a reliable district-specific analysis for this target group. In this report, the analysis of the WTC group focuses primarily on those in the East Midlands.

This report uses data from a first-wave customer survey of over 6,000 respondents that covers the experiences of the programme group and the control group during

the first 12 months following individuals' date of random assignment, with most interviews occurring from December 2004 to November 2005. It also examines data on employment and benefits receipt from administrative records.<sup>1</sup> To provide a richer understanding of the experience of implementing ERA, the report draws on information from qualitative field research on ERA programme operations covering a longer period – from the initiative's inception to mid-2006 – and data from special surveys of Jobcentre Plus staff.

## ERA implementation and customers' receipt of in-work assistance

- **Because the normal organisational culture of Jobcentre Plus focused so strongly on meeting job entry targets, it was challenging to re-orient the ERA staff to focus on employment retention and advancement.**

Implementing the ERA programme within Jobcentre Plus offices required the districts and DWP to address a number of critical organisational issues. These included: (1) training frontline staff for the newly created role of ASA, whose job coaching responsibilities continue for two years **after** customers become employed; (2) contending with a powerful Jobcentre Plus job entry targeting system that made it difficult, early on, for ERA staff to earn recognition for their post-employment job coaching; and (3) equipping ERA supervisors to manage against a new set of employment objectives focused on retention and advancement – outcomes for which 'success' is not nearly as easy to achieve, or even to define, as placing people in jobs. The struggle to address these organisational challenges meant that implementing the full vision behind the ERA model would be an evolving process.

DWP had provided the districts with additional resources to pay for extra staff so that they could operate ERA without undermining their ability to meet their demanding job entry targets. Initially, however, these resources were not used by the districts exclusively for ERA, and, consequently, the job coaching that ERA was expected to provide after customers entered work was generally not well executed during the programme's first year of operation. Most attention remained focused on meeting job entry targets, with too little effort expended on ERA's goals of sustainability and progression in work. This prompted DWP to initiate a number of corrective actions. Among these were the institution of stricter DWP guidelines and accountability mechanisms for 'ring-fencing' ERA funds from 2005, plus new approaches to training frontline staff and their managers.

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<sup>1</sup> Administrative records data on the full sample of over 16,000 people will be analysed in future reports.



- **During the first year, ERA staff ensured that most programme customers were aware of the employment retention bonus, but they were less successful in building awareness of the training incentive and in supporting job progression.**

When interviewed 12 months after entering the study, most ERA customers (70 per cent to 80 per cent, depending on the customer group) said they knew about the employment retention bonus. Roughly 20 per cent had already received a bonus payment during that first follow-up year (which required finding and then sustaining full-time work for at least four months). Awareness and use of the incentives for completing a training course while in work were much lower, especially among the two New Deal groups, roughly half of whom recalled this programme feature. This suggests the need for a better information marketing effort by staff, especially of the training bonus. However, among customers in the WTC group, most knew about the training incentive, and a sizeable share of them (21 per cent of those in the East Midlands) received the in-work training completion bonus. Qualitative data suggest that the training incentive was an important part of ERA's appeal for many WTC customers. In contrast, among the New Deal customers, finding a job was the immediate focus after entering the programme, and this may help explain why they were less likely to recall the incentive for participating in training courses while in work.

- **Despite ERA's early implementation difficulties, ERA customers overall were more likely than the control group to get help or advice from Jobcentre Plus staff on progressing in work.**

Among New Deal ERA customers, roughly half of those who got jobs within the first follow-up year said that, while in work, they received help or advice from Jobcentre Plus (meaning primarily the ERA programme) that was related to staying employed or advancing. Although this rate is noteworthy, and although the rate was higher for the WTC group, the fact that so many working customers did **not** report receiving in-work assistance indicates that considerable room remained for improving the delivery of this important feature of ERA.

Nonetheless, ERA customers did receive more in-work support than the control group, as intended by the programme design. First, consider that among all NDLP and ND25+ **controls**, 62 per cent and 49 per cent, respectively, had worked during the first 12 months after entering the study. Then consider that only 15 per cent and 12 per cent, respectively, of all controls both worked **and** got any advancement-related help or advice while in work. (Among the controls, post-employment help from Jobcentre Plus staff was likely to have been obtained through customer-initiated, informal interactions, since this was not a funded element of the regular New Deal programme.) Against these benchmarks, ERA made a difference. As a result of its more deliberate focus on in-work assistance, ERA increased the rate of receiving in-work help or advice among the NDLP customers to 36 per cent of the programme group, reflecting a gain of 21 percentage points over the control group rate. For the ND25+ customers, it increased the rate to over 22 per cent of the

programme group, for a gain of almost 11 percentage points over the control group rate. Among the WTC customers (in East Midlands), who were already employed and not involved with Jobcentre Plus when they came to ERA, the increase generated by ERA in the proportion of customers who got in-work help or advice was much larger. Eighty-five per cent of the programme group received in-work help or advice, compared with only 22 per cent of the controls – an increase of 63 percentage points. (All of these differences are statistically significant.)

- **ERA customers – especially WTC lone parents – were more likely than the control group to combine education or training with employment.**

Among the East Midlands WTC target group, 58 per cent of those assigned to ERA combined training or education with work during the first year, compared with about 45 per cent among the control group, for a statistically significant increase of 14 percentage points. This difference may have been a response to ERA's offer of the in-work training bonus and staff help in finding or enrolling in an appropriate course. The absolute differences were smaller, though still statistically significant, for the two New Deal customer groups, among whom employment rates were lower during the first year after entering the study, as previously noted. For NDLP customers (with all districts combined), ERA increased the likelihood of combining work and training to 21 per cent, an increase of five percentage points over the control group rate of 16 per cent. Among ND25+ customers, 11 per cent of the ERA group combined work and training, which is three percentage points more than the control group rate of eight per cent.

- **By the second year of operations, the six districts substantially improved their delivery of advancement-related services, demonstrating more clearly the feasibility of operating ERA as a Jobcentre Plus initiative.**

The evaluation's qualitative field research, which, for this report, covers programme implementation through spring 2006, shows that ERA operations grew stronger over time. The turning point came in mid- to late 2005 (near the end of the period covered by the customer survey, the main source of data for determining the effect of the intervention in this report). The districts' focus on in-work services steadily increased and improved in quality as more participants entered work, as frontline staff and managers acquired more training, and as ERA resources were more carefully ring-fenced. ERA staff increasingly accommodated customers' working schedules by contacting them outside normal Jobcentre Plus work hours, and often away from the Jobcentre Plus offices. They also tried to re-engage those who had drifted away from the programme, and they were better prepared to offer substantive advancement-related help and advice. Many Jobcentre Plus staff who became ERA ASAs came to embrace their new role with considerable enthusiasm, especially where management support for ERA was strong, and reported quite high levels of job satisfaction in a special staff survey administered in January 2006.

Since these improvements most fully took hold **after** the period covered by the 12-month survey for most sample members, that survey could not fully capture the

effects that those improvements may have had on customers' receipt of ERA services and incentives, or on ERA's labour market and benefit outcomes. At the same time, it should be recognised that keeping working customers engaged in the programme and supporting their efforts to progress in work was a persistent challenge.

## ERA's impacts on work, earnings, and benefits

The random assignment design for the ERA evaluation was well executed and makes it possible to provide highly credible estimates of the programme's impacts on important customer outcomes, which will be tracked over several years. The results available so far offer only a first look, with one year of follow-up data, at whether the programme is achieving its aims.

- **Within the first year of beginning ERA, NDLP customers earned substantially more than they would have without the programme, largely because they were more likely to work full-time.**

Despite its initially problematic implementation, ERA generated positive impacts on various employment and earnings outcomes in the first 12 months after individuals' entry into the study, especially for the NDLP customer group. As Figure 1 shows, when the results from all districts are combined, the NDLP ERA group, on average, earned £811 more than the £2,783 earned by the control group – a statistically significant increase. Put differently, customers in the ERA group earned 29 per cent more during this period than they would have earned had ERA not been available. Furthermore, as Table 1 shows, the ERA group's earnings were more than 20 per cent higher than the control group's in five of the six districts (where the differences ranged from £631 to £1,386).<sup>2</sup> They were particularly large and statistically significant in two districts (North West England and Scotland).<sup>3</sup> These findings are noteworthy, in part, because they are larger than the first-year effects of a number of pioneering employment retention and advancement programmes that are being tested in the United States.

To an important extent, ERA increased NDLP customers' earnings by increasing the proportion of the ERA group that worked full-time to 22 per cent – a statistically significant increase of seven percentage points over the 15 per cent rate observed for the control group, as shown in Figure 2. (The impact on the proportion who worked at all was almost five percentage points.) It may be that customers were more likely to take on full-time work in response to the staff's encouragement and

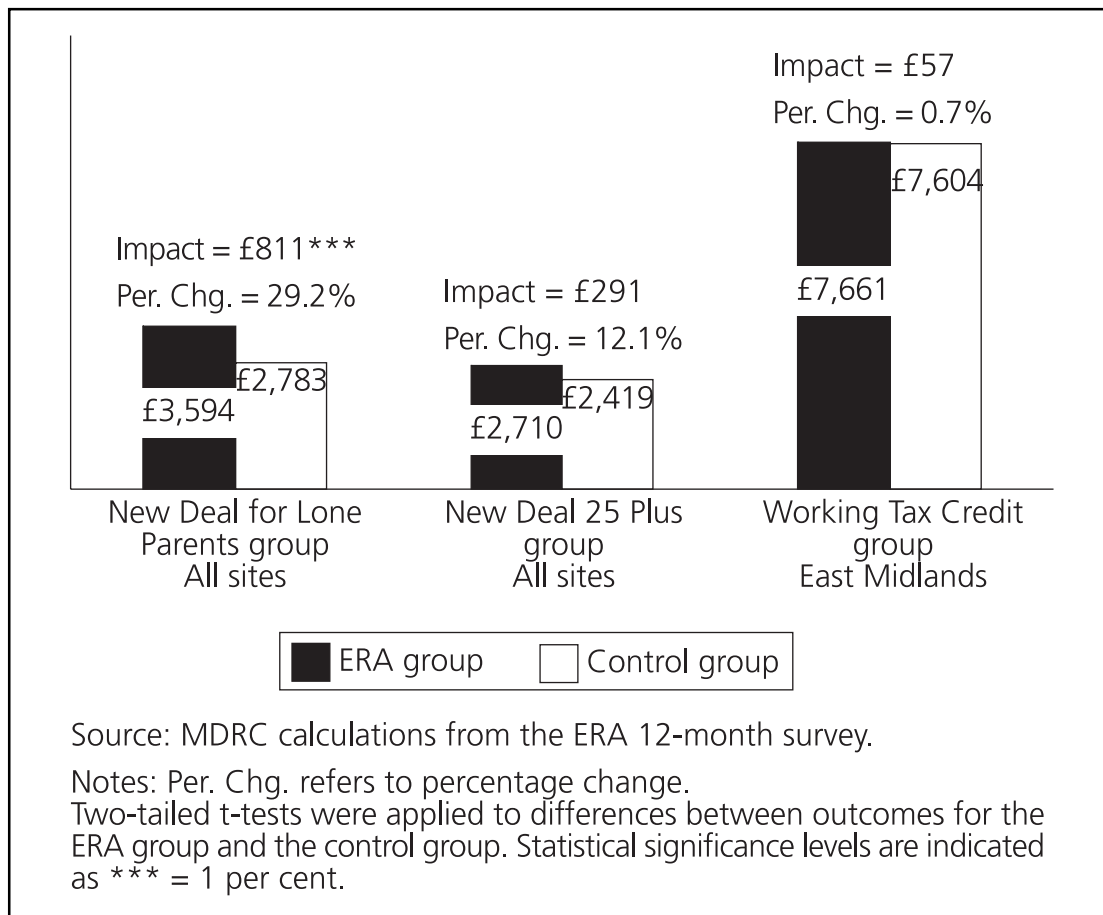
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<sup>2</sup> Earnings estimates do not include any bonus payments received.

<sup>3</sup> It is important to note that when results are examined separately by district rather than for all districts combined, the smaller sample sizes mean that impacts within a district must be larger in order to reach the threshold of statistical significance, a designation that implies greater certainty that the effects are not simply due to chance.

advice to do so, and especially in the hope of receiving the ERA retention bonus, which created an explicit incentive to work full-time.

**Figure 1 ERA's first-year impacts on average earnings, by customer group**



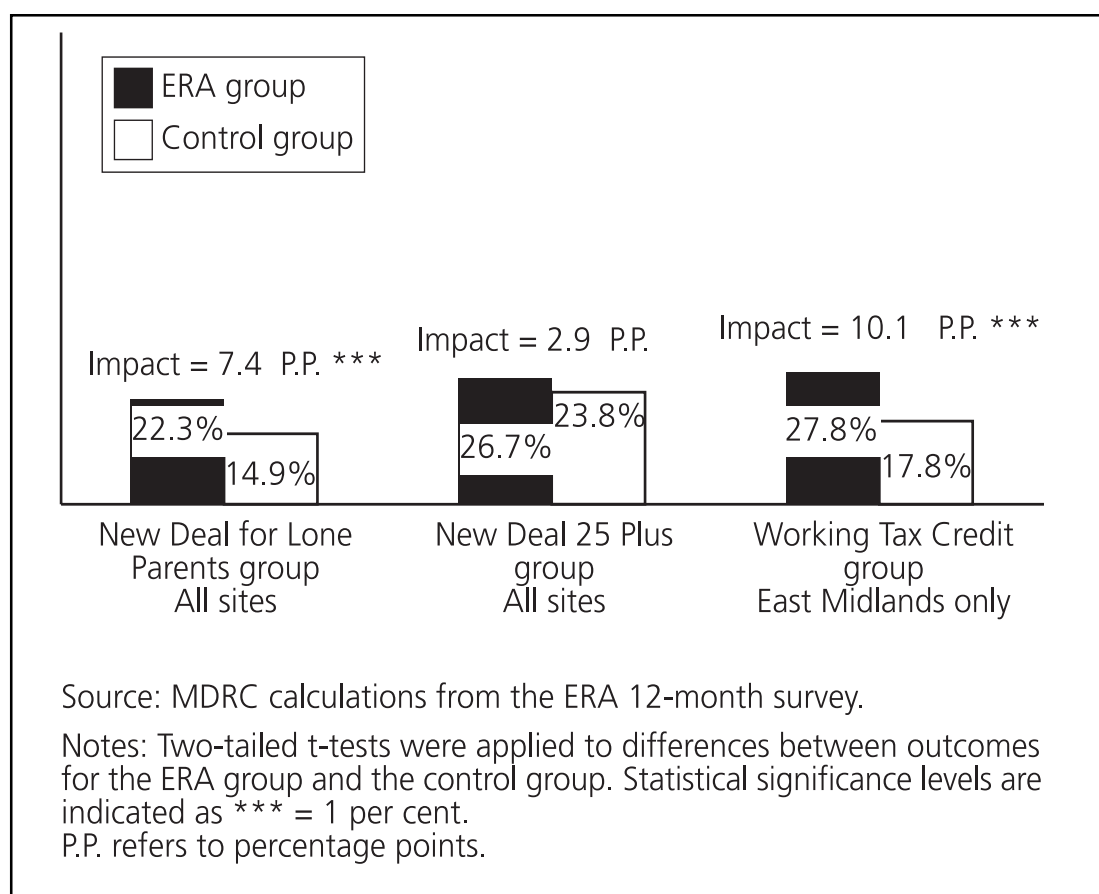
**Table 1 ERA's first-year impacts on New Deal customer groups' average total earnings, by district**

Group and measure	East Midlands	London	North East England	North West England	Scotland	Wales
<b>New Deal for Lone Parents</b>						
ERA group (£)	2,879	3,609	3,326	3,853	4,175	3,652
Control group (£)	2,736	2,869	2,695	2,467	3,173	3,004
Earnings difference (impact) (£)	142	740	631	1,386 ***	1,002 **	648
Percentage change (%)	5.2	25.8	23.4	56.2	31.6	21.6
<b>New Deal 25 Plus</b>						
ERA group (£)	3,347	2,507	3,131	2,468	2,475	2,159
Control group (£)	2,456	1,782	2,955	1,908	2,245	3,172
Earnings difference (impact) (£)	891 **	725	177	560	230	-1,013*
Percentage change (%)	36.3	40.7	6.0	29.3	10.2	-31.9

Source: MDRC calculations from the ERA 12-month survey.

Notes: Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

**Figure 2 ERA's impacts on the likelihood of working full-time at the end of year 1, by customer group**



- **ERA's first-year impacts on earnings were smaller, more mixed, and less certain for the ND25+ customer group than for the NDLP group.**

Among the long-term unemployed ND 25+ group, made up mostly of adult men, ERA's earnings effect during the first 12 months of follow-up is estimated to be £291 – a 12 per cent increase over the control group average of £2,419. However, this difference is not statistically significant, meaning that there is less assurance that it is not due to chance. At the same time, the pattern of results is positive across all districts except Wales, measuring £177 to £891 per person, with the difference in one district (East Midlands) reaching statistical significance. (See Table 1.) Although ERA had no effect on the employment rate of ND25+ customers for all districts combined, it did produce a small but statistically significant increase in their average number of hours worked per week by the last month of the 12-month follow-up period.

Included in the all-district average for the ND25+ group is a large (and statistically significant) **negative** impact on earnings detected in Wales. The reason for this anomalous result cannot be established with certainty. However, part of it may have to do with particular administrative problems that may have caused the ERA ND25+ group in Wales to receive a delayed and weaker set of New Deal **pre-employment** services than they normally would have received.<sup>4</sup> The negative result does not appear to stem from ERA's distinctive in-work strategies.

- **ERA did not substantially increase first-year earnings among the WTC lone parent group, although it did increase their likelihood of working full-time by the end of that period.**

The best opportunity for estimating ERA's impacts on the WTC lone parent group is presented by the East Midlands district, which, as previously noted, was the only district to recruit a substantial number of such customers. It will be recalled that WTC customers were already working part-time when they entered ERA (which is why they had much higher cumulative earnings during the first year than the other customer groups, as shown in Figure 1). In the East Midlands district, nearly 28 per cent of the ERA group were working full-time at the time of the 12-month survey, for a statistically significant increase of ten percentage points over the 18 per cent rate for the control group (see Figure 2). However, this increase had not yet translated into a substantial earnings gain – for reasons that are not yet entirely clear and are still being investigated.

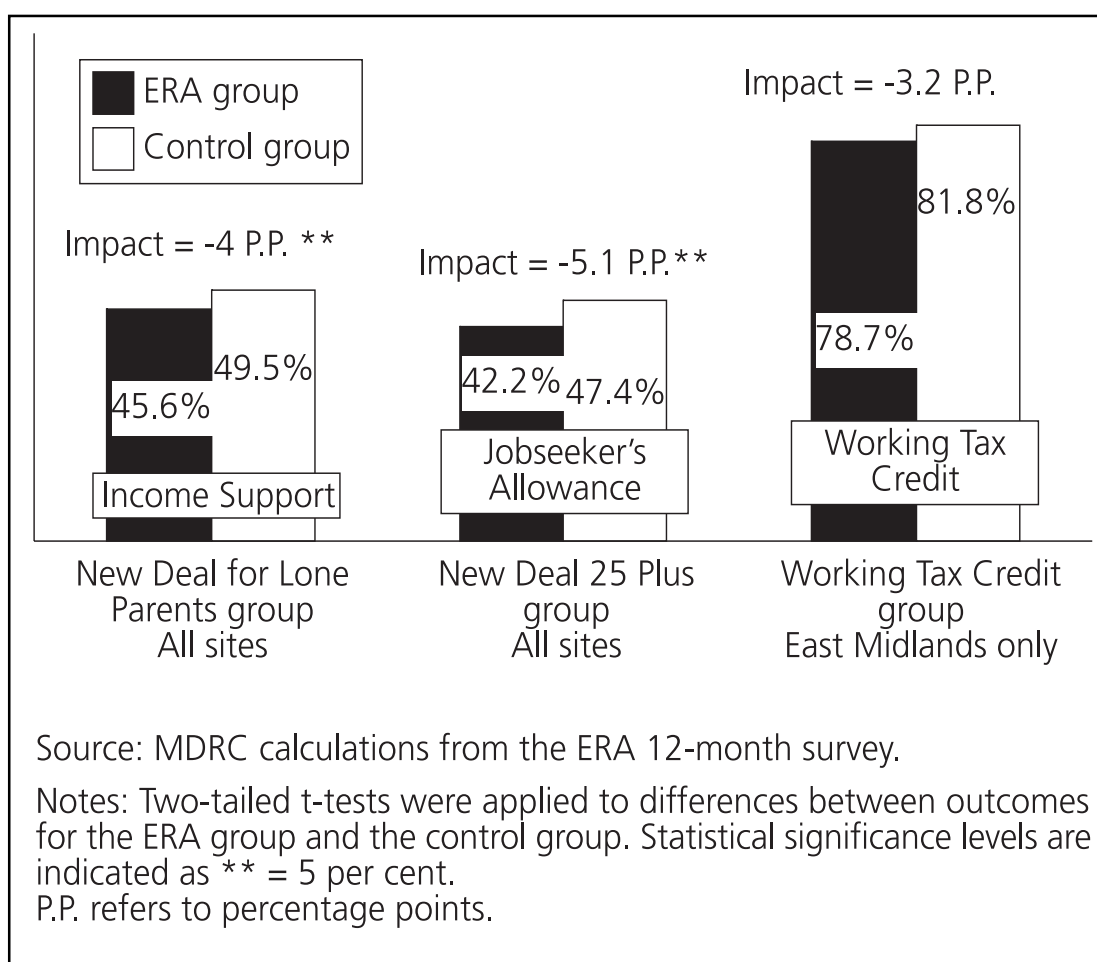
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<sup>4</sup> For example, in a pattern that was not intended by the ERA programme design, customer caseloads for the New Deal job placement staff serving the ERA group were much higher than for those serving the control group, allowing the controls to receive more intensive pre-employment assistance. This factor, plus certain other unintended hurdles in getting the programme group through the various stages of the New Deal programme, may help explain why the control group entered work more quickly and accumulated more earnings during the first follow-up year than the ERA group.

- For the two New Deal target groups, ERA caused small reductions in the receipt of benefits (IS and JSA).

The proportion of NDLP customers in ERA who were receiving IS at the time of the 12-month survey had fallen below the rate for the control group by a statistically significant four percentage points (46 per cent against 50 per cent), as shown in Figure 3. Similarly for the ND25+ group, ERA reduced the proportion receiving JSA by about five percentage points (a statistically significant reduction). Among the East Midlands' WTC customers, ERA did not produce a statistically significant reduction in the likelihood of receiving WTC during the first follow-up year.

**Figure 3 ERA's impacts on the likelihood of benefit receipt at the end of year 1, by customer group**



## Conclusions

The results of the ERA demonstration so far show that building on the New Deal and Jobcentre Plus services by adding an in-work support and financial incentives component is a feasible goal, and one that has been much welcomed by staff and customers alike. However, it has also required substantial efforts to build staff capacity to take on the new and complex role of ASA, engage customers whose lives

get busier once they enter work, and to contend with a Jobcentre Plus culture that mainly rewards job placement. Early on, doubts were raised about how well the ERA design would be realised in practice. Since that time, much progress has been made. Although room for improvement remains, the districts were able to deliver a considerably stronger ERA intervention as time went on. Much of that improvement occurred after the period covered by the 12-month survey, which is the foundation for this report's impact analysis. Whether the encouraging early effects of the programme continue to grow as a results of those improvements will be discussed in future reports, including a report on ERA's two-year impacts scheduled for early 2008.



# 1 Introduction

## 1.1 Introduction

This report discusses the implementation and early results of the UK Employment Retention and Advancement (ERA) demonstration, a programme designed to test a method of improving unemployed individuals' and low-paid workers' labour market prospects. It targets three groups: unemployed lone parents receiving government benefits, long-term unemployed individuals receiving benefits, and low-paid employed lone parents receiving tax credits to supplement their families' income. The ERA programme attempts to go beyond the typical services offered to these groups to help participants retain and advance in work. In addition to job placement and assistance, it offers job coaching to support customers while they are in work and financial incentives designed to encourage job retention and take-up of training opportunities while they are employed.

The programme is being implemented in six regions across the UK. Its effectiveness is being evaluated using a random assignment research design. Eligible participants in these regions were randomly assigned to a programme group, which is offered the new ERA services, or to a control group, which is not. By comparing outcomes such as the employment, earnings, and benefits receipt patterns of the programme group with those of the control group, the evaluation will indicate the extent to which ERA achieved its core goals.

The UK Department for Work and Pensions (DWP) is managing the overall implementation of ERA and is overseeing the evaluation. A research consortium headed by MDRC (headquartered in New York City), and including the Policy Studies Institute (PSI), the Institute for Fiscal Studies, and the Office for National Statistics, is conducting the study.

This introductory chapter, much of which is drawn from earlier reports on ERA (Hall *et al.*, 2004; Hoggart *et al.*, 2006; Walker, Hoggart, and Hamilton, 2006), explains the policy background to ERA and reviews the literature previously published on retention and advancement; describes the groups' ERA targets, the service delivery model, and the random assignment design; and explains the various methods that will be used to evaluate the programme.

This report describes, in full, the implementation of the programme and its early effects (or 'impacts') during customers' first year after entering the study. The implementation analysis discusses the evolution of the programme over time, whether it was operated as envisioned in the design, and the major challenges faced in putting it into practice. The impact analysis examines the programme's effects on individuals' service receipt, employment, earnings, and benefits receipt over a 12-month follow-up period by comparing these outcomes for the programme group with those of the control group.

The findings presented in later reports may show different results. This 12-month follow-up period is relatively short for an intervention focused on long-term employment goals. The ERA service period is significantly longer than one year, and its services are designed to encourage customers to take steps that will improve their longer-term outcomes. The delivery of ERA services also evolved significantly over time, and the services that customers received during the later periods, as the programme matured, will not be reflected in the early period covered in this report. A report on the programme's two-year impacts will be published in 2008, and longer-term follow-up may be conducted, with the results published in later reports.

## 1.2 Policy background

ERA was envisioned as a next step in Britain's 'welfare-to-work' policy, which has been evolving since the early 1970s, when the government began instituting wage supplementation policies to help families with children overcome the cycle of unemployment and in-work poverty. Increasingly generous out-of-work benefits and falling tax thresholds had left many families with only a small difference between their incomes in or out of work.<sup>5</sup> The Family Income Supplement (FIS), an in-work benefit available to families with children, was introduced in 1971 to increase the value of working. This benefit remained in place for 17 years, marking the start of a strong British commitment to wage supplementation. In 1988, the Family Credit (FC) was instituted to improve upon the FIS. It offered higher rates of in-work benefit and lower qualifying hours. The FC remained in place for about 13 years.

In 1997, facing a quarter to a third of children living in poverty – a rate that had tripled between 1979 and 1995 – and over half of lone parents still out of work, the newly elected Labour Government made two important pledges:

- to halve the child poverty rate by 2010, and to eliminate child poverty by 2020; and
- to get 70 per cent of lone parents into paid work for at least some hours each week by 2010.

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<sup>5</sup> An administrative device called the 'wage stop' prevented families from receiving more in benefit than they had had in wages, but did not count in-work expenses such as travel.

The policies that have ensued – particularly those directed at lone parents – were largely aimed at meeting these goals.

Beginning in 1999, the government shifted in-work financial support from the benefits system to the tax system. Tax credits are designed to ‘make work pay’ by providing enough incentive to work while meeting the increasing challenge of keeping low-paid workers’ standards of living in sync with those of the working majority who have higher earnings. In 1999, the government introduced the Working Families’ Tax Credit (WFTC), which offered more generous wage supplements, as well as a credit to help cover the cost of childcare. It was also underpinned by the National Minimum Wage, which took effect in the same year. In 2003, the WFTC was replaced by the Working Tax Credit (WTC), which was the first major tax credit also available to working individuals without children, and the Child Tax Credit (CTC), which simplifies support for families with children so that parents have a clearer idea of how much they can expect to receive.

Tax credits remain a primary policy instrument to combat child poverty, as they aim to increase parents’ incentives to become and remain employed. The Labour administration’s welfare-to-work policy also included two other major components:

- **Active case management** delivered through the New Deal, or welfare-to-work, programmes. The programmes include mandatory requirements for long-term unemployed people to actively seek work, as well as increased access for lone parents to work-focused advice and encouragement. These services are delivered through Jobcentre Plus, Britain’s public benefits and workforce development system.
- **New services** such as Sure Start, a programme designed to improve early education, and the National Childcare Strategy, which focuses on improving the quality, accessibility, and affordability of childcare.

Evaluative research on these aspects of the welfare-to-work strategy has been broadly supportive of the policies. Research showed that the FC drew more lone parents into work, particularly by fitting short-hours jobs around school hours. Reports of the effectiveness of FC led to a strengthening of these provisions under the new tax credit rules. One report estimated that the introduction of tax credits boosted lone parents’ employment by almost five percentage points, compared with the FC regime (Brewer, Clark, and Myck, 2001). There is also evidence that higher payments under the tax credit strategy met needs that FC had not successfully addressed (Vegeris and Perry, 2003).

Nonetheless, there was growing concern about the sustainability of the low-wage positions that long-term unemployed people and lone parents often take, and their potential for income growth. For example, the New Deal programmes focus on job placement, but offer only limited, if any, in-work support to help customers retain and advance in their work.

ERA builds on the successes of the tax credits and the New Deal services, but shifts the focus of service delivery towards sustaining and progressing in employment, in addition to job placement. The ERA programme offers both pre-employment and in-work support to assist low-wage and unemployed individuals in maintaining full-time, steady jobs with better working conditions, at the same time helping them to leave the cycle of relying on government benefits.

ERA's policy relevance has grown since its design was conceived. A paper published by DWP in mid-2004 emphasises the continuing importance of targeting services towards lone parents and delivering case management services tailored to individual needs (DWP, 2004). Another paper published in October 2005, acknowledges specifically the importance of retention and progression in work, in addition to job placement, as the next stage in welfare reform (DWP, 2005). In October 2006, a paper discussing the importance of both pre-employment and in-work support explicitly recommended rolling out ERA nationally, should the evaluation find it to be successful (Harker, 2006). In December 2006, the final report of the Leitch Review of Skills, which considers the UK's long-term skills needs, signalled the importance of focusing on sustainability and progression in work and called attention to the ERA project (HM Treasury, 2006).

### 1.3 Research on retention and advancement in work

A literature review conducted prior to the start of the demonstration found that, although some research existed about low-wage workers' retention and advancement in work, as described in this section, relatively little was known, especially for people recently on benefits (Morris *et al.*, 2003). Nonetheless, job retention and advancement are important concerns for a significant portion of the labour force. While about nine out of ten workers remain in work steadily (Young, 2001), recurring unemployment and lack of advancement are common among disadvantaged and low-paid workers. Many become entrenched in a 'low-pay/no-pay cycle,' in which they shift repeatedly between low-wage work and unemployment. Often these individuals seek government benefits to supplement their income.

Individuals who struggle to retain employment and advance in work, frequently face a multitude of barriers to finding and keeping well-paid jobs. Many have low education levels and/or have difficulty accessing transportation. Some live in social housing (housing owned by local government or a private housing association). Some are also in poor health; studies of large samples of longer-term unemployed people have found that, although many are not disabled enough to be eligible for disability benefits, they nonetheless have health conditions that make it difficult to retain steady work. In addition, frequent cycling between work and benefits may have a 'scarring' effect, as individuals who spend more than a few weeks unemployed have been shown to experience chronic difficulty in re-establishing themselves in the labour market (Arulampalam *et al.*, 2001).

The literature on job retention indicates that the reasons that low-wage workers leave employment vary. They sometimes work under short-term contracts, which are often undertaken involuntarily when the labour market seems to offer few other opportunities. However, there is also evidence that many leave work voluntarily. Some low-wage workers indicate a disconnect between the types of jobs they feel able to do and the types of jobs they get. Many of those who return to Jobseeker's Allowance (JSA) (cash benefits available in Britain to unemployed individuals actively seeking work) say simply that the job did not suit them. In addition, the literature suggests that individuals' barriers to employment often persist after they are employed, and that new barriers to work can arise that push some new workers to leave their jobs. Many lone parents who return to Income Support (IS) (benefits available to low-income adults who are not working or work less than 16 hours per week) cite 'voluntary' reasons for leaving work. These reasons can include, for example, unexpected problems with the cost and reliability of childcare and transport, difficulties balancing work and childcare responsibilities, and employers who are unwilling to accommodate employees' family responsibilities.

There is also a growing concern regarding low-wage workers' prospects for advancement. Wage inequality in the UK has risen since the 1980s (Machin, 1999), while wage mobility has declined (Dickens, 2000b; Stewart and Swaffield, 1999). These trends indicate that low-wage workers are largely not moving into better jobs. Low-paid jobs are generally at a junior level and do not require high skills, are often part-time or temporary, and frequently offer few opportunities for training (Dickens, 2000a). Conditions such as these often present barriers to advancing in work. Research also shows that employees earning the lowest wages and whose working conditions are poor are generally less able to negotiate better working conditions for themselves (Dex and Smith, 2001) and are more likely to return to benefits than to improve their earnings (Dickens, 2000b). Poor prospects for advancement are also associated with decisions to leave work, which worsen the 'scarring' effect and thus have further implications for future labour market participation.

## 1.4 Design of the ERA programme

The ERA programme was designed to test a method to improve job retention and advancement among low-income individuals. The primary policy aims of the ERA programme were to:

- **promote a work-based welfare policy**, building on the progress made by increased wage supplementation and the active case management of the New Deal;
- **break the 'low-pay/no-pay cycle'** and so lessen the 'scarring effect' of unemployment;
- **improve 'job matching'** by placing customers in work that is likely to suit them in the longer term, which may include changing employers after beginning work;

- **provide longer-term ‘treatment’ for barriers to work** by continuing to provide support after customers begin working and encounter barriers, such as transport, childcare, or reversals in health;
- **reduce in-work poverty** by promoting work advancement and training opportunities; and
- **increase (even further) financial incentives to work** by adding to wages an additional incentive to work full-time hours for a period after entering work.

The primary hypothesis of the ERA programme’s design is that a mix of job coaching and financial incentives, including support both before employment and during work, can have a positive impact on individuals’ job retention and advancement. Before entering employment, customers would be advised to find good jobs with prospects for advancement; and once they were in work, they would be offered continuous close support as well as financial incentives to stay in work and take up training opportunities. The in-work support would also help them to continue to resolve their barriers to work. The design team envisioned that these strategies would result in higher retention and would make advancement more likely.

The development of the programme was inspired by a similar demonstration, the United States (US) ERA programme, which was already being implemented in the US. Launched in 1999, the US ERA project tests a variety of retention and advancement programmes and has many features that are similar to the UK demonstration (see Box 1.1). The US ERA demonstration is directed by MDRC, which also leads the consortium conducting the UK ERA evaluation. Many of the early findings from the US project have informed the implementation of the UK programme.

A related project, the Work Advancement and Support Centers (WASC) demonstration, got under way in the US in 2005, two years after the UK ERA programme began (see Box 1.1). MDRC designed and is evaluating WASC, and findings from both ERA programmes have informed its implementation.

**Box 1.1 Description of the US ERA project and the WASC demonstration****US ERA:**

Launched in 1999, the US ERA project is evaluating, through randomised trials, the effectiveness of 15 very different programmes located in eight US states. The programmes' aims and target populations vary, as do the services they provide. Some of them focus on advancement, i.e. helping low-income workers move into better jobs by offering services such as career counselling, education, training and financial incentives. Others focus on both placement and retention, and aim to help participants, mostly 'hard-to-employ' people (such as welfare recipients with disabilities or substance abuse problems), find and hold jobs. Finally, other programmes have mixed goals and serve a variety of populations.

**WASC demonstration:**

In an effort to help US workforce development and welfare systems meet the needs of low-wage workers and their families, MDRC developed the WASC demonstration. WASC, which is being evaluated through a randomised trial, provides access to employment advancement services and assistance in taking up a range of financial work supports (such as food stamps, subsidised health and childcare services, and the Earned Income Tax Credit) in order to increase job stability and wage progression and raise family income. Since 2005, the project has been working through One-Stop Career Centers in several communities around the country to address high job turnover and low rates of career advancement for this target population.

## 1.5 The three target groups

The ERA programme targets three groups of low-income individuals receiving benefits:

- lone parents entering New Deal for Lone Parents (NDLP);
- longer-term unemployed people entering New Deal 25 Plus (ND25+);
- lone parents working part-time between 16 and 29 hours a week and receiving WTC.

This section describes the services regularly available to these three groups before ERA was implemented; the following section then explains how ERA expanded on these services.

### 1.5.1 New Deal for Lone Parents

NDLP is a voluntary programme, and customers who enter are interested in finding a job, although some may not be ready to start immediately. NDLP customers are assigned a Personal Adviser (PA) through Jobcentre Plus to provide pre-employment

job coaching services. PAs can offer job search assistance and may address any barriers customers have that present challenges to finding work. They also advise customers on their likely in-work income at differing hours of work, and help them access education or training.

The majority of NDLP customers are women, and many face an array of labour market disadvantages, such as lack of work skills and experience, poor family health, financial disincentives to working, lack of confidence, problems with transport, lack of job opportunities, and employer prejudices (Millar and Ridge, 2002). Many lone parents also struggle to balance work and care for their children, which often results in employment instability. Findings from interviews in 1999 and 2000 showed that 17 per cent of lone parents in employment left for either unemployment or inactivity (Marsh, 2001). Research on NDLP has also found that 20 per cent of lone parents who left IS returned within about ten months (Hales *et al.*, 2000), and that lone parents have higher job exit rates than non-lone parents and single childless women, even after personal and job characteristics are controlled for (Evans, Harkness, and Arigoni Ortiz, 2004).

### **1.5.2 New Deal 25 Plus**

New Deal 25 Plus (ND25+) is a national mandatory programme introduced in 1998 to assist long-term unemployed people aged 25 and over back into work. The programme targets individuals who have been on JSA for 18 months or more (although about a quarter are given 'Early Entry' on special grounds, such as recent release from prison or exceptional leave to stay in the UK).

ND25+ has two key objectives:

- to help long-term unemployed people into jobs and to improve their prospects of staying and progressing in employment; and
- to increase the long-term employability of long-term unemployed people, thereby making a positive contribution to sustainable levels of employment and to a reduction in social exclusion.

ND25+ customers also work with a Jobcentre Plus PA, where they are given practical help and opportunities to equip them to re-enter employment. Unlike the NDLP group, until ND25+ participants begin employment they are required to participate in four stages of job preparation:

- an initial interview and assessment;
- a four-month Gateway period during which the PA offers job search help and support;
- an Intensive Activity Period (IAP) lasting 13 to 26 weeks that can involve training courses, work experience placements, intensive job search assistance, and other specialist help; and
- a six-week Follow-Through period involving intensive job search and access to Gateway-type provision.



Nationally, most ND25+ customers are men. Many face severe labour market disadvantages, such as a lack of skills and/or outdated skills, a lack of suitable training, a short or patchy work history, transport difficulties, a lack of confidence, a lack of motivation to work, and employer prejudices regarding age and work history. Data from the long-term unemployed pilot programme indicated that 26 per cent are in poor health or have a disability, 24 per cent lack qualifications (i.e. have low education levels), and 29 per cent lack personal transportation (Lissenburgh, 2000). Some also have criminal records, drug or alcohol dependence, learning difficulties, mental or physical health problems, personality disorders, or are simply resistant to re-engagement in paid work. About 38 per cent of those in ND25+ who leave for paid jobs are unemployed again a year later.<sup>6</sup>

### 1.5.3 Lone parents receiving Working Tax Credit

Low-wage working adults in the UK whose employment conditions meet certain criteria are eligible to receive WTC (similar to the Earned Income Tax Credit in the US). Those receiving WTC generally do not receive services through Jobcentre Plus because they do not receive IS or JSA.

ERA programme eligibility was open to a certain subset of those receiving WTC: lone parents working between 16 and 29 hours per week. Because this target group is not traditionally served by Jobcentre Plus, comparable data on their demographic characteristics and barriers to work were not available. However, data from the 2001 Families and Children Survey (FACS) indicate that they, too, are disadvantaged and often face employment challenges (for example, many lack transport and/or live in social housing), although to a lesser extent than the lone parents receiving NDLP.

## 1.6 The ERA service model

A team established by the Cabinet Office devised the ERA demonstration project to offer services beyond those already offered by the New Deal.<sup>7</sup> Table 1.1 summarises the staff and services available through ERA, as compared with the services available to customers who are not in ERA.

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<sup>6</sup> This figure comes from a re-analysis of survey data from the evaluation of the ND25+ specifically undertaken for the ERA demonstration design project.

<sup>7</sup> This design process, including all the background and theoretical considerations, was published in detail in a previous report (Morris *et al.*, 2003).

**Table 1.1 Staff and services available to ERA (programme group) and non-ERA (control group) customers**

Feature	NDLP		ND25+		WTC	
	ERA (Programme)	Non-ERA (Control)	ERA (Programme)	Non-ERA (Control)	ERA (Programme)	Non-ERA (Control)
<b>Job coaching staff</b>						
PA: Personal Adviser		PA		PA		n/a
ASA: Advancement Support Adviser	ASA		ASA		ASA	
<b>Eligible for New Deal pre-employment services</b>						
Job placement assistance	✓	✓	✓	✓		
Advice on training and increasing skills						
<b>Mandatory participation in New Deal pre-employment services</b>			✓	✓		
<b>Eligible for in-work support</b>						
Coaching on advancement in current position and/or finding a better job	✓		✓		✓	
Rapid re-employment services when necessary						
<b>Eligible for in-work bonuses</b>						
<i>Retention Bonus:</i> Up to six payments of £400 for each period when customers work 30 or more hours per week for 13 out of 17 weeks	✓		✓		✓	
<i>Training Bonus:</i> Tuition payment of up to £1,000 if training undertaken while working; if training is successfully completed, £8 for every hour of training, up to £1,000						
<b>Eligible to receive Adviser Discretion Fund (ADF) money</b>						
Pre-employment funds available to help customers obtain work	✓	✓	✓	✓		
<b>Eligible to receive Emergency Discretion Fund (EDF) money</b>						
In-work funds available to help customers stay employed	✓		✓		✓	

### 1.6.1 Work-related services

Customers assigned to the ERA programme each work with an Advancement Support Adviser (ASA) for a maximum of 33 months over both pre-employment and in-work periods. The ASAs were drawn largely from the pool of PAs already working at Jobcentre Plus in the selected districts, and they were provided with training on how to deliver ERA services. The design envisioned that the 33-month service period would allow out-of-work customers about nine months to find a job, followed by two years of in-work support. Customers in the WTC group, who were already working, would begin receiving in-work support immediately but would still receive support for up to 33 months.

ERA was designed so that in the pre-employment stage ASAs coach their ERA customers to consider the advancement opportunities of a job before taking it, and to try to identify work that is a good fit with their skills and interests. (Challenges were encountered in implementing this strategy, as discussed in Chapter 3.) Once in work, coaching continues in order to help customers address any continuing or new barriers, and to help them advance in their work, for example, through higher pay, more hours, a promotion, better pension provision, or by finding a better job. ASAs are to listen carefully for any signs of difficulty in work, but also to help customers envision advancement even when they are not experiencing any present difficulties. They can also step in to support customers in periods of stress; for example, they can help rearrange childcare if necessary, or advise on renewing a claim for tax credits.

To guide their work with customers, ASAs develop an Advancement Action Plan for each ERA customer, which sets out job search, retention, and advancement steps. The plan, reviewed at each face-to-face meeting, is individually tailored for the customer to:

- balance short-term requirements with longer-term ambitions and goals;
- incorporate local labour market opportunities;
- lay down steps to achieve goals; and
- connect to other services to address special barriers.

ASAs also have an EDF, a pool of up to £300 per customer, to divert minor financial emergencies that threaten to prevent a customer from continuing in work, such as the need for special clothing, new tools or car repairs. It becomes available only when a customer is in employment of 16 hours or more per week. The EDF is separate from the pre-employment ADF, which is available to PAs as well as to ASAs (in other words, to both ERA and non-ERA advisers) to make purchases that will help customers obtain a job or accept a job offer.

### 1.6.2 Financial incentives

In addition, the ERA programme includes financial incentives – separate from the EDF – designed to promote both retention and advancement. These incentives, as well as the EDF funds, are tax free and do not count as income against entitlement to tax credits.

### *Retention Bonus*

To motivate customers to enter full-time work or to make the transition from part-time to full-time work, and to encourage them to do so earlier than they might have considered, ERA offers up to six payments of £400 for each period when customers work 30 or more hours per week for 13 out of 17 weeks.<sup>8</sup> This totals to £2,400 for a customer who receives all six payments.<sup>9</sup> Customers are required to provide evidence of their employment and hours, i.e. by showing wage slips, and to come into the office to claim the Retention Bonus (which provides another opportunity for face-to-face contact with their ASA).

### *Training Bonus*

ERA customers can also receive financial incentives to combine work with training. This is intended to encourage investment in their own human capital development, which, in turn, may further promote their long-term career progression. While in work for at least 16 hours per week, customers can qualify for tuition payments of up to £1,000 for approved courses that reflect the agreed goals in the Advancement Action Plans and correspond with local labour market needs. These payments are made directly to the training providers.

In addition, if a customer successfully completes an approved course, they may receive an additional bonus of £8 for every hour of training completed, up to a maximum of £1,000 (or 125 hours). It can be paid only within the 33-month ERA service period, so the courses must be completed within this time frame for customers to receive the bonus.

## 1.7 The random assignment design and the intake process

The ERA programme was implemented as a random assignment demonstration, meaning that customers who volunteered for the programme were assigned at random – regardless of their background characteristics – to a programme group, which was enrolled in ERA, or to a control group, which was not enrolled in ERA but continued to receive the standard NDLP or ND25+ services, as appropriate, or to receive WTC. This design resulted in two groups that were similar at the outset; the only difference was that one group was offered ERA services and incentives, while the other was not (the services that the control group was eligible for are represented in the non-ERA column in Table 1.1). Thus, in comparing the outcomes of the two groups over time, differences that emerge can most likely be attributed to ERA.

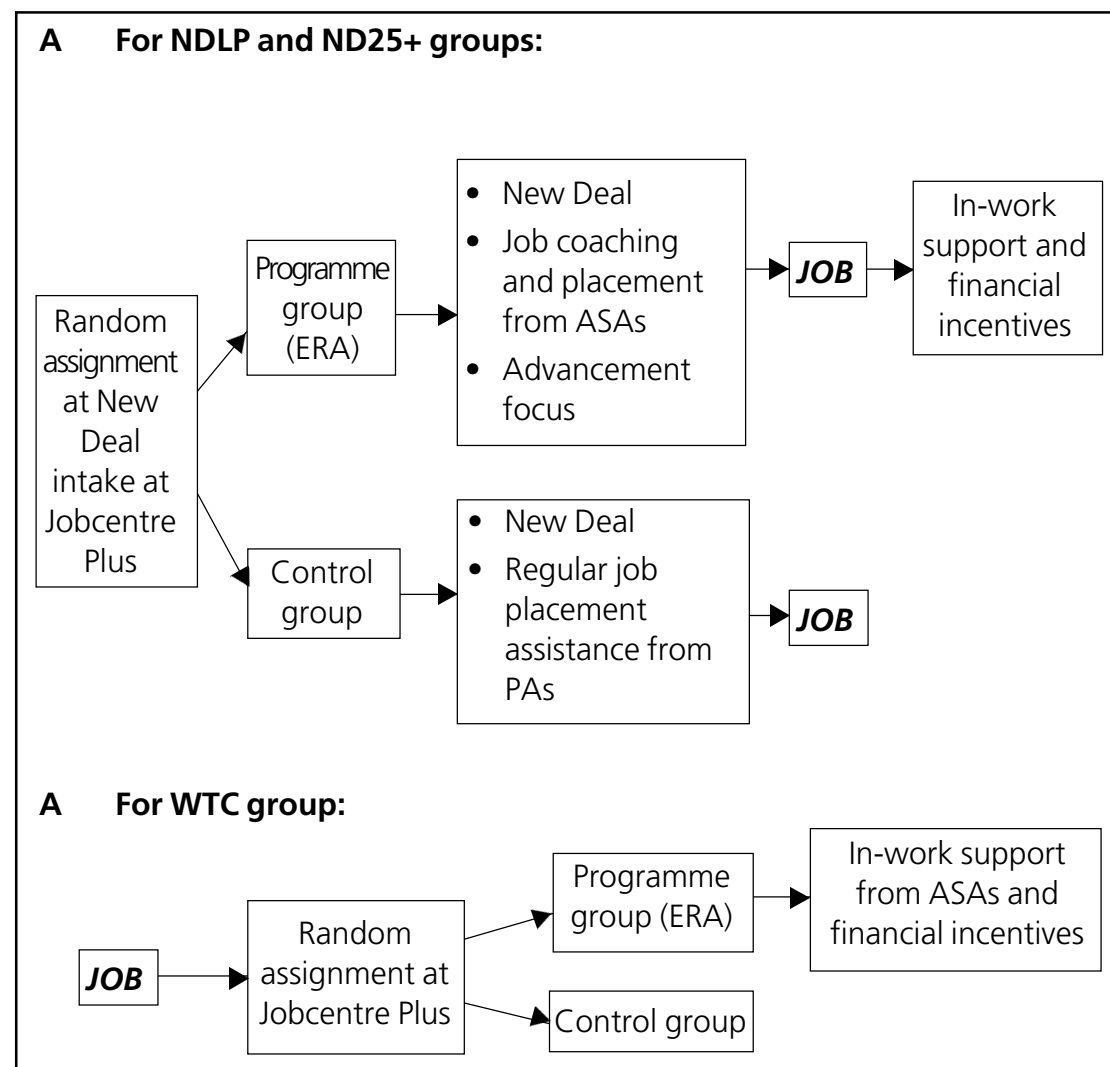
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<sup>8</sup> This provision accommodates the likelihood that many workers may lose jobs, and offers an incentive for quick re-employment.

<sup>9</sup> At the currency exchange rate in effect on 1 December 2006, these retention bonus payments were equivalent to US\$782 and US\$4,690, respectively.

Figure 1.1 illustrates the random assignment process, which varied somewhat between the New Deal and WTC target groups. Entering into the programme was voluntary for customers in all three groups. When customers came into Jobcentre Plus offices, basic demographic information was recorded, and they were told of the possible advantages of participating in the ERA programme. They were then invited to enter the demonstration and told that they had a 50 per cent chance of being selected for ERA services. Some customers declined to undergo random assignment, but most accepted and were assigned by a computerised algorithm to the programme group or to the control group.<sup>10</sup>

**Figure 1.1 Random assignment process**



<sup>10</sup> A special study conducted by the Institute for Fiscal Studies, as part of this evaluation, carefully examines the issue of non-participation and its implications for interpreting the results of the main impact study. The study is scheduled to be released in spring 2007.

Approximately 16,000 customers were randomly assigned; around 41 per cent were NDLP customers, 41 per cent were ND25+ customers and 17 per cent were lone parents receiving WTC.<sup>11</sup>

The random assignment process occurred successfully. As a result, programme and control group members share similar characteristics, on average. This helps ensure that the control group will provide unbiased estimates of how programme group participants would have progressed over time had they never encountered ERA.

The ERA demonstration represents the first time in the UK that a random assignment social policy evaluation has been carried out on such a large scale. The design was influenced by random assignment evaluations done in the United States. Given the pioneering nature of this initiative, a special study, published in 2006, was undertaken to describe and capture lessons from the implementation of the random assignment process itself, including staff and customers' reactions (Walker, Hoggart, and Hamilton, 2006). The study found that, although the process was not without its challenges and there were procedures that, in hindsight, could have been implemented better, given the scale of random assignment in the ERA demonstration, it proceeded well. It created a sufficiently large research sample of similar programme and control groups, and most customers and staff viewed the process as justified and fair. This finding ensures that the results produced by the ERA evaluation will be trustworthy, and establishes that random assignment is practical in a UK context. This has encouraging implications, even beyond the ERA demonstration.

## 1.8 Implementing ERA

The DWP is responsible for managing the implementation of the ERA demonstration. DWP was in charge of overseeing site selection, establishing guidance on service delivery, overseeing a training strategy, selecting and overseeing the evaluators, and monitoring service delivery in the sites. It developed a special Project Team to carry out the programme implementation functions and to work closely with the sites. It also assigned an Evaluation Team to work with the research contractors and monitor the evaluation.

This section describes some of the key implementation decisions made prior to the start of the demonstration, including the sites in which ERA was rolled out and the special staff that were hired to assist in ensuring that random assignment was carried out properly and services were delivered as envisioned. It also provides a timeline of programme implementation dates and how they correspond with other national policies relevant to Jobcentre Plus.

### 1.8.1 The ERA sites

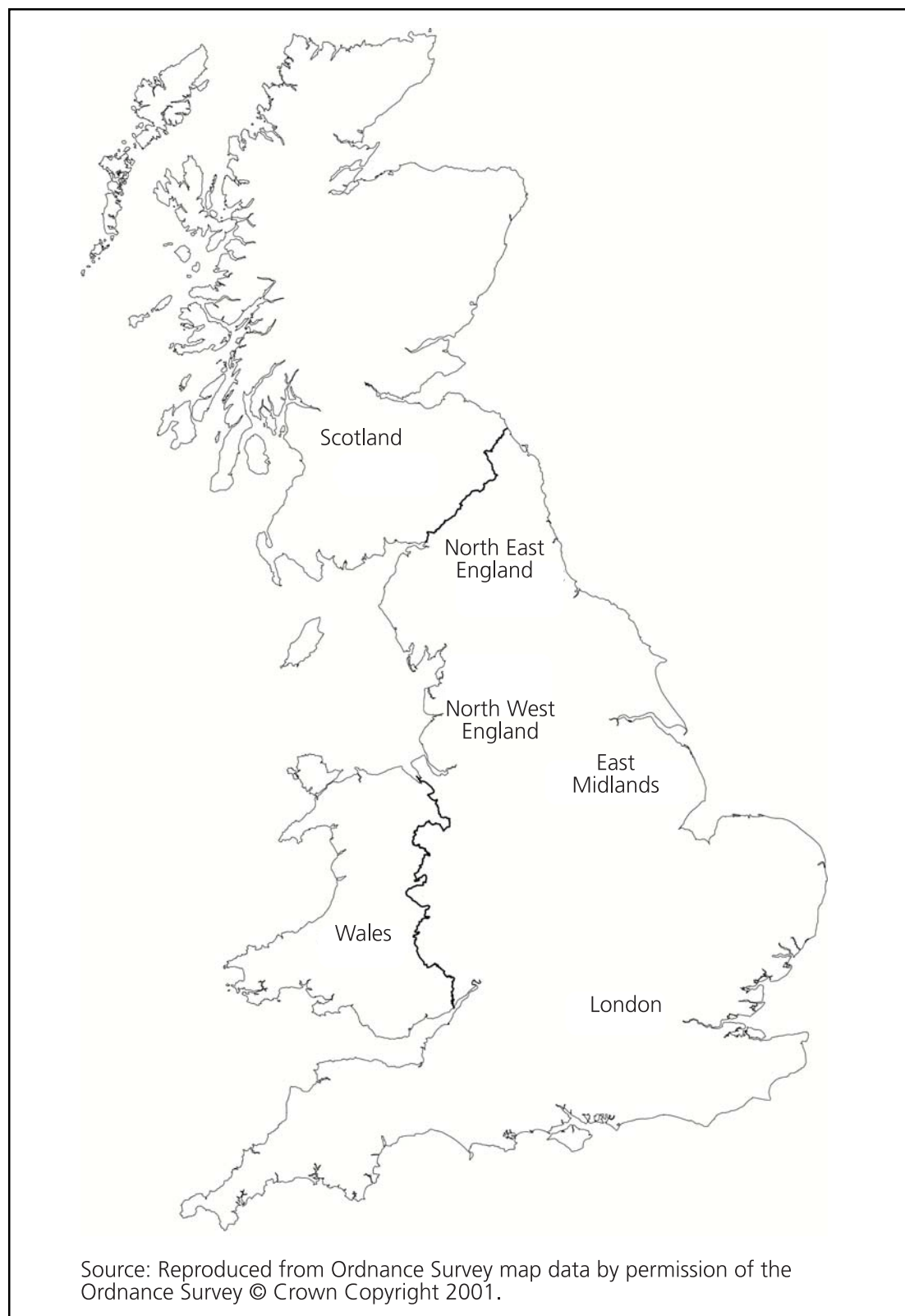
The ERA demonstration was rolled out in six Jobcentre Plus districts (areas of varying sizes and populations demarcated across the UK by DWP) within six UK regions.

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<sup>11</sup> Due to rounding, percentages may not sum to 100 per cent.

Figure 1.2 shows the approximate locations of these six areas. One district was in Scotland, one was in Wales, and four were in England. The regions in England included the East Midlands, London, North East England, and North West England. The process for selecting these sites is discussed further in Chapter 2.

**Figure 1.2** Map of six ERA districts



### **1.8.2 Technical Advisers**

In order to help ensure that the implementation of random assignment and of ERA services and incentives went as planned, six Technical Advisers (TAs) – one for each site – were recruited by the evaluation consortium to work on the project. They were recruited largely from among Jobcentre Plus staff but were placed on the payroll of PSI, one of the research partners. Working closely with the DWP Project Team, the TAs spent most of their two years on the project in the district offices. They assisted in monitoring random assignment procedures as well as in training local staff on ERA procedures and contributing ‘good practice’ ideas. Their post outside the Jobcentre Plus management structure allowed them to contribute an additional perspective on how the project was progressing at a local level. At the same time, their experience of working in Jobcentre Plus ensured that they were able to give advice which took full account of operational realities, enhancing their credibility.

### **1.8.3 Timeline of ERA implementation**

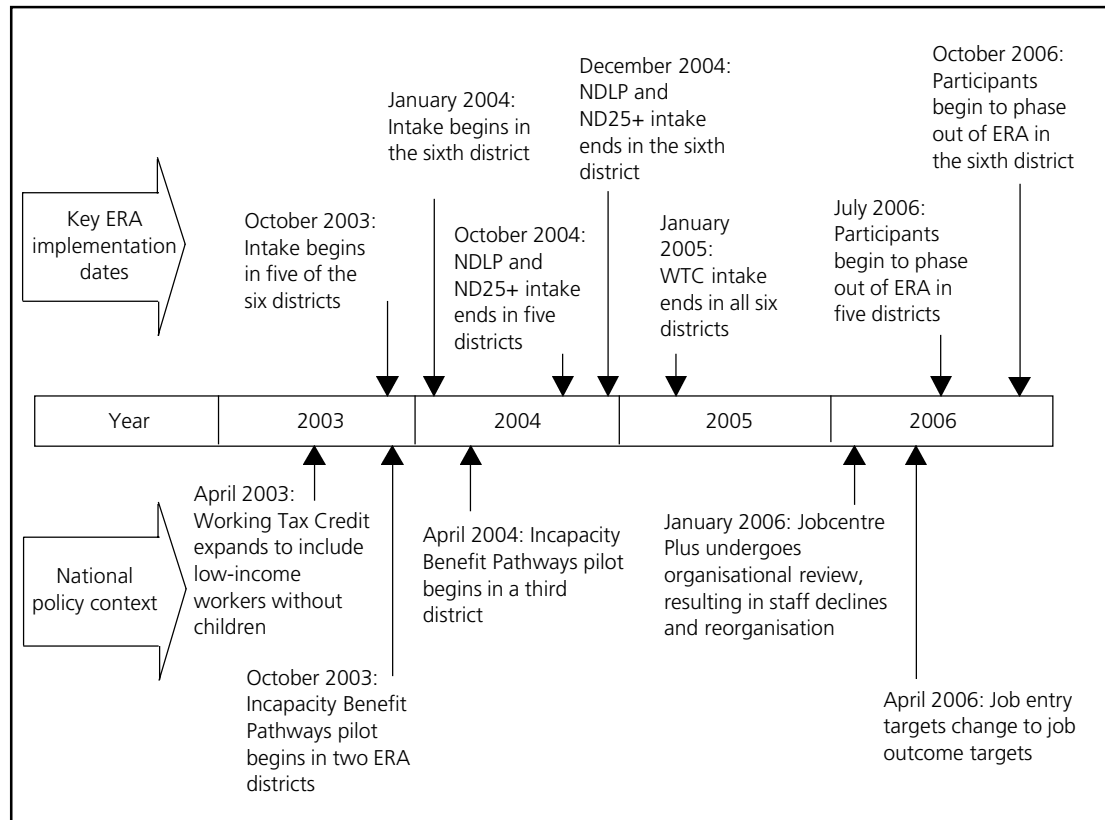
Random assignment began in October 2003 in five of the six ERA sites, and in January 2004 in the sixth site (see Figure 1.3). Intake for the New Deal groups ended about a year later. Intake for the WTC group was extended until January 2005 to increase the number of customers in this group (there were unique challenges in recruiting WTC customers into the sample because they were not already coming into the Jobcentre Plus offices for services; additional efforts to recruit WTC customers were made in the East Midlands district, and this region has by far the largest WTC sample). Following their 33-month service period, the first customers moved off the programme beginning in July 2006, and the last customers will phase out in September 2007.

Several other policies affecting Jobcentre Plus coincided with the implementation of ERA. Figure 1.3 highlights a few of the major policies that may have affected how ERA was implemented. In 2003 and 2004, the Pathways to Work pilot, an employment programme for disabled recipients of Incapacity Benefit (IB), began in three of the six ERA districts. Although this intervention does not directly affect ERA customers, it was a priority programme for districts and district resources, and so may have affected the attention and funding dedicated to ERA.

In addition, in 2006, DWP implemented important changes in staffing and performance goals. In January 2006, Jobcentre Plus underwent an organisational review, which resulted in staffing declines and reorganisation. Some of the qualitative analysis used in Chapter 3 was carried out in 2006, during this period of turnover. Although the follow-up period for the impact analysis in this report ends in November 2005, anticipation of the changes began affecting staff before they were implemented, and may have affected service delivery.



**Figure 1.3** Timeline and national policy context of the ERA demonstration, 2003-2006



Beginning in April 2006, Jobcentre Plus changed the focus of its performance goals from job entry targets to a more varied set of job outcome targets. The job entry targets measured performance by the number of customers Jobcentre Plus staff helped enter into work. They required that staff demonstrate that it was due to their intervention that a customer began work. The job outcome targets, in contrast, measure all off-flows from benefits into work, including those for which there has been no specific intervention. The goal of this change was to allow staff to encourage customers to take their own initiative to find work, and to eliminate the need for staff to 'manufacture' interventions in order to claim a job entry. The job outcome targets also introduce a more varied set of 'points' that Jobcentre Plus districts receive when different groups of customers enter work, and establish targets for the number of points the districts are to aim for among each of these groups.

## 1.9 The evaluation of ERA

The evaluation of ERA is being conducted by a consortium of research organisations, which are working closely with DWP. The consortium includes three British organisations – the Policy Studies Institute, the Office for National Statistics, and the Institute for Fiscal Studies – and is headed by a US organisation, MDRC, which is experienced in conducting large-scale randomised control trials testing innovative social policies.

The evaluation of ERA is divided into three research strands:

- **A process study:** The purpose of the process study is to understand how ERA was implemented 'on the ground' – whether it was implemented as envisioned in the design, particular implementation challenges, and any differences in service delivery across the six sites. It also may provide insight into possible reasons for the programme's impacts.
- **An impact study:** The impact study uses customer surveys as well as administrative records to compare the service receipt, employment, earnings, benefits receipt, and other outcomes for ERA customers with those of the control group customers. For example, it examines whether more programme group customers than control group customers worked at some point during the ERA service period, and whether the earnings of the programme group were higher than those of the control group.
- **A cost and cost-benefit study:** The cost study examines the total cost of implementing ERA, by adding up the total expenditures associated with operating it. The cost study will also provide a foundation for a possible cost-benefit study, which would seek to understand the net economic gains or losses generated by ERA by comparing the costs of the programme with the financial benefits it induces.

This report focuses on the first two strands: It describes the implementation of ERA and examines early impacts across the sites during the first 12 months after each customer's date of random assignment. Reports scheduled to be published in 2008 will discuss the two-year impacts, a longer-term implementation analysis, and findings from the cost study. DWP will also consider whether to conduct longer-term impact analyses, as well as a cost-benefit study and a non-experimental analysis estimating the possible effects, costs and benefits of the programme if it were rolled out nationally.

In examining the results from the UK ERA demonstration, it is also important to consider the project within a broader context of retention and advancement programmes. Early results are available from the US ERA demonstration (see reports online at [www.mdrc.org](http://www.mdrc.org)). Special note might be taken of the Texas US ERA programme, which is perhaps the most similar to the UK ERA programme. It targeted low-income families applying for or receiving cash benefits (similar to the NDLP group). It offered pre-employment job search and job placement assistance, in-work job coaching and in-work stipends for combining work and training, available after four months of employment (Martinson and Hendra, 2006).

## 1.10 The scope and coverage of this report

The period examined in the implementation analysis in this report extends through mid-2006, somewhat beyond the period covered in the report's impact analysis, which ended in November 2005. Many changes in service delivery observed in the

later period of the implementation analysis are, therefore, not reflected in the impact analysis.

The data used for the impact analysis are drawn largely from a customer survey administered one year after each customer's random assignment date.<sup>12</sup> Administrative records were used to examine benefit receipt and employment for the sample surveyed, but administrative records showing earnings and other measures were not available for analysis in this report. Subsequent reports will use administrative records data more extensively, and will include customers who were not part of the survey sample.

The remainder of this report is organised as follows:

- **Chapter 2** describes national economic trends as well as the local economic and demographic context in which the demonstration was launched in each of the six sites. It also discusses the characteristics of the three target groups and selected characteristics of the sample by site. Finally, it describes in more detail the data sources used in the report.
- **Chapter 3** discusses programme operations and explores whether the programme was implemented as designed and the challenges faced in doing so. It focuses, in particular, on how the programme evolved over time, especially in terms of the extent to which staff understood the ERA model, the level of management support for it and the modifications made to the model in response to the implementation challenges confronted.
- **Chapter 4** reports on the effects of the programme on participation and service receipt over a 12-month follow-up period, examining the extent to which ERA customers received ERA services, the extent to which they sought and tried to maintain employment and the steps they took to advance. It compares the programme group customers' outcomes with behaviour observed among the control group customers. It focuses on the compiled results across all six districts, but describes site differences as well.
- **Chapter 5** describes the impacts of the programme on employment, earnings and benefits over the 12-month follow-up period. It discusses the results for each target group as a whole as well as for each target group by district. For the WTC group, it focuses on the district with the largest WTC sample.

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<sup>12</sup> Most customers were surveyed from December 2004 to November 2005. However, a very small number of customers could not be located on their one-year anniversary date. Therefore, the data collection period for these few extended to February 2006.



## 2 Sample and sites

### 2.1 Introduction

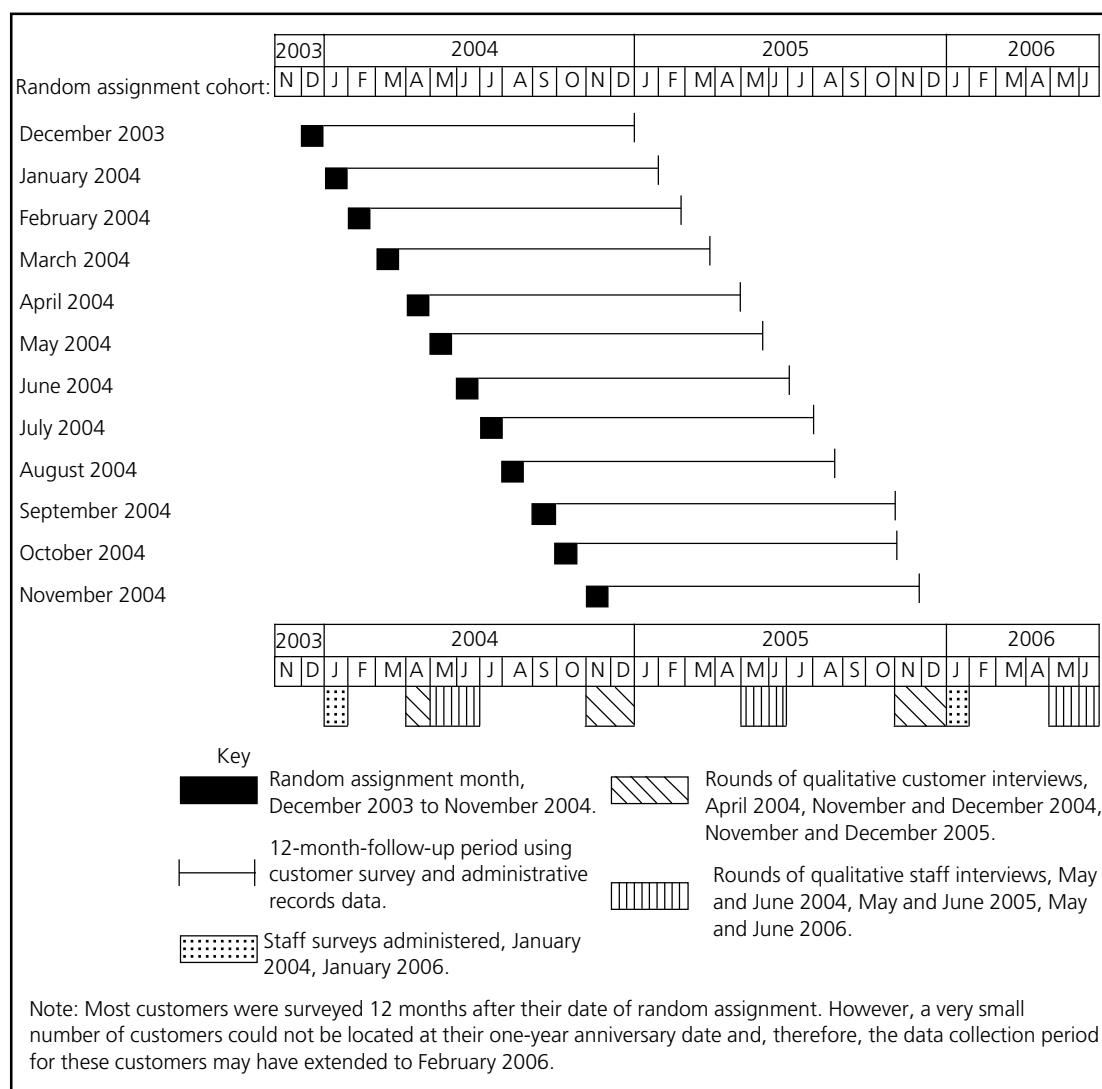
The Employment Retention and Advancement (ERA) demonstration was launched in six regions across the UK, each with a particular set of economic circumstances and varying demographic profiles. As discussed in Chapter 1, ERA has been implemented in a political climate in which increasing employment among lone parents and benefit recipients, and making work pay for low-wage earners, were important priorities. This chapter describes the national and local economic context in which the demonstration was launched more fully. It begins with a brief discussion of recent national economic trends in the UK. It then discusses how the regions in which the programme was implemented were chosen. The chapter provides local economic and demographic information on each of these six regions, including data on the population, racial/ethnic composition, major industries, unemployment trends and benefit receipt. These regional differences are important because a goal of the demonstration is to determine whether the programme can be effective across a variety of local environments; they may also provide insight into the implementation and impacts findings presented later in this report. The chapter then turns to a discussion of the sample members in each target group, showing how selected characteristics of the three groups vary by region as well. Finally, it concludes with a discussion of the data sources used in the following chapters.

### 2.2 National economic context during the implementation of ERA

In order to understand broadly the economic context in which the demonstration was tested, it is important to consider the national employment and benefits receipt trends that relate to the target population. Figure 2.1 presents a timeline of random assignment and data collection, as a reference against which these trends can be compared. As the figure shows, the follow-up period for the quantitative analysis presented in this report is drawn primarily from customer survey and administrative records data covering 12 months after each customer's random assignment date.

The 12-month periods covered are largely in 2004 and 2005. The qualitative analysis extends slightly beyond, into mid-2006.

**Figure 2.1** Timeline of collection and coverage of primary data used in this report



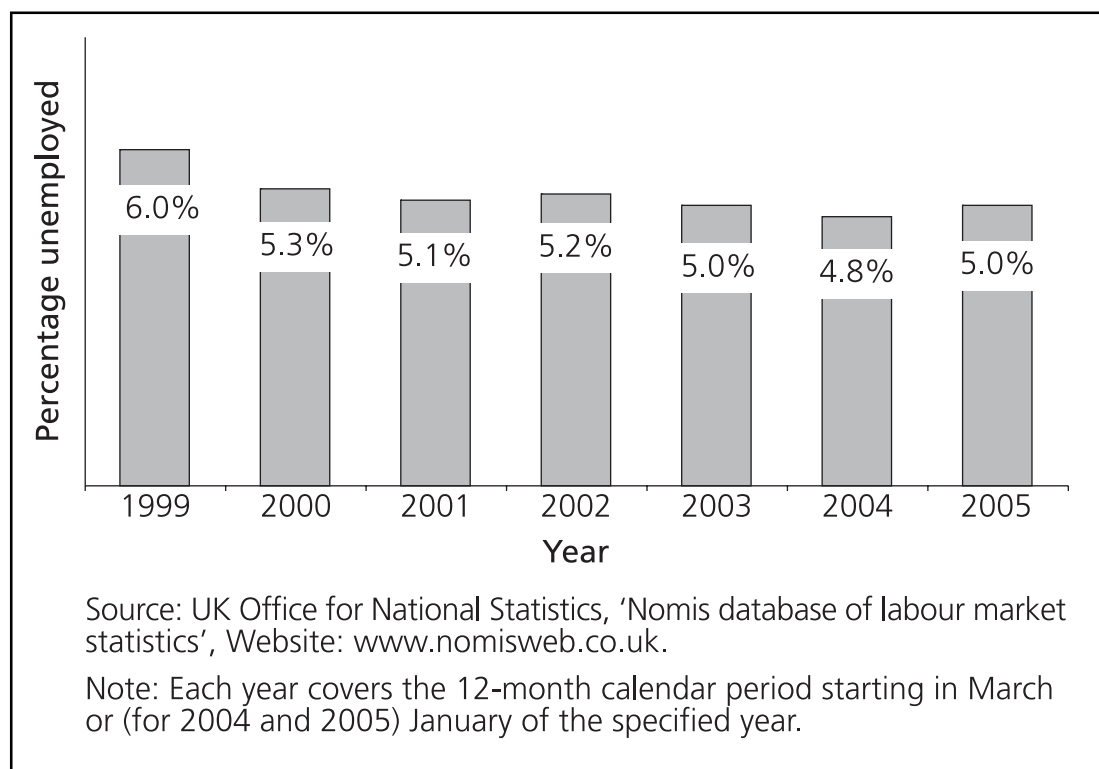
### 2.2.1 Employment and unemployment trends

The employment rate in the UK has been increasing since the early 1990s. Between 1997, when the Labour Government pledged to decrease child poverty and increase the employment rate of lone parents, and 2004, the national employment rate rose from 72.6 per cent to 74.9 per cent, an increase of about 2 million individuals (Brewer and Shephard, 2005). It continued to increase slightly in 2005 (Office for National Statistics). The employment rate of lone parents, in particular, has increased substantially since 1997 (Brewer and Shephard, 2005).

Similarly, the unemployment rate has decreased since 1997, continuing a downward trend that began in 1993 (Brewer and Shephard, 2005). (Figure 2.2 shows the unemployment rate from 1999 to 2005.) Between 1997 and 2004, it fell from 7.4

per cent to 4.8 per cent, which was its lowest level in almost 30 years. However, it increased slightly in 2005. As Figure 2.1 shows, the later waves of staff surveys and some of the qualitative customer interviews took place in 2005, during this period of slightly heightened unemployment.

**Figure 2.2 Unemployment rate in the UK, 1999 through 2005**



### 2.2.2 Benefits receipt trends

The proportion of the population in Great Britain claiming Jobseeker's Allowance (JSA) has also declined over time, from over six per cent in 1996 to under three per cent in 2006. (JSA benefits begin as unemployment insurance payments for people actively seeking work, and can be extended beyond six months for low-income people based on a means test.) The total national caseload for JSA declined from over a million in 1999 to under 800,000 in 2004, but began to rise again in 2005 (Department for Work and Pensions (DWP), Tabulation Tool). The Income Support (IS) caseload for adults under 60 has been relatively stable since 1999 at just over 2 million. It rose somewhat to 2.3 million in 2001, but has declined since 2002 to about 2.1 million.

Both of the New Deal programmes involving the ERA customer groups have served large numbers of unemployed individuals. By 2004, over 700,000 lone parents had left the New Deal for Lone Parents (NDLP) programme since its inception in 1998. The NDLP caseload has increased over time as the programme was built up and as the total number of lone parents with older children in the UK grew. By the end of 2004, the caseload had reached over 70,000 (Brewer and Shephard, 2005). New Deal for 25 Plus (ND25+) has served slightly more customers; 720,000 individuals

had gone through the programme by the end of 2004. However, the ND25+ caseload has declined over time, and in 2004 was approximately 50,000 (Brewer and Shephard, 2005). That was because ND25+ had been successful in eradicating long-term adult unemployment.

## 2.3 Site selection

Six Jobcentre Plus districts were chosen to be a part of the demonstration. Such districts cover areas of varying sizes demarcated by the DWP (in 2006, there were 50 Jobcentre Plus districts throughout the UK). Rather than rolling out the programme nationally, DWP and the research consortium selected a limited number of specified districts to allow evaluation of new ERA services and financial incentives to determine how effective (and cost effective) such an intervention would be. They selected districts strategically in order to ensure that the programme would be tested in several different types of areas. This section discusses the selection process.

At the time districts were selected for the ERA programme, only some Jobcentre Plus districts had adopted its new service delivery model. It was decided that the ERA districts would be drawn from those where the new model had been operating for a minimum of six months prior to the start of ERA. This ensured that they would be relatively stable administratively by the time ERA commenced. The six districts in the demonstration were chosen from among the 25 scheduled to be rolled out by April 2003. The consortium worked to identify those that met the following criteria:

- all were to be districts with a large number of customers expected to enter ND25+ and NDLP;
- some were to be districts with a substantial proportion of ND25+ and NDLP entrants from an ethnic minority background;<sup>13</sup>
- the districts were to be spread across varied regions encompassing some urban, some semi-urban, and some rural areas.

Based on these criteria, one district was chosen in each of the following areas:

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

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<sup>13</sup> Information on the number of ethnic minority customers by Jobcentre Plus district was obtained from the New Deal Evaluation Database.



Figure 1.2 shows the location of these six areas. Within each of the six districts are a number of Jobcentre Plus offices of varying sizes. In total, ERA was operated in 60 local offices.

## 2.4 Local economic and demographic trends

Each of the districts has distinctive economic and demographic characteristics; there is also considerable variation in local conditions within some of the districts. The following section provides a description of some of these characteristics in order to provide context on the types of locations where the demonstration was implemented; this context may also be useful in understanding both the process study and the impact study. Table 2.1 shows basic data on the population, unemployment, and number of people receiving benefits in each district. Box 2.1 provides a short narrative about each district to supplement the descriptions below. And, again, Figure 2.1 shows the timeline for data collection for this report, as a reference.

**Table 2.1 Population, unemployment rates, benefit receipt and Jobcentre Plus characteristics in the six ERA districts**

Measure	East Midlands	London	North East England	North West England	Scotland	Wales
<b>Local demographic and economic characteristics</b>						
Population, 2004	979,300	858,700	342,800	437,000	810,100	317,100
Urban/rural	Semi-urban	Urban	Semi-urban	Urban	Largely rural	Largely rural
Unemployment rate, 2004 (%)	4.24	5.77	6.53	8.76	4.26	4.43
<b>Benefit receipt</b>						
Number of people receiving IS, May 2004	31,660	54,210	19,160	37,980	18,710	13,330
Percentage of the population receiving IS, 2004 (%)	3.23	6.31	5.59	8.69	2.31	4.20
Number of people receiving JSA, 2004	8,940	16,380	4,930	7,300	6,040	2,820
Percentage of the population receiving JSA, 2004 (%)	0.91	1.91	1.44	1.67	0.75	0.89

Sources: UK Office for National Statistics (2006), 'Nomis database of labour market statistics', Website: [www.nomisweb.co.uk](http://www.nomisweb.co.uk); DWP Tabulation Tool, Web site: [www.dwp.gov.uk.asd/tabtool.asp](http://www.dwp.gov.uk.asd/tabtool.asp); Interview with DWP staff.

**Box 2.1 Local economic and demographic trends in the six ERA sites**

**East Midlands:** The district in the East Midlands is the largest of the six districts, with a population nearing a million in 2004. The population includes large Afro-Caribbean and Eastern European communities, especially in the city-centre areas. The Eastern European population is continuing to increase, particularly from Poland. The district's manufacturing base is declining, and is being replaced by a growing service industry, for example, in retail and health care. The region has also seen an increase in construction jobs, as many new development projects are under way. Unemployment is relatively low, hovering between four per cent and five per cent between 2003 and 2005. The IS and JSA caseloads are relatively high, but the percentage of the population receiving these benefits is relatively low.

**London:** The district in London is one of the larger districts, with a population of around 860,000 in 2004. The district is very urban and has a relatively high proportion of ethnic minorities. Certain parts have significant proportions of Indian, Afro-Caribbean, African, and Pakistani residents. There is also a growing immigrant population from Eastern Europe. Much of the population is employed in the service sector. Manufacturing has been on the decline for several decades, but has been relatively stable since 2003. Unemployment in this district increased from about six per cent in 2003 to over seven per cent in 2005. The district has the largest IS and JSA caseloads in the study, with approximately 54,000 IS recipients and 16,000 JSA recipients in May 2004. The proportion of the population receiving these benefits is also relatively high; the proportion claiming JSA is the highest among the six districts in the study.

**North East England:** The district in North East England is relatively small, at around 343,000 people in 2004. The vast majority are white and were born in England; only a small proportion of this district is made up of immigrants, although this percentage increased slightly around 2001. Large declines in manufacturing have resulted in a broader economic base – including a high-tech sector, service industries, health and pharmaceuticals, and automotives (part of a smaller but persisting manufacturing sector) – but has left higher than average unemployment, at around six per cent. In spite of the relatively high unemployment rate, the percentage of the population receiving IS and JSA is only slightly above average.

Continued

**Box 2.1 Continued**

**North West England:** The population in the district in North West England falls in the middle, relative to the other districts, at around 437,000. The district is urban and has a relatively high proportion of ethnic minorities. The population includes a diverse immigrant community of Eastern Europeans, Afro-Caribbeans, Asians and Africans, particularly in some city-centre areas. The immigrant population is increasing, particularly those from Eastern Europe. The majority of the population in this region is employed in the service sector, and this number continues to increase, while manufacturing has declined significantly since the 1970s. Unemployment is higher than in the other districts, fluctuating between seven per cent and nine per cent between 2003 and 2005, and, similarly, the percentage of the population receiving IS and JSA is relatively high. The caseloads for these benefits are also relatively high.

**Scotland:** The district in Scotland is relatively large, with a population of about 810,000, though it encompasses sizably rural areas. The proportion of the population comprised of immigrants has increased in Scotland as a whole, and the ERA district has seen increases, in particular, in Polish immigrants. Hospitality and tourism are major industries, while manufacturing has been on the decline, including during ERA implementation. Unemployment is relatively low, between four per cent and five per cent. The percentage of the population claiming IS and JSA in this district is the lowest among the six ERA districts. The number of people receiving IS and JSA is also relatively low.

**Wales:** The district in Wales is the smallest of the six sites; the population in 2004 was about 317,000. Also encompassing comparatively rural areas, the vast majority of the population in this district is white British; only 2.1 per cent of the population is from other ethnic backgrounds. The service sector is by far the largest; media and communications, financial and business services, public administration and manufacturing make up smaller sectors. Unemployment is low, but increased from about 4.5 per cent to about 5.5 per cent between 2003 and 2005. The district has the smallest IS and JSA caseloads, with approximately 13,000 IS recipients and 3,000 JSA recipients. The proportion of the population receiving these benefits is also relatively low.

**2.4.1 Population in the ERA districts**

The population of the districts varies considerably, ranging from 317,000 in the Welsh district to nearly a million in the district in the East Midlands (Office for National Statistics). The districts in London and Scotland are also relatively large, while the North East England and North West England districts are somewhat smaller.

The population density also varies, as districts were chosen specifically based on this criterion. The districts in London and North West England are more urban; the

districts in Scotland and Wales encompass sizable rural areas; and the districts in the East Midlands and North East England are comprised of a mix of urban and rural areas.

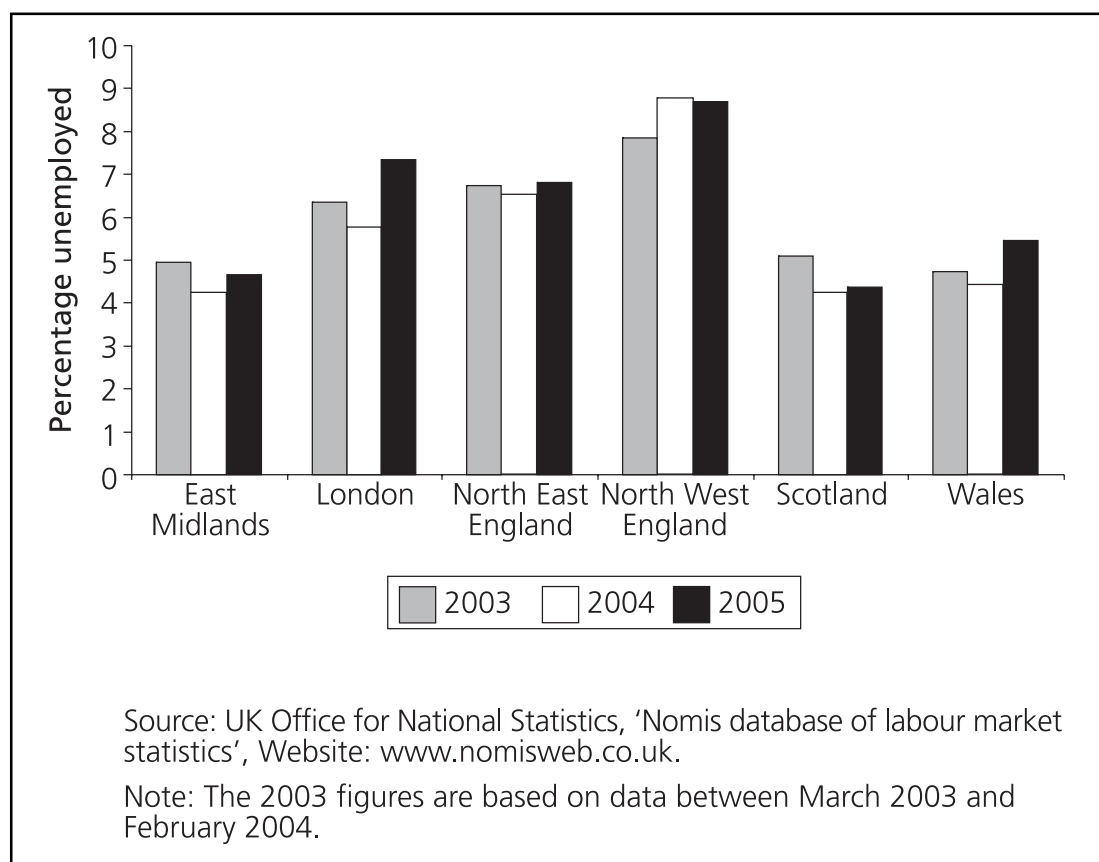
The more urban districts – those in London and North West England – also have relatively high ethnic minority populations. The districts in North East England and Wales have a comparatively low proportion of ethnic minorities, and both have large British-born populations. Despite these differences, immigrant communities across the ERA districts are generally increasing. Several have growing immigrant communities from Eastern Europe.

### **2.4.2 Major industries**

All of the ERA districts have seen long-standing declines in manufacturing and rises in the service sector. Manufacturing in the UK has generally been on the decline since the 1970s. In some districts, such as London, manufacturing remained steady throughout the period of ERA's implementation, while in other districts, such as Scotland, manufacturing declines continued throughout ERA's implementation. The majority of the population in each district generally works within the service sector, although the predominant areas of employment within this sector vary across the districts.

### **2.4.3 Unemployment in the ERA districts**

As shown in Figure 2.3, unemployment in the six districts ranged from a low of four or five per cent in the districts in the East Midlands, Scotland, and Wales, to a high of around eight or nine per cent in the district in North West England (Office for National Statistics). The districts in London and North East England fell in the middle, at around six or seven per cent. Unemployment was relatively steady between 2003 and 2005, though there were generally small dips in 2004 followed by increases in 2005. This is congruent with the national trend. As Figure 2.1 shows, the data collected for this report extended into 2005, so it is possible that some of the sample members might have been affected by this increase.

**Figure 2.3 Unemployment rate in the six ERA districts**

#### 2.4.4 Benefits receipt levels and trends

The IS caseloads for adults under 60 in 2004 vary across the districts from a low of around 13,000 in the district in Wales, to a high in the London district of about 54,000 (DWP, Tabulation Tool). JSA caseloads are lower than IS caseloads overall, and vary between under 3,000 in the Wales district to over 16,000 in the London district. (See Table 2.1.)

The proportion of the population in each district receiving these benefits generally correlates with unemployment rates; the districts with lower unemployment rates also have lower proportions receiving IS and JSA. The districts in the East Midlands, Scotland and Wales are on the lower end, with around two to four per cent of their populations receiving IS and less than one per cent receiving JSA. The districts in London and North East England are in the middle in the proportion receiving IS, at around five or six per cent and North West England is on the high end at around nine per cent. The proportion receiving JSA in these three districts is also higher, with London at the highest at almost 1.9 per cent of the population.

#### 2.4.5 Summary of economic and demographic trends across the districts

The districts in the East Midlands, London and Scotland are relatively large, though their population density varies: London is urban, Scotland encompasses sizable rural

areas, and the East Midlands falls in between. The three smaller districts also vary in terms of their population density: North West England is urban, Wales has comparatively more rural areas and North East England is in between. The two urban districts – London and North West England – also have relatively large ethnic minority populations.

The districts in the East Midlands, Scotland and Wales generally show stronger economic trends; their unemployment rates are relatively low and small proportions of the population claim JSA and IS benefits. The district in North West England, by contrast, shows relatively weak economic trends; it has a high unemployment rate and a large proportion of its population claims benefits. The districts in London and North East England fall more in the middle.

## 2.5 The research sample for this report<sup>14</sup>

Within each district, the characteristics of the sample members vary as well. This section first provides a description of the overall sample for this report (which is customers randomly assigned between December 2003 and November 2004) by target group. It then provides details on some selected characteristics of the sample members in each district. A portion of these customers were interviewed for the customer survey, from which most of the data for the impact analysis in this report is drawn. Overall, of the more than 16,000 people randomly assigned, over 13,000 were randomly assigned between December 2003 and November 2004. Of that group, 6,161 people responded (out of 7,412 sampled) to the 12-month customer survey, and they are the main focus of the analyses presented in this chapter. As mentioned in Chapter 1, the random assignment process worked correctly,<sup>15</sup> and as seen in Table A.1, the characteristics of the programme and control group members were similar.

### 2.5.1 Characteristics by target group

For all the districts combined, among the 13,604 individuals randomly assigned between December 2003 and November 2004, the numbers entering the ERA sample from NDLP and ND25+ were almost identical; each made up around 45 per cent of ERA entrants. About 11 per cent entered the research sample as lone parents receiving Working Tax Credit (WTC).<sup>16</sup> These three groups have relatively different social compositions, as the profile summarised in Table 2.2 shows.

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<sup>14</sup> Much of this section is drawn from an earlier report on the implementation of ERA (Hall *et al.*, 2004).

<sup>15</sup> The DWP published a report about the random assignment process in the ERA demonstration (Walker, Hoggart and Hamilton, 2006) and a forthcoming report will investigate the issue of non-participation and its implications for interpreting the results of the main impact study.

<sup>16</sup> Due to rounding, percentages may not sum to 100 per cent.

**Table 2.2 Demographic profile of all customers randomly assigned between December 2003 and November 2004**

Characteristic	New Deal for Lone Parents	New Deal 25 Plus	Working Tax Credit
<b>Gender (%)</b>			
Male	4.9	81.2	2.8
Female	95.1	18.8	97.2
<b>Age (%)</b>			
Under 30	41.2	16.0	15.7
30-39	39.8	36.7	49.4
40 or older	19.1	47.3	34.9
<b>Race/ethnicity (%)</b>			
Non-white	14.8	21.3	5.8
White	85.2	78.7	94.2
<b>Education (highest qualification obtained)<sup>a</sup> (%)</b>			
None	23.2	36.6	13.9
GCSE	47.8	26.6	47.5
A-level	21.6	23.5	29.8
Other	7.4	13.3	8.7
<b>Housing status<sup>b</sup> (%)</b>			
Family	7.5	22.3	5.3
Social	66.3	44.4	41.1
Private	25.4	30.2	52.7
Other	0.8	3.1	0.8
<b>Number of months worked in three years prior to random assignment (%)</b>			
None	50.8	45.9	1.4
1-12	22.7	33.5	13.7
13+	26.4	20.6	84.9
No driving license or lack of access to vehicle (%)	67.9	76.9	36.0
Has barriers to work <sup>c</sup> (%)	65.0	63.1	65.8
Sample size	6,066	6,074	1,464

Source: MDRC calculations from baseline information forms completed by DWP staff.

Notes: Rounding may cause slight discrepancies in calculating sums and differences. Percentages shown are unweighted estimates.

<sup>a</sup> Participants who have General Certificate of Secondary Education (GCSE) qualifications are those who have passed a series of examinations in a variety of subjects, usually taken at age 15 or 16. Participants with A-level qualifications have passed a series of more advanced examinations usually taken around age 18 or older. Those with no qualifications have completed neither series of examinations.

<sup>b</sup> Family housing refers to situations where the customer is living with his/her parents, or other friends or relatives. Social housing refers to housing in which the Local Authority (local government) or a private housing association is the landlord. Private housing refers to owner-occupied housing or housing that the customer rents privately.

<sup>c</sup> Barriers to work include housing, transport, childcare, health, basic skills or other problems.

*NDLP customers*

NDLP customers are mostly young to middle-aged women; about 95 per cent are female. Over 80 per cent are under 40, and 21 per cent are non-white. This generally aligns with the demographics of NDLP entrants nationwide.

NDLP customers face significant barriers to work. About a quarter have no educational qualifications and just under half have reached GCSE level. Two-thirds live in social housing (housing owned by the local authority or a private housing association), and only about a quarter live in privately-owned or privately-rented accommodation.<sup>17</sup> Over two-thirds do not have a driving licence or access to a vehicle, and almost two-thirds cite barriers to work (which can include housing, transport, childcare, health, basic skills, or other problems). Over half did not work at all in the three years prior to random assignment, and just over a quarter worked 13 months or more during this period.

*ND25+ customers*

ND25+ customers in the research sample are largely older men – 81 per cent are male, nearly half are age 40 or older, and 84 per cent are age 30 or older. Twenty-one per cent are non-white. These figures also generally align with national data on the demographics of all ND25+ entrants. This group has a higher proportion of non-whites than either of the other two target groups.

The ND25+ group also faces significant barriers to work. More than a third – a greater proportion than the NDLP group – have no educational qualifications at all. A substantial proportion (44 per cent) live in social housing, although this is a smaller percentage than the NDLP group and a greater percentage (30 per cent) live in private housing compared with the NDLP group. Less than a quarter of the ND25+ customers have a driving licence and access to a vehicle. Two-thirds, a similar proportion to the NDLP group, cite that they have barriers to work. Almost half cite no work experience in the three years prior to random assignment, and only 20 per cent say they worked more than a year during that time. Among a group unemployed for 18 months or more, the duration of unemployment itself also constitutes a considerable barrier to work.

*WTC customers*

Almost all of the WTC customers in the research sample are women. Nearly half are in their 30s, and another 35 per cent are age 40 or older.

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<sup>17</sup> The social housing sector now on the whole accommodates fewer than one in four British families with dependent children. Social housing provided by the government is declining in the UK. However, housing subsidised by private housing associations is increasing, and demand for subsidised housing remains high as the cost of private homes is rising.



The lone parents receiving WTC differ from the two non-employed New Deal groups in ways that underscore the differences between groups who have been out of work and those who have worked more steadily. Over 80 per cent of the WTC group reported working 13 months or more in the three years prior to random assignment. As they had to be working at the time of random assignment to enter ERA in the WTC group, very few reported no work experience in the three years prior to random assignment.

This group also reported better qualifications than the two New Deal groups – about a half to a third as many have no qualifications at all, and a greater percentage have qualifications beyond GCSE. Over half live in privately-owned or privately-rented housing, a proportion much greater than among the New Deal participants. They have fewer transportation barriers as well; only one-third reported no driving licence or access to a vehicle, compared with two-thirds of the out-of-work lone parents and three-quarters of ND25+ sample members. However, the working lone parents were equally likely to report that they faced barriers to work; in their case, they seem to have overcome these barriers.

It is difficult to compare the ERA evaluation's sample of lone parents working part-time and receiving WTC with their equivalents elsewhere, as Jobcentre Plus does not hold data on this customer group. However, a comparison with an equivalent group interviewed for the 2001 Families and Children Survey (FACS) indicates that they face similar housing and transportation barriers.

## **2.5.2 Characteristics in each district by target group**

Much of the analysis in this report is conducted at the district level. In order to understand the characteristics of sample members across the districts, Table 2.3 presents selected data regarding customers' educational experience, housing situations, and prior work experience, broken down by target group and district.

### *NDLP customers*

The NDLP group varies somewhat across the districts in terms of customers' educational experience and housing situations, and varies more so in terms of their prior work experience. However, none of the districts stands out as having the most or least disadvantaged NDLP customers. The Scottish district is notable for its relatively high percentage of customers with more extensive work experience, while London stands out for its high percentage with little work experience. However, customers in London are generally better educated and it is the customers in Wales who are the most likely not to have any educational qualifications. A higher proportion of customers in North East England and North West England live in social housing, while a lower proportion in the East Midlands live in social housing.

**Table 2.3 Selected characteristics of all customers by district at the time of random assignment, December 2003 to November 2004**

Characteristic	East Midlands	London	North East England	North West England	Scotland	Wales
<b>New Deal for Lone Parents</b>						
No qualifications <sup>a</sup> (%)	22.1	18.6	24.5	29.0	22.0	26.6
Social housing <sup>b</sup> (%)	61.4	64.8	71.4	71.1	65.2	65.2
Number of months worked in three years prior to random assignment (%)						
None	49.3	60.0	48.1	54.7	41.0	41.6
1-12	22.3	18.4	23.8	22.8	25.0	30.1
13+	28.5	21.6	28.2	22.6	33.9	28.4
Sample size	1,447	1,391	1,182	913	551	582
<b>New Deal 25 Plus</b>						
No qualifications <sup>a</sup> (%)	38.0	35.4	33.3	40.2	33.5	36.3
Social housing <sup>b</sup> (%)	42.9	36.3	48.8	53.9	44.7	39.0
Number of months worked in three years prior to random assignment (%)						
None	40.1	52.1	43.4	51.9	38.3	42.4
1-12	36.5	29.0	34.7	35.1	33.3	32.7
13+	23.4	18.8	22.0	13.0	28.3	24.9
Sample size	1,288	1,454	733	1,345	780	474
<b>Working Tax Credit</b>						
No qualifications <sup>a</sup> (%)	14.2	6.9	13.1	23.5	15.7	13.7
Social housing <sup>b</sup> (%)	35.8	39.7	47.1	78.4	53.4	32.2
Number of months worked in three years prior to random assignment (%)						
None	1.4	n/a	1.4	5.9	2.6	n/a
1-12	11.1	16.4	11.8	37.3	16.2	14.8
13+	87.5	83.6	86.9	56.9	81.2	85.2
Sample size	702	116	221	51	191	183

Source: MDRC calculations from baseline information forms completed by DWP staff.

Notes: Rounding may cause slight discrepancies in calculating sums and differences.

<sup>a</sup> Participants with no qualifications have not earned at least a GCSE qualification.

<sup>b</sup> Social housing refers to housing in which the local authority (local government) or a private housing association is the landlord.

### *ND25+ customers*

ND25+ customers vary little across the districts in their educational background but vary more in their housing status and prior work experience. Again, none of the districts has clearly more or fewer disadvantaged customers. However, customers in North West England may be slightly more disadvantaged; relatively high percentages live in social housing and lack significant prior work experience. Both North West England and North East England have a high proportion of ND25+ customers living in social housing (around half), while London is on the low end at around a third. North West England and London have high proportions of customers who did not work any months in the three years prior to random assignment. They also have the smallest proportion of customers who worked only 13 months or less. These two districts – the more urban districts – also have higher concentrations of non-white ND25+ customers (not shown in Table 2.3). Customers in Scotland, on the other hand, show relatively high levels of work experience; over a quarter reported that they worked 13 months or more in the three years prior to random assignment.

### *WTC customers*

The WTC sample is not balanced evenly throughout the districts. Because there were challenges in recruiting WTC sample members – as this group was not previously served by Jobcentre Plus – WTC intake was relatively low across the districts. Various marketing measures were undertaken to increase intake, particularly in the East Midlands district. This district also saw the greatest response to its outreach efforts; hence, almost half of the entire WTC sample is concentrated there.

There is wider variation in WTC customers' educational experience, housing status and prior work experience across the districts than there is for the other two target groups; because the sample sizes were small in five of the districts, district-level analysis was not undertaken extensively for the WTC target group. The analysis focuses almost exclusively on the East Midlands district. Compared with the other districts, WTC participants in the East Midlands district have somewhat more work experience, and a relatively small proportion living in social housing. This makes them perhaps somewhat more advantaged than WTC customers in the other five districts. The proportion with no educational qualifications falls in the middle compared with the other districts.

## 2.6 Data sources

This report discusses the implementation of the ERA programme, as well as early impacts. In addition to the baseline data used above to describe the characteristics of the sample in this chapter, it makes use of a rich and varied set of quantitative and qualitative data. Table 2.4 shows each of these data sources in detail.

**Table 2.4 Data sources used for this report**

<b>Data source</b>	<b>Sample</b>	<b>Time Period and Coverage</b>
<b>Qualitative data</b>		
Three rounds of in-depth staff interviews (60 interviews in total)	<i>Round 1:</i> 3 staff interviewed per site. <i>Round 2:</i> 6 staff interviewed per site. <i>Round 3:</i> One small focus group of 3-4 staff per site.	<i>Round 1:</i> May/June 2004. <i>Round 2:</i> May/June 2005. <i>Round 3:</i> May/June 2006.
Interviews with key informants	<i>Technical Advisers:</i> Two rounds of interviews and a two-day debriefing. <i>DWP Project Team:</i> Two rounds with six interviews each.	<i>Technical Advisers:</i> March 2004 and June 2005. <i>DWP Project Team:</i> March 2004 and May 2006.
Technical Adviser diaries	Weekly diaries detailing ERA implementation issues.	September 2003 to June 2005.
Site visits and observations	Several rounds of site visits conducted in conjunction with the staff in-depth interviews and on an adhoc basis. The qualitative team also observed managers' meetings and continuous improvement workshops.	Visits to each site in March 2004, May 2004, May 2005, and June 2006. Several other visits to individual sites occurred throughout programme implementation.
<b>Staff surveys</b>		
Two rounds of staff surveys	<i>Round 1:</i> 74 ASAs and 165 PAs replied to the survey. Response rate across both groups of 70 per cent. <i>Round 2:</i> 90 ASAs replied to the survey. Response rate of 81 per cent.	<i>Round 1:</i> January 2004.  <i>Round 2:</i> January 2006.
<b>Customer surveys</b>		
Surveys administered to programme and control group customers 12 months after random assignment	A randomly selected subsample of programme and control group customers randomly assigned between December 2003 and November 2004. <i>NDLP group:</i> 2,604 respondents, based on a response rate of 87 per cent. <i>ND25+ group:</i> 2,213 respondents, based on a response rate of 75 per cent. <i>WTC group:</i> 1,344 respondents, based on a response rate of 93 per cent.	Surveys were administered one year following each customer's random assignment date. Most customers were surveyed from December 2004 through November 2005. However, a very small number of customers could not be located on their one-year anniversary date. Therefore, the data collection period for these few extended through February 2006.

Continued

**Table 2.4 Continued**

<b>Data source</b>	<b>Sample</b>	<b>Time Period and Coverage</b>
<b>Administrative records</b> DWP benefits receipt data from the Master Index database, the Generalised Matching Service (GMS) database, and the Joint Unemployment and Vacancies Operating System (JUVOS).	All sample members.	<i>Benefits receipt records:</i> December 2001 to October 2005.
DWP employment data from the Work and Pensions Longitudinal Study (WPLS).	All sample members.	<i>Employment records:</i> December 2003 to October 2005.
<b>Bonus receipt data</b> DWP data on ERA customers' receipt of the retention and training bonuses	All ERA programme group customers.	December 2003 to January 2006.
<b>Baseline data</b> Baseline characteristics collected at intake	All sample members.	December 2003 to November 2004.

The implementation analysis, presented in Chapter 3, uses data from two rounds of staff surveys (using self-completed questionnaires), as well as in-depth interviews with staff and other key informants. In addition, the analysis draws on weekly diaries the Technical Advisers (TAs) kept regarding local implementation challenges and initiatives. The qualitative analysis also relies on several site visits and observations conducted between 2004 and 2006.

Most of the quantitative analyses presented in Chapters 3, 4 and 5 rely primarily on the survey administered by phone or in person to a sample of programme and control group customers 12 months after their date of random assignment. The survey provides a basis for assessing whether ERA customers participated in the additional services offered (Chapters 3 and 4) and whether their earnings, employment, and benefits receipt patterns differed from those of their control group counterparts (Chapter 5). Overall, the response rate on the 12-month survey was 87 per cent for the NDLP group, 75 per cent for the ND25+ group and 93 per cent for the WTC group. Appendix G shows a detailed breakdown of the response rates among the programme and control group members in the three target groups and presents the results of the survey non-response analysis.

In addition, preliminary data on bonus receipt are used in Chapter 4 to show the proportion of ERA programme group customers who received the retention and training bonuses. These data supplement the data analysed from the customer survey on the take-up of the ERA bonuses.

The survey data are supplemented by some data from DWP administrative records, particularly for benefit payments and employment rates. Earnings data from administrative records were not available at the time of analysis. Benefit receipt data, which were available and were determined to be reliable, are used in the impact analysis in Chapter 5 to add detail to similar measures obtained from the survey. Employment data from the administrative records are also used in some impacts estimates for the NDLP and ND25+ groups, shown in Appendices E and G.

For the impact analysis in this report, data from the benefit receipt and employment administrative records were used only for the survey sample so that the populations from all data sources would be consistent. Subsequent ERA reports will use administrative records data more extensively and will include the full evaluation sample, as well as administrative data on earnings.

## 2.7 Summary and conclusions

ERA was launched in six regions across the UK during a period in which the British economy was relatively strong, though it declined somewhat in 2005. The local characteristics of the districts varied considerably in size, population density and racial/ethnic composition. They also differed in their unemployment trends. The districts in the East Midlands, Scotland and Wales generally showed stronger economic trends, while the district in North West England showed relatively weak economic trends. However, all of the districts faced a similar pattern of a declining manufacturing base and a large and increasing service sector.

In general, ERA customers faced significant barriers to work, such as low educational qualifications and limited prior work experience. The majority of customers in all three groups had no educational qualifications or only a basic qualification. A particularly high proportion of the ND25+ group had no qualifications at all. Both of the New Deal groups had little recent work experience; about half in each group had not worked at all in the three years prior to random assignment. The WTC group had significantly more work experience. In addition, customers in the WTC group were far more likely than those in the New Deal groups to live in privately-owned or privately-rented housing. By contrast, almost two-thirds of the NDLP customers lived in social housing. There were some similarities and some differences across the districts in the proportion of customers with these barriers but no district stood out as having customers who were particularly disadvantaged.

# 3 ERA implementation

## 3.1 Introduction

The previous chapters have demonstrated the rationale for Employment Retention and Advancement (ERA) and outlined the details of the ERA design. This chapter assesses how the essential elements of the ERA model were implemented across the districts. ERA was innovative in that it aimed to extend the assistance that Jobcentre Plus advisers gave customers beyond their entry into work. In ERA the idea was to continue to assist people while in work with incentives for full-time work and incentives for training, plus to provide in-work job-coaching to help customers retain work and advance. This was a major departure for Jobcentre Plus and an entirely new area of work for advisers.

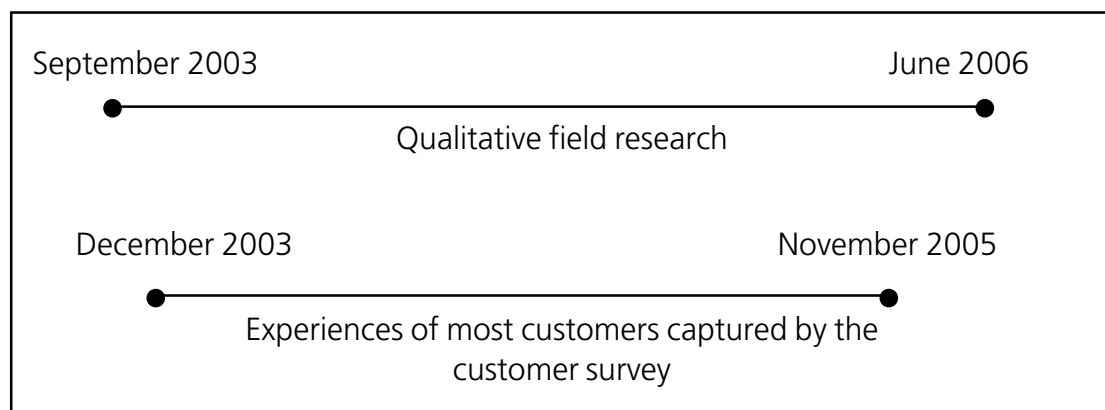
Whereas Personal Advisers (PAs) worked with out-of-work customers, helping them train and find work, ERA's Advancement Support Advisers (ASAs) continued to support customers after they entered work. Establishing this in-work support function was the most challenging aspect of ERA's implementation. The ASA was a totally new position in Jobcentre Plus. In the discussion that follows there is a strong focus on understanding how well the ASAs were able to move beyond the typical job placement functions required of PAs and the relatively straightforward task of administering the incentive payments to fully embrace this post-employment support role.

This chapter draws upon a number of different data sources (including the customer survey, staff surveys, and qualitative interviews with staff) to reach a thorough understanding of how the different districts delivered this new programme. It looks at the organisational structures put in place and the challenges that emerged during the course of implementation.

The qualitative data collected and analysed for this chapter extend from September 2003 (one month before intake began) to the third set of qualitative interviews with ERA staff ending in June 2006. These data thus extend beyond the time during which early impacts have been measured in the following two chapters (see Box 3.1). The reason for this is that it is important to show how the delivery of ERA has

evolved and strengthened over time. Some of these improvements should have affected customers surveyed for this report, but others should have a later impact. Some of the responses to the early implementation challenges, for example, were not fully in place until after the final survey interviews with customers (November 2005).

### Box 3.1 Periods covered by data source



In summary, this chapter makes two main points: First, it argues that ERA was delivered largely as designed, though imperfectly and unevenly. Second, it shows that this took time to achieve. The context within which ERA operated did affect its implementation, in some cases presenting significant challenges. These challenges were, in the main, addressed and the programme was strengthened, although some difficulties remained.

The immediate organisational context for ERA's implementation was Jobcentre Plus, the institution charged with bringing together the UK's benefits and employment services. This context presented specific implementation challenges, the most important of which was how to develop a post-employment service within an organisation driven by pre-employment aims. Jobcentre Plus offices (and often, individual advisers) were judged, and their performances were rated, according to job entry targets – the number of people they had helped find a job. The post-employment emphasis of ERA did not fit into these aims. All the districts grappled with this operational challenge.

The chapter is divided into two sections: The first section considers what emerged as the main implementation challenges across the districts. These are the operational issues that Jobcentre Plus had to consider when incorporating ERA into its institutional and organisational environment. Decisions had to be made, and re-made, about how to manage and staff ERA, as well as how to promote ERA services. There were, however, variations in how ERA was organised across the districts, and in how districts responded to the challenges they faced. This chapter gives examples of these differences. Table B.1 summarises the implementation issues for the six ERA districts. The second section of this chapter examines how well, given these challenges, staff were able to deliver the ERA programme to their customers.



## 3.2 ERA implementation across the districts

This section considers the implementation of ERA within Jobcentre Plus. As noted above, ERA was a new programme that was not easily accommodated within the existing structure. We, therefore, consider in more detail how such a departure from 'business as usual' was organised within Jobcentre Plus, any difficulties that arose, and how these difficulties were dealt with.

In December 2002, the Cabinet Office design team handed responsibility for implementing ERA to the Department for Work and Pensions (DWP), which established a Project Team, to oversee the implementation of the programme, and an Evaluation Team. Districts had a certain amount of autonomy in how they implemented ERA, within the requirements of the programme and subject to overview and monitoring by the Project Team. The role of six Technical Advisers (TAs) was also central to the implementation of ERA. The evaluation consortium employed the TAs, and they were independent of Jobcentre Plus. Continuing over the first two years of ERA, the TAs were involved in all the key aspects of the project. They contributed to training, overseeing random assignment, and moving business forward to concentrate on post-employment services, and generally functioned as the 'eyes and ears' of the implementation and evaluation effort.

Through analysis of qualitative interviews with ERA district staff, managers, and key informants, as well as analysis of observational data, TAs' diaries, and the staff survey, several themes can be identified as implementation challenges:

- targets: how to implement a non-target-driven service within a target-driven institution;
- project profile: the difficulty of attaining a high enough profile (i.e. organisational priority) for a new service that has different aims from the host institution;
- management and structure: how to manage a new service, with new staff posts and management, within a pre-existing structure;
- staff support: how to train and support staff in a new and challenging role.

Each of these areas must be considered within the context of Jobcentre Plus, where ERA was a 'new' and 'different' service. It was also an additional amount of work for the districts to absorb, and had to be managed alongside everyday Jobcentre Plus activities. The districts were given extra resources for ERA so that the project would not undermine the work of Jobcentre Plus. However, these resources were not ring-fenced<sup>18</sup> in the first year, and were often used to fund non-ERA work.

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<sup>18</sup> Ring-fencing, as the name implies, involved setting aside staff and/or resources specifically for ERA. If ring-fenced funds come into a district, the District Manager cannot use these funds for any other Jobcentre Plus work. Likewise, an ERA ring-fenced ASA should not be allowed to undertake any other Jobcentre Plus activities.

There are many similarities in the challenges the districts faced, but there are also differences, particularly in how districts dealt with these issues. Clear changes can also be seen over time, as managers and staff developed new strategies and began to understand how best to develop and deliver ERA services.

### **3.2.1 The target culture and the profile of ERA within Jobcentre Plus**

Jobcentre Plus had a target-driven culture centred on job entry. Not all of the work associated with ERA was seen to contribute towards these targets. This posed a problem for Jobcentre Plus districts, which were tasked with the delivery of ERA while also having to meet job entry targets (that were not altered in any way due to the presence of ERA). This tension resulted in competing demands and resources, even though, as discussed below, ERA districts were allocated additional resources for the extra work.

Within Jobcentre Plus, PAs help New Deal customers find and enter work. They often specialise according to the type of customer they are employed to help. Their principal work involves job searching, although this can extend to finding appropriate training courses. However, under their prescribed role, they offer only limited post-employment assistance to customers. PAs gain points (varying by the type of customer) for each customer who enters work. These points contribute towards their own performance targets, as well as towards the office and district targets by which Jobcentre Plus offices are monitored. The post-employment work of ERA did not contribute towards these targets. On the contrary, it had the potential to take staff away from job entry activities. Although this system later changed, discussions will show that the targets system created problems relating to ERA's profile, staffing and management.

In the 2006 staff survey, ASAs agreed that targets had adversely affected their ability to fulfil their ERA role. As shown in Table 3.1, which presents responses to selected survey questions from the January 2006 staff survey, when asked how much job entry targets had made it difficult for them to regularly contact working ERA customers, 29 per cent said 'a lot' or 'a great deal'. These tensions contributed to low job satisfaction of some ASAs, especially among those who divide their time with other adviser duties. Among these last, one said:

*'ERA should have been ring-fenced from the beginning. ASAs [were] pulled to do other NDLP work, and having to concentrate on job entries has had a detrimental effect on the ethos of ERA. Smaller caseloads and only covering one site would have meant better customer service.'*

**Table 3.1 Selected responses from the January 2006 survey of ERA ASAs**

Domain and sample questions	ASA staff responses
<b>A. Contacting working customers</b> ( <i>Staff efforts to maintain contact with working customers</i> )	
Sample questions:	
I work outside my normal hours to see <i>working</i> ERA customers whose work schedules make it difficult for them to come to the Jobcentre Plus office during regular hours.	⇒ 51% said ' <i>at least some of the time</i> '.
I meet <i>working</i> ERA customers outside of the Jobcentre Plus office.	⇒ 66% said ' <i>at least some of the time</i> '.
During a six-month period, how often do you meet or speak on the telephone with your <i>working</i> ERA customers?	⇒ 74% said ' <i>three or more times</i> '.
Keeping in touch with <i>working</i> ERA customers is a high priority for ASAs in my office.	⇒ 75% said ' <i>agree</i> '.
If you have <i>working</i> ERA customers who appear not to be interested in maintaining contact with you, would you be more likely to leave them alone or continue to try new ways of engaging them?	⇒ 23% said ' <i>leave alone</i> '; 77% said ' <i>try new ways</i> '.
If an ERA customer gets a job and does not respond to my initial efforts to contact him/her, I will usually keep trying new ways to get him/her to respond.	⇒ 28% said ' <i>agree strongly</i> '.
If I don't try to re-engage the <i>working</i> ERA customers I have lost contact with, my supervisor won't really mind.	⇒ 19% said ' <i>agree</i> '.
<b>B. Obstacles: caseloads and job entry targets</b> ( <i>Implications of high caseloads or targets for customer contacts</i> )	
Sample questions:	
How much have <i>high caseloads</i> made it difficult for you to regularly contact your <i>working</i> ERA customers?	⇒ 46% said ' <i>a lot</i> '. or ' <i>a great deal</i> '.
How much have <i>job entry targets</i> made it difficult for you to regularly contact your <i>working</i> ERA customers?	⇒ 29% said ' <i>a lot</i> ' or ' <i>a great deal</i> '.
<b>C. Promoting retention and advancement</b> ( <i>Staff efforts to discuss incentives and future goals with customers</i> )	
Sample questions:	
I usually try to explain the training bonus to my ERA customers, even if they are not interested in training.	⇒ 45% said ' <i>agree strongly</i> '.
I usually contact my ERA customers who seem eligible for the retention bonus or the training bonus but are not collecting it.	⇒ 46% said ' <i>agree strongly</i> '.
If my <i>working</i> customers are in jobs that are likely to end, I usually talk with them about new job opportunities before their current job ends.	⇒ 35% said ' <i>agree strongly</i> '.
With how many of your ERA customers have you ever talked about their ' <i>dream job</i> ' or ' <i>field of fascination</i> ' – that is, a field of work they're really interested in?	⇒ 43% said ' <i>all or almost all</i> '.
With how many of your ERA customers have you ever talked about their life goals (e.g. moving into his/her own apartment, buying a house, buying the children school clothes)?	⇒ 37% said ' <i>all or almost all</i> '.

Continued

**Table 3.1 Continued**

Domain and sample questions	ASA staff responses
<b>D. Priority on retention/advancement</b> <i>(Priority given in practice to retention/advancement goals)</i>	
<b>Sample questions:</b>	
In practice, what level of priority do you think these different aspects of ASAs' work with ERA customers have in their day-to-day work?	
Helping <i>working</i> ERA customers get promotions, pay rises, or better jobs	⇒ 43% said 'a lot' or 'the highest priority'.
Helping <i>working</i> ERA customers engage in a training or education course without giving up their job	⇒ 56% said 'a lot' or 'the highest priority'.
Helping <i>working</i> ERA customers keep jobs	⇒ 58% said 'a lot' or 'the highest priority'.
In your office what level of priority is given by management to these different aspects of ERA work by ASAs?	
Helping <i>working</i> ERA customers increase their job skills	⇒ 40% said 'a lot' or 'the highest priority'.
Helping <i>working</i> ERA customers get promotions, pay rises, or better jobs	⇒ 45% said 'very little' or 'none'.
<b>E. Job satisfaction</b> <i>(Staff perceptions of their jobs)</i>	
<b>Sample questions:</b>	
Taking everything into account, how satisfied or dissatisfied do you feel about the work you do in this post?	⇒ 75% said 'very satisfied' or 'fairly satisfied'.
My job makes good use of my abilities.	⇒ 78% said 'agree' or 'agree strongly'.
I feel valued by my line manager.	⇒ 66% said 'agree' or 'agree strongly'.
How would you rate the training you have received to help ERA customers keep jobs and advance in work?	⇒ 55% said 'excellent' or 'good'; 45% said 'fair' or 'poor'.

Staff also raised the question of performance targets in the qualitative interviews as a significant issue throughout all of the districts, and strongly felt that the Jobcentre Plus practice of measuring staff performance by job entries had implications for work with ERA customers.

Although not all ERA staff had individual job entry targets, most felt the demands of working within a firmly entrenched system that measured performance by job entries, and in which ASAs had to contribute towards achieving their districts' job entry targets, distracted them from their work on ERA. Even when ASAs were not expected to contribute towards district job entry targets, staff sometimes were pulled off ERA work to cover absences of staff who were contributing towards targets.

Most significantly, the target-driven culture restricted the amount of post-employment work that could be undertaken. As more ERA programme customers moved into employment, advisers were not able to spend as much time as was required because this post-employment assistance did not help staff achieve their targets. This did not exclude all post-employment work, and did not seem to affect the administration of the retention bonus, but it did make it difficult to give full attention to the supportive role called for by the ERA model. Certainly in the first year (roughly 2004), and to a lesser extent in the second, staff felt that they were not delivering the ERA 'treatment' effectively, particularly for post-employment customers, largely as a result of targets.

In April 2006, job entry targets were replaced with job outcome targets. The aim of these was to encourage advisers and customers to aim for better jobs rather than just any job. It remains to be seen whether this affected ERA.

The emphasis on job entry targets within Jobcentre Plus had implications for how the project was regarded within the district – the profile of ERA. When ERA was not judged to be a central aspect of the work of Jobcentre Plus, it was difficult for it to attain a high profile, in which advisory staff and managers at all levels actively promoted the programme within the districts. In turn, ERA's relatively weak profile made it difficult for the programme to operate effectively. As ERA competed for resources within the districts, it would have needed vigorous promotion and a correspondingly high profile to ensure that sufficient resources, principally staff time, were available. This became rather a vicious circle. Some staff attributed the weak profile of ERA to the job entry ethos:

*'I don't think it's got the kudos because retention and advancement of customers do not bring in the points that Jobcentres work to.'*

All districts encountered problems related to lack of senior management support for ERA at some point over the two years of implementation, and staff saw this as impeding the successful delivery of ERA. Three of the districts were also running Incapacity Benefit (IB) pilots (East Midlands, Scotland and North East England). In these cases, ERA staff always felt that the IB pilots had the highest profile and talked about district managers conveying a central government message that these pilots were more important than ERA.

The perception of poor senior manager support impacted on morale and left staff feeling ERA did not have the profile it deserved. Where, and when, the profile of ERA was higher, staff felt that it was more likely to be well resourced. This varied across districts and over time. Factors that influenced the degree of senior management support for ERA included individual changes in managers, district restructuring, and changing understandings of ERA. Changing such understandings was one task of the central DWP Project Team. In 2004, this team identified weak senior manager support for ERA and an accompanying lack of resources as an early implementation problem. Project Team members, with varying degrees of success, continuously tried to convince senior managers of the value and importance of ERA. One early effort was judged to be partially effective. At a District Managers' meeting in August

2004, managers generally acknowledged that they had not realised the priority given to ERA, partly because they had not 'seen Ministers' backing the launch of ERA. One manager commented:

*'The IB Reform is the number one priority; it's the Government's priority and it's the number one priority in the district.'*

The problem of a lack of senior management 'buy-in' to ERA impacted upon the effectiveness of ERA managers who had been assigned the role of managing ERA advisers and running the programme. They were themselves new to the ideas and aims of ERA, and struggled to establish the new programme within Jobcentre Plus.

### **3.2.2 Management and structure**

How the management of ERA itself was integrated into existing Jobcentre Plus operations varied, and decisions about how ERA was to be managed corresponded to district decisions about the structure of ERA. The ERA design had envisaged that a dedicated ERA manager would run ERA with a team of ASAs who would work only on ERA. In practice, this was difficult to achieve. The ways in which the districts diverged from this model (connected to the profile of ERA) reinforced the difficulty that staff had in undertaking their ERA work. If their immediate line manager was not dedicated to ERA, it was difficult to prioritise their work with ERA customers, especially those who had entered work. Management structures, however, changed over time, even within districts.

The districts adopted variations of centralised or decentralised management structures. The centralised system is closer to the ERA model. One ERA manager covers the whole district, with local ASA managers operating at the office level. This was the most common approach. However, even in districts where ERA managers managed the ERA staff, the Jobcentre Plus Business Managers<sup>19</sup> in their offices might also line-manage the staff (a dual management structure). The staff were, therefore, answerable to two different managers. This was particularly difficult for the ERA staff who worked as both ERA and non-ERA advisers. It is here that many of the tensions around implementation developed, not least in relation to determining how ASAs spent their time.

Under the decentralised system, non-ERA managers managed ERA staff at office level. There was thus a tendency, given competing demands and the target structure discussed above, for ERA's assistance to working customers to be sidelined.

The role of line management was explored in the staff survey. In January 2006, even though three-quarters of the staff surveyed said that staying in contact with working ERA customers was a priority for ASAs in their office, 19 per cent said their supervisor would not mind if they did not try to re-engage working customers with whom they had lost contact (see Table 3.1). Staff perceptions of management support for their

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<sup>19</sup> Business Managers were responsible for all the business conducted by individual Jobcentre Plus offices.

ERA work have the potential to affect ERA's delivery (see the staff survey report in Supplemental Appendix AA.)<sup>20</sup> This issue was therefore also explored in the qualitative interviews with staff.

In districts where there was no centralised management structure, ERA staff felt that this weakened the implementation of ERA. This was particularly stark in the one district where two structures operated. In London, staff felt that the New Deal 25 Plus (ND25+) ERA team would have been better off with the type of centralised management adopted by the New Deal for Lone Parents (NDLP) team. There was a strong view throughout all the districts that the optimum structure and management of ERA was centralised management and dedicated ERA teams. This would have involved ring-fencing ERA resources and work, as had been envisaged in the original ERA design.

Staff also felt that, even in some of the centralised management systems, ERA managers sometimes struggled with the implementation of ERA. This may be because they lacked a background in advising and the necessary skills to support ASAs, or when they had no authority over Business Managers who were also managing ASAs at the office level (dual management structure). Because ERA managers were often at the same grade as local Business Managers, they were unable to override local decisions regarding time spent on non-ERA work. Where ERA staff were also line-managed in this way at the office level, ERA managers often struggled to supervise the work of the ASAs. As an ASA in North West England commented on the consequences of being line-managed at office level:

*'She [the ERA manager] can say so much, you come back to your office, it's within the office whether they allow you to do that.'*

When non-ERA managers managed ERA staff, staff felt that they continually struggled to prioritise ERA work, and were often called away to help with other office work. This was especially true for post-employment work.

The 'pure' centralised management system that staff preferred was adopted by only two districts: Wales and the East Midlands. Only one of these districts (East Midlands), however, also employed ring-fencing consistently. The ring-fencing ensured that ASAs were employed only to work on ERA-related tasks. This ensured that ASAs not only were excused from the responsibility of contributing towards targets and were no longer involved in the day-to-day operations of ERA, but also that they answered to only one management structure.

London and North West England also attempted to reduce the pressures of non-ERA-related work on ASAs by organising staff into new teams: Post-Employment Teams (PETs) worked solely with ERA post-employment customers. ASAs in these teams, in theory, were not involved in the day-to-day operations of the Jobcentre Plus office and did not have to contribute towards targets. The sole task of ASAs in

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<sup>20</sup> Supplemental appendices: implementation and first-year impacts of the UK ERA demonstration is found on the DWP Website in conjunction with this report.

such teams was to work with ERA customers only after they had moved into work. ASAs would either work with all three customer groups (generalists) or specialise in one or more group (specialists). North East England also tried this approach, only to find that it did not complement their existing Jobcentre Plus management structure and had to be abandoned.

### *Caseloads*

In the qualitative interviews, many staff complained of high caseloads, and those ASAs with high caseloads said that they were not able to deliver ERA according to guidelines. Customer intake and staff ratios varied widely across districts as, therefore, did ASA caseloads. Some ASAs reported caseloads of as many as 120 ERA customers, although the Project Team had specified an optimum of 70, in line with standard Jobcentre Plus guidance (and therefore applied to control group customers).

Most districts took time to build up what they thought was a satisfactory number of staff, although some districts suffered more than most. One of the districts, for example, noted that it did not have anything approaching a full complement of advisers until summer 2005:

*'I think that come July of this year we will have something like 37 fully trained advisers. But that's taken a year and eight months.'*

An additional problem was that in more rural districts, caseloads built up in large offices, but ASAs in smaller offices were underoccupied. This was dealt with either by ASAs undertaking non-ERA work, or by ASAs covering more than one office. This was particularly acute in Wales, where at one point (spring 2004) there were only two ND25+ ASAs covering all the offices; therefore, some staff were covering three or four offices and had to spend a significant amount of time travelling as well as managing comparatively high caseloads.

The obvious implications of some of the management structures adopted by the districts were that staff felt many pressures on their time and struggled to deliver post-employment services. In 2004-05, these pressures were exacerbated by the perceived need to reduce staff within Jobcentre Plus, and therefore, general pressure on limited resources. A summary of the different structures for the districts is provided in Table B.1.

### **3.2.3 Staff support**

ERA, especially the post-employment element of the programme, was a completely new area of work for Jobcentre Plus. There was thus a need for ERA advisers (and managers) to receive training and continuing support so that implementation could proceed smoothly. The complexity of this task was illustrated by the staff responses to their training and support. On the whole, the training was well received, but staff would have appreciated more training and at an earlier stage. Likewise, they were positive about the support they received, principally from the TAs, but would have liked more. This was particularly the case for the post-employment support work they were being asked to undertake.



### *Training*

In the January 2006 staff survey, ASAs were asked to rate the training they received 'to help working ERA customers keep jobs and advance in work'. Although more than half rated the training as either excellent or good, 45 per cent rated it as fair or poor (see Table 3.1). Written comments associated poor ratings with the timing of the training as opposed to its content. In particular, it was felt that the training on advancement was delivered too late (see Supplemental Appendix AA).

Training was delivered to meet the different stages of ERA, such as intake, and later, post-employment work. When interviewed, staff identified two areas as creating particular problems for ERA's delivery: training new staff and post-employment training. They saw training new staff, particularly those who were new to Jobcentre Plus, as creating problems because of the amount of time it could take. Their coping strategies included new staff shadowing existing staff and managers offering interim training. New staff training can be identified as a significant problem because there is a high turnover of staff working on ERA, as in Jobcentre Plus generally (a problem the Project Team also identified).

Staff mentioned ERA's advancement element as a particular area where they felt that they had not had sufficient training and support at an early stage of ERA operations. Two formal phases of post-employment training, organised by the Project Team and the TAs, sought to address this need. The first, a Continuous Improvement Workshop, held in March 2004, included a training session with a specialist trainer from the United States. In a second round of post-employment training, held in January 2005, the same trainer ran sessions in each of the six districts. In addition to these nationally organised activities, the TAs and ERA managers organised additional training locally.

Some ASAs thought that the March 2004 workshop had been held too soon, before they were delivering post-employment services, and talked about forgetting the messages. Most of the staff interviewed who had attended this training, however, thought that it was rather late. They recounted how it was only after this workshop that they began to understand how they might work on advancement with customers.

The delivery of the second round of specialist training was widely welcomed and praised, as it addressed the identified need to build ASA's capacity to provide in-work assistance focused on advancement. Many felt that this training should have been offered sooner, as ASAs had already begun delivering a post-employment service that they had developed by learning on their feet.

### *Technical Advisers*

Much of this 'learning on their feet' was aided by other sources of support available to the ASAs, primarily the TAs. ASAs and their immediate managers saw the TA role as a vital source of support and ASAs, in particular, felt that the implementation of ERA would have been much weaker without the TAs. Managers highlighted the

value of the TA as someone who could feed back information from a position 'on the ground' within offices, and also valued TAs' independence from Jobcentre Plus as well as their level of experience and competence.

However, there were some issues regarding the role of the TAs. Staff expressed some uncertainties about whether the TAs were focusing too strongly on the research side of the role rather than helping the successful implementation of the programme. They also identified tensions in the demarcation of the TA role vis-à-vis that of ERA managers. It was not always clear, for example, where the TA advisory role ended, and how far TAs could, and perhaps should, help with the management of ERA. The TAs responded in different ways to this pressure, with at least one case of conflict that proved problematic. The Project Team felt that the TAs, at times, got in the way of effective management of the ASAs; at least one member of the Project Team believed that the TAs acted as a buffer to managers' involvement with ERA. Despite these tensions, the work of the TAs contributed towards the continual improvements made in the delivery of ERA, and the functions they fulfilled would be needed for the successful implementation of a programme as ambitious as ERA. This is primarily because of the intensive early training and support needs of the staff. It is also noteworthy that four of the six districts eventually hired the TAs to work on ERA after their term as TAs had expired.

ERA staff also cited district ERA meetings, attended by all ERA staff and held in all the districts with varying frequency, as an important form of support. They highly valued these meetings as a forum where they could air problems and issues arising in day-to-day ERA work and collectively find solutions. They also valued them as opportunities to share experiences, provide mutual support and deliver continuing training. Informal contact among ASAs and with managers (such as being in the same office or making phone calls to one another) was another common form of support.

The DWP Project Team also sought to promote peer learning across districts. Towards that end, it initiated quarterly in-person meetings of the ERA managers to discuss best practices and other issues of mutual concern.

### *Staff performance measures*

It was evident that staff struggled with the challenge of developing a new role within Jobcentre Plus. One aspect of this was the difficulty of working in a target-driven culture when there were no performance benchmarks specific to ERA. The Project Team addressed this in Continuous Improvement Workshops and by encouraging the development of benchmarks.

Managers saw the lack of targets for ERA as making it difficult to assess the work of ASAs. In particular, as there were no measures for assessing the post-employment delivery of ERA at the outset, ERA managers commented that it was difficult to assess work that could not be quantified, especially in relation to advancement.

By the second round of qualitative staff interviews, there was more evidence of benchmarks for ASAs to work towards, although this was not found across all the

districts (see Table B.1). In the East Midlands, for example, in early 2005 a benchmark for post-employment contact was introduced (a once-a-month minimum). This was later relaxed, as it was seen as quite rigid, but at the time it had proved an important spur in encouraging proactive post-employment work. In the same district in April 2005, key work objectives, based on the three elements of ERA, were introduced. ERA managers wanted to see that staff were actively engaging all ERA customers, helping them retain employment and encouraging them to actively advance towards long-term job goals. The evidence they considered included: customer take-up of the retention bonus, training fees and training bonus, and also details from customers' individual files, such as whether they were increasing their hours, getting higher wages or achieving promotion.

Monitoring also included managers sitting in on interviews, checking diaries, looking at customer feedback, examining what training was being offered and used and checking spreadsheets (e.g. to identify customer contacts). Such monitoring was more evident in the second stage of interviewing, when staff were less likely to be assessed by job entry points. However, even where monitoring was occurring, ASAs were not always aware of it, and its frequency varied among districts. Still, by the time of the 2006 staff survey, only half of ASAs said they had benchmarks or targets for how soon or how often they should make contact with working customers (see Supplemental Appendix AA).

The data sources all draw attention to the complex nature of the ERA programme in operation. The implementation of ERA was not straightforward, and the organisational context often limited the resources, predominantly time, that were committed to the programme. This situation improved considerably over time, but was always fragile. We now turn to a consideration of how the programme was delivered to ERA customers.

### 3.3 Delivery of ERA: working with customers

As noted earlier, the ERA treatment delivered 'on the ground' in Jobcentre Plus offices often differed across and within the districts from the design outlined in Chapter 1. There were also variations by customer group, and, more importantly, variations over time, as the programme became embedded and as the Project Team and the TAs sought to make continual improvements in ERA's delivery. This section begins by discussing how staff worked with ERA customers, first considering pre-employment support and second, post-employment support. It then discusses what staff have learnt about the attitudes of different customer groups towards the programme. The qualitative staff interview data drawn on were collected at three points in time: in the spring of 2004, 2005 and 2006, and show clear change over time in the delivery of ERA. The staff surveys were conducted in January 2004 and January 2006. The quantitative data on participation from the customer survey were collected throughout 2005.

### 3.3.1 The ERA treatment: pre-employment support<sup>21</sup>

For the New Deal customers, those in the ERA programme group received essentially the same pre-employment intervention as their counterparts in the control group. However, it was hoped that, for the programme group, the pre-employment phase would initiate a longer-term relationship with ERA ASAs, who would begin to prompt customers to think about retention and advancement even before they started work. The implementation research indicates that ASAs found this difficult, especially during the first year (roughly 2004) of ERA operations when they had little or no practical experiences of supporting customers in the post-employment phase. The first task facing advisers was how to engage ERA customers. They then had to try to ensure that they were aware of all that ERA had to offer.

Because the two New Deal programmes are quite different, the two customer groups had a different experience of the ERA programme. ND25+ is a mandatory programme with a prescribed timetable of structured activities (Gateway, Intensive Activity Period and Follow-Through), whereas NDLP is a voluntary programme led by the needs or wishes of the customer.<sup>22</sup>

Particularly during the early stages of the ERA programme, advisers had difficulty maintaining contact with ND25+ customers who had finished the New Deal programme (the pre-employment phase of ERA) without finding work and had returned to the 'mainstream', which entails fortnightly visits to Jobcentre Plus to claim benefits but does not require contact with an adviser. They also struggled to keep in touch with ND25+ customers who moved from Jobseeker's Allowance (JSA) to a different benefit (e.g. IB) and had, therefore, moved to a different section in Jobcentre Plus. In both cases, advisers had to be considerably proactive to maintain contact, and many such out-of-work customers became disengaged. With NDLP customers, given the voluntary nature of the programme, there was a risk of customers changing their minds about wanting to work and 'drifting away' from the programme, usually because family circumstances had changed.

In the first year of the programme, in contrast to the ERA model outlined in Chapter 1, the majority of ASAs saw ERA as an in-work programme. They were doing little to promote retention and advancement to customers before they found work, other than reminding them about the financial incentives that would become available once they entered work. In 2004, ASAs reported that they felt it premature to ask customers to start thinking about advancement until they were settled into a job. They often viewed work retention as a precondition for advancement, and expressed reluctance to 'push' their customers too hard in the first months of work until they were perceived to be ready to take the 'next steps'. ERA programme group

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<sup>21</sup> Pre-employment also refers to customers who may have entered work at some stage, but have not retained their jobs and have, therefore, entered the pre-employment stage again.

<sup>22</sup> See Chapter 1 for a more detailed account of ND25+ and NDLP.

customers were, therefore, treated little differently, before entering work, than their control or non-ERA counterparts (participating in the same New Deal programmes).

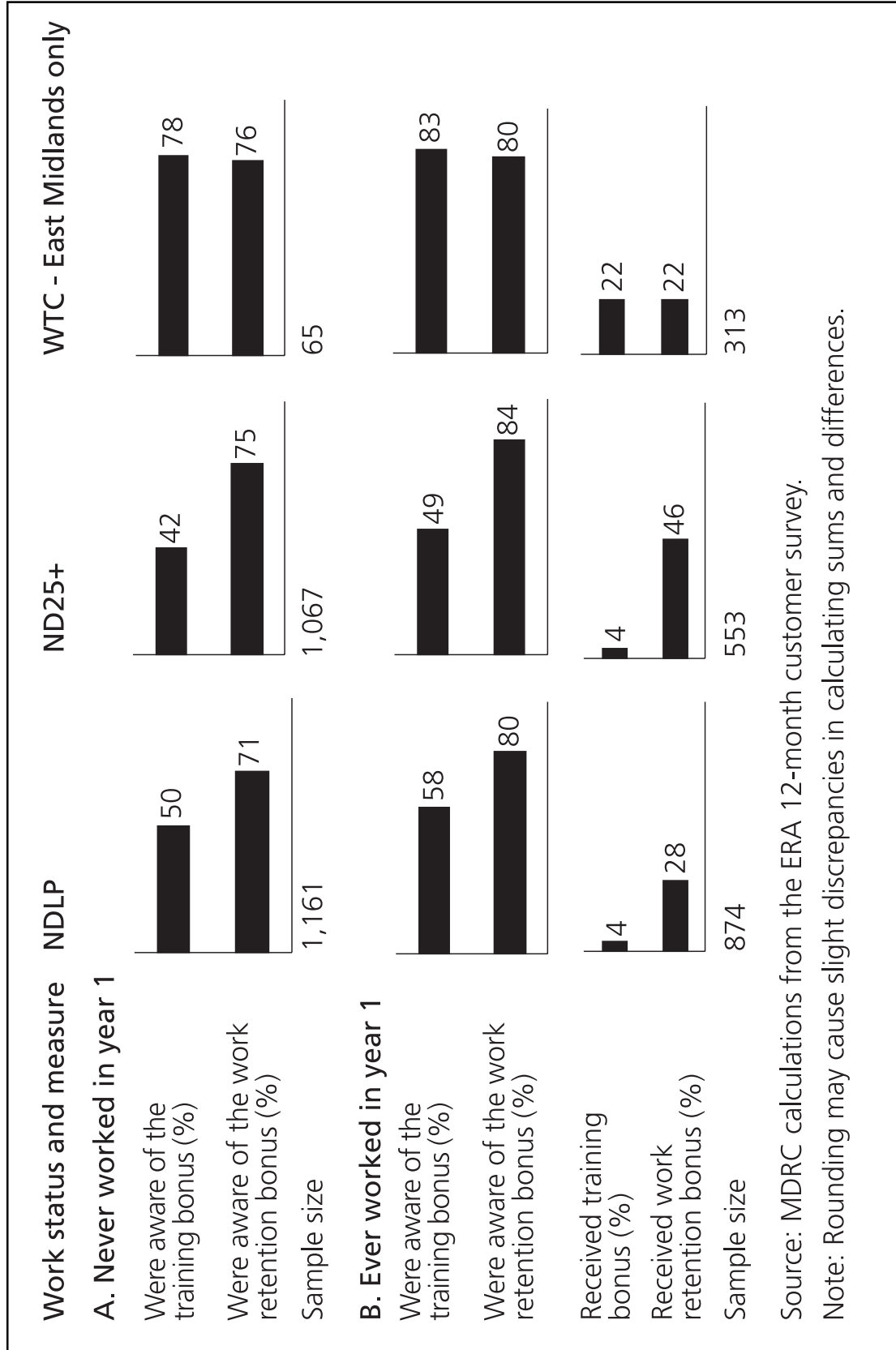
By and large, ASAs did not encourage customers to be selective when it came to finding a job. Similarly, ASAs also said that they undertook job searches for ERA customers in much the same way as they did (or had done previously) for other New Deal customers. Some, particularly those who had non-ERA customers on their caseload, saw this as a question of 'fairness', expressing an ethical commitment to do 'the best' for all of their customers.

This 'business as usual' approach was also reflected in action planning. Advancement Action Plans were supposed to be used by ASAs to record customers' long-term aspirations for advancement at the time of their initial enrolment on the programme. However, advisers were also required to complete a (shorter and simpler) New Deal Action Plan, containing immediate job goals, for each customer. Many advisers felt that these two plans duplicated one another, and in the interests of time, simply used the New Deal Action Plan until customers entered work. Thus, a procedure which should have ensured that advisers would encourage customers to think about advancement from the start was not initially utilised.

The qualitative data also reveal considerable variation in the types of support offered to ERA programme group customers, both by customer group and, more significantly, over time. By 2005, things had changed dramatically, due to staff training and organisational changes. While there were some differences across districts and staff members, by and large, advisers encouraged customers to think about advancement from the time they entered the programme. Advisers used a wider and more subtle definition of advancement, and were more proactively engaging with customers and encouraging them to think about their long-term goals, including plans for advancement, before they entered work. These changes were reflected in the 2005 interviews, when ASAs were at least aware that Advancement Action Plans should be completed for all customers from the outset, and most were in the process of working through a backlog of cases.

The customer participation data give some indication of how well this message was getting through to customers. Figure 3.1 shows that for the two New Deal customer groups (who never worked in year 1), awareness of the retention bonus was much higher, at around three-quarters of the sample, compared with the training bonus (more relevant for advancement), which was known about by only about half of the sample. (See Table C.1 for figures by district.) The picture is thus mixed of how successful advisers were in ensuring that out-of-work customers were aware of everything ERA could offer after they started work. It is worth bearing in mind that the improvements in ERA delivery to customers would not necessarily be evident in this participation data (as the final interviews with customers took place in November 2005).

**Figure 3.1 Percentage of ERA customers that reported awareness and receipt of training and retention bonuses within 12 months of random assignment, by work status and target group**



### 3.3.2 The ERA treatment: post-employment support

Post-employment support first requires that advisers maintain contact with ERA customers. It then requires working with customers to resolve their retention problems and trying to help them advance. Differences by customer group continued once customers had entered work. Staff talked about differences in the type of support offered to different customers, depending upon the types of work they were in, their attitudes to work and their caring obligations.

Once again, the delivery of ERA improved considerably over time. In the first implementation year, although staff viewed ERA as a post-employment service, many struggled to maintain contact with all their ERA customers and felt they lacked the skills they needed to provide post-employment support effectively.

#### *Maintaining contact with customers*

In the 2004 staff survey (ASA responses only) when the programme was quite new, more than half (56 per cent) of lone parent ASAs said they stayed in contact with employed lone parents. Only one in six (17 per cent) of the ND25+ ASAs, however, said they stayed in contact with their working customers (see Supplemental Appendix AA).

By the time of the second staff survey (January 2006), there had been progress. Most staff (78 per cent) said they usually contact their working customers within their first week of starting work (not in Table 3.1), and most (74 per cent) are in contact with their customers at least three times within a six-month period. Even though the majority (77 per cent) said they continue to try new ways of engaging customers who do not appear to be interested in maintaining contact, 23 per cent said they generally would leave those customers alone (see Table 3.1). There were no differences in the level of contact reported with working ND25+ customers or working lone parents. However, a substantial minority were still finding it difficult to engage working customers with the support offered through ERA; some did not feel supported by their management; some were distracted from their ERA work by mainstream Jobcentre Plus duties, high caseloads and job entry targets (see Table 3.1).

ASAs were quick to agree that keeping in touch with their ERA customers was a high priority and affirmed that their supervisors would be concerned if they didn't manage to do so, though only half said they had formal benchmarks for how often they made such contact. Most said they made their first contact with customers within a couple of weeks of their entering work, though a quarter said they would give up on working customers who shied away from regular contact after this. ASAs regarded activities that took them beyond their immediate brief, such as advising on non-work areas of customers' lives or contacting them outside hours or off-site, in a more qualified way. But the great majority said they did these things at least some of the time, though rarely 'a lot' (see Supplemental Appendix AA).

The qualitative research allows us to assess how and when these changes took place. In the first round of qualitative interviews (2004), ASAs reported few systematic attempts to engage with their working customers and displayed uncertainty about how they should do this. As noted earlier, they were not confident about how to proceed, and pointed out that there were no pre-existing guidelines or practices to structure customer engagement. ASAs tended to contact customers by letter or telephone on an ad hoc basis when they found the time. There were few attempts to be proactive, and advisers often waited for their customers to decide when and how they preferred to be contacted. Some ASAs contacted their customers as often as once a week; some not at all.

Few ASAs reported 'strategies' for maintaining contact, and many reported a backlog of working customers with whom they had not been in contact. The reasons for the lack of contact also included the organisational and resource issues already discussed. When staff were short of time, they were more likely to put off doing the type of work in which they lacked confidence in their own abilities. It is fair to assume that, on the whole, a sizeable proportion of working customers received little job retention and advancement support during the first year of the programme (roughly 2004), because of limited contact with advisers.

With experience and further training, and as post-employment caseloads grew and resource issues sometimes eased, ASAs started to report more proactive contact with their in-work customers, as well as greater variety in their means of contact, including the use of text messaging and e-mails. Sometimes they visited them at work. As can be seen in the 2006 staff survey, 51 per cent of ASAs said they worked 'at least some of the time' outside their normal office hours in order to see working ERA customers (Table 3.1). This was an important innovation. All these strategies were aided by organisational or technical changes, such as the use of a database for recording and prompting customer contacts, ring-fencing resources, and the establishment of PETs in some districts.

All districts reported particular difficulties in engaging Working Tax Credit (WTC) customers. Because take-up of the programme by WTC customers was slow to gain momentum, there was little engagement with these customers until the second year of implementation. ASAs also felt at a disadvantage with this customer group because they had not had the opportunity to establish a rapport with them. Even in the second year of the programme, ASAs expressed their frustration with the low response rate to letters and phone calls in their attempts to re-engage WTC customers. Low intake in most of the districts meant that most ASAs had limited experience with WTC customers, and some had only a handful of WTC customers in their caseloads.

### *Retention and advancement*

The second staff survey (2006) sought to examine how far ASAs went beyond routine contact with customers to apply the motivational techniques they had been trained to use to interest ERA participants in retention and advancement opportunities.



These activities include explaining retention and training bonuses and advancement issues at every opportunity, chasing up those who do not at first respond and taking these conversations into more long-term considerations of their customers' life goals. One area of the questionnaire (Section 4), which concerned their working priorities, divided the respondents more widely than others. For example, 40 per cent thought that management gave 'the highest' or 'a lot' of priority to 'Helping working ERA customers increase their job skills', while a third thought they gave 'very little' priority or 'none' (not in table). There was a tendency to say that ASAs gave a little higher priority than management, but the division of opinion among ASAs remained striking (see Table 3.1).

In the answers to some questions, the balance of opinion took a negative shade. For example, 45 per cent of ASAs said that their management gave 'very little' priority or 'none' to 'Helping working ERA customers get promotions, pay rises, or better jobs'. (see Table 3.1). This is quite an unsettling finding, though it may reflect no more than a broader judgement that their Jobcentre Plus office as a whole gave little priority to ERA goals.

Turning to the qualitative data, it is clear that work on retention and advancement developed over time. In 2004, given the relatively small numbers of customers in work (especially ND25+) and the difficulties of engaging with in-work customers, ASAs carried out little retention work other than the administration of retention bonuses. ASAs did report making use of the Emergency Discretion Fund (EDF) to address financial 'teething problems' when customers entered work; however, such work was restricted largely to customers who proactively sought assistance.

In 2005 and 2006, ASAs were undertaking more retention work, both because in-work caseloads had grown and because new engagement strategies had been developed. In 2006, ASAs still considered the EDF to be one of the most utilised and effective features of ERA because of its impact on job retention (see Chapter 1 and Table 1.1 for more information on this fund). However, they were more proactive in its use, and viewed their role as anticipating issues that posed a threat to job retention **in advance** and then offering solutions. They considered the fund a valuable resource for financing the extra costs associated with the first weeks and months of work, such as childcare costs, rent arrears and general living expenses, until customers managed to reach a financial 'even keel'.

Over time, ASAs were also dealing with ERA customers who had entered work but subsequently become unemployed again. It was understood that in some cases retention problems were beyond the advisers' control, for example, local labour market conditions (contract work and redundancy), unsatisfactory working conditions, or changes in personal circumstances (see Hoggart *et al.*, 2006). In the early months of the programme, many such customers were effectively lost from caseloads. However, as engagement practices generally were strengthened, ASAs were more likely to maintain contact, seeing their role as to bolster customer confidence and ensure that they found another job quickly.

### *Advancement*

It was in the area of advancement work that ASAs' understanding and practices changed most markedly. In 2004, ASAs tended to define advancement narrowly as enhancing skills through training, working more hours, increasing pay or gaining a promotion. By the second year of the programme, however, there was a marked change regarding the possible meanings and forms advancement could take. These understandings were expanded to include moving to a different job, job satisfaction, achieving a work-life balance, developing a career and simply keeping a job. Some ASAs also reported that advancement through ERA could be something that was external to the job, such as heightened self-esteem, buying your own house or going on holiday. As one adviser stated, reflecting on changes in her own understanding of advancement:

*'Prior to working here, I thought advancement would have been gaining new qualifications, promotion in work, that would be it really... This has made me see that all of it really is advancement... It's different to everyone; for some people it will be because they like the material things, but for other people, just getting up and going to work every day, having enough money to pay your bills and live comfortably, they're happy enough.'*

By the time of the 2006 focus groups, ASAs had developed complex understandings of how to apply the concept of advancement with very different customers, noting that meanings of advancement varied according to the customer. These improvements in understanding and confidence had an effect on ASAs' practices. In 2005 and 2006, advisers spoke of encouraging customers to think about different routes towards their long-term goals. A common approach was to encourage customers to take a less preferable job than their ideal, and then work towards their goal through training. Advisers felt that this was a useful tactic for customers to make use of the ERA incentives, since these were not available until a customer entered work.

There were again differences among ASAs in how they approached advancement through training: Some advocated it as part of a package tailored to the customer's needs, while others focused on it more rigidly. There were also differences among ASAs in how comfortable they felt with a complex definition of advancement. A few continued to define advancement quite narrowly as undertaking training courses. More confident advisers used a variety of advancement approaches, depending upon their customers' employment circumstances. They became partners with the customer and developed a plan that catered to the customer's specific needs and wants.

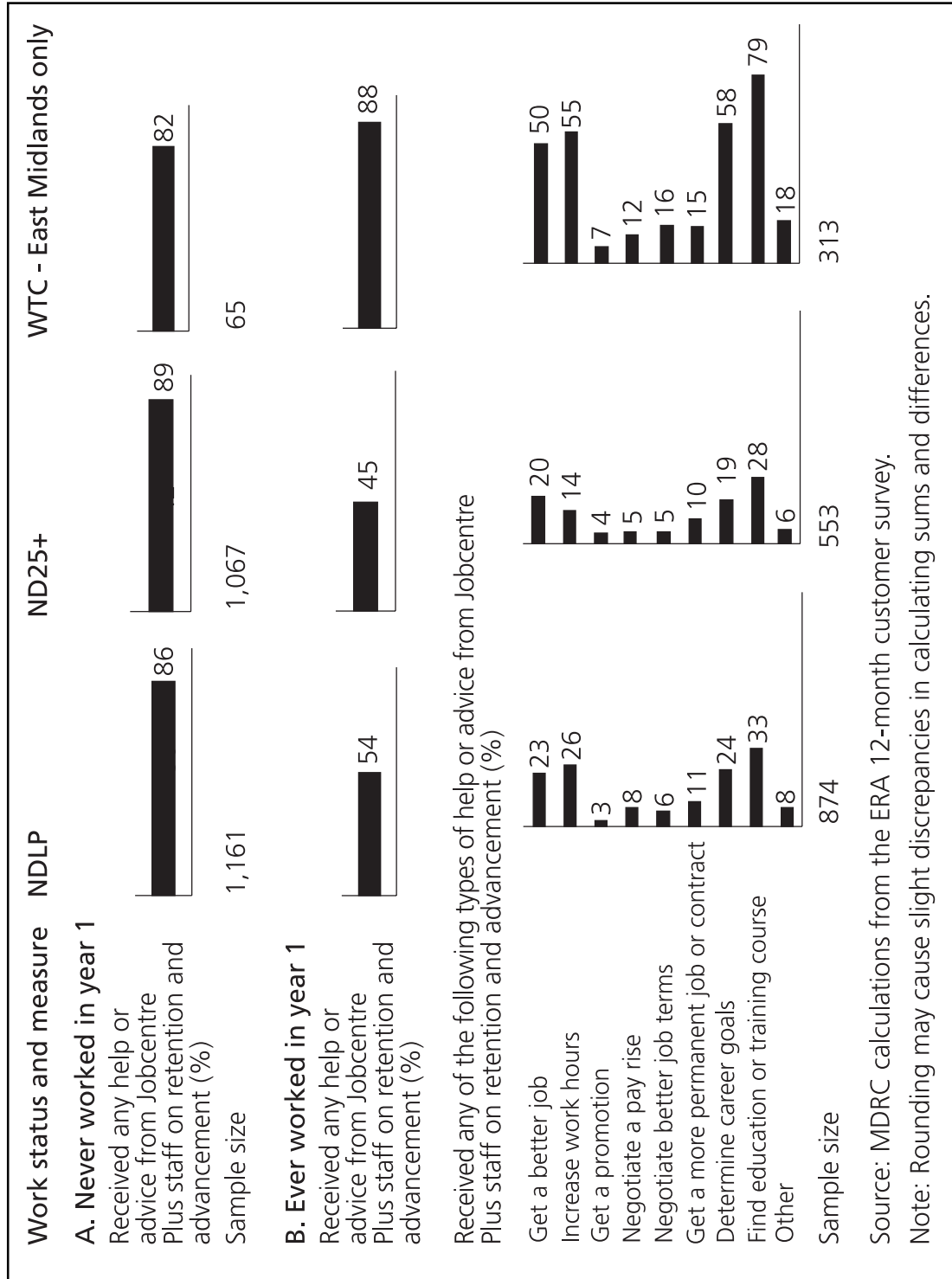
Despite these positive developments in the provision of advancement support, still, in 2005, both management and advisers reported that high caseloads and the lack of ring-fencing were detracting from the effectiveness of the advancement support offered. Too often, ASAs did not have the time to engage with their working caseloads because they were diverted to mainstream Jobcentre Plus activity. These issues were less apparent, though, in the districts that had established PETs (North West England and London) and where ASAs were more effectively ring-fenced (East Midlands).

It is possible to quantify the types of support that customers received once they were in work by looking at the participation data (Figure 3.2). As can be seen, around half of ND25+ and NDLP customers who were in work at some point in the 12-month follow-up period, received some form of in-work support, compared with over three-quarters of WTC customers (in the East Midlands). (See Table C.2 for figures by district.) The most common forms of in-work support received for all groups were help finding education and training, assistance determining career goals, and help finding a better job. In addition, NDLP and WTC customers commonly received assistance increasing their work hours. The least common forms of support received were assistance securing a promotion or a pay rise, or negotiating better job terms.

Thus, the types of in-work assistance that advisers were offering were directly associated with the ERA incentives (help securing training and increasing hours in order to be eligible for the retention bonus) or directed at advancement by moving jobs (determining career goals and help finding a better job). ASAs appeared to be less successful in helping customers to negotiate advancement **within** a job (negotiating a pay rise, promotion or better job terms).

Across the customer groups, approximately 80 per cent of those who had ever worked during the 12 months after random assignment were aware of the retention bonus, a figure which is slightly higher than for awareness among those who had never worked during that period (see Figure 3.2). Slightly higher numbers of those who had worked (compared with those who had not worked) were also aware of the training bonus. Roughly half of ND25+ and NDLP customers who had worked were aware of the training bonus, compared with 83 per cent of WTC customers.

**Figure 3.2 Percentage of ERA customers that reported getting employment help or advice within 12 months of random assignment, by work status and target group**



### 3.3.3 Staff views on their new role and their ERA customers

This section focuses on the views and cumulative experiences of the ASAs with respect to how ERA could help the three customer groups and also their assessments of their own roles.

The ASAs gained a great deal of insight into the needs and perspectives of the three customer groups to whom they delivered the programme. They were asked, in the qualitative interviews, how the different customer groups responded to elements in the ERA package of support. The responses did not substantially vary across districts but did vary according to customer group. Generally, staff felt that the two lone parent groups, NDLP and WTC, were more responsive to ERA than the ND25+ customer group.

What changed most significantly over time was that staff became more positive about the possibilities of their intervention making a difference with respect to retention and advancement. By spring 2005, staff were mostly more confident about working 'creatively' with customers in addressing possible barriers to retention and advancement and by 2006, they were able to give numerous examples of how customers had responded positively to their support, either by retaining jobs or by advancing.

#### *New Deal for Lone Parents customers*

Generally, staff thought that ERA appealed more to lone parents than ND25+ customers. This was a clear finding from the 2004 staff survey, which was echoed in the qualitative interviews in which staff were able to give reasons for their views. They thought that because lone parents volunteered for the New Deal they were already more receptive to work than ND25+ customers, that when they moved into work they were more reliable workers and that they were more likely to be receptive to advancement because of their commitment to provide for their children and be positive role models.

ERA staff also recognised, however, that there were differences within this customer group. In particular, ASAs pointed out that many lone parents may not want to work full-time hours; they prefer part-time and school-term hours that allow time with their children. Some ASAs commented that the only lone parents who had increased their hours to 30 because of ERA were those who were already working 20-25 or more hours. This does not mean that staff were opposed to the notion of lone parents working full-time. In the 2004 staff survey, most staff thought that, provided childcare was available, lone parents should not be discouraged from working full-time hours, even those with pre-school children. But in the qualitative interviews, staff also made it clear that they resisted lone parents being pressed to undertake full-time work when the parents did not wish to do so.

For these reasons, ASAs often promoted the ERA training bonus over the retention bonus with their NDLP customers, believing that these customers were more interested in enhancing their skills and qualifications than working full-time. Many

felt, however, that lone parents would become more receptive to advancement further down the line, and thus, the timing of advancement work with NDLP customers was very important. Both ASAs and managers expressed this view. They also said that some lone parents preferred to train first and then enter work later (as is traditionally offered through NDLP) rather than combining the two. Many advisers talked about having to proceed slowly with lone parents who had been out of work for a long time, suggesting that they needed to settle into work and build up their confidence first. The advisers considered it a major first step for a customer to start work of 16 hours a week.

For the most part, ASAs perceived NDLP customers as in greater need of retention services and as more receptive to this kind of help than the other customer groups. This help tended to focus on childcare and tax credit/benefit issues.

### *New Deal 25 Plus customers*

In both the staff survey and the qualitative interviews, staff differentiated between ND25+ customers who want to work and those whom they felt might be avoiding work, or who were 'hard to help'. For those who want to work, staff felt ERA was beneficial, especially the retention bonus. In the qualitative interviews, ASAs provided examples of customers who entered work more quickly in order to receive the bonus and others who stayed in work while job searching rather than going back on benefits between jobs.

Some staff also expressed caution about the receptivity of ND25+ customers to the in-work support offered. Some advisers said that their ND25+ customers were open to seeking post-employment support but others noted a resistance among some to keeping in contact, which they felt was related either to negative attitudes towards Jobcentre Plus or to a desire for 'independence' from the state. Advisers made this point to explain why some customers were not collecting retention bonuses even though advisers had told the customers about them.

ASAs also felt that many ND25+ customers were not interested in advancement, but were rather seeking stable and secure work, particularly if they were older. They also expressed the view that some customers wished to disassociate themselves from Jobcentre Plus once in work. This observation was more prevalent for ND25+ working customers. Several ASAs reported that some ND25+ working customers were not interested in training and reskilling, especially men in their 50s. Staff felt that ERA, as a post-employment service, had little to offer those who were unconnected to the labour market, or those who were resistant to work.

However, some ASAs referred to ND25+ customers who had become more receptive to advancement after they had been in work for a while and gave some examples of customers who were motivated by the training bonus, particularly those who had a specific area of work in mind for which they could not get training through New Deal.

### *Working Tax Credit customers*

ASAs noted that, in contrast to their working NDLP customers, WTC customers were more established in work and were less likely to experience problems retaining jobs. They were less likely to contact advisers for EDF support because they had already 'settled in' to work. While those with older children might be more amenable to increasing their work hours, staff thought that many were in a 'comfort zone' and were resistant to change that would disrupt their work-life balance.

Many ASAs stated that WTC customers found the Jobcentre Plus environment off-putting and 'alien' and one referred to WTC customers as 'aloof'. Some worked around this by meeting with customers outside of the office. Some advisers, however, felt that it was easier to engage with WTC customers because they are more motivated to work and to advance and have a strong 'work ethic'. One adviser commented, *'it's like talking to a colleague rather than interviewing a customer'*. They also said that WTC customers were more qualified and therefore more receptive to training. Other advisers described WTC customers as *'demanding'* and *'proactive'* in making as much use of the programme's services as possible.

While advisers noted that WTC customers were generally making good use of services (mainly training), some felt that such customers would be likely to advance anyway 'on their own steam' even if they had not been introduced to ERA. The data from the customer survey (Chapter 4), however, indicate that ERA was able to boost the proportion of WTC customers who accessed training. This may indicate that it is quite difficult for working low-paid lone parents to organise and access on their own, the type of in-work training that ERA facilitates.

### *The ASA role*

Two years into the programme, it is clear that most ASAs had grown in confidence and felt they were providing a good basic ERA service. They maintained contact with many of their customers after they had started working and made sure they knew about the opportunities that ERA offers. The 2006 staff survey, however, did show that significant minorities felt that they were unable to stretch their work and reach out to customers in more enterprising ways. They said that they did not have the wholehearted support of management to achieve the main ERA goals and that high caseloads and job entry targets made it unnecessarily hard to achieve them.

None of this should detract from the positive views expressed by ASAs in the open-ended section of the survey. Some wrote of their work as *'...the best advising job within the Jobcentre'* and as *'...the best job I have ever had'*. They were particularly focused on the very different relationship that it creates with customers, for example: *'...for the first time feel I am making changes to people's lives and their families. I no longer have angry and dejected customers, but customers that actually contact me, feel confident I am always available'*. Despite a few misgivings about the support they have received, many ASAs have embraced their role with great enthusiasm:

*'ERA has been the most rewarding role I have undertaken in my career. I have seen myself grow as a person, my skills developed and enhanced, allowing me to focus on my customers, their needs and in turn watch them move from benefit, keep their jobs, train and advance in the world of work.'*

Such sentiments were repeated in the May/June focus groups with staff.

### 3.4 District differences

The picture of marked improvement over time is true for all of the districts. However, it is also the case that ERA implementation did differ across the districts. Some of these differences are summarised in Table B.1. All districts delivered an ERA treatment while having different sets of strengths and weaknesses. While some districts may have worked more effectively on advancement at an earlier stage than others, for example, other implementation problems may have weakened their delivery of ERA services. The following examples give an indication of these variations.

Only one district (East Midlands) achieved a substantial intake of WTC customers, most of whom entered the programme during the latter months of intake. However, because of staffing shortages and high caseloads, some of these customers were not effectively engaged following random assignment and subsequently became disengaged.

One of the more significant variations concerned whether ERA was managed centrally with its resources ring-fenced. This, however, changed over time in a number of districts, with only one district maintaining this model throughout the period (East Midlands).

In two districts (East Midlands and Wales), there was some evidence that advisers worked on advancement more effectively at an earlier stage in the evolution of ERA than the other districts. However, it should be noted that there was also some variation among the approaches of advisers **within** districts. The more confident and experienced advisers encouraged customers, from their initial enrolment on the programme, to think about their long-term aspirations. They then worked with customers to develop routes towards these goals. It should also be noted that this promising approach in Wales was more than offset for the ND25+ ASAs by their exceptionally high caseloads across offices. This led, at one stage, to the possibility that control group customers were receiving a better pre-employment service than ERA programme group customers (see Chapter 5 for more discussion of this issue). Thus, in Wales, a resource issue may well have undermined the first stage of the ERA intervention for that target group.

These examples serve to illustrate the complexity of the district variations. This complexity means it is not possible, at this stage, to rank the districts according to their overall success of delivery.



### 3.5 Conclusions: implementation issues

Two implementation issues were particularly significant, especially during the first year of ERA: First, the main implementation challenge concerned how to incorporate ERA into the other activities of Jobcentre Plus. It is clear that there were tensions between ERA and maintaining 'business as usual'. In particular, ERA competed for resources, principally staff time, at most stages of implementation. Second, and clearly related, ERA's programme of post-employment support was very new, and in some respects alien, to an organisation with the task of placing people in work. ERA is a post-employment service nested in a pre-employment organisation and therefore, it took time for ERA staff to move beyond the administration of the financial bonuses.

Specific factors that impinged on ERA post-employment support were common across all districts: resources, job entry targets, and ASA capacity (Jobcentre Plus ethos and emphasis on getting people into jobs, lack of experience and confidence). The practice of delivering services to working customers was new to Jobcentre Plus advisers and it took time and experience of in-work support for ASAs to build confidence in the role. As Jobcentre Plus is traditionally an unemployment service, ASAs had no previous experience of actively helping people in work.

During the first year of implementation, ASAs' capacity to deliver in-work support grew as more customers entered work and received the in-work elements of ERA. All staff, including senior managers, needed time to understand the shift in organisational culture. Most districts struggled to deliver the post-employment aspects of ERA while intake was also underway. This was a question of time but also of appropriate training and the development of an understanding of what was needed to make ERA work. Some of these improvements have been captured by the impact data (Chapter 5). Future ERA survey work will show whether receipt of help and advice and awareness of the incentives have increased as the programme delivery has improved.

One of the main challenges was ensuring that ERA resources allocated to the districts were actually reaching ERA. When ERA resources were not used to staff ERA, post-employment work suffered. The other two main resource issues were ERA staff also dealing with non-ERA customers and ERA staff covering more than one office and losing time while travelling. These challenges were confronted in different ways, and by the time of the second round of qualitative interviews with staff and then the staff survey, progress had been made.

By 2006, it was clear that the level of staff enthusiasm and understanding of ERA had grown significantly. But the delivery of ERA could still be improved. This is because, even though by early 2006 staff largely understood the nature of the treatment they should be providing in ERA, they were still constrained by the limited time they had to do so. The resources allocated to ERA had increased, but this was uneven and fragile. ERA was certainly being delivered as designed, but imperfectly.

This chapter has emphasised how the delivery of ERA differed among districts, offices, and even advisers, and also how the delivery changed over time. Although these considerations complicate the implementation story, they also show how such a programme can be successfully – even if imperfectly – implemented in a variety of very different settings. It might look very different depending on the place under scrutiny but the logic of the ERA model will still apply.

# 4 ERA participants' recall of advice received and action taken to remain and advance in work

## 4.1 Introduction

The previous chapter described how the Employment Retention and Advancement (ERA) programme was implemented in the six districts chosen for this initiative, and included statistics showing the extent to which individuals in the ERA programme group received advice and help from their Advancement Support Advisers (ASAs) during periods when they were, and were not, in work. This chapter examines ERA programme implementation through a different lens. It examines additional quantitative measures of programme experiences, taking into account all randomly assigned programme group members (regardless of whether they worked or not), and compares the experiences of programme group members with those of control group members during the 12-month period following random assignment for each sample member.

The chapter describes the extent to which ERA programme group members received Jobcentre Plus help and advice and/or took steps to find, keep and advance in jobs, **incrementally more** than control group members. These programme-control group differences are crucial to understanding why ERA did or did not have effects on employment, earnings and benefits outcomes, the topic of Chapter 5. (See Box 4.1 for an explanation of how to read the tables in this report that show the impacts of the ERA programme on various outcomes). The 12-month follow-up period used in this analysis is identical to the one used in that chapter's economic impact analysis. This follow-up period covers some, but not all, of the period covered by the qualitative research presented in the previous chapter and it should be considered to be a picture of programme operations early in the roll-out of ERA operations.

**Box 4.1 How to read the tables in this report**

Most tables in this report use a similar format, illustrated below. The top panel shows a series of participation outcomes for the ERA group and the control group for the New Deal for Lone Parents (NDLP) customer group. For example, the table shows that about 76 (76.3) per cent of ERA group members and about 73 (72.5) per cent of the control group members were not in work and received help or advice from Jobcentre Plus staff while not working.

Because individuals were assigned randomly either to the ERA programme or to the control group, the effects of the programme can be estimated by the difference in outcomes between the two groups. The 'Difference' column in the table shows the difference between the two groups on several outcomes. These differences represent the programme's **impact** on various outcomes. For example, the impact on receiving help or advice from Jobcentre Plus staff while not in work can be calculated by subtracting 72.5 from 76.3, yielding 3.8 percentage points. Thus, ERA increased the likelihood that people would receive advice or help while not in work.

Differences marked with asterisks are 'statistically significant', meaning that it is quite unlikely that the differences arose by chance. The number of asterisks indicates whether the impact is statistically significant at the one per cent, five per cent, or ten per cent level (the lower the level, the less likely that the impact is due to chance). For example, as shown below, the ERA programme had a statistically significant impact of 3.8 percentage points at the 5 per cent level on customers receiving help or advice from the Jobcentre Plus staff while they were not in work. (One asterisk corresponds to the ten per cent level; two asterisks, the five per cent level; and three asterisks, the one per cent level.) The P-value indicates the probability that the difference arose by chance.

Some measures in Chapter 5 are shown in italics and are considered 'non-experimental' because they include only a subset of the full report sample. Because participants in the ERA group may have different characteristics than participants in the control group, differences in these outcomes may not be attributable to the ERA programme. Statistical significance tests are not conducted for these measures.

Continued

**Box 4.1 Continued**

<b>Outcome</b>	<b>ERA group</b>	<b>Control group</b>	<b>Difference (Impact)</b>	<b>P-value</b>
Not in work and: (%)				
Received help/advice from Jobcentre Plus staff	76.3	72.5	3.8 **	0.023
Participated in activities to help find a job or prepare for work	79.3	79.7	-0.4	0.817
<hr/>				
<b>Outcome</b>	<b>ERA group</b>	<b>Control group</b>		
Average hourly wage among workers (£)	6.5	6.4		

The data for this analysis come from the survey of ERA programme and control group members, which is described in Chapter 2. Among other things, the survey measured how much of the delivery of job retention and advancement help and advice, and responses to it, ERA programme and control group members **recalled** when they were interviewed 12 months after random assignment.

The chapter takes the three ERA target groups in turn and examines the programme groups' out-of-work and in-work experiences, compared with the same experiences reported by the control groups. Selected programme-control differences are also reported for each of the six ERA districts. Finally, the chapter discusses the attitudes of customers in all three ERA target groups towards work and Jobcentre Plus and indicates whether these were affected by ERA.<sup>23</sup>

Among the New Deal customer groups, comparing the experiences reported by ERA programme and control group members when they were not working (i.e. largely during the New Deal pre-employment stage) was expected to reveal few pronounced differences in treatment. It is true that ASAs were trained to take a more considered approach to job entry, perhaps by exploring customers' career interests in more depth and focusing them on advancement early on. But among the New Deal 25 Plus (ND25+) group, both control and ERA programme group customers remained

<sup>23</sup> The tables and figures included in this chapter provide the primary statistics that show these programme effects; tables in Appendix D provide further detail. Other statistics, on the extent and type of contact between customers and Jobcentre Plus staff, for example, can be found in Supplemental Appendix HH. Supplemental appendices: implementation and first-year impacts of the UK ERA demonstration is found on the DWP Website in conjunction with this report.

in the same mandatory programme that prescribed their pre-employment contacts with Jobcentre Plus and its service providers. NDLP customers, for their part, were entering voluntarily into a service designed to help them find work, and it was expected that the more enterprising customers in both the ERA programme and control groups would take full advantage of the Jobcentre Plus pre-employment services on offer to them.

In terms of in-work experiences, more pronounced programme-control differences were expected, since post-employment ERA services are provided only to the ERA programme group customers. But it is not quite as clear cut as that. Control group members can access Jobcentre Plus services after they enter employment, certainly over a period as long as 12 months. Some customers, typically lone parents, are in touch with their advisers soon after entering work to ask for help sorting out their in-work income package, particularly doubts and delays concerning Housing Benefit (HB) and tax credits or faltering childcare arrangements. Control group members who enter work but who later believe they may be about to lose their new jobs, will return to their local Jobcentre Plus office for advice. If the worst should come to the worst, they sign on again, claim benefit and receive more Jobcentre Plus services.

The important difference between ERA and control group members once they enter work is that the ERA group's ASAs are trained to be alert to their customers' work situations and, if they can, anticipate problems. Through regular contact, they are supposed to be aware if their customers' security of employment is poor and act to find them another and hopefully better, job before unemployment overtakes them again. Before this point is reached, ASAs should also be feeding their customers a steady diet of information and encouragement designed to make customers themselves more alert to the need to reinforce their newly gained place in the labour market. ASAs are also to advise customers on how to identify, prepare for and pursue advancement opportunities, either with their current employer or another employer. What then do customers remember of these efforts to assist them and what efforts have they made to advance?

## 4.2 New Deal for Lone Parents

NDLP customers in the ERA study voluntarily joined the New Deal, as they were interested in finding a job even if some were not ready to begin employment immediately. Unlike most of the ND25+ sample members but similar to the Working Tax Credit (WTC) sample members, these lone parents must balance eventual work hours and schedules with family responsibilities. This may limit the ability of many of them to meet the work requirement of 30 hours a week to qualify for the job retention bonus and, more generally, may affect their advancement goals and strategies.

### **4.2.1 Overall contact with Jobcentre Plus**

The experiences of the control group can be taken as a guide to how NDLP customers interact with Jobcentre Plus normally, i.e. in the absence of ERA. Having signed up for NDLP and consented to random assignment, 28 per cent of the control group had no further contact with Jobcentre Plus.

Overall, rates of Jobcentre Plus contact were significantly higher among the NDLP ERA group than the NDLP control group: 85 per cent of the ERA group had some contact, compared with 72 per cent of the control group. Three-quarters of all programme group members had in-person contacts and more than half of all programme group members had telephone contacts, compared with 64 per cent and 36 per cent, respectively, among controls. Such contacts were significantly more frequent among programme group members, too, adding up to a greater volume of contact between the ERA group and their ASAs, compared with that totalled by the control group and their Personal Advisers (PAs). NDLP programme group members, however, were not more likely than their control group counterparts to have initiated meetings with Jobcentre Plus staff.

### **4.2.2 Help and advice received and steps taken while not in work**

While out of work, control group members who remained in contact with Jobcentre Plus received the volume and range of pre-employment help and advice you would expect from New Deal advisers (Table D.1). Most were taken through the details of job vacancies, and received other help finding or preparing for work. Many were assisted with applications and prospective childcare arrangements and others were directed to training courses or given other advice concerning their long-term goals and future prospects. (See Box 4.2 for a summary of the types of out-of-work help and advice captured in the customer survey.)

The out-of-work help and advice recalled by ERA customers was substantially the same as that recalled by the control group. There were, though, some small signs of the more considered approach to job placement intended for ERA: A few more ERA programme group members, compared with control group members, spent time discussing longer-term career aims, advancement issues and prospects for training (see Table D.1 for more detail).

**Box 4.2 The activities of individuals while not in work**

The analysis in this chapter divides ERA programme activities for individuals while they were not in work into two main categories. Following are the categories and which activities fell into each:

**Received help and/or advice from Jobcentre Plus staff:** The individual, while not in work, reported that they received help and/or advice with at least one of the following activities: looking at job vacancies, applying for a job, working out long-term career goals, help pertaining to holding or advancing in future jobs, help finding out about childcare arrangements, looking for education/training opportunities, looking for volunteer work, setting up their own business or any other type of help specified by the individual but not listed above.

**Participated in activities to help in finding a job or preparing for work:** The individual, while not in work, reported that they attended job club/programme centre classes or meetings, put their name on the books of a private recruitment agency, went to a career office or career advice department or used the Connexions service, looked for a job on their own, did unpaid work through a government programme, did voluntary work, attended an education or training course, did something to set up their own business or did something else to find a job.

**4.2.3 Help and advice received and steps taken while in work**

In interpreting the results that follow, it is important to take into account any difference in the proportion of NDLP programme and control group members who entered work at some point in the 12-month follow-up period. Otherwise, it is possible that differences between the two groups in receiving help or advice while working might reflect differences in eventual employment rates, as opposed to differences in the provision of ERA services. As described in the notes at the bottom of Table 4.1 (and discussed more fully in Chapter 5), NDLP programme group members were, in fact, somewhat more likely than control group members to be in paid work at some point during the 12-month follow-up period. This suggests that more of the programme group customers could take advantage of the in-work services of ERA, compared with the number of control group members who could seek out in-work services independently.



**Table 4.1 Advice/help received and participation in activities: summary measures New Deal for Lone Parents customers**

Outcome	ERA group	Control group	Difference (impact)	P-value
<b>Not in work and: (%)</b>				
Received help/advice from Jobcentre Plus staff	76.3	72.5	3.8**	0.023
Participated in activities to help find a job or prepare for work	79.3	79.7	-0.4	0.817
<b>In work and: (%)</b>				
Had any contact with Jobcentre Plus staff	46.4	21.7	24.7***	0.000
Received help/advice from Jobcentre Plus staff	35.6	14.5	21.1***	0.000
Took steps to help improve work situation or earnings	42.0	36.9	5.0***	0.007
Took steps to find another job	16.6	13.8	2.8**	0.041
Took steps other than the above to improve work situation or earnings	8.3	6.2	2.2**	0.031
Participated in training or education	21.3	16.3	5.0***	0.001
<b>Regardless of work status: (%)</b>				
Participated in training or education	45.4	40.9	4.5**	0.018
Obtained any training or education qualifications				
GCSE	3.5	3.4	0.2	0.798
A-level	1.6	2.1	-0.5	0.324
Other	10.4	8.5	1.9	0.101
Had heard of employment retention bonus	72.2	0.1	72.1***	0.000
Received employment retention bonus	18.7	0.1	18.6***	0.000
Had heard of training completion bonus	51.4	0.1	51.3***	0.000
Received training completion bonus	2.5	0.0	2.5***	0.000
Sample size	1,317	1,287		

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Slightly different proportions of ERA and control group members in the NDLP customer group did and did not work during the follow-up period: In all, 88.4 per cent of the ERA group and 90.7 per cent of the control group, for a statistically significant difference of 2.3 percentage points, **did not** work at some point during the follow-up period; 66.2 per cent of the ERA group and 61.7 per cent of the control group, for a statistically significant difference of 4.5 percentage points, **did** work at some point during this same period. As a result, in judging differences between the two groups, e.g. in their likelihood of looking for a job or taking steps to improve their work situation or earnings, these differences should be taken into account.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

### *Contact*

The survey provides valuable evidence that, even in the absence of a scheme such as ERA, NDLP customers do continue contact with their PAs and other Jobcentre Plus staff after they enter work: 22 per cent of the entire NDLP control group maintained such post-employment contact (Table 4.1); expressed another way, this is more than a third of those who had entered work. This reinforces a view that favoured ERA in the first place: ERA services appear to be an extension – in their frequency, the period of time during which they can occur, and their intensity – of services that sometimes are received under 'normal' Jobcentre Plus conditions. Interestingly, 28 per cent of the control group said they would have welcomed more contact with Jobcentre Plus staff – while in or out of work.

Overall, the NDLP ERA programme customers maintained far more post-employment contact with Jobcentre Plus than did control group members: 46 per cent of all ERA customers – or 70 per cent of those who entered work during the 12-month follow-up period – had such contact. In this way, ERA more than doubled the proportion of NDLP customers who had Jobcentre Plus contact while they were in work. There was also evidence that such contact was more frequent among ERA customers, compared with the control group, so the total volume of in-work interaction with ERA programme customers was much larger than that sought out on their own behalf by control group members. The quality of the contacts differed, too: six out of ten of the ERA group recalled an Advancement Action Plan being drawn up for them; these plans were not done for control group members.

### *Help and advice while in work*

Not all those who had had in-work 'contact' with Jobcentre Plus could recall having received actual help and advice from staff, since some of these contacts were exchanges of forms, checks of details and efforts to take care of other routine matters that would not be thought of as help and advice. (See Box 4.3 for a summary of the types of in-work help and advice captured in the customer survey.) The proportion of the control group in work at some point and recalling 'non-routine' job-related help or advice from Jobcentre Plus staff while they were in work was just 15 per cent (Table 4.1). Of those control group members receiving advice while in work, about half recalled receiving advice on getting a better job and/or finding training (Table D.2). This is in-work advice that, under the rules of NDLP and regardless of ERA, former benefit recipients are perfectly entitled to receive, even encouraged to obtain, sooner rather than later, lest they slip back into unemployment. But it typically comes at the initiative of the customers themselves.

Notably, however, nine per cent of the entire control group (15 per cent of those who had jobs) were offered in-work help and advice from their PA without asking for it. Thus, some in-work assistance was already in place for NDLP customers prior to the start of ERA. It is also possible that the habit of providing in-work help and advice rubbed off from ASAs onto PAs, who, after all, worked in the same offices.

**Box 4.3 The activities of individuals while in work**

The analysis in this chapter divides ERA programme activities for individuals while they were in work into several categories. Following are the categories and which activities fell into each:

**Had any contact with Jobcentre Plus staff:** Talked in person or by telephone with Jobcentre Plus staff for any reason while in work.

**Received help and/or advice from Jobcentre Plus staff:** The individual, while in work, received help and/or advice in regards to getting a higher paying job, increasing hours of work, negotiating a pay raise, negotiating better job terms (e.g. more convenient hours), getting a promotion, getting a more permanent job or contract, working out long-term career goals, finding an education or training course or any other type of help specified by the individual but not listed above.

**Took steps to help improve work situation or earnings:** The individual, while in work, attempted to increase their their hours at work, get a pay raise, negotiate better job terms, change to a different sort of work with the same employer or get a better job with a different employer.

**Took steps to find another job:** The individual, while in work, put their name on the books of a private recruitment agency, went to a career office or career advice department or used the Connexions service, looked for another job on their own or did something else to find another job.

**Took steps other than the above to improve work situation or earnings.**

**Participated in training or education while in work.**

In contrast, the proportion of the programme group members in work at some point who recalled receiving in-work help and advice was 36 per cent (54 per cent of those who ever had jobs) (Table 4.1). This is more than twice the proportion for the control group. A good deal of this extra help was concentrated on finding education and training courses and on long-term career planning, as the design of ERA intended (Table D.2). And four out of ten of those in work received in-work advice they had not sought, almost three times the proportion among controls.

*Participation in job search, education and training and advancement activities while in work*

More than a third of the NDLP control group – more than half of those in work – said they had taken steps to improve their situation at work during the 12-month follow-up period, in that they tried to increase their hours, get a pay rise or negotiate better terms and conditions (Table 4.1). Failing these, they sought new and better jobs; more than a fifth of those employed said they did this while in work, seeking new jobs on their own account or with the help of private agencies, rather than returning

to Jobcentre Plus, it seems. Furthermore, 16 per cent of the controls (a quarter of those ever in work) had participated in training or education courses while in work. (Notably, 41 per cent of all NDLP controls participated in education or training courses while in or out of work, but only about a quarter of this training was arranged by Jobcentre Plus staff).

A higher percentage of NDLP programme group members, compared with control group members, reported that they had taken steps to improve their work situation. Overall, 42 per cent of the programme group (or 63 per cent of those in work) – had taken such steps, compared with 37 per cent of the control group (Table 4.1). Though small, this difference was statistically significant and suggests that the programme group members were beginning to translate the advice they received while in work into greater action towards advancement (even though they had been working less than a year). Not surprisingly, in view of the bonuses on offer, much of this difference was accounted for by attempts to increase work hours.

NDLP programme group customers were also more likely, compared with control group members, to participate in training, both overall and while in work. Among all NDLP programme group members, 21 per cent said they had '...ever participated in a training or education class while working', compared with 16 per cent among the controls. Thus, ERA increased the likelihood of NDLP customers combining work and training by a statistically significant five percentage points (see Table 4.1). Notably, this type of training or education could potentially qualify one for the ERA training bonus. Overall, regardless of whether their participation took place while they were in work or out of work, 45 per cent of all NDLP programme group customers participated in education or training courses. In about a third of the cases, the courses had been arranged by Jobcentre Plus staff.

#### **4.2.4 Achievement of training or education credentials**

While many NDLP sample members (in the control and programme groups) participated in training, the outcomes in terms of new qualifications were meagre – at least during the follow-up period covered by this report. About three per cent overall (or about eight per cent of those taking training) obtained a General Certificate of Secondary Education (GCSE) qualification or its equivalent in the 12 months following random assignment. Fewer got any higher qualifications but about one in ten overall obtained one of a wide variety of mainly vocational qualifications. Comparing the NDLP ERA customers with the control group, the proportions receiving new qualifications were the same (Table 4.1).

#### **4.2.5 Awareness and receipt of ERA employment retention and training bonuses and other financial assistance**

As discussed in Chapter 3, almost three-quarters of the NDLP programme group had heard of the employment retention bonus (Table 4.1). (The bonus offers up to six payments of £400 for each period when customers work 30 or more hours per week for 13 out of 17 weeks.) Overall, 19 per cent of the programme group members

reported that they had received the bonus within the 12-month follow-up period – a figure roughly matched by data maintained by ERA district staff. Expressed another way, this is 28 per cent of those who held a job at some point during the follow-up period.

There are several reasons why the employment retention bonus receipt rate was not higher: Some individuals apparently had not heard of the bonus; about a third did not work during the follow-up period; some, if they did work, did not work the required number of weeks and/or the required number of hours per week; and some were close to or in the process of getting the bonus.

Preliminary data that detail bonus receipt beyond the 12-month follow-up period (to January 2006, regardless of when a customer was randomly assigned) suggest that about two-thirds of the NDLP customers who had received an employment retention bonus as of early 2006 had received one or two bonuses; less than one-third had received three or more.

Claiming the employment retention bonus involved a visit to the Jobcentre Plus office to have the claim verified. This requirement was added to the design of ERA to provide an opportunity for ASAs to engage with their customers face-to-face on issues concerning their progress in work. About two-thirds of the NDLP retention bonus claimants, representing just one in about ten of the NDLP ERA group as a whole, talked with Jobcentre Plus staff about work or work prospects when visiting the office to receive their bonus. Those who were engaged in this way recalled discussing a range of topics with their ASAs regarding training and seeking better pay and conditions, often in a new job.

Four out of ten of those receiving the employment retention bonus said that it had had 'a lot' of influence in deciding the hours they would work. This is interesting since lone parents tend more than other groups leaving benefit, to work in jobs whose hours range from 16 to 30 hours per week, a range that does not qualify them for the bonus under ERA.

NDLP ERA customers were less aware of the ERA training bonus that was available to those who successfully completed a training course while they were employed: Half had heard something about it and just three per cent had received one. About half of the few NDLP customers who received the bonus said that it influenced their decision to start training 'a lot' and a third said it influenced their decision to continue in training 'a lot'.

Other financial resources were also available to ERA customers. While in work, they could qualify for assistance that would pay a capped amount towards the fees of an approved training course. Preliminary files containing data to January 2006, regardless of when a customer was randomly assigned, suggest that about five per cent of all NDLP customers received such assistance with tuition fees. The amounts paid towards fees varied widely but averaged around £450 among those who received this assistance.

In addition, ERA customers could receive assistance from an Emergency Discretionary Fund (EDF) to take care of minor financial emergencies that might prevent them from continuing in work. As described in Chapter 3, EDF monies were highly valued by the ASAs and were viewed as a way to proactively head off job loss. Preliminary data through January 2006 suggest that 11 per cent of all NDLP customers received EDF assistance. Among those who received EDF funds, almost three-quarters received just one payment. In total, customers who received these funds were each given an average of about £200.

#### **4.2.6 District differences**

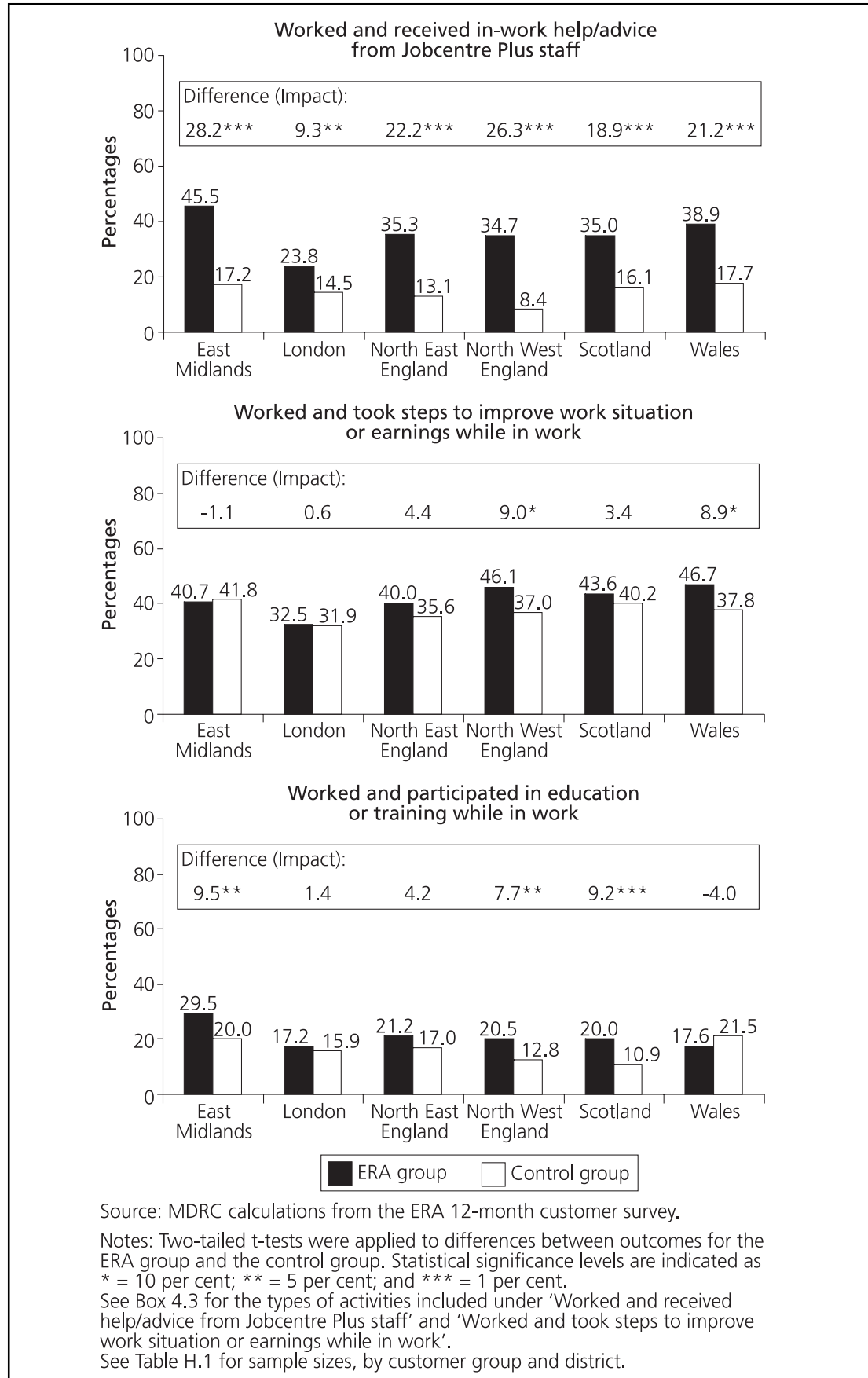
As will be discussed in more detail in the next chapter, 12-month job entry rates for NDLP programme group customers were highest in Scotland and Wales (about 72 per cent worked at some point) and lowest in London (55 per cent). Thus, fewer NDLP programme group members in London had an opportunity to take advantage of ERA's offer of in-work help and advice, compared with those in other districts.

The districts varied in the extent to which there was a programme-control group difference in NDLP sample members receiving in-work help and advice. But ERA led to increases in sample members' likelihood of receiving in-work assistance in all six sites, suggesting that the ERA 'treatment' was delivered in each. Increases ('impacts') ranged from nine to 28 percentage points, and were largest in the East Midlands (where 46 per cent of programme group members received such help, compared with 17 per cent of control group members) and North West England (where the corresponding numbers were 35 per cent and eight per cent). (See Figure 4.1.) For survey respondent sample sizes by customer group and district, see Table H.1.

In only two districts, however, did ERA result in a statistically significantly greater proportion of NDLP programme group members, compared with control group members, taking active steps to improve their conditions in work: in Wales and again in North West England. In both districts there was an increase of 9 percentage points in participation in such activity.

In three districts ERA resulted in statistically significant increases in the proportion of NDLP sample members undertaking education or training courses while they were employed. These districts included the East Midlands, Scotland and North West England, and programme-control differences in this type of participation were of similar magnitude in the three districts (from eight to ten percentage points).

**Figure 4.1 Activities while in work, by district, New Deal for Lone Parents customers**



### 4.2.7 Summary

Among the NDLP sample, the ERA programme, compared with the situation experienced by the control group, slightly increased the proportion of customers who received help and advice from Jobcentre Plus staff while they were out of work. But ERA did not increase NDLP sample members' likelihood of participating in activities to help them find a job or prepare for work in the first place.

The ERA programme doubled the likelihood that NDLP sample members would have contact with Jobcentre Plus staff while they were working and more than doubled the likelihood that NDLP customers would receive help or advice while they were in work, relative to what customers would have experienced without ERA. Notably, a surprising number of control group members also had contact with Jobcentre Plus staff while they were working and received some help and advice from them.

ERA produced small increases in the chances that NDLP sample members, while in work, would actually take steps to improve their work situation or find another job. ERA also slightly increased the likelihood that NDLP sample members would participate in a training or education course while they were employed. These increases were generally large enough to suggest that they were driven more by increases in service provision than by the eventual difference in employment rates between programme and control group members found for NDLP customers (discussed early in this section and in more detail in Chapter 5).

Available data indicate that, 12 months after entering the study, most NDLP programme group members recalled having been informed of the employment retention bonus but fewer recalled having heard of the training completion bonus. Receipt of these bonuses was relatively low, although 12 months after entering the study is an early point at which to measure bonus receipt.

## 4.3 New Deal 25 Plus

The ND25+ customers in the ERA study represent a group of older long-term unemployed people, mostly men, many of whom have multiple barriers to getting paid work. For these individuals, unlike for NDLP customers, participation in New Deal services while they are out of work is mandatory and they move into the ND25+ programme when they have been out of work for about 18 months.

Compared with the NDLP and WTC groups, the ND25+ group would be expected to have more difficulty securing jobs, even with the added incentive of employment retention or training bonuses. Given that these are long-term benefit recipients, however, the financial payoff for the New Deal would be large if ERA moved only a small additional portion of them into work and kept them in their new jobs longer.

### 4.3.1 Overall contact with Jobcentre Plus

Looking first at the control group, more than three-quarters of the ND25+ control group members had some contact with Jobcentre Plus staff following random



assignment. It is fair to wonder why this figure is not closer to 100 per cent, given that ND25+ is a mandatory programme. Those who had no contact were likely to be those who had dropped out of the programme right away because they got a job, were discovered to have one already or ceased to claim benefits for some other reason.

ERA programme group customers were more likely than control group members to have had contact with Jobcentre Plus staff and this six percentage point difference was statistically significant. Face-to-face contact was a little more likely among the ERA customers, and telephone conversations were far more likely (41 per cent of the ERA group experienced these, compared to 28 per cent of the control group) and more frequent, reflecting ASAs' preferred method of keeping in touch with their ERA customers. In addition, ERA customers were more likely than their control counterparts to initiate meetings with Jobcentre Plus staff.

### **4.3.2 Help and advice received and steps taken while not in work**

#### *Help and advice while not in work*

As expected, most ND25+ control group members reported that they had received out-of-work help and advice from a Jobcentre Plus adviser (Table 4.2). Most of this advice was directed to finding work, though about half had help finding training courses, which can be part of the ND25+ programme (Table D.4).

Although the experiences of the ND25+ ERA programme group differed little in these respects from those of the control group, since the pre-employment phase of ERA was essentially the same New Deal programme to which the controls were assigned, there were some small signs of ERA's more considered approach to job placement while people were out of work. Slightly greater fractions of the ERA programme group recalled advice about staying in work or advancing in the future and working out long-term career goals, for example, even if those receiving such advice when not working remained in a minority. In addition, slightly greater fractions of the ERA group recalled receiving help looking for education or training courses.

#### *Participation in job search, education, and training*

The data give a strong impression that when they were out of work, ND25+ customers – in the programme or control group – were as active in job search and related activities as the New Deal programme expects them to be and showed a good deal of enterprise beyond the programme's mandatory requirements. Over a third of those in both research groups, for example, put their names on the books of a private recruitment agency and more attended job clubs, while nearly all searched for work independently (Table D.4). Moreover, a third attended training courses while not in work. Finally, as was true among NDLP customers, only a small proportion recalled being advised to pass up an opportunity for employment in favour of the chance of a better offer in the future.

ERA generally did not produce any differences in 'out-of-work' activities for ND25+ customers: Programme and control groups had very similar rates of participation in job search or education and training activities.

**Table 4.2 Advice/help received and participation in activities: summary measures New Deal 25 Plus customers**

Outcome	ERA group	Control group	Difference (impact)	P-value
<b>Not in work and: (%)</b>				
Received help/advice from Jobcentre Plus staff	85.1	85.0	0.1	0.964
Participated in activities to help find a job or prepare for work	89.3	91.1	-1.8	0.153
<b>In work and: (%)</b>				
Had any contact with Jobcentre Plus staff	30.9	13.9	17.0***	0.000
Received help/advice from Jobcentre Plus staff	22.3	11.7	10.6***	0.000
Took steps to help improve work situation or earnings	28.7	29.8	-1.1	0.552
Took steps to find another job	13.3	12.2	1.1	0.445
Took steps other than the above to improve work situation or earnings	7.9	7.8	0.1	0.908
Participated in training or education	10.9	7.7	3.2***	0.007
<b>Regardless of work status: (%)</b>				
Participated in training or education	43.9	44.3	-0.3	0.874
Obtained any training or education qualifications				
GCSE	3.0	3.1	-0.1	0.866
A-level	1.4	1.0	0.4	0.380
Other	9.2	10.2	-1.0	0.439
Had heard of employment retention bonus	75.1	0.2	74.9***	0.000
Received employment retention bonus	22.5	0.2	22.4***	0.000
Had heard of training completion bonus	42.5	0.2	42.3***	0.000
Received training completion bonus	1.8	0.0	1.8***	0.000
Sample size	1,121	1,092		

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Very similar proportions of ERA and control group members in the New Deal 25 Plus customer group did and did not work during the follow-up period: In all, 95.2 per cent of the ERA group and 96.0 per cent of the control group **did not** work at some point during the follow-up period; 49.4 per cent of the ERA group and 49.1 per cent of the control group **did** work at some point during the follow-up period. Thus, New Deal 25 Plus customers in the ERA and control groups had equal opportunity to avail themselves of not-in-work and in-work services.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

### 4.3.3 Help and advice received and steps taken while in work

As was the case with the NDLP results, it is important to take into account any difference in the proportion of ND25+ programme and control group members who eventually entered work, as this might affect the interpretation of any research group differences in receiving in-work help or advice. In the case of the ND25+ customers, however, no such employment differences were found (as described in the notes at the bottom of Table 4.2 and discussed more fully in Chapter 5). Thus, ND25+ customers in the programme and control groups had equal opportunity to avail themselves of in-work services.

#### *Contact*

Fourteen per cent of all ND25+ control group members had any contact with Jobcentre Plus staff while working (Table 4.2). Expressed another way, this is 28 per cent of those who had had a job at some point in the 12 months of follow-up. Furthermore, eight per cent of the entire ND25+ control group (16 per cent of those who had jobs) were offered in-work help and advice from their PA without asking for it. Thus, even in the absence of ERA, some ND25+ recipients did access Jobcentre Plus services while in work. More of these contacts were face-to-face than on the telephone, and the majority of those who had face-to-face contact were in a Jobcentre Plus office more than once or twice.

ND25+ participants' eligibility for ERA more than doubled their likelihood of having in-work contact, compared with the control group: 31 per cent of the programme group members (63 per cent of just those who worked at all during the follow-up period) had contact with Jobcentre Plus staff while they were employed, compared to 14 per cent of control group members, yielding a 17 percentage point impact on having in-work contact. Moreover, programme group members' contacts were more frequent. Programme group members' rates of telephone contact, for example, were roughly three times higher than the rates for control group members.

#### *Help and advice while in work*

Few – 12 per cent – of ND25+ control group members reported that they received actual help or advice while in work (Table 4.2). For those who received it, this help and advice was more than a practical sorting out of detail soon after entry into work. These control group members received advice on training courses and on aspects of work that are recognisably advancement and retention issues, too, such as getting a better or more permanent job, increasing their hours and even negotiating better pay and conditions and working out long-term career goals (Table D.5).

Compared with the control group, the ERA programme group was more likely to have been in work and to recall receiving in-work help and advice: 22 per cent overall (45 per cent of those in work at some point) were in this situation, which is twice the rate of the control group. In the case of the ERA programme group, the in-work help and advice was more likely to emphasise getting a better job, increasing their hours and getting more education or training, which corresponds to the likely effects of the cash bonuses available for full-time sustained work and training.

It must also be remembered, however, that 78 per cent of all those in the ND25+ ERA group (55 per cent of those who were in work at some point) recalled no in-work help or advice. Thus, while ERA provided in-work help and advice to many individuals who otherwise would not have received it, there was opportunity to provide it to many more.

#### *Participation in job search, education and training and advancement activities while in work*

The control group results show that, once in work, people leaving ND25+ have a more enterprising approach to their new jobs than they are commonly credited with. Thirty per cent of all control group members (or 61 per cent of those who had had jobs at some point in the 12-month follow-up period) said they '...took steps...' to help improve their work situation or earnings (Table 4.2). These efforts were concentrated on attempts to increase hours and look for a better job, usually with a new employer, though about one in seven in work tried to negotiate a pay rise or better conditions of service.

Table 4.2 suggests that the additional in-work help and advice reported by ERA programme group members had not yet led to additional action on their part, at least during the 12-month follow-up period. Programme group members' reports of activity to improve their working conditions or seek better jobs elsewhere were almost identical to those of the control group. The sole exception was a small but statistically significant increase in in-work education and training undertaken by the ND25+ ERA programme group compared with controls (11 per cent compared to eight per cent). In other words, ERA increased the likelihood that ND25+ customers would combine work and training by 3.2 percentage points. This probably reflects, in part, the cash bonuses associated with ERA in-work training not available to members of the control group.

#### **4.3.4 Achievement of training or education credentials**

The outcomes in terms of new qualifications ND25+ sample members earned since random assignment were very similar, and as meagre, as those found for the NDLP sample members. More than four out of ten ND25+ customers had participated in training but only about three per cent overall (or about seven per cent of those taking training) obtained a GCSE qualification or its equivalent in the 12 months following random assignment. Fewer got any higher qualifications but about one in ten, overall, obtained one of a wide variety of mainly vocational qualifications. Again, the proportions receiving new qualifications were the same among ND25+ ERA customers as among the control group (Table 4.2).

#### **4.3.5 Awareness and receipt of ERA employment retention and training bonuses and other financial assistance**

As shown in Table 4.2, three-quarters of the ND25+ ERA programme group reported that they had heard of the employment retention bonus. Overall, 23 per cent of all ND25+ programme group members reported that they had received the

employment retention bonus within the 12-month follow-up period – a figure that is roughly matched by spreadsheets maintained by ERA district staff. This figure represents 46 per cent of those who held a job at some point during the follow-up period.

Preliminary data that detail bonus receipt beyond the 12-month follow-up period, to January 2006, suggest that, among those ND25+ sample members who received an employment retention bonus, about three-quarters had received one or two bonuses by early 2006; less than one-quarter had received three or more. A little more than half (54 per cent) of the ND25+ programme group members who reported receiving the bonus within the 12-month follow-up period recalled having met with their ASA when they claimed their bonus, representing just 12 per cent of the ND25+ ERA group as a whole.

Only a third of those who had received the employment retention bonus said that it had had 'a lot' of influence in deciding the hours they would work, presumably since workers usually leave ND25+ for full-time jobs whose hours are prescribed by their new employers. Only slightly more said the bonus had had 'a lot' of influence on their decision to **stay** in full-time work.

ND25+ customers were even less aware than NDLP customers of the ERA training completion bonus available: 42 per cent had heard something about it and just two per cent had received one. The survey data give the impression that the majority of those few receiving this bonus may have taken a training course and stayed with it regardless of the bonus; only a third said it influenced their decision 'a lot' to start training or continue in it.

ND25+ ERA customers, like their NDLP counterparts, were also eligible for monetary assistance to pay the fees of approved training courses. Preliminary data files containing information on payments through January 2006 suggest that less than four per cent of all ND25+ ERA customers received such assistance with tuition fees and that these payments averaged about £450 among those who received them.

Receipt of EDF monies among ND25+ ERA customers was more common: almost seven per cent of all ND25+ ERA customers received payments to take care of minor financial emergencies that might interfere with employment retention. Preliminary data to January 2006 suggest that ND25+ ERA customers who received these funds were each given an average of about £200.

#### **4.3.6 District differences**

When examining district differences, it is important to take into account the differing proportions of sample members in each site who had time in work during the 12-month follow-up period. Notably, there was wide variation in this outcome: Job entry rates for ND25+ ERA customers were highest in the East Midlands (56 per cent) and strikingly, lowest in London (36 per cent), suggesting that fewer ERA programme group members in London had an opportunity to take advantage of

ERA's offered in-work help and advice, compared with programme group members in other districts.

While in-work help and advice was delivered to ND25+ ERA customers everywhere, the sites differed in the extent to which there was a programme-control group difference in receiving this assistance. ERA led to statistically significant increases in sample members' likelihood of receiving in-work help and advice in all districts except London (Figure 4.2). These increases ranged from seven to 17 percentage points, and were largest in the East Midlands, Wales and North West England.

Notably, ERA did not lead to statistically significant increases in any district in customers actually taking steps to find a new and better job. In addition, the increase in participating in training or education courses while working, which was statistically significant when all sites were combined, attained statistical significance in only one district – London, where there was a five percentage point increase in this behaviour.

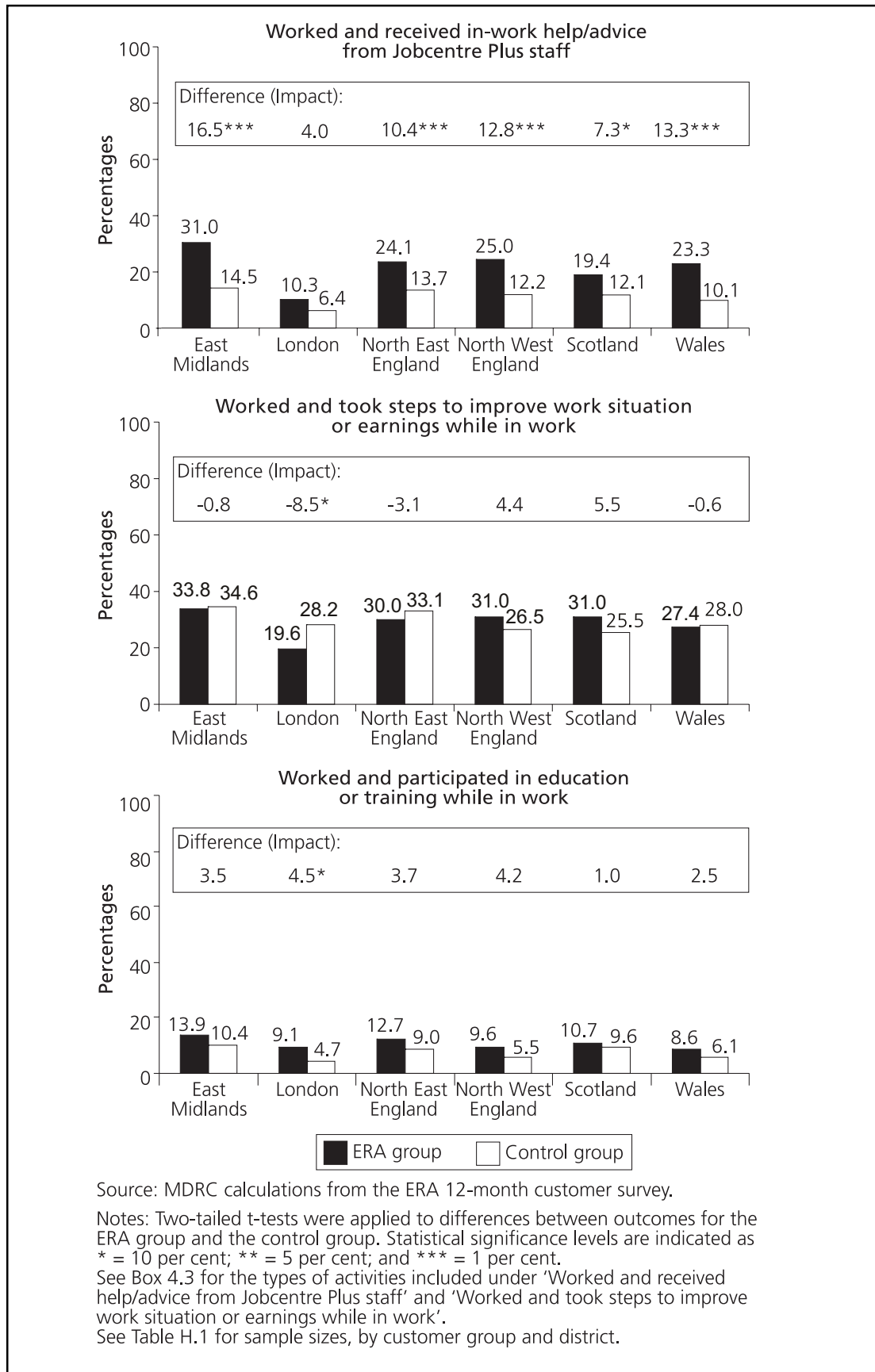
#### **4.3.7 Summary**

For ND25+ customers, the ERA programme did not alter much of their Jobcentre Plus experience while they were not in work: Equal proportions of the programme and control groups reported that, while not in work, they received help or advice or were active to find a job or prepare for work.

The ERA programme, however, doubled the chances that ND25+ sample members would have contact with Jobcentre Plus staff while they were in work or would receive help or advice while they were in work. Notably, the increases for the ND25+ customers fostered by ERA were not as large as those for the NDLP customers. ERA also produced a small increase in the chance that ND25+ sample members, while in work, would participate in a training or education course.

A year after entering the study, most ND25+ programme group members recalled having been informed of the job retention bonus. The proportion receiving this bonus was larger than it was among the NDLP group, in part because when ND25+ customers entered work, they were much more likely to take full-time rather than part-time jobs. Only very small proportions of ND25+ customers had received a training bonus by the time of the 12-month survey.

**Figure 4.2 Activities while in work, by district, New Deal 25 Plus customers**



## 4.4 Lone parents receiving Working Tax Credit

The lone parents randomly assigned when they were working 16 to 29 hours a week and receiving WTC, have a special value in this evaluation because they all had paid work at the start of the scheme. In-work services could be offered to them straight away. Not all of them, however, remained in work throughout the next 12 months. Almost a quarter spent some of that time **not** working, which is itself a clear indicator of the need for in-work support.

Compared with the NDLP and ND25+ groups, the WTC group might be expected to have members who were more responsive to ERA for two reasons: They were recruited on the basis of the advantages ERA might immediately offer them and they were interested enough to volunteer for random assignment. Equally, though, the WTC control group is composed of working lone parents who were also keen on what ERA might offer but were denied ERA services by chance. So they, too, may represent the more enterprising kinds of working lone parents.

As described in Chapter 2, WTC sample members interviewed as part of the 12-month survey are disproportionately from the East Midlands – almost half of the WTC sample members in the whole programme are from this site. This section of the chapter therefore focuses primarily on the ERA 'treatment' for WTC sample members as it unfolded in that district. Where different patterns were observed for the smaller samples of WTC survey respondents in the other five districts, it is noted.<sup>24</sup>

### 4.4.1 Overall contact with Jobcentre Plus

Around one-quarter of the East Midlands WTC control group had some contact with Jobcentre Plus staff during the 12 months following their random assignment; more than half of these had at least one face-to-face contact. Almost all of the WTC control group customers who had any in-person contacts initiated at least one of the contacts themselves, as Jobcentre Plus staff would have had little reason to contact them. Moreover, these East Midlands WTC control group members did not visit the Jobcentre Plus office just once; over one-third of those who visited the office did so at least three times.

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<sup>24</sup> Unlike the method used in Chapter 5, this chapter, while focusing on the WTC East Midlands results, also references WTC results for North West England, in addition to the other districts. North West England has a customer survey sample size, combining the programme and control group, of 45, whereas the other non-East Midlands districts have survey sample sizes ranging from 102 to 192. North West England's small sample also inexplicably includes a number of customers who did not report being employed as of random assignment. Since over three-quarters of the sample reported employment at some point during the 12-month follow-up period, however, and the broad participation outcomes discussed in this section are tied to having at least some time 'in work', WTC results for North West England were included in this chapter's analysis.



Some of this contact was associated with periods of not working, of course, but the greater part was contact while working, as discussed below. It seems fair to wonder whether a proportion of these in-work contacts were stimulated by the initial outreach by Jobcentre Plus in their recruitment of WTC recipients to volunteer for random assignment. Though perhaps disappointed by their assignment to the control group, some may nevertheless have decided to go back to Jobcentre Plus anyway for help and advice outside the ERA programme. This is examined more closely below.

Whatever the motives of the control group, it is nevertheless clear that the ERA scheme passed an important test, in that Jobcentre Plus staff had contact with about nine out of ten of those in the East Midlands WTC programme group. The great majority of those who had contact in this district had at least one face-to-face meeting. Furthermore, half of the East Midlands WTC ERA programme group (about two-thirds of those with any in-person contact) reported that they had initiated at least one contact themselves. The majority of those with face-to-face contacts had had more than three contacts with Jobcentre Plus staff.

#### **4.4.2 Help and advice received and steps taken while not in work**

Only a minority (21 per cent) of the East Midlands WTC control group spent any time out of work during the 12-month survey period. A slightly lower proportion (17 per cent) spent time out of work **and** received help and advice from Jobcentre Plus to get back into work (Table 4.3). This implies that most of the controls who left work turned to Jobcentre Plus for work-related assistance. This help and advice covered the full range of advice and help that recently unemployed lone parents can expect from Jobcentre Plus, including job search assistance, enquiries about childcare or training and some discussion of longer-term career goals (Table D.7).

In the East Midlands, WTC programme group members were more likely than control group members to report receiving such out-of-work assistance. This was not the case in some of the other districts with smaller WTC samples.

**Table 4.3 Advice/help received and participation in activities: summary measures Working Tax Credit customers – East Midlands only**

Outcome	ERA group	Control group	Difference (impact)	P-value
<b>Not in work and: (%)</b>				
Received help/advice from Jobcentre Plus staff	16.8	10.3	6.5***	0.006
Participated in activities to help find a job or prepare for work	17.8	15.0	2.8	0.294
<b>In work and: (%)</b>				
Had any contact with Jobcentre Plus staff	85.9	19.4	66.6***	0.000
Received help/advice from Jobcentre Plus staff	84.7	21.9	62.8***	0.000
Took steps to help improve work situation or earnings	72.8	66.9	5.9*	0.099
Took steps to find another job	34.1	25.0	9.1**	0.011
Took steps other than the above to improve work situation or earnings	16.6	12.9	3.7	0.180
Participated in training or education	58.4	44.7	13.8***	0.000
<b>Regardless of work status: (%)</b>				
Participated in training or education	63.6	47.6	15.9***	0.000
Obtained any training or education qualifications				
GCSE	4.7	3.9	0.8	0.618
A-level	3.3	2.8	0.6	0.678
Other	17.0	10.1	6.9**	0.011
Had heard of employment retention bonus	79.8	0.1	79.7***	0.000
Received employment retention bonus	21.3	0.1	21.2***	0.000
Had heard of training completion bonus	82.6	0.0	82.6***	0.000
Received training completion bonus	20.9	0.1	20.8***	0.000
Sample size	325	334		

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Very similar proportions of ERA and control group members in the WTC customer group in East Midlands did and did not work during the follow-up period: In all, 21.1 per cent of the ERA group and 17.5 per cent of the control group **did not** work at some point during the follow-up period; 96.0 per cent of the ERA group and 97.9 per cent of the control group **did** work at some point during the follow-up period. Neither of these differences was statistically significant. Thus, WTC customers in East Midlands in the ERA and control groups can be presumed to have had equal opportunity to avail themselves of not-in-work and in-work services.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. In rare cases this resulted in small negative adjusted means. These values were subtracted from the adjusted mean of the other research group and subsequently changed to zero. Thus, the value of the impact estimate was unchanged.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

### 4.4.3 Help and advice received and steps taken while in work

#### *Contact*

About a fifth (19 per cent) of the East Midlands WTC control group reported having worked **and** had contact with Jobcentre Plus staff while in work during the 12 months following random assignment (Table 4.3). Almost all of those who had contact had at least one face-to-face meeting, and most had at least one telephone contact. Almost a fifth of all East Midlands WTC control group members said they would have liked more contact with Jobcentre Plus staff.

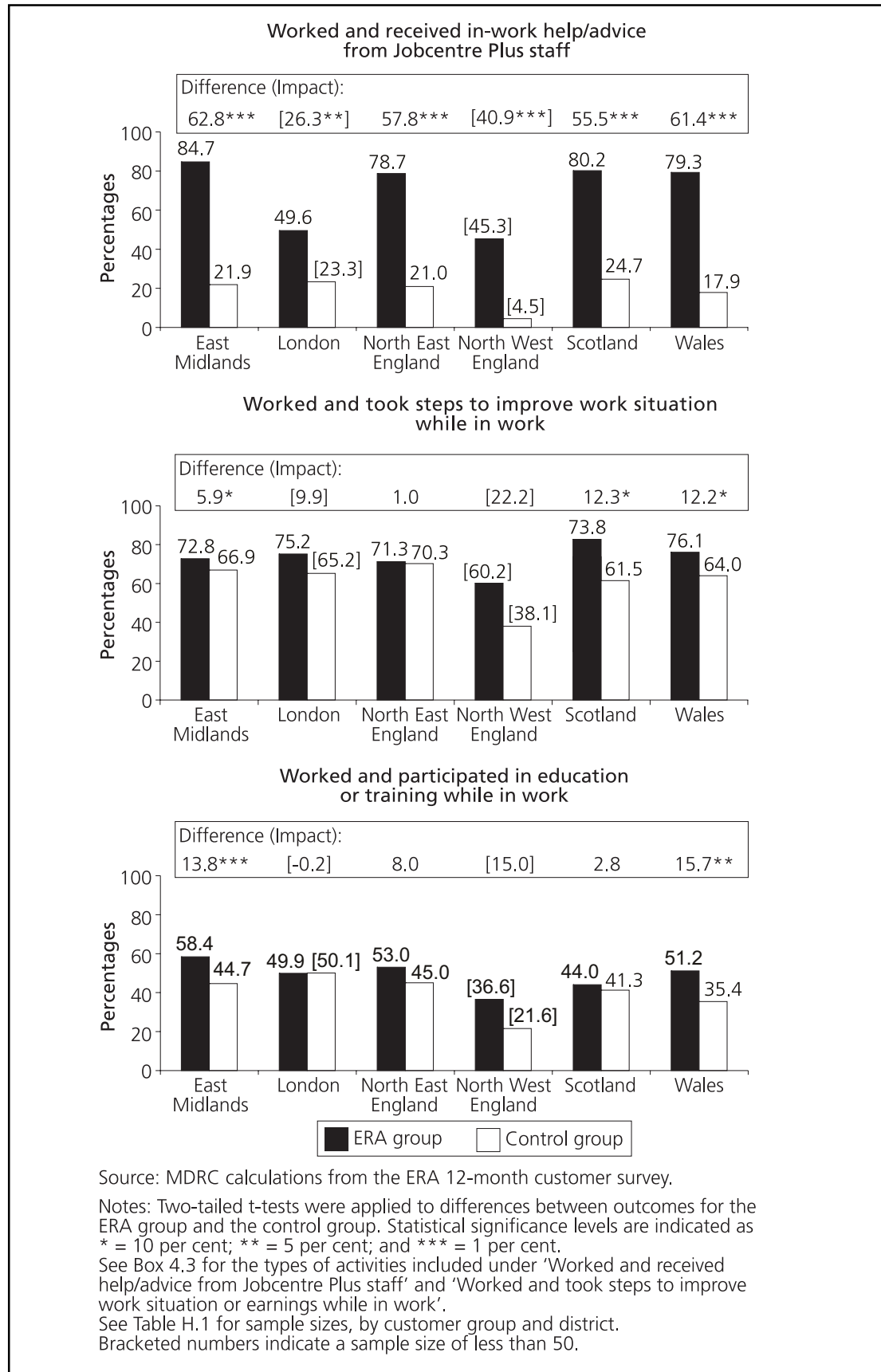
As prefigured above, the WTC programme group had vastly more contact with Jobcentre Plus staff while working: 86 per cent of the East Midlands WTC programme group members worked and had such contact, compared with 19 per cent of the control group, for an impact of almost 67 percentage points. Most programme group members in the East Midlands had both face-to-face and telephone contact; the majority at least three times.

#### *Help and advice while in work*

In the East Midlands, 22 per cent of the WTC control group members received Jobcentre Plus help and advice while they were working. These individuals mostly received help or advice getting better pay and conditions or finding education and training courses. Many more in the ERA programme group, by contrast, recalled receiving in-work help and advice (Table 4.3), resulting in a 63 percentage point impact on this measure. Compared with control group members, East Midlands WTC programme group members, for example, were five to eight times more likely to be advised about increasing their hours (relating to the bonus available), training, planning long-term career goals and getting a job with better pay or conditions (Table D.8).

Figure 4.3 (top panel) compares the East Midlands' impacts on the receipt of in-work help and advice with the results from other districts. All of these other districts produced a substantial increase, ranging from 26 percentage points to 61 percentage points. However, these estimates should be viewed with caution, given the much smaller sample sizes on which they are based.

**Figure 4.3 Activities while in work, by district, Working Tax Credit customers**



### *Participation in job search, education and training and advancement activities while in work*

Almost 67 per cent of the East Midlands WTC control group said they had taken steps to help improve their work situation or earnings while in work – a rate much higher than the 37 per cent rate among the NDLP control group and 30 per cent among the ND25+ control group. This suggests either that the ERA recruitment process selected a particularly motivated enterprising group of lone parents or that the WTC customers had been in work longer when they entered ERA, so they were more ready to focus on advancement.

More than a third of the control group members reported that they had tried to increase their hours of work, this even in the absence of an offer of an employment retention bonus in their case.<sup>25</sup> Over one in six had tried to get a pay rise, more tried to negotiate better terms and conditions and 26 per cent had sought better work elsewhere, all while working. Forty-five per cent had undertaken a training course while working, a proportion almost three times greater than in the NDLP control group (16 per cent).

Though the in-work enterprise shown by the WTC control group is noteworthy, the WTC ERA group showed a little more. There was a six percentage point increase in the proportion taking steps to improve their work situation in the East Midlands (slightly higher in a few other districts but with no statistically significant difference in some – see Figure 4.3). These attempts at improvement were focused on increasing hours and trying to get a better job with another employer (Table D.8). In addition, in the East Midlands, the WTC ERA programme group was 14 percentage points more likely than the control group to participate in education or training while in work. (A similar result was found in only one other district, Wales.)

#### **4.4.4 Achievement of training or education credentials**

Again, the outcomes in terms of new qualifications received since random assignment were similar to those found for the NDLP and ND25+ sample members, even though more of the WTC customers had participated in training. About five per cent overall (or about seven per cent of those taking training) obtained a GCSE qualification or its equivalent and fewer got any higher qualifications. However, just as more WTC programme group members, compared with WTC control group members, participated in training, so they were also more likely than the control group to get one of a wide variety of mainly vocational qualifications (17 per cent compared to ten per cent; see Table 4.3).

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<sup>25</sup> As described in Chapter 2, an incentive of about £12 a week in additional tax credits associated with working more than 29 hours a week is available to all claimants, including individuals in the ERA control group.

#### **4.4.5 Awareness and receipt of ERA employment retention and training bonuses and other financial assistance**

Almost 80 per cent of the East Midlands WTC programme group members said they had heard of the employment retention bonus and 21 per cent reported that they had received at least one such payment within the 12-month follow-up – a figure roughly matched by ERA district data.

Given that almost all of the WTC sample members started off already in work and appeared to have greater enterprise and interest in immediate advancement relative to the ND25+ and NDLP sample members, it is surprising that the bonus receipt rate for the WTC group is not higher. Preliminary data that detail bonus receipt beyond the 12-month follow-up period suggest, further, that WTC sample members were not more likely than sample members in the other two targets groups to receive additional employment retention bonuses. Regardless of district, about three-quarters of those who received a bonus got one or two through early 2006; the remaining one-quarter received three or more.

About 83 per cent of the East Midlands WTC ERA customers were aware of the training completion bonus. This is substantially more than the rates observed among the NDLP and ND25+ ERA customers (51 per cent and 43 per cent, respectively). There is evidence from staff interviews that it was the prospect of generous support for training that most attracted the WTC customers to volunteer for random assignment in the first place. According to staff, this opportunity was valued even more than the prospect of the employment retention bonus, which involved an increase in their working hours that many did not welcome at that point. Many had, after all, only recently chosen to work no more than 29 hours a week and they had made this choice for considered reasons. WTC programme group members receiving the training completion bonus were also much more likely than those in the other two ERA groups to say that this bonus had influenced them 'a lot' to begin and to continue training.

Overall, 21 per cent of the WTC ERA customers in the East Midlands received a training completion bonus – a much higher proportion than among the NDLP and ND25+ customers. This is perhaps reflective, in part, of ERA's effect of increasing, in the East Midlands, WTC customers' likelihood of participating in training or education while working. Regardless of district, preliminary data suggest that over 90 per cent of those receiving a training completion bonus got one or two to early 2006. The average training completion bonus issued was about £370; the average total amount of this bonuses received per person was about £450.

WTC customers were also eligible for help in paying the fees of approved training courses that they took while they were employed. Almost 16 per cent of WTC ERA customers received this type of assistance, according to preliminary data to January 2006, that covers all six districts. This is a much higher receipt rate of training fee assistance than observed for the NDLP or ND25+ customer groups. Among WTC customers, these payments averaged about £360 per person among those who

received them, a lower average amount than that found for the other two customer groups.

A higher proportion of WTC customers, compared with the other two customer groups, also received EDF monies. Almost 14 per cent of all WTC ERA customers (across all six districts) received such payments to deal with financial emergencies that might prevent employment retention. Preliminary data to January 2006 suggest that WTC customers who received these funds were, like those in the other two customer groups, each given an average of about £200.

#### **4.4.6 Summary**

Among WTC customers, about one-fifth spent any time during the 12-month follow-up period not in work. For these individuals, the ERA programme did not substantially alter their experiences with Jobcentre Plus while they were not in work, although there were some district variations in this finding.

The ERA programme did substantially alter WTC sample members' experiences while they were in work. ERA programme group members were about four times more likely than control group members to have had contact with Jobcentre Plus staff while they were working and to have received help or advice while they were in work. These increases were much larger than those found for the NDLP or ND25+ customers. ERA also produced a small increase in the chance that WTC sample members, while in work, would take steps to improve their work situation or find another job and a larger increase in the chance that they would participate in a training or education course while in work. They gathered a few more qualifications, too.

A year after entering the study, most WTC programme group members recalled having been informed of both the job retention bonus and the training bonus. As of this same point in time, the proportion of the WTC programme group that had received the job retention bonus was similar to that found for the ND25+ programme group but somewhat higher than the rate for the NDLP programme group. However, the likelihood of receiving the training completion bonus or tuition assistance was much higher for the WTC group than for the two New Deal customers groups in ERA.

### **4.5 Attitudes towards work and Jobcentre Plus staff**

It might be unrealistic to expect large impacts upon behaviour during individuals' first 12 months of ERA. However, customers' orientation to work and advancement and to Jobcentre Plus, might be affected by their having a full-time ASA when they were both in and out of work and by their awareness of the availability of employment retention and training completion bonuses. This section examines these attitudes and knowledge and highlights any programme-control group differences in attitudinal measures.

### 4.5.1 Attitudes towards work

For those working at the time of the interview, the customer survey probed whether they were interested in advancing in work. About half of the then-employed NDLP and ND25+ control group members said they had a general desire to advance – to get on and improve their pay and conditions as quickly as possible. Among the others – who reported that they wanted to stay as they were for now – most thought they might want to improve their pay and terms six months or a year or more into the future. Among the ND25+ control group members, the most common reasons for their lack of enthusiasm to advance immediately included the view that they were happy as they were at the moment or felt they needed better skills and more experience. Unlike the ND25+ group, the NDLP group tended to name childcare as the main obstacle to immediate advancement, though many said they were happy with their present situation.

Reflecting a higher degree of enterprise, WTC control group members were much more likely than NDLP control group members to say they had a desire to get on and improve their pay and conditions as quickly as possible. Like the NDLP group, however, those preferring to defer their advancement cited childcare responsibilities or a general contentment with their present circumstances as reasons for their lack of desire to immediately advance.

At the 12-month follow-up point, there is no evidence that the ND25+ or WTC ERA programme groups had developed an enthusiasm for advancement greater than that expressed by their respective control groups. Among the NDLP customers, ERA programme group members were slightly more likely than control group members to report that they wanted to get on and improve their pay and terms as quickly as possible.<sup>26</sup>

### 4.5.2 Attitudes towards Jobcentre Plus staff

Other research has shown that Jobcentre Plus customers generally think well of their PAs. This finding is supported by findings from the ERA customer survey as well.

For both New Deal groups, roughly half of the control group members said they liked to seek out a particular member of staff at the Jobcentre Plus office. This was true even among the ND25+ control group members, who were on a mandatory programme.

Among those who sought out a particular staff person, nearly all NDLP and ND25+ control group members said that this person had made at least 'some' and usually 'a lot' of effort to get to know them and had given corresponding levels of support. Even among those who felt they had received only minimal encouragement from

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<sup>26</sup> These are non-experimental comparisons, as the characteristics of programme and control group customers who were employed as of the 12-month customer interview may differ.



their advisers while they were working, over three-quarters thought that they would have received more if they had sought it.

Overall, considering all those who had any contact with Jobcentre Plus staff during the 12-month follow-up period, the majority of NDLP and ND25+ control group members rated the help and advice they received as 'very' or 'quite' helpful.

The NDLP and ND25+ ERA programme group members shared this generous opinion of Jobcentre Plus staff but were much more likely to say they had a special person they sought out, presumably their ASA, and to say that this person had given them 'a lot' of support while they were in work. In addition, considering all those who had any contact with Jobcentre Plus staff, ERA customers were more likely than control group members to rate the help and advice they received as 'very helpful'.<sup>27</sup>

As might be expected, relatively few WTC control group members sought out a particular staff member at Jobcentre Plus. In contrast, over two-thirds of the WTC ERA programme group customers who had contact with Jobcentre Plus had identified a particular person, presumably their ASA, as the person they should see at the office. Like those in the other two target groups, the WTC ERA customers were more likely than their control group counterparts to say that the help and advice they received was indeed helpful.

## 4.6 Conclusions

Not surprisingly, the ERA programme, compared with the situation experienced by the control group, had only a small or no impact on increasing the proportions of NDLP and ND25+ customers receiving **out-of-work** advice, or on their propensity to engage in activities that would help them find or prepare for work. This is because the pre-employment New Deal services were largely the same for the programme and control groups.

The ERA programme produced a much greater impact on the proportion of customers who received **in-work** help and advice across all three customer groups, though surprising numbers of control group members obtained such advice in the absence of ERA. There was evidence that the advice given to ERA customers was more pointed towards retention and advancement issues, especially increasing hours and obtaining new training.

More of the ERA lone parents, compared with their control group counterparts, took steps while working to improve their earnings and terms of employment, especially seeking to increase their hours. These differences in in-work activity were

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<sup>27</sup> Again, these are non-experimental comparisons, as the characteristics of programme and control group customers who had contact with Jobcentre Plus staff may differ.

small but statistically significant. ERA also increased for all three target group customers' participation in training or education courses while they were working. This impact was particularly large for the WTC group.

ERA's effects on the likelihood that customers would receive in-work help and advice from Jobcentre Plus staff or would take action to remain in and advance in work were fairly similar across the six districts included in the study. If any districts stood out from the rest, they would be the East Midlands and North West England for the NDLP sample.

ERA is a post-employment programme and can be effective only to the extent that its customers are in work. Only half of the ND25+ group and two-thirds of the NDLP group had any paid work during the 12-month survey period. As previously discussed in Chapter 3, not all ERA customers who worked during the first 12 months of follow-up received the expected in-work supports from ERA. In fact, 46 per cent of the **working** NDLP customers, 55 per cent of the **working** ND25+ customers and 12 per cent of the **working** WTC recipients did not receive the in-work support and advice that ERA was designed to provide. Nevertheless, the significance of this shortfall in the delivery of in-work help and advice to working ERA customers is a matter for judgement: the shortfall may have occurred, in part, because:

- a proportion of these had only recently entered work and their ASA had not yet been in touch to arrange a meeting;
- only a minority of the full samples were receiving the employment retention or training completion bonuses that would have pulled them into the office to claim, where they would receive more help and advice;
- other contact might have been made but forgotten during the telephone interview.

Still, these figures on not receiving in-work support remain quite high, especially perhaps in the case of NDLP customers. It will be important to see whether the strengthening of the delivery of ERA (described in the previous chapter), which occurred most intensely during the period beyond that examined in this chapter, enabled programme staff to contact and deliver services to those not 'touched' by the programme in the first year of follow-up, and to improve on the intensity and range of services delivered to all ERA customers. Results from a subsequent customer survey, which is being administered 24 months after customers entered the study, will be important evidence.

# 5 Impacts on employment, earnings and benefits

## 5.1 Introduction

This chapter provides the first evidence of whether Employment Retention and Advancement (ERA) achieved its key objectives of increasing employment retention and advancement. These are early findings and will be built upon when more information becomes available from the second wave of survey interviews and from additional administrative records. Retention and advancement are, after all, intrinsically long-term concepts.

As discussed in Chapter 2, roughly 16,000 individuals were randomly assigned in the course of the experiment. While it is possible to use linked administrative records to estimate impacts on all those randomly assigned, at the time of writing, the accuracy and completeness of national employment-related administrative data had not been fully established (to date, these data have only rarely been used in evaluation research in Britain).<sup>28</sup> A particular drawback is that information on earnings is not yet available. Furthermore, only those earning more than £4,895 in 2005/06 (£5,035 in 2006/07) are captured in the administrative data. In view of the 'work-in-progress' nature of these data, the results in this chapter are based predominantly on responses to the survey questionnaire. By the time of the second-stage report, it is anticipated that some of the uncertainties surrounding the administrative employment data will be resolved so that results for all those participating in the experiment will be possible.<sup>29</sup>

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<sup>28</sup> The administrative records data on employment are taken from the Work and Pensions Longitudinal Study (WPLS) and originate from information reported by employers to HM Revenue and Customs for tax purposes.

<sup>29</sup> For now, the only use that is made of these data is to act as a sensitivity test for the survey-based results (Table E.1) and to examine the extent to which survey non-response may affect impact estimates (Table G.2).

A consequence of using survey responses is that the sample size is reduced to the number responding to the survey – about 6,000 people. In Appendix G, the possibility is investigated that focusing on this smaller sample may yield different estimates from those based on the full sample. No evidence is found to suggest that restricting analysis to the smaller sample would bias estimates. An important advantage of concentrating on the survey sample is that the impact analysis results are based on the same sample as used for the analysis in Chapter 4.

As discussed in Chapter 2, customers randomly assigned between 1 December 2003 and 30 November 2004 were interviewed 12 months later, so the survey data allow the effect of ERA over the period of a year to be observed for all those interviewed. It should be noted that the outcomes that are considered are mostly those provided by the survey. The exceptions are some of the results on benefit receipt (the administrative records are better understood and more reliable for benefit receipt than they are for employment and earnings, so their use in this analysis is less uncertain). The tables in this chapter always identify those results that are based on administrative records.

### **5.1.1 The expected early effect of ERA**

To provide a context for the interpretation of the results, it is helpful to first consider what effects one might expect to see. Some customers – those in the New Deal for Lone Parents (NDLP) and New Deal 25 Plus (ND25+) groups – were out of work or working fewer than 16 hours per week at the time of random assignment. For them, ERA is being compared with services offered through the New Deal programme, and may influence job search behaviour in two key ways: First, advisers may encourage those looking for employment to identify jobs that are more likely to be long term or to offer potential for advancement. Restricting the type of eligible jobs in this way may extend the period of job search. Second, the bonus payments provided by ERA alter the financial incentives for looking for work. Specifically, the retention bonus increases the reward for employment and may encourage individuals to consider jobs that otherwise they might have considered as too poorly paid. This may expand the pool of potential jobs considered and therefore, speed up the job search process. The combined effect of these two potentially opposing influences on moving into employment is difficult to predict. However, since the retention bonus is payable only to those working 30 or more hours per week, and there is nothing in the design of ERA to act against this incentive, an expected effect is that ERA will prompt individuals to favour full-time rather than part-time work. For customers who were already working 16 or more hours per week at the time of random assignment – the Working Tax Credit (WTC) group – the retention bonus should again encourage a move from part-time to full-time work.

It does not immediately follow, however, that moving from part-time to full-time work will increase ERA customers' earnings. Clearly, if individuals simply work more hours at the same wage, their earnings will increase. But individuals may choose to work full-time but at a lower wage because it suits their personal objectives. This may be because the combination of earnings and the retention bonus leaves them

better off, or the lower-paying job may have particular characteristics that are attractive. For example, it may be located more conveniently or may offer improved employment benefits.

Clearly, there are differences among the groups that will influence how ERA will affect them. The ND25+ group consists primarily of childless unemployed men who are mandated to participate in the New Deal programme. Because part-time work is relatively rare among this population, ERA is unlikely to have much effect on encouraging a move from part-time to full-time work. The NDLP group, on the other hand, largely comprises women receiving Income Support (IS), all of whom entered the programme by first attending the Jobcentre Plus office, voluntarily seeking out services. The WTC group is also made up of lone parents, mostly female. Among both lone parent groups, part-time work is common, so one would expect ERA to be more instrumental in increasing hours worked.

In addition to the effects expected from the design of ERA, it is also important to take account of the way ERA was implemented, as discussed in detail in Chapter 3. Problems were encountered in the early period of ERA, while Jobcentre Plus management, who were struggling to meet job entry targets, gave less attention and support to ERA than they might have given. Furthermore, Advancement Support Advisers (ASAs) were not familiar with the provision of post-employment services, and many felt they had received insufficient training in this regard. Indeed, ASAs' conceptualisation of advancement took some time to evolve. Once customers were in work, ASAs found it difficult to maintain contact. All these implementation problems are relevant when trying to understand the observed effect of ERA.

Perhaps the most important point to bear in mind is that the delivery of ERA appeared to improve over time. It is extremely difficult to identify with any precision how these differences in implementation might affect outcomes, or precisely when particular obstacles to effective operation were overcome. However, the broad point remains that ASAs were on a learning curve as they started to implement ERA, and that, initially at least, delivery was not without its problems. For this reason, the longer-term effects of ERA will be of great interest. Not only are retention and advancement more likely to be observable in the longer term, but the fact that the delivery of ERA took some time to mature means that these longer-term results will also capture more closely the effects of ERA as it was designed. Results from Chapter 3 suggest that it was not until mid- to late 2005 that the early problems with the delivery of ERA were overcome. A consequence of this is that, for some, the impacts reported in this chapter are those associated with a period of imperfect ERA delivery.

### **5.1.2 An overview of the main findings**

The results in this chapter are shown for the six demonstration districts as a whole, as well as district by district. The effects for the six demonstration districts as a whole are calculated as a simple average of the six district-level results.<sup>30</sup> In effect, this average

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<sup>30</sup> A different approach was used for the WTC group. This is explained in some detail in Section 5.4.

represents an estimate of how ERA might operate in a range of circumstances, acknowledging that there may be district-level variations in the way ERA is operationalised. As such, it provides a convenient way of summarising the broad effects of ERA. The result for each district provides a separate test of ERA. Because each such test is equally valid as an estimate of how ERA may affect outcomes in a particular context, each district is given the same weight when calculating the overall summary effect. This summary effect can therefore be seen to represent the average effect of six separate tests of ERA.<sup>31</sup>

Consideration of the district-level results allows the observed effects to be linked more directly with a specific type of delivery, so that variations in effects can be explored more thoroughly. As will be seen, there is considerable variation across districts in the effects of ERA. As discussed above, this may be due to differences in how ERA is implemented. It may also reflect local differences in the characteristics of the population or local economic conditions.

Consideration of the district-level results also shows whether ERA can be effective in different places. Similarly, subgroup analysis is informative of whether ERA can be effective for different types of people. Ideally, ERA would help everybody regardless of their location or characteristics. However, knowing which segments of the population are most likely to benefit from ERA may be important information when later considering any redesign or fine-tuning of ERA.

To preview the main findings:

- For the NDLP group as a whole, ERA increased the proportion in work at some point during the year, although there was no effect on the proportion in employment in month 12. The main effect was to encourage full-time rather than part-time work and, as a result of this, to increase earnings during year 1 and reduce the use of IS benefits. The increase in full-time work and earnings was seen in all districts, although the effects were not always statistically significant. North West England stands out for its very large increases in employment and earnings in year 1.

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<sup>31</sup> Rather than weighting each district equally, an alternative way to proceed would be not to weight the data, so that the results for larger districts would contribute more to the overall average. This has some appeal as a means of achieving an estimate that is representative of the six pilot areas as a whole. However, there are two reasons why this approach has not been followed: First, the six pilot areas do not combine to represent a meaningful whole, so the issue of representativeness becomes less informative. Second, it does not follow that simply because a district is large, the results of testing ERA in that district will apply more generally than the results in smaller districts. We have seen evidence in previous chapters of differences across districts in their implementation of ERA, and there is nothing to suggest a correlation between type of implementation and size of district.

- For the ND25+ group as a whole, ERA caused a slight but statistically significant increase in the number of hours worked, but no overall change in the likelihood of working. Its effect on earnings is smaller, more mixed, and less certain than for the NDLP customers. ERA reduced levels of Jobseeker's Allowance (JSA) receipt. The broad pattern of positive effects on earnings was common to all districts (although not always statistically significant), with the exception of Wales, where those eligible for ERA had lower earnings and higher benefit receipt than those not eligible. There is some evidence to suggest that the test of ERA in Wales for the ND25+ group was problematic, making the interpretation of the results in this district – and therefore, the pooled results for the ND25+ group as a whole – more difficult.
- For the WTC target group, small sample sizes meant that it was possible to achieve a robust estimate only for the East Midlands. Here, ERA had no effect on the probability of working but did cause a substantial move from part-time to full-time work. There was no corresponding increase in earnings, since full-time work for those in the programme group was less well-paid relative to the control group than was the case with part-time work.

## 5.2 Findings for the New Deal for Lone Parents target group

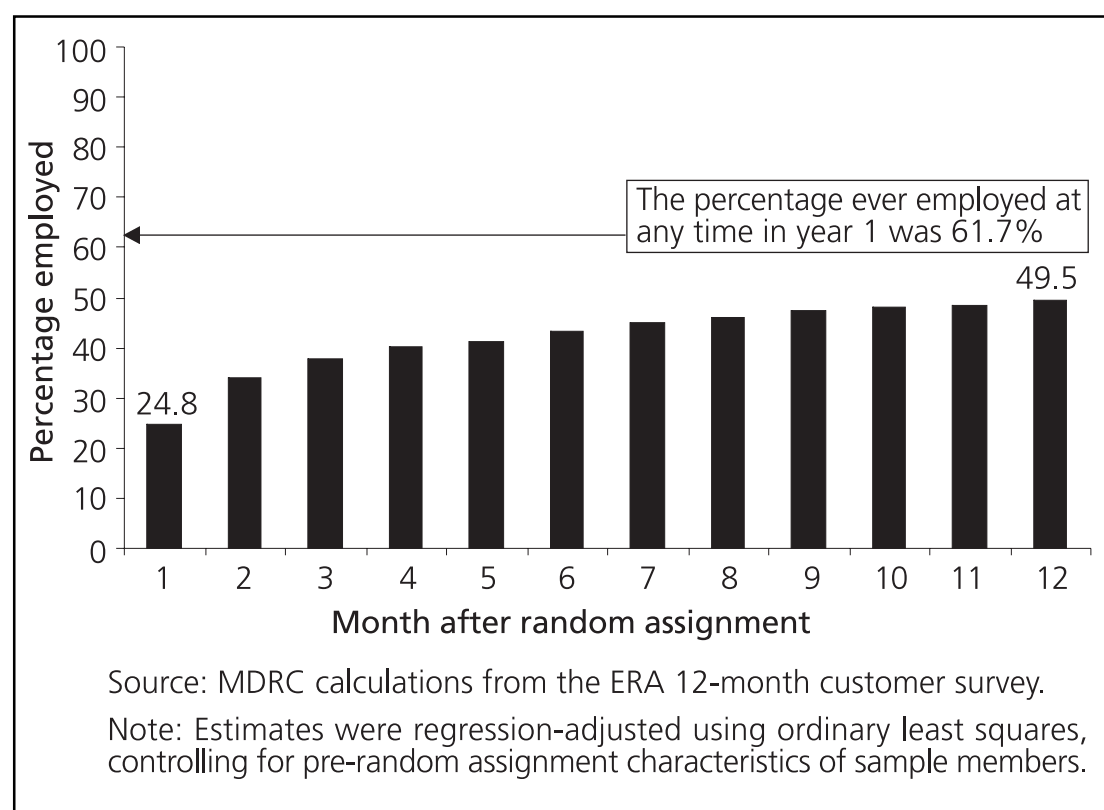
### 5.2.1 Employment and earnings for the NDLP control group: the counterfactual

Outcomes for the control group are the benchmark used to judge the effects of ERA, since they represent what would have happened to the ERA group in the absence of the programme. They are helpful to examine because they illustrate the levels the programme will have to surpass in order to generate effects. Figure 5.1 presents monthly employment rates for the NDLP control group for the first year after random assignment, or study entry. Recall that this group entered the evaluation after having attended a Jobcentre Plus office to enquire, for example, about benefits, joining the New Deal, or receiving employment assistance. For this reason, it is expected that their employment rates would be low at and around the month of random assignment. In fact, the proportion who reported being in work doubled from 25 per cent in the month of random assignment to 50 per cent by month 12. Upward trends in employment for a control group are common, particularly for a population that has voluntarily participated in a labour market programme such as NDLP and thereby demonstrated an interest in finding work. These data clearly indicate that many of the lone parents who entered New Deal would have gone to work even in the absence of the special attention and incentives that ERA offered. Thus, ERA has a high hurdle to surmount if it is to increase the fraction of lone parents who go to work during the first year.

However, a key policy concern with lone parents and other less-skilled groups is the low-pay/no-pay cycle, or high amounts of employment instability. Data for the

control group bear this out. Figure 5.1 shows that although 62 per cent of lone parents in the control group worked at some point during the year, as mentioned already, only half of them were employed in month 12. Thus, 20 per cent of those who had worked in the first year were not working by month 12.<sup>32</sup> This is a fair amount of job loss during this first year. Thus, there appears to be more room for ERA to affect overall employment by helping lone parents who go to work stay employed.

**Figure 5.1** Employment rates for the control group, New Deal for Lone Parents customers



In terms of advancement, low weekly hours and hourly wage rates also suggest room for ERA to have effects. Among the lone parents in the control group working at month 12, for example, 70 per cent worked fewer than 30 hours per week, and nearly a third earned less than £5 per hour (not shown in the tables).<sup>33</sup> Average earnings over the year were £2,783, although this figure includes zero amounts for those who did not work. Earnings among those who did work, however, were still

<sup>32</sup> Using the information from Figure 5.1:  $(.617 - .495) / .617$ .

<sup>33</sup> The national minimum wage for adult (age 22 or over) workers was £4.50 per hour from 1 October 2003; it increased to £4.85 per hour on 1 October 2004 and to £5.05 on 1 October 2005 ([www.lowpay.gov.uk/](http://www.lowpay.gov.uk/)).



quite low, at £4,511.<sup>34</sup> Although increasing wage rates is a longer-term advancement strategy and is unlikely to occur within the first year of follow-up, ERA may affect earnings in the short term by helping lone parents increase their hours worked or by increasing the percentage employed.

### 5.2.2 Effects of ERA for the pooled NDLP sample across districts

Table 5.1 presents the effects of ERA on lone parents' employment and earnings during year 1, as reported by respondents to the 12-month survey.<sup>35</sup> Consider, first, employment during the year. ERA increased the percentage of lone parents who worked at some point during the first 12 months, from 61.7 per cent for the control group to 66.2 per cent for the ERA group, for a statistically significant impact of 4.5 percentage points.<sup>36</sup> It is interesting to see such an effect, given the broad similarity between the programme and control group in the service they received while out of work. However, as described earlier, it is important to remember that the possibility of receiving the retention bonus increases the incentive to work, irrespective of the help and advice provided by advisers. Chapter 4 showed a high level of awareness of the retention bonus. On average, the ERA group worked half a month more than the control group over the period, as shown by the effect on number of months worked. In addition, all of this new employment was full-time work, since the effects on number of months worked full-time is also just over half a month. In other words, the data suggest that all of the lone parents who went to work because of ERA worked full-time.

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<sup>34</sup> This was calculated as the average earnings among the control group over the year (£2,783) divided by the proportion of those in the control group who worked at any time during the year (0.617).

<sup>35</sup> Employment results based on administrative records taken from the WPLS are reported in Table E.1. These results, presented for the purpose of comparison, are not always consistent with the survey-based estimates. As discussed earlier in this chapter, investigation into the reliability of the employment information in administrative records is still underway. It should be noted, however, that neither data set reveals large effects on the average number of months working during year 1.

<sup>36</sup> Estimated impacts are regression-adjusted to control for random differences between the programme and control groups at the time of random assignment. Characteristics controlled for in this way include district, random assignment date, sex, education level, number of children and work and benefit history.

**Table 5.1 Effects of ERA on employment and earnings, New Deal for Lone Parents customers**

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>Employment</b>					
Ever worked during year 1 (%)	66.2	61.7	4.5**	7.3	0.013
Number of months worked in year 1 <sup>a</sup>	5.7	5.1	0.6***	11.9	0.001
Number of months worked full-time in year 1	2.3	1.5	0.7***	48.5	0.000
Number of months worked part-time in year 1	3.4	3.5	-0.1	-4.0	0.424
Working at month 12 (%)	49.8	47.6	2.2	4.6	0.244
Average hours worked per week at month 12	12.8	11.3	1.5***	13.4	0.006
Hours worked per week at month 12					
Did not work (%)	50.2	52.4	-2.2	-4.2	0.244
1 to 15 hours (%)	5.9	4.7	1.2	26.2	0.152
16 to 29 hours (%)	21.6	28.0	-6.4***	-23.0	0.000
30 or more hours (%)	22.3	14.9	7.4***	49.7	0.000
<i>Average weekly hours among workers</i>	25.6	23.9			
<b>Earnings</b>					
Total earnings in year 1 (£)	3,594	2,783	811***	29.2	0.000
Hourly earnings at month 12					
Did not work (%)	50.2	52.4	-2.2	-4.2	0.244
£5 or less (%)	14.8	13.6	1.2	8.6	0.399
£5.01 to 6.99 (%)	18.3	19.7	-1.4	-7.0	0.378
£7.00 or more (%)	13.8	11.3	2.4*	21.5	0.060
<i>Average hourly wage among workers (£)</i>	6.5	6.4			
Weekly earnings at month 12 (£)	82	68	14***	20.8	0.001
Sample size = 2,604	1,317	1,287			

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Italics indicate comparisons that are non-experimental. These measures are computed only for sample members who were employed. Since there may be differences in the characteristics of programme group and control group members who were employed, any differences in outcomes may not necessarily be attributable to the ERA programme. Statistical tests were not performed.

<sup>a</sup> A respondent is counted as having worked in a month if they worked at least one day that month.

In addition to the effect on entering employment, ERA also caused a shift from part-time work (16 to 29 hours per week) to full-time work (30 or more hours per week). This shows up most clearly in the effects on hours worked at month 12. Although ERA had no statistically significant effect on the fraction of lone parents in work at this time, the proportion in the programme group working part-time was 6.4 percentage points lower than the control group, while the proportion working full-time was 7.4 percentage points higher. Thus, ERA appears to have increased employment over the period by increasing the number of parents who went to work during the year, but also by increasing work hours among those who would have worked anyway.

The result of both of these effects is a substantial increase in earnings over the year and in month 12. For example, the ERA group earned, on average £3,594 during the first year, compared with £2,783 for the control group, for an impact of £811, or a 29 per cent increase. (Earnings estimates do not include any bonus payments received.)

Table 5.2 presents effects on benefit receipt. The top panel presents data from the survey measuring benefit receipt at the 12-month interview, and the bottom panel presents data from administrative records covering receipt over the entire year. Given the increase in earnings and employment shown in Table 5.1, it is not surprising that ERA reduced lone parents' receipt of IS, both over the entire year and in month 12. Lone parents in the ERA group, for example, received £172 less in IS over the year than those in the control group and were 4.0 percentage points less likely to receive IS at the 12-month point. The programme also led to a reduction in the receipt of Housing Benefit (HB), which is not unexpected given the increase in average earnings.<sup>37</sup>

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<sup>37</sup> HB is a means-tested benefit that provides help with accommodation costs for those on a low income. People receiving income support or income-based JSA receive the full level of HB.

**Table 5.2 Effects of ERA on benefit receipt, New Deal for Lone Parents customers**

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>Survey data</b>					
Receiving JSA at month 12 (%)	2.3	2.1	0.3	13.1	0.639
JSA average per week (£)	1	1	0	-0.5	0.987
Receiving WTC at month 12 (%)	42.4	41.3	1.1	2.6	0.574
WTC average per week (£)	23	23	0	2.2	0.726
Receiving CTC at month 12 (%)	66.3	65.1	1.2	1.8	0.508
CTC average per week (£)	39	37	2	5.2	0.212
Receiving IS at month 12 (%)	45.6	49.5	-4.0**	-8.0	0.037
IS average per week (£)	38	40	-2	-4.7	0.307
Receiving housing benefit at month 12 (%)	54.5	61.3	-6.8***	-11.1	0.000
Receiving other state benefit at month 12 (%)	5.9	8.1	-2.2**	-27.1	0.028
Other state benefit amount per week (£)	3	3	0	-12.0	0.504
<b>Records data</b>					
Number of months received JSA in year 1	0.2	0.1	0.0	36.3	0.234
Total JSA received in year 1 (£)	40	29	11	35.8	0.303
Number of months received IS in year 1	7.3	7.7	-0.5***	-6.2	0.005
Total IS received in year 1 (£)	2,860	3,031	-172*	-5.7	0.053
Number of months received IS or JSA in year 1	7.4	7.9	-0.4***	-5.6	0.009
Total IS and JSA received in year 1 (£)	2,899	3,060	-161*	-5.3	0.069
Number of months received IB in year 1	0.4	0.4	0.0	3.3	0.855
Ever received IB in year 1 (%)	6.5	6.5	-0.1	-1.2	0.934
Sample size = 2,604	1,317	1,287			

Source: MDRC calculations from the ERA 12-month customer survey and benefit receipt records.

Notes: JSA = Jobseeker's Allowance; IS = Income Support; WTC = Working Tax Credit; CTC = Child Tax Credit; IB = Incapacity Benefit.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

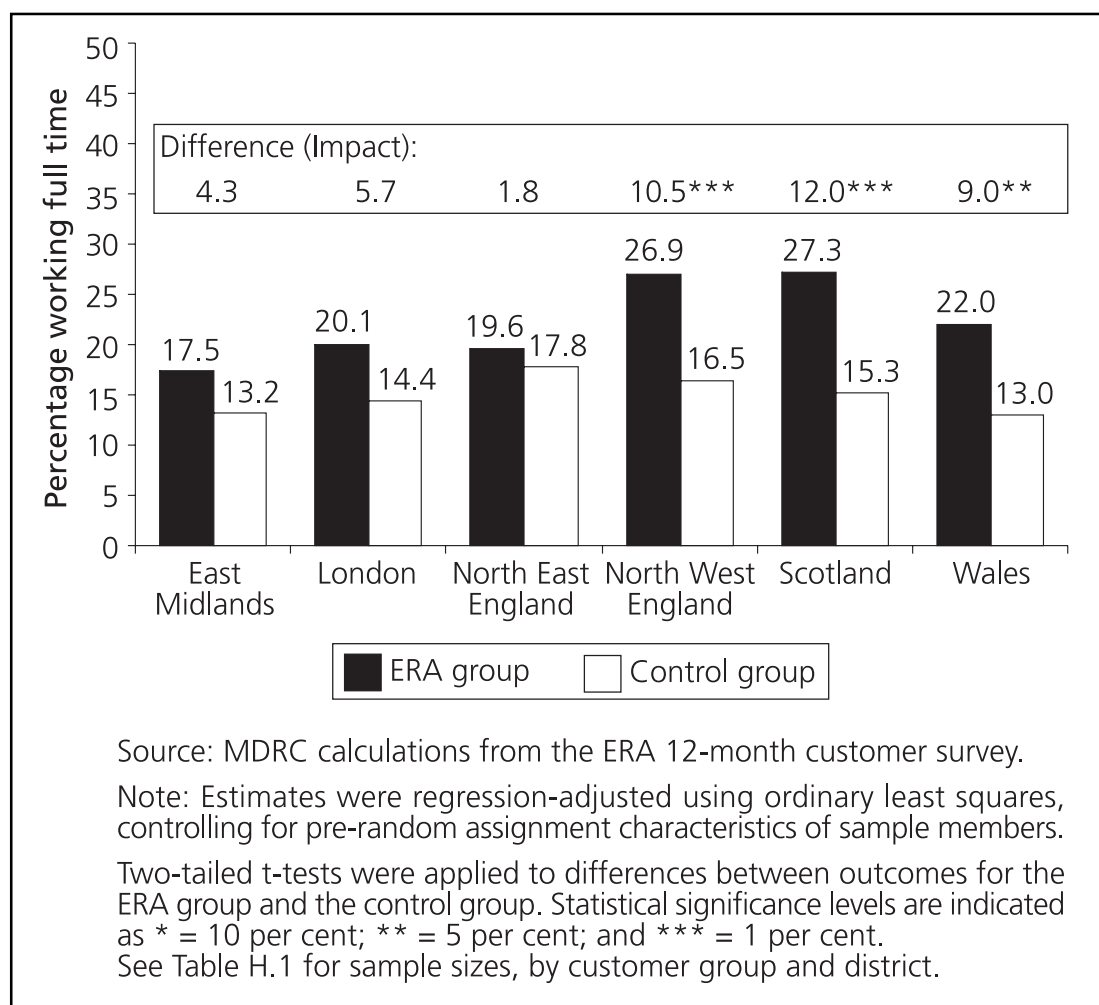
Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

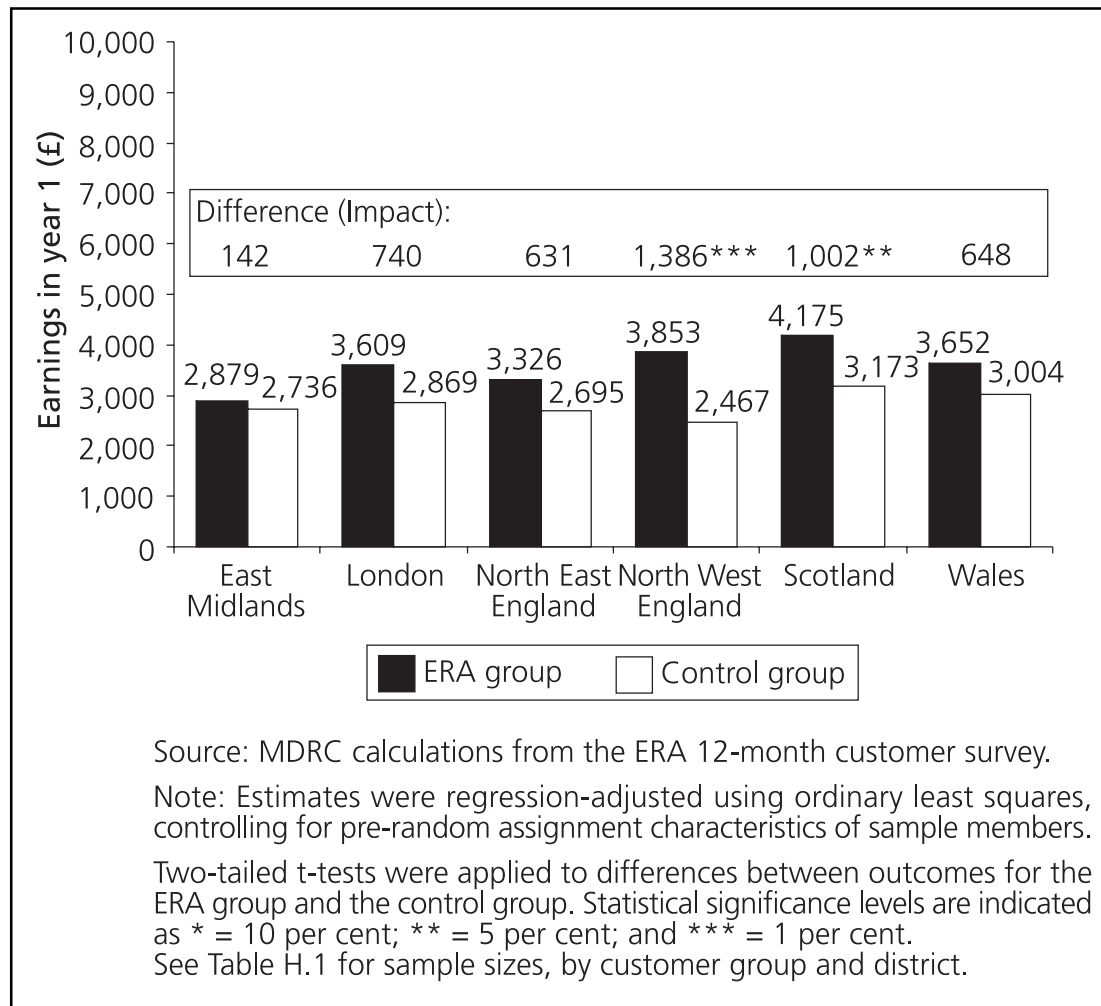
### 5.2.3 Effects of ERA on NDLP customers, by district

ERA's effects on NDLP customers varied across districts. For several reasons, this variation was expected. First, as documented in Chapter 3, there was variation across districts in the strength of programme implementation and in steps taken to address some of the earlier implementation issues. Second, variation in the control group circumstances across districts, such as differences in the types of individuals served by the programmes or in the local economy, created different benchmarks against which the programme will be compared. Figures 5.2, 5.3 and 5.4 present ERA's effects across districts on full-time employment, earnings and benefit receipt, respectively. Before considering the impacts, note the variation in levels for the control groups. The control groups in Wales and the East Midlands, for example, were somewhat less likely to work full-time than the control groups in other districts, suggesting more room for improvement in these areas. In terms of year 1 earnings, the control group in North West England fared the worst relative to other districts. A lower control group level does not always lead to the expectation of larger programme effects. On the one hand, it creates a lower hurdle for the programme to surmount. On the other hand, it might also indicate a tougher local economy in which to find jobs and advance.

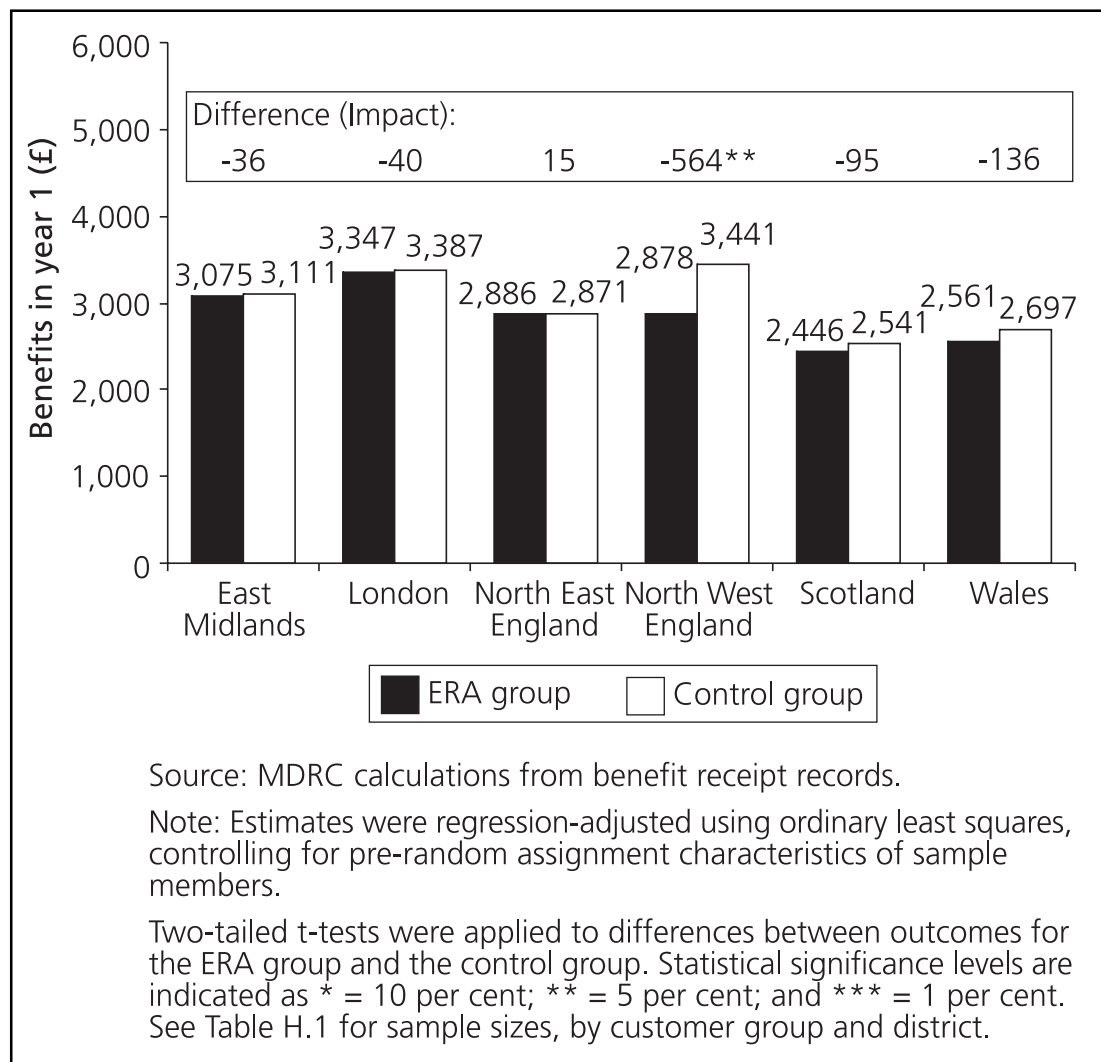
**Figure 5.2** Effects of ERA on the percentage working full-time at month 12, New Deal for Lone Parents customers



**Figure 5.3 Effects of ERA on earnings in year 1, New Deal for Lone Parents customers**



**Figure 5.4 Effects of ERA on Income support benefits received in year 1, New Deal for Lone Parents customers**



North West England and Scotland clearly stand apart from the other districts and generated large effects on both full-time work and earnings. In Scotland, for example, 27.3 per cent of the ERA group worked full-time at month 12, compared with 15.3 per cent of the control group, for an increase of 12 percentage points. Both districts also produced earnings impacts exceeding £1,000 per person (despite having the lowest and highest levels of control group earnings, respectively, relative to the other districts). North West England also saw a fairly large reduction in IS receipt over the year, of £564. In Wales, full-time employment at month 12 showed a nine percentage point increase, but there was no statistically significant effect on earnings. Effects on full-time employment and earnings in each of the other districts were generally positive and sometimes fairly sizable, yet not statistically significant. It is important to note that the analysis of effects at the district level is somewhat hampered by smaller sample sizes. The smaller the sample on which it is based, the less likely a given effect will be found to be statistically significant.

Table 5.3 presents ERA's effects in more detail for each of the six districts.<sup>38</sup> A look across the panels shows that the increases in full-time work in Wales and Scotland were due, in large part, to a shift from part-time to full-time work – those in the ERA group were no more likely to be employed at month 12 than those in the control group, nor were they more likely to have ever worked during the year. The move from part-time to full-time work led to increases in year 1 earnings. While the effect on earnings is statistically significant in Scotland, it just misses statistical significance at the ten per cent level in Wales, London and North East England. Only in North West England was there a notable increase in employment, most of which was full-time work, in addition to some substitution of full-time for part-time work. The result is a large increase in earnings in year 1, from £2,467 for the control group to £3,853 for the ERA group. Finally, North West England was the only district to see statistically significant effects on benefit receipt – a quite large reduction in receipt of IS and a similar-sized increase in the fraction of lone parents receiving the WTC.

**Table 5.3 Effects of ERA on employment, earnings and benefit receipt, by district, New Deal for Lone Parents customers**

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>East Midlands (Sample size = 463)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	63.0	62.7	0.3	0.5	0.938
Working at month 12 (%)	48.8	53.7	-4.9	-9.1	0.279
Average hours worked per week at month 12	11.4	11.9	-0.5	-4.1	0.695
Working 30+ hours per week at month 12 (%)	17.5	13.2	4.3	32.7	0.201
Number of months worked full-time in year 1	1.7	1.4	0.2	15.8	0.483
Total earnings in year 1 (£)	2,879	2,736	142	5.2	0.728
<b>Benefits</b>					
Receiving IS at month 12 (%)	48.7	44.9	3.8	8.5	0.398
IS amount per week (£)	42	40	2	6.0	0.602
Receiving WTC at month 12 (%)	40.2	45.5	-5.3	-11.7	0.239
WTC amount per week (£)	20	25	-5	-20.0	0.120

Continued

<sup>38</sup> The full set of effects for each district is presented in Supplemental Appendix BB. *Supplemental appendices: implementation and first-year impacts of the UK ERA demonstration* is found on the Department for Work and Pensions (DWP) website in conjunction with this report.



**Table 5.3 Continued**

<b>Outcome</b>	<b>ERA group</b>	<b>Control group</b>	<b>Difference (impact)</b>	<b>Percentage change</b>	<b>P-value</b>
<b>London (Sample size = 430)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	55.2	54.6	0.6	1.2	0.890
Working at month 12 (%)	40.0	46.0	-6.0	-13.1	0.192
Average hours worked per week at month 12	11.2	11.0	0.2	1.9	0.879
Working 30+ hours per week at month 12 (%)	20.1	14.4	5.7	39.7	0.112
Number of months worked full-time in year 1	1.9	1.1	0.7**	63.0	0.023
Total earnings in year 1 (£)	3,609	2,869	740	25.8	0.129
<b>Benefits</b>					
Receiving IS at month 12 (%)	56.5	55.6	0.9	1.6	0.849
IS amount per week (£)	48	47	1	1.7	0.865
Receiving WTC at month 12 (%)	29.2	31.0	-1.8	-5.9	0.680
WTC amount per week (£)	13	17	-3	-19.1	0.315
<b>North East England (Sample size = 466)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	62.5	62.4	0.1	0.2	0.978
Working at month 12 (%)	49.5	47.4	2.1	4.5	0.638
Average hours worked per week at month 12	12.1	11.7	0.4	3.4	0.760
Working 30+ hours per week at month 12 (%)	19.6	17.8	1.8	10.1	0.621
Number of months worked full-time in year 1	2.0	1.7	0.3	15.3	0.467
Total earnings in year 1 (£)	3,326	2,695	631	23.4	0.149
<b>Benefits</b>					
Receiving IS at month 12 (%)	42.9	46.6	-3.7	-7.9	0.407
IS amount per week (£)	38	38	-1	-1.6	0.892
Receiving WTC at month 12 (%)	43.5	44.9	-1.4	-3.1	0.757
WTC amount per week (£)	26	25	1	2.8	0.836

Continued

**Table 5.3 Continued**

<b>Outcome</b>	<b>ERA group</b>	<b>Control group</b>	<b>Difference (impact)</b>	<b>Percentage change</b>	<b>P-value</b>
<b>North West England (Sample size = 437)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	71.1	54.4	16.7***	30.6	0.000
Working at month 12 (%)	53.6	36.6	17.0***	46.3	0.000
Average hours worked per week at month 12	14.2	9.5	4.7***	49.6	0.001
Working 30+ hours per week at month 12 (%)	26.9	16.5	10.5***	63.5	0.006
Number of months worked full-time in year 1	2.7	1.9	0.8**	45.7	0.027
Total earnings in year 1 (£)	3,853	2,467	1,386***	56.2	0.001
<b>Benefits</b>					
Receiving IS at month 12 (%)	44.7	61.7	-17.0***	-27.5	0.000
IS amount per week (£)	38	48	-10**	-21.4	0.025
Receiving WTC at month 12 (%)	47.4	31.6	15.9***	50.3	0.001
WTC amount per week (£)	27	19	8**	44.8	0.020
<b>Scotland (Sample size = 413)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	72.5	68.4	4.1	6.0	0.357
Working at month 12 (%)	53.9	51.6	2.3	4.5	0.634
Average hours worked per week at month 12	14.8	12.3	2.5*	20.3	0.087
Working 30+ hours per week at month 12 (%)	27.3	15.3	12.0***	78.5	0.002
Number of months worked full-time in year 1	3.0	1.6	1.4***	87.6	0.000
Total earnings in year 1 (£)	4,175	3,173	1,002**	31.6	0.023
<b>Benefits</b>					
Receiving IS at month 12 (%)	39.1	42.3	-3.2	-7.6	0.504
IS amount per week (£)	28	31	-2	-7.1	0.605
Receiving WTC at month 12 (%)	46.1	47.8	-1.7	-3.6	0.728
WTC amount per week (£)	25	26	0	-1.1	0.942

Continued

**Table 5.3 Continued**

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>Wales (Sample size = 395)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	72.3	70.5	1.8	2.5	0.702
Working at month 12 (%)	51.7	52.1	-0.5	-0.9	0.929
Average hours worked per week at month 12	12.9	11.9	1.0	8.7	0.466
Working 30+ hours per week at month 12 (%)	22.0	13.0	9.0**	69.5	0.017
Number of months worked full-time in year 1	2.4	1.5	0.9**	60.3	0.022
Total earnings in year 1 (£)	3,652	3,004	648	21.6	0.136
<b>Benefits</b>					
Receiving IS at month 12 (%)	43.1	43.7	-0.6	-1.4	0.900
IS amount per week (£)	37	35	2	5.6	0.692
Receiving WTC at month 12 (%)	46.4	49.0	-2.6	-5.3	0.608
WTC amount per week (£)	27	28	0	-1.2	0.935

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: JSA = Jobseeker's Allowance; IS = Income Support; WTC = Working Tax Credit; CTC = Child Tax Credit; IB = Incapacity Benefit.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

#### 5.2.4 Effects of ERA for subgroups of NDLP customers

ERA's effects were also examined for several subgroups of lone parents. The subgroups were defined by factors that are typically thought to influence employment and earnings, as well as the ability to benefit from an advancement scheme. These subgroups include the age of the youngest child, education level, work history, ethnicity/race, housing status, district, timing of random assignment and employment barriers, such as problems with transportation, childcare, health and social housing. Although a fuller analysis of effects for subgroups will be undertaken for longer-term effects, this report presents an initial look at effects for each of these groups. The results are presented in Table F.1.

The results show some variation in effects across subgroups (for example, ERA appears to have had larger effects on non-white parents than on their white counterparts). However, the more general and important observation is that the

positive effects of ERA were not confined to one particular group of lone parents but instead could be found for a wide range of people.

### 5.3 Findings for the New Deal 25 Plus target group

#### 5.3.1 Employment and earnings for the ND25+ control group: the counterfactual

Figure 5.5 presents monthly employment rates for the ND25+ control group for the first year after random assignment. In the month of random assignment, the level of employment was predictably low at 11 per cent. By the end of the year, this had risen to 35 per cent. These employment levels are well below those for the NDLP group. One possible explanation for this disparity is that NDLP is a voluntary programme and therefore, attracts those with a more positive work orientation than ND25+, which is mandatory. Another point to bear in mind when making such comparisons is the difference in the types of work typically found by these two groups. Lone parents show a greater tendency to enter part-time rather than full-time work, possibly reflecting the need to accommodate childcare arrangements. The ND25+ group, on the other hand, is made up mostly of men without dependent children who either work full-time or not at all. Among those NDLP control group members employed at the end of year 1, 31 per cent were working 30 or more hours per week. For the ND25+ group, the corresponding level is 71 per cent; more than twice as high. This suggests that the need to encourage longer working hours as a means of helping individuals advance is not as pressing for the ND25+ group.

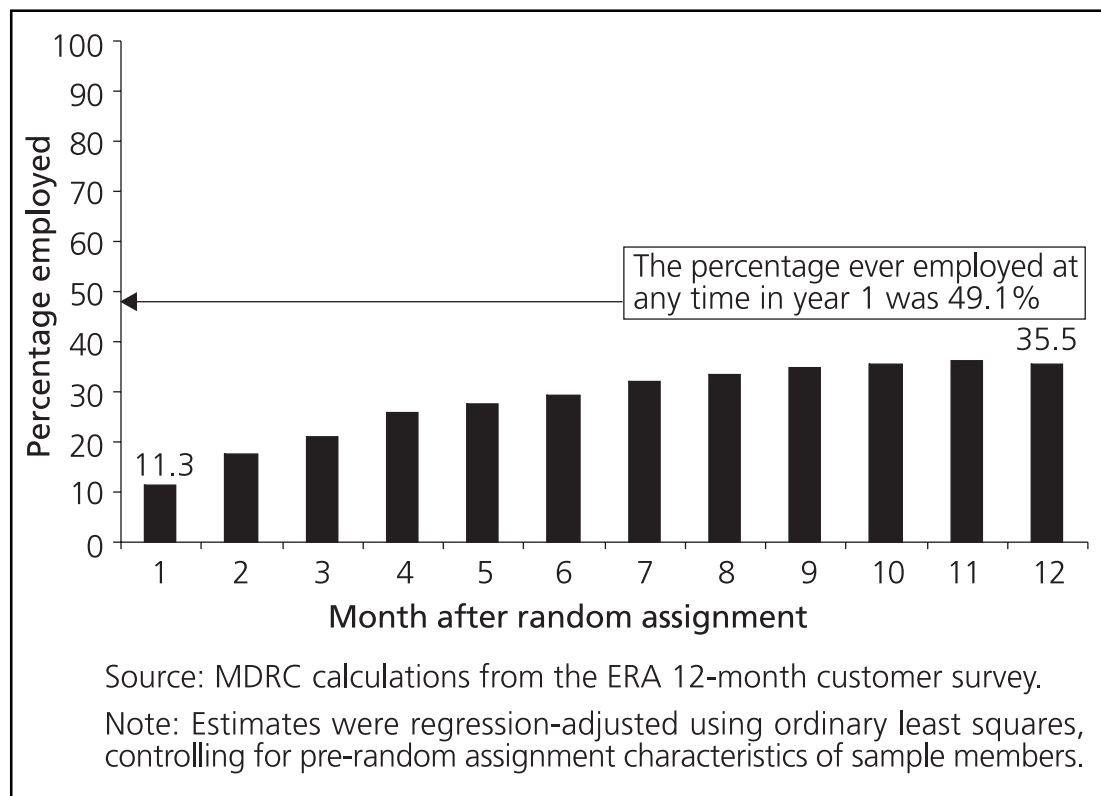
Figure 5.5 also shows the proportion of ND25+ control group members working at any time during the year. Slightly less than half the control group (49 per cent) had a job at some point during the 12 months following random assignment but only 35 per cent were working in month 12. Thus, 28 per cent of those who had worked in year 1 were no longer working by the end of year 1. A key challenge for ERA is to increase the sustainability of employment for ND25+ customers, such that those who manage to find employment are better able to hold onto their jobs.

Average hourly earnings at month 12 among the ND25+ control group who were in work were £6.39. This is the same as the corresponding rate for the NDLP control group. Average earnings over the full year for the ND25+ control group were £2,419, which is lower than for the NDLP group (£2,783). However, among those who worked, average earnings over the year were higher for the ND25+ control group than the NDLP control group (£4,927 compared to £4,511).<sup>39</sup> This partly reflects the longer hours worked by those in the ND25+ group.

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<sup>39</sup> These amounts are calculated as total earnings over the year divided by the proportion ever employed during the year. For the NDLP group, this gives £2,783/0.617 = £4,511. For the ND25+ group, this gives £2,419/0.491 = £4,927.

**Figure 5.5** Employment rates for the control group, New Deal 25 Plus customers



### 5.3.2 Effects of ERA for the pooled ND25+ sample across districts

Table 5.4 gives the effect of ERA on employment and earnings during year 1 for the ND25+ group with all districts combined. It follows an identical format to Table 5.1 – all results are based on responses to the 12-month survey. Again, the results using administratively held employment information are given in Table E.1.

**Table 5.4 Effects of ERA on employment and earnings, New Deal 25 Plus customers**

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>Employment</b>					
Ever worked during year 1 (%)	49.4	49.1	0.3	0.6	0.891
Number of months worked in year 1 <sup>a</sup>	3.6	3.4	0.2	4.7	0.367
Number of months worked full-time in year 1	2.5	2.3	0.2	9.4	0.173
Number of months worked part-time in year 1	1.0	1.1	0.0	-3.4	0.760
Working at month 12 (%)	36.2	33.8	2.5	7.3	0.208
Average hours worked per week at month 12	12.3	11.1	1.2*	11.0	0.095
Hours worked per week at month 12					
Did not work (%)	63.8	66.2	-2.5	-3.7	0.208
1 to 15 hours (%)	2.6	4.1	-1.4*	-35.3	0.055
16 to 29 hours (%)	6.6	5.6	1.0	18.1	0.311
30 or more hours (%)	26.7	23.8	2.9	12.1	0.109
<i>Average weekly hours among workers</i>	<i>34.1</i>	<i>33.0</i>			
<b>Earnings</b>					
Total earnings in year 1 (£)	2,710	2,419	291	12.1	0.140
Hourly earnings at month 12					
Did not work (%)	63.8	66.2	-2.5	-3.7	0.208
£5 or less (%)	11.2	10.7	0.5	5.1	0.686
£5.01 to 6.99 (%)	13.1	10.4	2.7*	25.5	0.056
£7.00 or more (%)	8.6	9.0	-0.4	-4.1	0.761
<i>Average hourly wage among workers (£)</i>	<i>6.4</i>	<i>6.4</i>			
Weekly earnings at month 12 (£)	71	63	7	11.5	0.177
Sample size = 2,213	1,121	1,092			

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Italics indicate comparisons that are non-experimental. These measures are computed only for sample members who were employed. Since there may be differences in the characteristics of programme group and control group members who were employed, any differences in outcomes may not necessarily be attributable to the ERA programme. Statistical tests were not performed.

<sup>a</sup> A respondent is counted as having worked in a month if they worked at least one day that month.

The results for the ND25+ group, as a whole, show no effect of ERA on employment. Nearly half of the programme group (49.4 per cent) had worked at some point during the year and this level was closely matched by the control group (49.1 per cent). Similarly, there was no statistically significant difference between the programme and control groups when considering employment at the time of the survey. It did appear that ERA caused a slight increase in the number of hours worked. The average hours worked for the programme group at the time of the survey was 12.3, compared with 11.1 for the control group – a statistically significant difference of 1.2 hours per week. These are the average hours worked for all individuals, regardless of employment status.

Average annual earnings for the ND25+ programme group (£2,710) were higher than those of the control group (£2,419), by £291. However, this difference is not statistically significant.

Table 5.5 presents the effects on benefit receipt among the ND25+ group. Responses to the survey show that ERA caused a statistically significant reduction in the probability of claiming JSA a year after random assignment. Levels of JSA receipt were 42.2 per cent for the programme group and 47.4 per cent for the control group, a difference of 5.1 percentage points. Consistent with this, ERA reduced the average JSA amount received per week. For the programme group as a whole, the average amount received was £26 per week, while for the control group it was £28 per week. It is worth considering that although the earnings gains mentioned previously did not reach statistical significance, they may in fact be contributing to the reduction in ND25+ customers' reliance on JSA benefits. At the same time, there also appeared to be an effect on claiming other – though unspecified – benefits. For the programme group, the level of receipt of other benefits was 9.9 per cent, compared with 6.9 per cent for the control group. Hence, ERA had a positive impact of three percentage points on the probability of claiming other benefits.

Some insight into the changing pattern of JSA claims is possible by considering the results on the number of months during the year in which respondents claimed JSA. The results show little difference between the programme and control groups in this regard – both spent an average of about eight months claiming. However, as we have seen, ERA reduced the probability of claiming JSA at the end of year 1 by about five percentage points. This suggests that the ERA effect did not emerge until towards the end of the year.

**Table 5.5 Effects of ERA on benefit receipt, New Deal 25 Plus customers**

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>Survey data</b>					
Receiving JSA at month 12 (%)	42.2	47.4	-5.1**	-10.9	0.012
JSA average per week (£)	26	28	-2*	-8.4	0.098
Receiving WTC at month 12 (%)	15.1	14.9	0.2	1.3	0.897
WTC average per week (£)	7	8	-1	-17.2	0.181
Receiving CTC at month 12 (%)	12.7	13.6	-0.9	-6.6	0.422
CTC average per week (£)	8	10	-2*	-18.2	0.083
Receiving IS at month 12 (%)	11.2	10.8	0.3	3.0	0.813
IS average per week (£)	7	7	0	4.8	0.742
Receiving housing benefit at month 12 (%)	46.1	48.3	-2.2	-4.6	0.290
Receiving other state benefit at month 12 (%)	9.9	6.9	3.0**	43.1	0.011
Other state benefit amount per week (£)	5	3	2**	51.4	0.017
<b>Records data</b>					
Number of months received JSA in year 1	8.0	8.1	-0.1	-1.7	0.396
Total JSA received in year 1 (£)	2,330	2,334	-4	-0.2	0.954
Number of months received IS in year 1	0.8	0.9	0.0	-2.3	0.846
Total IS received in year 1 (£)	221	199	21	10.7	0.490
Number of months received IS or JSA in year 1	8.7	8.8	-0.1	-1.5	0.390
Total IS and JSA received in year 1 (£)	2,551	2,534	17	0.7	0.801
Number of months received IB in year 1	1.0	1.0	-0.1	-8.6	0.417
Ever received IB in year 1	15.3	17.3	-2.0	-11.3	0.212
Sample size = 2,213	1,121	1,092			

Source: MDRC calculations from the ERA 12-month customer survey and benefit receipt records.

NOTES: JSA = Jobseeker's Allowance; IS = Income Support; WTC = Working Tax Credit; CTC = Child Tax Credit; IB = Incapacity Benefit.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

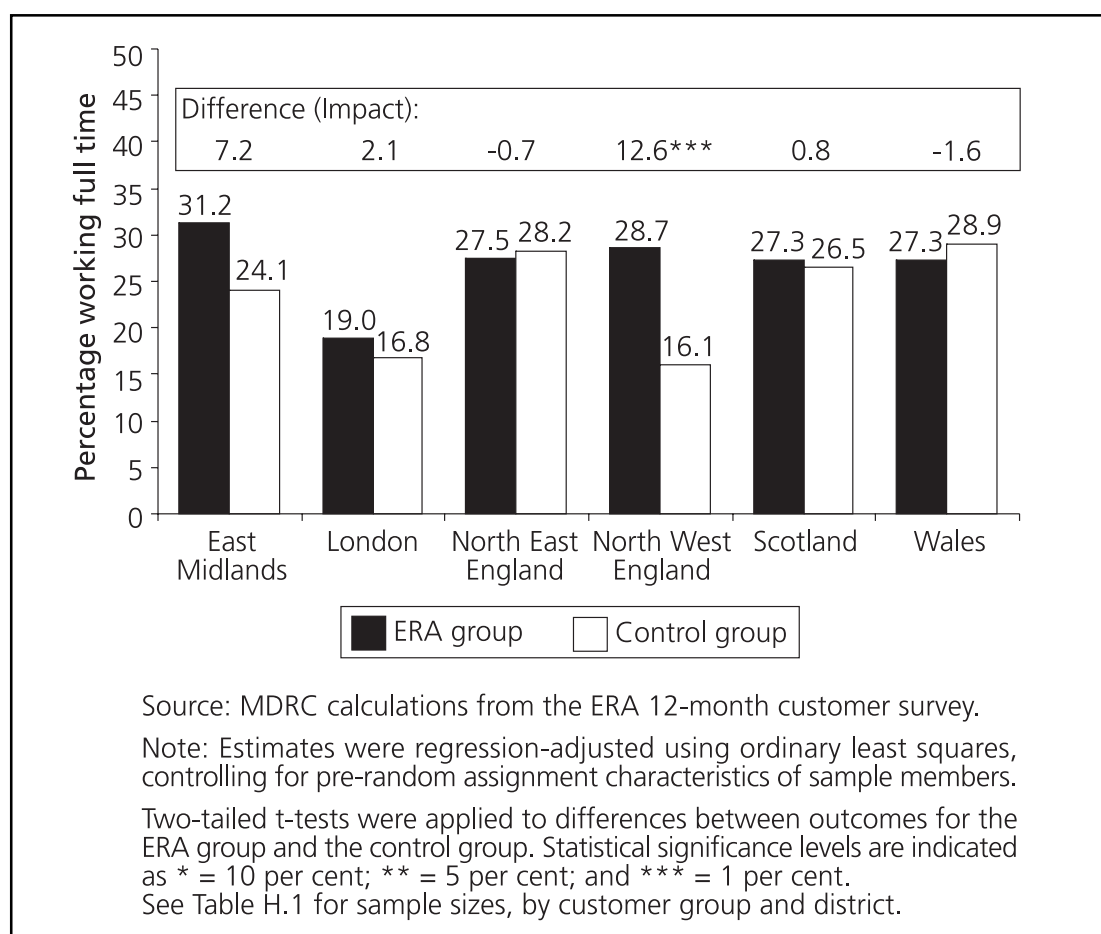


### 5.3.3 Effects of ERA on ND25+ customers, by district

The results by district reveal some interesting variations. As is the case for any subgroup analysis, the reduced sample size makes it more difficult to detect effects, and the results should be viewed with this in mind. In particular, a statistically insignificant impact should not necessarily be taken as evidence of no impact. Rather, it indicates that an effect above a certain size (the 'minimum detectable effect') was not found. Put simply, there is greater uncertainty surrounding statistically insignificant effects.

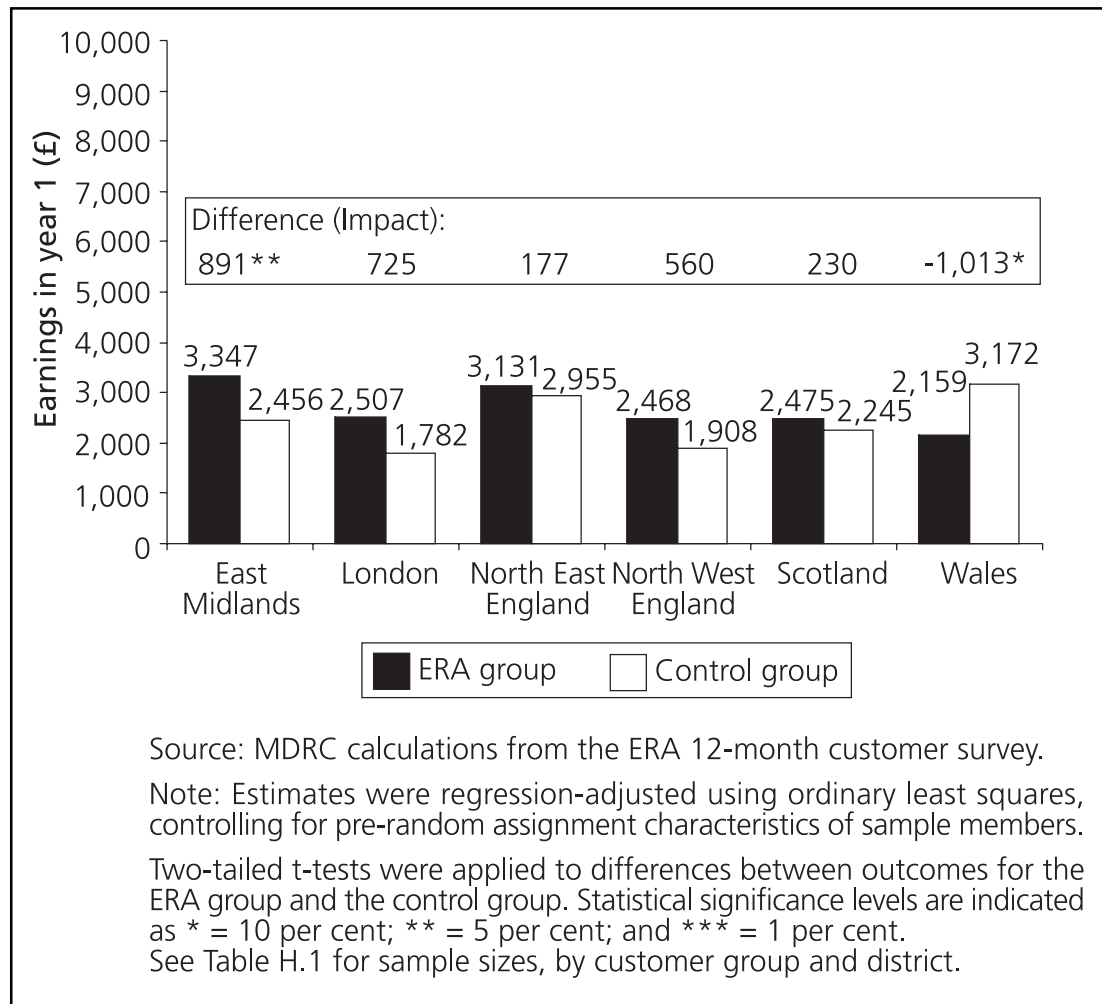
The effects of ERA on full-time employment, earnings, and JSA income are presented in Figures 5.6, 5.7, and 5.8, respectively, with additional results given in Table 5.6.<sup>40</sup> Before considering the impact estimates themselves, it should be noted that there are marked control group differences across the districts. With regard to full-time employment within 12 months, levels for the control groups in London and North West England are considerably lower than those for the other areas. These two districts also have the lowest average control group earnings over the year. This is helpful to consider when interpreting later results.

**Figure 5.6 Effects of ERA on the percentage working full-time at month 12, New Deal 25 Plus customers**

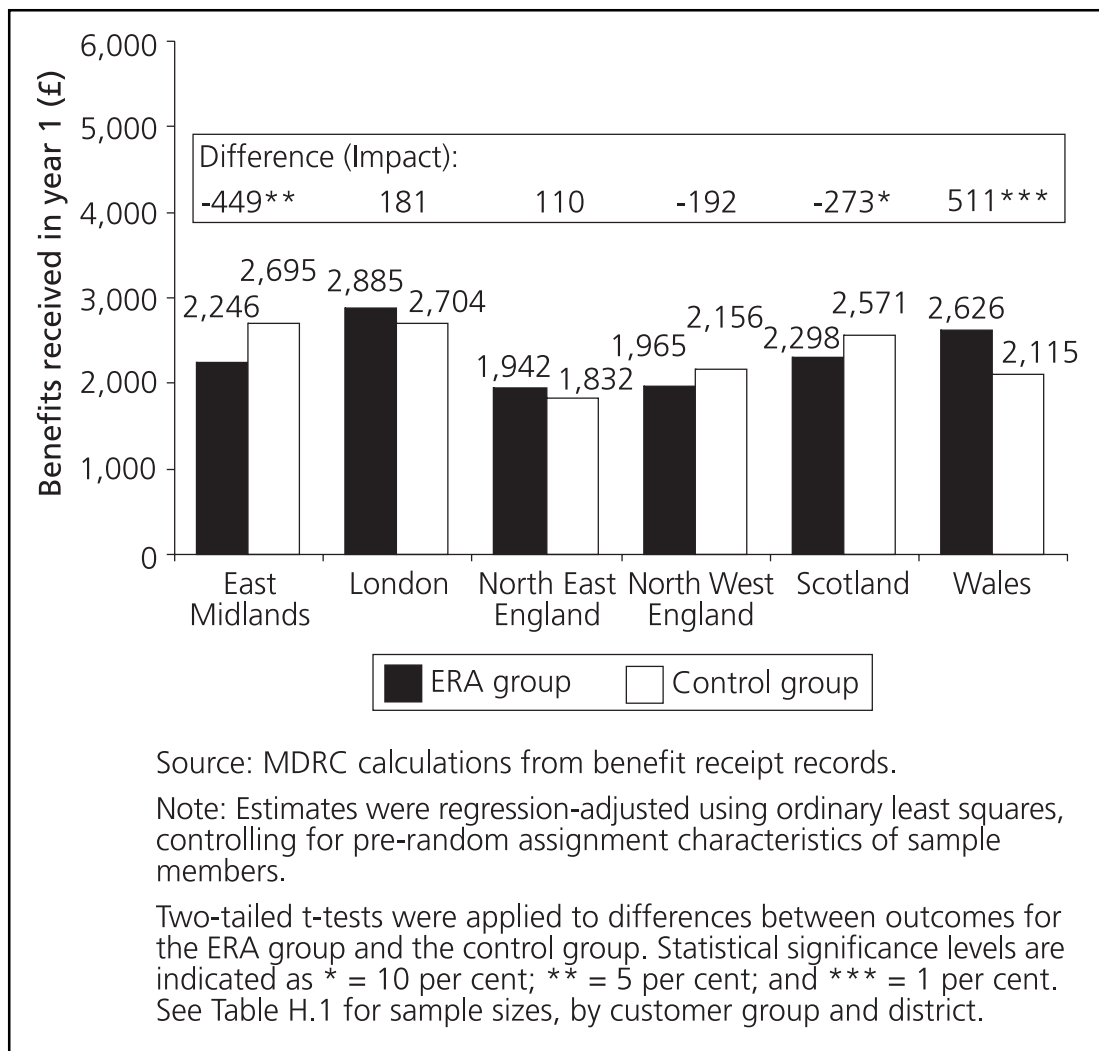


<sup>40</sup> The full set of results for each district is presented in Supplemental Appendix CC.

**Figure 5.7 Effects of ERA on earnings in year 1, New Deal 25 Plus customers**



**Figure 5.8 Effects of ERA on Jobseeker’s Allowance benefits received in year 1, New Deal 25 Plus customers**



**Table 5.6 Effects of ERA on employment, earnings, and benefit receipt, by district, New Deal 25 Plus customers**

<b>Outcome</b>	<b>ERA group</b>	<b>Control group</b>	<b>Difference (impact)</b>	<b>Percentage change</b>	<b>P-value</b>
<b>East Midlands (Sample size = 412)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	56.1	55.1	1.1	1.9	0.824
Working at month 12 (%)	42.6	36.2	6.4	17.6	0.182
Average hours worked per week at month 12	14.9	11.6	3.3*	28.5	0.071
Working 30+ hours per week at month 12 (%)	31.2	24.1	7.2	29.8	0.104
Number of months worked full-time in year 1	3.2	2.5	0.7*	29.9	0.066
Total earnings in year 1 (£)	3,347	2,456	891**	36.3	0.044
<b>Benefits</b>					
Receiving JSA at month 12 (%)	37.0	47.0	-10.0**	-21.4	0.040
JSA amount per week (£)	23	29	-6*	-21.7	0.083
Receiving WTC at month 12 (%)	21.5	18.0	3.4	18.9	0.383
WTC amount per week (£)	9	10	-1	-13.8	0.578
<b>London (Sample size = 346)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	36.4	38.2	-1.7	-4.5	0.738
Working at month 12 (%)	26.7	28.9	-2.2	-7.7	0.643
Average hours worked per week at month 12	8.8	8.1	0.6	7.8	0.705
Working 30+ hours per week at month 12 (%)	19.0	16.8	2.1	12.7	0.610
Number of months worked full-time in year 1	1.6	1.3	0.3	25.2	0.335
Total earnings in year 1 (£)	2,507	1,782	725	40.7	0.230
<b>Benefits</b>					
Receiving JSA at month 12 (%)	52.2	59.1	-6.9	-11.7	0.205
JSA amount per week (£)	33	36	-3	-7.6	0.504
Receiving WTC at month 12 (%)	8.1	7.7	0.4	4.8	0.898
WTC amount per week (£)	4	5	0	-7.1	0.865

Continued

**Table 5.6 Continued**

<b>Outcome</b>	<b>ERA group</b>	<b>Control group</b>	<b>Difference (impact)</b>	<b>Percentage change</b>	<b>P-value</b>
<b>North East England (Sample size = 399)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	54.8	53.5	1.4	2.6	0.779
Working at month 12 (%)	39.3	36.4	2.9	8.0	0.551
Average hours worked per week at month 12	12.7	12.5	0.2	1.6	0.913
Working 30+ hours per week at month 12 (%)	27.5	28.2	-0.7	-2.4	0.881
Number of months worked full-time in year 1	3.0	2.8	0.2	7.7	0.611
Total earnings in year 1 (£)	3,131	2,955	177	6.0	0.722
<b>Benefits</b>					
Receiving JSA at month 12 (%)	38.2	39.0	-0.8	-1.9	0.874
JSA amount per week (£)	22	23	-1	-4.0	0.765
Receiving WTC at month 12 (%)	15.4	19.7	-4.3	-22.0	0.255
WTC amount per week (£)	7	9	-2	-24.7	0.309
<b>North West England (Sample size = 342)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	52.6	44.2	8.4	19.0	0.124
Working at month 12 (%)	40.5	26.8	13.7***	51.2	0.006
Average hours worked per week at month 12	13.4	8.3	5.1***	61.6	0.006
Working 30+ hours per week at month 12 (%)	28.7	16.1	12.6***	78.3	0.006
Number of months worked full-time in year 1	2.5	1.8	0.7*	38.3	0.090
Total earnings in year 1 (£)	2,468	1,908	560	29.3	0.188
<b>Benefits</b>					
Receiving JSA at month 12 (%)	36.3	50.6	-14.3***	-28.3	0.008
JSA amount per week (£)	21	29	-8**	-28.5	0.012
Receiving WTC at month 12 (%)	17.3	11.0	6.3*	56.9	0.085
WTC amount per week (£)	9	5	3	58.3	0.155

Continued

**Table 5.6 Continued**

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>Scotland (Sample size = 374)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	51.5	48.4	3.2	6.6	0.511
Working at month 12 (%)	35.7	32.7	3.0	9.0	0.530
Average hours worked per week at month 12	11.9	11.2	0.7	6.7	0.676
Working 30+ hours per week at month 12 (%)	27.3	26.5	0.8	3.0	0.860
Number of months worked full-time in year 1	2.4	2.5	-0.1	-3.9	0.792
Total earnings in year 1 (£)	2,475	2,245	230	10.2	0.574
<b>Benefits</b>					
Receiving JSA at month 12 (%)	43.3	52.2	-8.9*	-17.1	0.077
JSA amount per week (£)	25	29	-4	-13.4	0.232
Receiving WTC at month 12 (%)	14.7	11.4	3.4	29.8	0.336
WTC amount per week (£)	6	5	1	23.0	0.554
<b>Wales (Sample size = 340)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	44.2	51.8	-7.6	-14.6	0.117
Working at month 12 (%)	33.2	38.7	-5.5	-14.2	0.255
Average hours worked per week at month 12	12.2	13.7	-1.5	-11.0	0.443
Working 30+ hours per week at month 12 (%)	27.3	28.9	-1.6	-5.5	0.737
Number of months worked full-time in year 1	2.3	2.7	-0.5	-17.6	0.237
Total earnings in year 1 (£)	2,159	3,172	-1,013*	-31.9	0.059
<b>Benefits</b>					
Receiving JSA at month 12 (%)	46.0	39.4	6.6	16.7	0.204
JSA amount per week (£)	29	24	6	23.9	0.130
Receiving WTC at month 12 (%)	13.5	19.6	-6.1	-31.1	0.124
WTC amount per week (£)	6	14	-8*	-56.6	0.058

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: JSA = Jobseeker's Allowance; IS = Income Support; WTC = Working Tax Credit; CTC = Child Tax Credit; IB = Incapacity Benefit.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Considering full-time employment at month 12, the biggest effect is observed in North West England, where 28.7 per cent of the programme group worked full-time, compared with 16.1 per cent of the control group. The difference (12.6 percentage points) is statistically significant. The other sizeable effect is in the East Midlands. Here, 31.2 per cent of the programme group worked full-time, compared with 24.1 per cent of the control group. The difference of 7.2 percentage points narrowly fails to attain statistical significance.

Examination of the number of hours worked each week suggests that employment entry, rather than an increase in hours among individuals previously working part-time, caused the increase in full-time employment in North West England and the East Midlands. Again, this result is more definite in North West England than in the East Midlands. However, even in North West England, no effect was detectable on the probability of ever having worked during the year. This suggests that the big employment effects evident at month 12 may have emerged relatively recently. In both districts, ERA appears to have caused an additional 0.7 months in full-time employment over the course of the year.

Figure 5.7 presents the effects of ERA on earnings over the year. While there was a statistically significant increase in the East Midlands of £891 (£3,347 in the programme group, compared with £2,456 in the control group), no such effect was evident for North West England. The results shown in Figure 5.8 for the effect of ERA on the amount of benefit received during the year are consistent with these results for earnings. No statistically significant effect is found for North West England, while in the East Midlands ERA reduced the amount of benefit by £449 to a level of £2,246. There also appears to have been a reduction in Scotland of £273.

One district deserves special mention since it presents puzzling results. Detailed results presented in Supplemental Appendix CC show that those in the ND25+ programme group in Wales worked less over the course of the year than those in the control group, earned less and received more in benefits (JSA). Furthermore, these effects were large. Those in the programme group spent roughly one month less in work over the year and one month more on JSA than those in the control group. Average earnings for the programme group over the year were £2,159, compared with £3,172 for the control group, a statistically significant reduction of £1,013. Benefit income for the programme group over the year was £2,626, compared with £2,115 for the control group – an increase of £511.

While this 'rogue' result – which substantially reduces the pooled impact estimates for the ND25+ group – may simply reflect the sort of random variation inherent in this type of analysis, there is also a possibility that there was something about how the experiment was carried out in Wales that undermines its validity as a test of the key principles of ERA. In particular, there is qualitative evidence of staffing shortages during the New Deal stage for the ND25+ programme group in Wales but not for the control group (or, indeed, for the NDLP group), such that the intensity of New Deal services for the control group was greater than that for the programme group. Moreover, progression through the various stages of the ND25+ programme was

slower for the ERA group than for the control group for reasons wholly unrelated to the design of ERA. At the same time, Personal Advisers (PAs) in Wales were under increased pressure to get their customers into work, since the district was not meeting its job entry targets. However, ASAs – and therefore individuals in the programme group – were to some extent shielded from this pressure.

During the pre-employment stage, the ERA model called for both the programme and control groups to receive the same New Deal services, although with some greater encouragement for the programme group to consider advancement goals and job quality from the start. As previous chapters have explained, this pre-employment distinction was at best minimal across all districts and target groups, including Wales. In the case of Wales, however, certain other pre-employment differences emerged in the treatment delivered to programme and control groups that were not called for by the ERA model and may have contributed to the negative impact in that district. The end result is that differences in outcomes between the programme and control group cannot be attributed to the ERA model – especially anything intrinsic to its in-work incentives and services – but rather must be viewed as the effect of a combination of factors.<sup>41</sup>

### **5.3.4 Effects of ERA for subgroups of ND25+ customers**

The extent to which the effects of ERA varied across potentially important subgroups was examined. The results are presented in Appendix F. Statistically significant positive impacts are evident for a variety of subgroups. However, the range of subgroups with positive effects is narrower than within the NDLP group.

## **5.4 Findings for the Working Tax Credit group**

A practical difficulty was encountered when analysing the WTC group; the sample size was much smaller than for either of the New Deal groups. This reduces the power of statistical tests. Consequently, it is especially important to bear in mind that the correct interpretation of the absence of a statistically significant effect is not necessarily that there is no effect, but that there is no effect that is sufficiently large

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<sup>41</sup> Information from the ND25+ administrative files suggests that progression through the ND25+ programme was slower for the ERA group than the control group. Whereas 59 per cent of those in the ERA group participated in the Gateway during the month of random assignment, the corresponding level among the control group was 89 per cent – a difference of 30 percentage points. Furthermore, only 20 per cent of the ERA group participated in the second (Option) stage of ND25+ within six months of random assignment, compared with 36 per cent of the control group – a difference of 16 percentage points. An additional relevant detail is that an operational oversight meant that a number of those in the ERA group who did not find work during Gateway were not moved into the Option stage.



to be detected with a given level of certainty. With a small sample, 'sufficiently large' may in fact be quite large. The problem is particularly evident when considering results at the district level. It was only in the East Midlands that the sample was of a sufficient size to allow district-level results to be considered reasonably reliable. Consequently, the main focus in this chapter is on the East Midlands.

When analysing the results for all the districts, the approach used for the New Deal groups was to regard the district-level results as separate tests of ERA and to give each such test equal weight in calculating the overall effect. The small sample size forced a different approach with the WTC group. Specifically, because the economic impacts for districts other than the East Midlands are likely to be less reliably estimated, to accord them the same weight as the East Midlands impacts – which are based on a much larger sample size – could be misleading. To reflect this, the pooled results are unweighted in this chapter. Furthermore, unlike the analysis in Chapter 4, the results for North West England are not considered at all in this chapter and are excluded from the pooled results. The reason for this is that, apart from having an extremely small sample size of only 45 individuals, only 59 per cent and 35 per cent (not in the tables) of the programme and control groups, respectively, report being employed in the month of random assignment. This is clearly worrying, since **everybody** in the WTC group should have been employed as of study entry. This raises additional concerns over the proper interpretation of ERA results for the WTC group in North West England.

This different approach to calculating the overall effect of ERA yields a different interpretation of the resulting summary estimate. Rather than providing the effect of ERA averaged equally over six separate tests, it provides an estimate of the effect of ERA in which the contribution of any given district's results to the pooled estimate reflects the relative size of the district's sample (which, in the first place, partly reflects the level of effort that was made to recruit WTC customers). While the resulting pooled estimates are less intuitive than the summary measures calculated for the New Deal groups, they are presented in the spirit of a sensitivity test to show whether the results found for the East Midlands are likely to hold more broadly. And while the East Midlands sample is by far the largest, adding the other districts (excluding North West England) nearly doubles the sample size for estimating the impact of ERA on the WTC group, raising it from 659 to 1,299.

#### **5.4.1 Effects of ERA on WTC customers in the East Midlands**

Table 5.7 shows the estimated effects of ERA on employment and earnings for WTC customers in the East Midlands in year 1. All individuals should have been working at the time of random assignment, so it is not surprising that nearly all the programme and control group participants reported being employed at some point in the course of the year. More informative is to consider employment status at the time of the survey interview. By this time, employment levels remained high (about 90 per cent), but there is no statistically significant difference between the programme and control groups. However, ERA does increase the probability of working full-time. In

the programme group, 27.8 per cent of individuals worked 30 hours or more per week at the time of the survey interview, compared with only 17.8 per cent in the control group. This difference of ten percentage points is statistically significant and seems to arise from people choosing to increase their hours of work. While 59.7 per cent of the programme group worked 16-29 hours per week, the level remained considerably higher in the control group, at 72.7 per cent. For those in work, weekly hours averaged 24.7 in the programme group and 23.1 in the control group.

**Table 5.7 Effects of ERA on employment and earnings, Working Tax Credit customers – East Midlands**

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>Employment</b>					
Ever worked during year 1 (%)	96.0	97.9	-1.9	-2.0	0.125
Number of months worked in year 1 <sup>a</sup>	10.9	11.3	-0.3	-2.7	0.108
Number of months worked full-time in year 1	2.9	1.9	1.0***	54.3	0.004
Number of months worked part-time in year 1	8.1	9.4	-1.3***	-14.1	0.001
Working at month 12 (%)	89.6	92.2	-2.6	-2.8	0.225
Average hours worked per week at month 12	22.2	21.3	0.9	4.4	0.227
Hours worked per week at month 12					
Did not work (%)	10.4	7.8	2.6	33.1	0.225
1 to 15 hours (%)	2.1	1.6	0.4	27.5	0.675
16 to 29 hours (%)	59.7	72.7	-13.1***	-18.0	0.000
30 or more hours (%)	27.8	17.8	10.1***	56.8	0.002
<i>Average weekly hours among workers</i>	24.7	23.1			

Continued

**Table 5.7 Continued**

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>Earnings</b>					
Total earnings in year 1 (£)	7,661	7,604	57	0.7	0.871
Hourly earnings at month 12					
Did not work (%)	10.4	7.8	2.6	33.1	0.225
£5 or less (%)	17.1	22.5	-5.4*	-24.0	0.086
£5.01 to 6.99 (%)	36.2	31.8	4.4	13.9	0.253
£7.00 or more (%)	35.4	36.7	-1.3	-3.6	0.706
<i>Average hourly wage among workers (£)</i>	<i>7.0</i>	<i>7.0</i>			
Weekly earnings at month 12 (£)	155	150	5	3.5	0.479
Sample size = 659	325	334			

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Italics indicate comparisons that are non-experimental. These measures are computed only for sample members who were employed. Since there may be differences in the characteristics of programme group and control group members who were employed, any differences in outcomes may not necessarily be attributable to the ERA programme. Statistical tests were not performed.

<sup>a</sup> A respondent is counted as having worked in a month if they worked at least one day that month.

It seems that ERA was effective in achieving its aims in the East Midlands, as individuals increased the degree of their engagement with the labour market. It is worth noting that WTC benefit rules already incorporate an incentive to work 30 or more hours per week, since a bonus becomes payable for individuals working at that level. It may be that the combination of the WTC bonus and the ERA bonus makes full-time work especially attractive. Over the course of the year, those in the programme group worked full-time for 2.9 months, compared with 1.9 months for the control group. This represents a very substantial increase of 54.3 per cent.

Given this increase in hours, it is somewhat surprising to see little effect on earnings. Programme group participants earned, on average, only £57 more than the control group over the year and there was little difference in weekly earnings at month 12. Further investigation (not presented in the tables) showed that those in the programme group working 16-29 hours per week were better paid per hour on average than those in the control group working similar hours. The opposite was true, however, when considering work of 30+ hours per week. In other words, while

ERA encouraged an increase in hours, this full-time work was less well paid relative to the control group than was the case with part-time work. This is particularly evident when considering employment of exactly 30 hours per week, which is where those in the programme group most outnumber those in the control group. At this level, programme group members received an average hourly wage of £7.17 in their main job, while those in the control group received £8.42 – an additional £1.25.

It is interesting to consider what might be driving this result. Two possible explanations are considered below, but it should be noted that these are based on non-experimental comparisons of those in the programme and control groups working a particular number of hours a week also and, therefore, cannot be interpreted as necessarily causal. The first is that ERA increased hours worked, but that those choosing to work more hours did so at a reduced wage. Additional results (not shown in the tables) show that wages among the control group were essentially the same for those working part-time and those working full-time (at just over £7 per hour). However, among the programme group, wages among those working 16-29 hours (£7.37 per hour) were 70 pence per hour more than among those working 30 hours or more per week (£6.67 per hour).

Such a reduction in wages among the programme group is consistent with the existence of a wage subsidy that makes it more feasible to work for a lower wage. It may be that the combination of earnings and the retention bonus (and indeed, the WTC full-time bonus) leaves some individuals better off than before. Also, other characteristics of the full-time jobs taken by the programme group may offset their lower earnings. For example, they may involve less commuting or offer other non-monetary benefits, such as training opportunities, a pension scheme, better leave entitlement, flexible working conditions, etc. (although there was no direct support for this in the data). A further point to note is that it appears that the existence of the incentive to work at least 30 hours per week encouraged people to increase their hours but did not persuade those working in excess of 30 hours to reduce their hours.

A second interpretation is that ERA influenced lower-paid workers to increase their hours more than it did better-paid workers. This interpretation would help explain why part-time work among the programme group should be less well paid than among the control group. If it is true that there would be little difference in wages between full-time and part-time workers in the absence of ERA (as suggested by the control group figures), then if ERA induced low-paid part-time workers to become full-time workers, the overall effect would be to increase the average hourly wage among the part-time workers but reduce the average wage among full-time workers. Again, it is plausible that ERA would disproportionately influence those earning lower wages, as the retention bonus could provide a greater proportional increase in their earnings.

With regard to benefit receipt, Table 5.8 shows that, over the course of the year, those in the control group received either JSA or IS for 0.8 months on average. In the programme group, individuals received one of these benefits for 1.2 months on

average, a statistically significant increase. Given this result, it is not surprising that the average amount of benefit received over the course of the year by the programme group (£244) was somewhat higher than that for the control group (£171), for a statistically significant £72 per year.

**Table 5.8 Effects of ERA on benefit receipt, Working Tax Credit customers – East Midlands**

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>Survey data</b>					
Receiving JSA at survey (%)	0.6	0.0	0.6	n/a	0.149
JSA average per week (£)	0	0	0	n/a	0.149
Receiving WTC at survey (%)	78.7	81.8	-3.2	-3.9	0.293
WTC average per week (£)	37	39	-3	-6.7	0.270
Receiving CTC at survey (%)	90.7	89.6	1.1	1.3	0.621
CTC average per week (£)	54	50	4*	8.7	0.074
Receiving IS at survey (%)	8.9	6.0	2.8	47.0	0.143
IS average per week (£)	4	3	1	24.4	0.442
Receiving housing benefit at survey (%)	16.8	21.7	-4.9*	-22.7	0.090
Receiving other state benefit at survey (%)	7.2	8.0	-0.8	-10.5	0.685
Other state benefit amount per week (£)	4	4	0	-10.1	0.747
<b>Records data</b>					
Number of months received JSA in year 1	0.1	0.0	0.0	234.7	0.220
Total JSA received in year 1 (£)	10	2	8	444.3	0.158
Number of months received IS in year 1	1.2	0.8	0.4**	51.2	0.036
Total IS received in year 1 (£)	233	169	64	37.9	0.125
Number of months received IS or JSA in year 1	1.2	0.8	0.4**	55.1	0.024
Total IS and JSA received in year 1 (£)	244	171	72*	42.4	0.088
Number of months received IB in year 1	0.1	0.1	0.0	39.6	0.583
Ever received IB in year 1 (%)	2.3	2.2	0.1	3.0	0.954
Sample size = 659	325	334			

Source: MDRC calculations from the ERA 12-month customer survey and benefit receipt records.

Notes: JSA = Jobseeker's Allowance; IS = Income Support; WTC = Working Tax Credit; CTC = Child Tax Credit; IB = Incapacity Benefit.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

### 5.4.2 Effects of ERA on WTC customers in other districts

Just as it does with the New Deal groups, it is possible that the effect of ERA on those receiving WTC varies across districts. This may be due to variations across districts in programme delivery, characteristics of the customer group or characteristics of the districts themselves. With the proviso of small sample sizes in mind, it is interesting to look at the variation in estimated effects by district. Taking the results as a whole, Table 5.9 shows that very few statistically significant effects are evident at the district level. This is to be expected, since the ability to detect effects is much reduced when only small samples are available. It is only in London that statistically significant effects are found. These are broadly consistent with the results for the East Midlands, which show that ERA increased full-time work at the time of the survey interview by 18.3 percentage points (39.6 per cent for the programme group and 21.3 per cent for the control group). It also increased the number of months worked full-time over the course of the year by 2.1 (3.8 months for the programme group, 1.7 months for the control group). In fact, this general pattern was seen in all districts. While these results from other districts were not statistically significant, there was consistency in full-time work being more common in the programme group than in the control group. Similarly, participants in the programme group worked more months full-time than those in the control group. There was no such consistency with regard to earnings. In some districts, those in the programme group earned more over the year than those in the control group, while in other districts this position was reversed. There was similar inconsistency in benefit receipt.

**Table 5.9 Effects of ERA on employment, earnings, and benefit receipt, by district, Working Tax Credit customers**

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
East Midlands (Sample size = 659)					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	96.0	97.9	-1.9	-2.0	0.125
Working at month 12 (%)	89.6	92.2	-2.6	-2.8	0.225
Average hours worked per week at month 12	22.2	21.3	0.9	4.4	0.227
Working 30+ hours per week at month 12 (%)	27.8	17.8	10.1***	56.8	0.002
Number of months worked full-time in year 1	2.9	1.9	1.0***	54.3	0.004
Total earnings in year 1 (£)	7,661	7,604	57	0.7	0.871

Continued

**Table 5.9 Continued**

<b>Outcome</b>	<b>ERA group</b>	<b>Control group</b>	<b>Difference (impact)</b>	<b>Percentage change</b>	<b>P-value</b>
<b>Benefits</b>					
Receiving IS at month 12 (%)	9.5	6.0	3.5*	57.1	0.077
IS amount per week (£)	4	3	1	35.4	0.270
Receiving WTC at month 12 (%)	78.7	81.8	-3.2	-3.9	0.293
WTC amount per week (£)	37	39	-3	-6.7	0.270
<b>London (Sample size = 102)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	98.2	[93.7]	[4.5]	4.8	0.198
Working at month 12 (%)	94.8	[91.2]	[3.5]	3.9	0.482
Average hours worked per week at month 12	24.5	[21.9]	[2.5]	11.5	0.284
Working 30+ hours per week at month 12 (%)	39.6	[21.3]	[18.3][*]	85.8	0.069
Number of months worked full-time in year 1	3.8	[1.7]	[2.1][**]	126.6	0.048
Total earnings in year 1 (£)	9,262	[9,173]	[89]	1.0	0.924
<b>Benefits</b>					
Receiving IS at month 12 (%)	5.0	[9.1]	[-4.1]	-45.4	0.430
IS amount per week (£)	2	[6]	[-4]	-61.5	0.247
Receiving WTC at month 12 (%)	81.2	[79.5]	[1.7]	2.2	0.832
WTC amount per week (£)	37	[41]	[-3]	-8.5	0.622
<b>North East England (Sample size = 192)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	97.9	99.0	-1.1	-1.1	0.529
Working at month 12 (%)	90.2	86.8	3.4	3.9	0.459
Average hours worked per week at month 12	21.6	19.9	1.8	8.9	0.247
Working 30+ hours per week at month 12 (%)	26.4	18.3	8.1	44.4	0.206
Number of months worked full-time in year 1	2.6	1.9	0.7	35.6	0.306
Total earnings in year 1 (£)	7,303	7,394	-91	-1.2	0.877
<b>Benefits</b>					
Receiving IS at month 12 (%)	8.2	10.6	-2.4	-22.7	0.556
IS amount per week (£)	3	5	-2	-30.8	0.424
Receiving WTC at month 12 (%)	80.7	76.4	4.4	5.7	0.469
WTC amount per week (£)	40	40	0	0.2	0.982

Continued

Table 5.9 Continued

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>Scotland (Sample size = 171)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	97.3	93.3	4.0	4.3	0.221
Working at month 12 (%)	85.3	84.2	1.1	1.3	0.846
Average hours worked per week at month 12	22.1	20.8	1.4	6.6	0.462
Working 30+ hours per week at month 12 (%)	35.3	25.2	10.1	40.1	0.171
Number of months worked full-time in year 1	3.6	2.4	1.2	49.4	0.122
Total earnings in year 1 (£)	7,842	6,824	1,017	14.9	0.120
<b>Benefits</b>					
Receiving IS at month 12 (%)	12.5	10.8	1.7	15.8	0.734
IS amount per week (£)	6	4	2	38.2	0.495
Receiving WTC at month 12 (%)	79.0	77.7	1.2	1.6	0.857
WTC amount per week (£)	41	42	-1	-2.7	0.849
<b>Wales (Sample size = 175)</b>					
<b>Employment and earnings</b>					
Ever worked during year 1 (%)	99.7	98.0	1.7	1.8	0.313
Working at month 12 (%)	92.6	92.5	0.1	0.1	0.979
Average hours worked per week at month 12	22.6	22.3	0.3	1.5	0.848
Working 30+ hours per week at month 12 (%)	26.4	22.1	4.3	19.4	0.516
Number of months worked full-time in year 1	2.5	2.2	0.3	12.7	0.692
Total earnings in year 1 (£)	7,814	8,391	-577	-6.9	0.499
<b>Benefits</b>					
Receiving IS at month 12 (%)	5.2	4.0	1.3	31.6	0.691
IS amount per week (£)	3	2	0	21.1	0.782
Receiving WTC at month 12 (%)	86.7	88.1	-1.4	-1.6	0.782
WTC amount per week (£)	48	48	0	-0.7	0.953

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: JSA = Jobseeker's Allowance; IS = Income Support; WTC = Working Tax Credit; CTC = Child Tax Credit; IB = Incapacity Benefit.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Bracketed numbers indicate a sample size of less than 50.



### 5.4.3 Effects of ERA for the pooled WTC sample across districts

Looking at the results for all districts combined (except North West England), it appears that the results for the East Midlands apply more broadly. Table 5.10 shows ERA caused an increase in the amount of full-time work of nearly one month over the course of the year, which was accounted for by a similarly sized reduction in part-time work. Again, although no effect on the proportion who were working was evident at the time of the survey interview, there was a marked move from part-time to full-time employment, which did not translate into an earnings effect. Table 5.11 shows the effect of ERA on benefits. Unlike the case of the East Midlands, there was no evidence that receipt of JSA or IS was higher among the programme group than the control group. The effect on HB receipt was comparable to that for the East Midlands. In the programme group, 19.1 per cent were claiming HB, compared with 24.0 per cent in the control group.

**Table 5.10 Effects of ERA on employment and earnings, Working Tax Credit customers**

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>Employment</b>					
Ever worked during year 1 (%)	97.1	97.2	0.0	0.0	0.984
Number of months worked in year 1 <sup>a</sup>	11.0	11.1	-0.1	-0.5	0.701
Number of months worked full-time in year 1	2.9	2.0	0.9***	46.7	0.000
Number of months worked part-time in year 1	8.1	9.1	-1.0***	-11.0	0.000
Working at month 12 (%)	89.8	90.5	-0.6	-0.7	0.699
Average hours worked per week at month 12	22.2	21.3	1.0*	4.5	0.100
Hours worked per week at month 12					
Did not work (%)	10.2	9.5	0.6	6.5	0.699
1 to 15 hours (%)	2.0	1.7	0.3	15.1	0.731
16 to 29 hours (%)	58.6	68.8	-10.2***	-14.8	0.000
30 or more hours (%)	29.2	19.9	9.3***	46.7	0.000
<i>Average weekly hours among workers</i>	24.8	23.6			

Continued

**Table 5.10** Continued

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>Earnings</b>					
Total earnings in year 1 (£)	7,796	7,660	136	1.8	0.585
Hourly earnings at month 12					
Did not work (%)	10.2	9.5	0.6	6.5	0.699
£5 or less (%)	18.3	20.6	-2.4	-11.6	0.280
£5.01 to 6.99 (%)	32.1	29.8	2.2	7.4	0.412
£7.00 or more (%)	38.3	38.8	-0.5	-1.3	0.838
<i>Average hourly wage among workers (£)</i> 7.2      7.2					
Weekly earnings at month 12 (£)	157	152	6	3.8	0.309
Sample size = 1,299	657	642			

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Italics indicate comparisons that are non-experimental. These measures are computed only for sample members who were employed. Since there may be differences in the characteristics of programme group and control group members who were employed, any differences in outcomes may not necessarily be attributable to the ERA programme. Statistical tests were not performed.

<sup>a</sup> A respondent is counted as having worked in a month if they worked at least one day that month.

**Table 5.11 Effects of ERA on benefit receipt, Working Tax Credit customers**

Outcome	ERA group	Control group	Difference (impact)	Percentage change	P-value
<b>Survey data</b>					
Receiving JSA at month 12 (%)	0.8	0.3	0.5	148.4	0.256
JSA average per week (£)	0	0	0	155.2	0.249
Receiving WTC at month 12 (%)	80.3	81.2	-1.0	-1.2	0.645
WTC average per week (£)	39	41	-2	-4.5	0.310
Receiving CTC at month 12 (%)	91.6	89.1	2.4	2.7	0.134
CTC average per week (£)	53	50	3*	6.2	0.085
Receiving IS at month 12 (%)	8.2	6.8	1.4	20.1	0.331
IS average per week (£)	4	3	0	8.0	0.704
Receiving housing benefit at month 12 (%)	19.1	24.0	-4.9**	-20.3	0.023
Receiving other state benefit at month 12 (%)	5.5	8.0	-2.5*	-31.2	0.073
Other state benefit amount per week (£)	3	4	-1	-23.4	0.284
<b>Records data</b>					
Number of months received JSA in year 1	0.1	0.0	0.0	57.9	0.462
Total JSA received in year 1 (£)	11	8	3	42.2	0.631
Number of months received IS in year 1	1.1	0.9	0.1	13.9	0.332
Total IS received in year 1 (£)	212	205	7	3.6	0.808
Number of months received IS or JSA in year 1	1.1	1.0	0.2	15.6	0.266
Total IS and JSA received in year 1 (£)	224	213	11	5.0	0.728
Number of months received IB in year 1	0.1	0.2	0.0	-19.2	0.559
Ever received IB in year 1	2.7	3.3	-0.6	-17.1	0.554
Sample size = 1,299	657	642			

Source: MDRC calculations from the ERA 12-month customer survey and benefit receipt records.

Notes: JSA = Jobseeker's Allowance; IS = Income Support; WTC = Working Tax Credit; CTC = Child Tax Credit; IB = Incapacity Benefit.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

## 5.5 Conclusions

This chapter provides the first evidence of whether ERA achieved its key objectives of increasing employment retention and advancement. A second report, due in early 2008, will consider longer-term effects, as well as results for the full population of individuals taking part in the experiment. These longer-term results promise to be very informative since they will reflect the improvement over time in the implementation of ERA described in Chapter 3.

For lone parents – whether they were NDLP participants or lone parents who were working and receiving WTC at the time of random assignment – the most notable effect of ERA over the first year of its implementation has been to encourage a move from part-time to full-time work. ERA also caused a small increase in hours worked among ND25+ participants. For NDLP participants, the increase in hours was accompanied by an increase in earnings but this was not the case for all districts. A degree of local variation is to be expected since districts vary in their characteristics and delivery of ERA. The effect on earnings was positive for ND25+ participants in most districts, although statistically significant for only one (East Midlands).

There was evidence of ERA increasing employment. Among NDLP participants, there was a higher probability of having worked at some point during the year (although this was mainly driven by a strong employment effect in North West England), while, among ND25+ participants, no such effect was found. However, a statistically significant increase in the probability of being in work at the end of year 1 was found in one district (again, the North West). It is perhaps somewhat surprising that ERA should have an effect on employment entry, given the fact that the pre-employment service provided by advisers differed little between the ERA group and the control group. However, it is important to bear in mind that the availability of the retention bonus could itself change the job search process for the ERA group, since it increases the range of jobs an individual could consider applying for and increases the financial payoff to work. Chapter 4 has shown that awareness of the retention bonus is high (roughly three-quarters of those eligible for ERA, regardless of target group, were aware of the bonus). While actual receipt of the bonus appears low, it should be borne in mind that receipt among those who have already been working full-time for a long enough period to qualify for receipt of the bonus may be considerably higher. It seems inevitable that penetration of the retention bonus will have grown by the time of the second report.

Mostly, the observed results were consistent with the design of ERA. However, it is important to bear in mind the distinction between pre-employment and post-employment treatment. For the two New Deal groups, getting a job represents a hurdle they have to clear before concerns relating to retention and advancement can be fully considered. The key focus of ERA is on in-work treatment and the second report will be able to focus more squarely on the effects of this.

# Appendix A

## Baseline characteristics of the programme and control groups

**Table A.1 Selected characteristics of members of the programme and control groups at the time of random assignment, for those randomly assigned between December 2003 and November 2004**

Characteristic	New Deal for Lone Parents		New Deal 25 Plus		Working Tax Credit	
	ERA group	Control group	ERA group	Control group	ERA group	Control group
<b>Gender (%)</b>						
Male	5.2	4.6	81.2	81.2	2.9	2.7
Female	94.8	95.4	18.8	18.8	97.1	97.3
<b>Age (%)</b>						
Under 30	40.6	41.8	15.3	16.7	15.5	15.8
30-39	40.1	39.4	36.7	36.6	49.2	49.6
40 or older	19.4	18.8	48.0	46.6	35.3	34.5
<b>Race/ethnicity (%)</b>						
Non-white	15.4	14.3	20.9	21.7	6.7	5.0
White	84.6	85.7	79.1	78.3	93.3	95.0

Continued

Table A.1 Continued

Characteristic	New Deal for Lone Parents		New Deal 25 Plus		Working Tax Credit	
	ERA group	Control group	ERA group	Control group	ERA group	Control group
Education (highest qualification obtained) <sup>a</sup> (%)						
None	23.3	23.2	36.2	36.9	14.1	13.7
GCSE	47.8	47.8	27.0	26.1	49.9	45.1
A-level	21.8	21.5	23.1	24.0	27.9	31.9
Other	7.2	7.5	13.7	13.0	8.2	9.3
Housing status <sup>b</sup> (%)						*
Family	7.3	7.6	21.9	22.8	6.0	4.7
Social	66.7	65.9	43.4	45.4	42.0	40.2
Private	25.2	25.7	31.7	28.7	51.5	54.0
Other	0.8	0.8	3.0	3.1	0.5	1.1
Number of months worked in three years prior to random assignment (%)						**
None	50.5	51.1	47.4	44.4	1.8	1.1
1-12	22.6	22.9	31.8	35.1	13.0	14.3
13+	26.9	26.0	20.8	20.4	85.2	84.6
No driving license or lack of access to car (%)	<b>67.3</b>	<b>68.5</b>	<b>76.2</b>	<b>77.7</b>	<b>38.3</b>	<b>33.7</b> *
Has barriers to work <sup>c</sup> (%)	64.2	65.7	62.1	64.0	64.8	66.9
Sample size	3,001	3,065	3,061	3,013	736	728

Source: MDRC calculations from baseline information forms completed by DWP staff.

Notes: Rounding may cause slight discrepancies in calculating sums and differences.

Tests of statistical significance across the research groups were performed. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Percentages shown are unweighted estimates.

<sup>a</sup> Participants who have General Certificate of Secondary Education (GCSE) qualifications refers to those who have passed a series of examinations in a variety of subjects, usually taken at age 15 or 16. Participants with A-level qualifications have passed a series of more advanced examinations usually taken around age 18 or older. Those with no qualifications have completed neither series of examinations.

<sup>b</sup> Family housing refers to situations where the customer is living with his/her parents, or other friends or relatives. Social housing refers to housing in which the local authority (local government) or a private housing association is the landlord. Private housing refers to owner-occupied housing or housing that the customer rents privately.

<sup>c</sup> Barriers to work include housing, transport, childcare, health, basic skills, or other problems.

# Appendix B

## Implementation features of the six ERA districts

**Table B.1 Implementation features of the six ERA districts**

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East Midlands	
Structure	Centralised management through Employment Retention and Advancement (ERA) District Manager. Three regional Advancement Support Adviser (ASA) Managers phased in between 2004 and 2005, covering 19 offices among them.
Staffing	Initially, ASAs were specialists for ERA customer groups but increasingly served all customer groups. A single ASA worked in smaller offices. Some peripatetic advisers experienced downtime travelling between multiple offices. Central management negated the need for ring-fencing adviser resources, although in smaller offices advisers performed mainstream adviser duties.
Intake	Mainstream New Deal advisers performed random assignment and passed on programme group customers to ASAs. Intake of Working Tax Credit (WTC) customer group largest of all districts, concentrated at end-of-intake period.
Targets	Little pressure on ASAs to contribute to job entry targets meant more time could be devoted to delivering ERA. ASA benchmarks for job entry and post-employment contact introduced in early 2005.
ERA profile	ERA considered to have lower profile than Incapacity Benefit (IB) Pathways pilot. Given centralised management, less support from Business Managers.
Events	Regional ASA managers phased in between 2004 and 2005 due to large size of district. New ERA Manager assigned in Autumn 2004. New District Manager appointed in early 2005. Due to pressure of space, ASAs in larger offices co-located in centralised units in early 2005.
Issues	Large geographical district made staffing and management difficult. Large customer caseloads in bigger offices detracted from ERA delivery, with major pressure on staffing during summer 2004. Large proportion of ASAs had no previous advisory experience.

Continued

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**Table B.1 Continued**

Achievements	Centralised ERA management structure effective for maintaining and protecting programme resources. Innovative marketing to attract sufficient numbers to the WTC customer group. Promoted work retention and advancement concepts early in the implementation. In spring 2004 established innovative advancement materials for use with non-working customers and set benchmarks for contacting working customers.
<b>London</b>	
Structure	Management structure differed depending on the New Deal customer group. The New Deal for Lone Parents (NDLP) and WTC group ASAs were coordinated and managed centrally. The New Deal 25 Plus (ND25+) ASAs were coordinated at the district level but line-managed at the office level.
Staffing	Initially, some resistance to staffing ERA. ASAs were specialists by ERA customer groups. NDLP ASAs served both control and programme group. Ring-fencing of a Post-Employment Team (PET) started in early 2005.
Intake	Lone parents randomly assigned by NDLP advisers (who also delivered ERA). ND25+ randomly assigned by mix of ASAs and support staff.
Targets	Same job entry targets applied to ASAs, which detracted from ERA delivery. Once the PET was formed, ASAs were assigned benchmarks and key work objectives.
ERA profile	Perceived to be low because post-employment delivery of ERA does not contribute to job-entry targets.
Events	New District Manager in spring 2004. PET formed in early 2005.
Issues	Tension with job entry targets. Large customer caseloads and mainstream Jobcentre Plus work.
Achievements	In spring 2005, District Manager agreed to commit more resources to ERA. Established PET in 2005. Developed innovative customer re-engagement publicity materials.
<b>North East England</b>	
Structure	Centralised ERA District Manager but ASAs locally line-managed at the office level.
Staffing	ASAs were specialists by ERA customer groups. Ring-fencing of ASAs phased in during 2005 but no longer in effect by early 2006. Therefore, all ASAs had, at times, served non-ERA as well as ERA customers.
Intake	Random assignment performed by mix of New Deal and ERA advisers.
Targets	ASAs expected to contribute to district job entry targets but targets applied to ASAs were half those for New Deal advisers. Eventually, ASAs who were assigned separate ERA objectives placed added pressure on staff.
ERA Profile	Perceived to be low; IB Pathways pilot given more priority.
Events	District without Technical Adviser (TA) support during spring 2004. Ring-fencing of all ASAs introduced in 2005 but phased out by 2006. District reorganisation in spring 2006.
Issues	Tension with job entry targets. Large customer caseloads and mainstream Jobcentre Plus work.
Achievements	ASAs ring-fenced during 2005. Some advisers developed innovative engagement and advancement techniques, but these were not consistently implemented across the district.

Continued



**Table B.1 Continued**

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<b>North West England</b>	
Structure	Centralised ERA District Manager but ASAs locally line-managed at the office level.
Staffing	Pre-employment: ASAs mainly specialised, working either with NDLP or ND25+ customers. They all worked with WTC customers. Ring-fencing of a PET started in 2005 when working customer caseloads were assigned to ASAs, while non-working customers were initially assigned to ASAs and later to administrative staff who performed job search activities.
Intake	Random assignment performed by mix of New Deal and ERA advisers, though all were trained on ERA intake.
Targets	Same job entry targets applied to ASAs, which detracted from ERA delivery. Once the PET was formed, ASAs were assigned benchmarks and key work objectives.
ERA profile	Perceived to be low because post-employment delivery of ERA does not contribute to job entry targets.
Events	Delayed start, three months later than other districts. District reorganisation in April 2005. New District Manager in mid-2005. PET started in July 2005.
Issues	Decentralised line management detracted from ERA delivery. Tensions with job entry targets. TA was sometimes asked to cover other districts.
Achievements	Established PET in 2005. Developed innovative customer re-engagement publicity materials, including newsletter and free prize draw. 'End of an ERA' information pack distributed to customers nearing the end of their 33 months of support.
<b>Scotland</b>	
Structure	Management and budget decentralised to office level. No ERA District Manager.
Staffing	Some mixed, some specialist ASAs. Most offices had only one ASA. ASAs ring-fenced in two offices in spring 2005, while remaining served non-ERA as well as ERA customers.
Intake	Random assignment performed by various New Deal, ASA and support staff.
Targets	Same job entry targets applied to ASAs, which detracted from ERA delivery. No ERA-specific benchmarks.
ERA profile	Perceived to be low. Upper and some local managers tended to favour IB Pathways pilot.
Events	District reorganised in 2004. New District Manager in spring 2004.
Issues	Decentralised line management detracted from ERA delivery. Office geographical distribution awkward for support and meetings. Tensions with job entry targets. Large customer caseloads and mainstream Jobcentre Plus work. Other pilot given more priority.
Achievements	ASAs in some offices ring-fenced during 2005. Some advisers developed innovative engagement and advancement techniques, but these were not consistently implemented across the district.

Continued

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**Table B.1 Continued**


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Wales	
Structure	Centralised management. ERA District Manager also responsible for delivery of NDLP across the district.
Staffing	ASAs were specialists by ERA customer groups. A single ASA worked in smaller offices. Some peripatetic advisers experienced downtime travelling between multiple offices. ASA staffing levels affected by long-term sick leave.
Intake	Mainstream New Deal advisers performed random assignment and passed on programme group customers to ASAs.
Targets	Job entry targets applied to ASAs, which detracted from ERA delivery. Benchmarks for post-employment contact and key work objectives around advancement and retention from April 2004.
ERA profile	ERA perceived to be supported at office level but devalued at upper management level due to tensions with job entry targets.
Events	Achieved 100 per cent NDLP intake April 2004.
Issues	Tension with job entry targets. Limited number of ND25+ ASAs. Understaffing, large customer caseloads and mainstream Jobcentre Plus work.
Achievements	Promoted work retention and advancement concepts early in the implementation. In spring 2004 established innovative advancement materials for use with non-working customers and set benchmarks for contacting working customers.

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# Appendix C

## Selected assistance estimates for the programme group

**Table C.1 Percentage of ERA programme group members who received ERA support while out of work, by district**

<b>Outcome</b>	<b>East Midlands</b>	<b>London</b>	<b>North East England</b>	<b>North West England</b>	<b>Scotland</b>	<b>Wales</b>
<b>A. New Deal for Lone Parents customers</b>						
Received help/advice from Jobcentre Plus staff to find a job or prepare for work (%)	90	78	85	83	93	90
Were aware of the training bonus (%)	59	39	43	50	47	57
Were aware of the work retention bonus (%)	71	61	69	75	79	69
Sample size	202	195	201	206	184	173
<b>B. New Deal 25 Plus customers</b>						
Received help/advice from Jobcentre Plus staff to find a job or prepare for work (%)	89	84	91	89	90	93
Were aware of the training bonus (%)	62	22	40	35	36	59
Were aware of the work retention bonus (%)	83	58	80	68	77	86
Sample size	190	174	184	166	185	168

Continued

**Table C.1 Continued**

<b>Outcome</b>	<b>East Midlands</b>	<b>London</b>	<b>North East England</b>	<b>North West England</b>	<b>Scotland</b>	<b>Wales</b>
<b>C. Working Tax Credit customers</b>						
Received help/advice from Jobcentre Plus staff to find a job or prepare for work (%)	82	[89]	[93]	[69]	[77]	[85]
Were aware of the training bonus (%)	78	[63]	[59]	[47]	[66]	[72]
Were aware of the work retention bonus (%)	76	[78]	[73]	[75]	[76]	[78]
Sample size	65	13	17	15	27	13

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Rounding may cause slight discrepancies in calculating sums and differences.

Bracketed numbers indicate a sample size of less than 50 customers.

**Table C.2 Among ERA programme group members who worked, percentage who received ERA in-work assistance, by district**

<b>Outcome</b>	<b>East Midlands</b>	<b>London</b>	<b>North East England</b>	<b>North West England</b>	<b>Scotland</b>	<b>Wales</b>
<b>A. New Deal for Lone Parents customers</b>						
Received help/advice to (%):						
Get a better job	30.4	9.2	23.1	22.9	25.2	23.5
Increase work hours	36.4	17.6	27.9	22.1	24.0	27.8
Get a promotion	11.5	0.8	5.8	9.5	5.3	5.2
Negotiate a pay raise	3.6	1.0	1.9	4.5	1.4	3.8
Negotiate better job terms	14.5	4.8	7.1	7.6	5.5	8.5
Get a more permanent job or contract	20.1	3.3	10.6	8.7	9.5	9.1
Determine career goals	41.8	12.3	18.7	19.0	23.5	28.2
Find education/training course	53.2	24.7	32.9	26.4	30.0	32.5
Take other steps	12.3	3.1	7.9	6.3	4.7	13.0
Do any of the above	72.4	43.6	55.6	48.9	48.7	53.0
Were aware of the training bonus (%)	66.2	49.4	53.6	60.2	50.4	65.6
Were aware of the work retention bonus (%)	75.7	79.5	78.4	85.2	84.7	75.9
Sample size	151	117	149	159	151	147

Continued

**Table C.2 Continued**

<b>Outcome</b>	<b>East Midlands</b>	<b>London</b>	<b>North East England</b>	<b>North West England</b>	<b>Scotland</b>	<b>Wales</b>
<b>B. New Deal 25 Plus customers</b>						
Received help/advice to (%):						
Get a better job	20.9	15.0	21.2	22.0	19.1	25.0
Increase work hours	17.6	11.1	10.5	19.6	17.7	12.2
Get a promotion	7.9	2.2	6.1	7.2	4.8	3.0
Negotiate a pay raise	5.2	4.1	2.6	6.4	5.1	4.3
Negotiate better job terms	7.9	4.2	4.7	6.1	3.4	5.6
Get a more permanent job or contract	12.8	6.0	10.1	10.1	14.4	9.1
Determine career goals	26.8	10.6	19.1	15.6	14.9	23.9
Find education/training course	39.2	15.7	26.5	30.7	21.2	32.4
Take other steps	8.8	3.4	3.5	2.2	7.5	9.6
Do any of the above	55.5	28.9	44.8	47.5	38.2	53.3
Were aware of the training bonus (%)	71.2	24.8	48.2	37.9	40.8	65.7
Were aware of the work retention bonus (%)	87.9	63.2	92.0	75.7	85.3	91.0
Sample size	113	62	109	93	100	76
<b>C. Working Tax Credit customers</b>						
Received help/advice to (%):						
Get a better job	50.1	19.6	52.3	[21.8]	43.0	45.1
Increase work hours	55.0	27.4	61.9	[36.7]	52.0	54.4
Get a promotion	15.6	7.0	15.2	[0]	15.6	14.9
Negotiate a pay raise	7.0	2.2	5.8	[0]	8.3	9.7
Negotiate better job terms	11.9	6.8	16.1	[3]	7.1	13.0
Get a more permanent job or contract	15.5	8.6	11.2	[6.1]	21.6	11.9
Determine career goals	58.4	13.2	48.5	[11.6]	40.8	49.0
Find education/training course	78.6	34.6	63.4	[37.4]	64.0	66.5
Take other steps	17.9	6.2	12.2	[0]	15.3	17.9
Do any of the above	88.2	51.4	80.3	[52.4]	82.4	79.4
Were aware of the training bonus (%)	83.1	54.2	71.0	[63.9]	78.0	77.5
Were aware of the work retention bonus (%)	80.0	64.2	78.9	[85]	86.3	86.8
Sample size	313	54	98	20	85	89

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Rounding may cause slight discrepancies in calculating sums and differences.

Bracketed numbers indicate a sample size of less than 50.



# Appendix D

## Help received and participation impacts

**Table D.1 While not in work: advice/help received and participation in activities, New Deal for Lone Parents customers**

Outcome	ERA group	Control group	Difference (impact)	P-value
Not in work and:				
Received help/advice from Jobcentre Plus staff (%):	76.3	72.5	3.8**	0.023
Looking at job vacancies	56.7	54.7	2.0	0.300
Applying for a job	34.6	34.3	0.3	0.869
Working out long-term career goals	31.0	25.0	6.0***	0.001
Help to stay in work or advance in future jobs	28.3	17.7	10.6***	0.000
Help to find out about or arrange child care	42.3	39.3	3.0	0.117
Looking for education or training courses	44.3	36.4	7.9***	0.000
Looking for volunteer work	8.8	7.7	1.1	0.289
Setting up own business	5.4	6.0	-0.6	0.499
Other type of help	6.5	8.3	-1.8*	0.074
Participated in activities to help find a job or prepare for work (%):				
Attended job club/programme centre classes or group meetings	8.7	9.4	-0.7	0.511
Put name on books of private recruitment agency	15.2	13.6	1.6	0.249
Went to careers office, careers advice department, or used Connexions service	11.6	10.8	0.8	0.502
Looked for job on own	70.6	71.3	-0.7	0.686

Continued

**Table D.1 Continued**

<b>Outcome</b>	<b>ERA group</b>	<b>Control group</b>	<b>Difference (impact)</b>	<b>P-value</b>
Did unpaid job arranged through a government program	3.1	2.8	0.4	0.586
Did voluntary work	8.5	8.5	-0.1	0.950
Attended an education or training course	29.0	27.5	1.6	0.358
Did something to set up own business	5.0	5.4	-0.5	0.572
Did something else to help find a job	7.4	4.9	2.5***	0.007
Sample size	1,317	1,287		

Source: MDRC calculations from the ERA 12-month customer survey.

Noted: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Slightly different proportions of ERA and control group members in the NDLP customer group – 88.4 per cent of the ERA group and 90.7 per cent of the control group, for a statistically significant difference of 2.3 percentage points – did not work at some point during the follow-up period. As a result, in judging differences between the two groups, e.g. in their likelihood of taking actions to help them find a job, it should be taken into account that a slightly lower proportion of ERA group members, compared with control group members, did not work at some point and thus, had less need to look for a job or prepare for work.



**Table D.2 While in work: advice/help received and participation in activities, New Deal for Lone Parents customers**

Outcome	ERA group	Control group	Difference (impact)	P-value
In work and:				
Received help/advice from Jobcentre Plus staff (%):	35.6	14.5	21.1***	0.000
Getting job with better pay or conditions	15.1	6.7	8.4***	0.000
Increasing hours of work	17.4	6.8	10.6***	0.000
Negotiating a pay raise	1.8	0.9	0.9*	0.053
Negotiating better job terms, e.g. more convenient hours	5.3	2.6	2.8***	0.000
Getting a promotion in present work	4.3	0.6	3.7***	0.000
Getting a more permanent job or contract	6.9	3.1	3.8***	0.000
Working out long-term career goals	15.9	4.6	11.3***	0.000
Finding an education or training course	21.9	7.0	14.9***	0.000
Other type of help	5.2	1.9	3.3***	0.000
Took steps to help improve work situation or earnings (%):				
Tried to increase hours of work	22.7	18.5	4.2***	0.007
Tried to get pay raise	7.4	7.4	0.1	0.959
Tried to negotiate better terms, e.g. more convenient hours	17.4	14.8	2.7*	0.064
Tried to change to different sort of work with same employers	8.4	7.1	1.3	0.209
Tried to get better job with different employer	17.2	14.9	2.4*	0.096
Took steps to find another job (%):				
Put name on books of private recruitment agency	4.3	2.7	1.7**	0.020
Went to careers office, careers advice department or used Connexions service	2.2	1.4	0.8	0.113
Looked for another job on own	16.1	13.6	2.5*	0.069
Did something else to find another job	3.6	2.3	1.3*	0.050
Sample size	1,317	1,287		

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Somewhat different proportions of ERA and control group members in the NDLP customer group – 66.2 per cent of the ERA group and 61.7 per cent of the control group, for a statistically significant difference of 4.5 percentage points – worked at some point during the follow-up period. As a result, in judging differences between the two groups, e.g. in their likelihood of taking steps to improve their work situation or earnings, this should be taken into account.

**Table D.3 While in work: advice/help received and participation in activities, by district, New Deal for Lone Parents customers**

Outcome	East Midlands			London		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
In work and:						
Had any contact with Jobcentre Plus staff (%)	49.0	27.3	21.6***	35.4	20.4	14.9***
Received help/advice from Jobcentre Plus staff (%):	45.5	17.2	28.2***	23.8	14.5	9.3**
Getting job with better pay or conditions	18.7	10.0	8.8***	5.0	7.1	-2.0
Increasing hours of work	22.8	7.9	14.9***	9.6	6.2	3.4
Negotiating a pay raise	2.3	1.2	1.1	0.5	0.4	0.1
Negotiating better job terms, e.g. more convenient hours	8.8	2.7	6.2***	2.6	2.0	0.6
Getting a promotion in present work	7.3	0.8	6.5***	0.5	0.0	0.4
Getting a more permanent job or contract	12.8	2.9	10.0***	2.0	3.1	-1.1
Working out long-term career goals	26.2	8.3	17.9***	6.7	3.6	3.1
Finding an education or training course	33.3	7.9	25.4***	13.6	7.0	6.6**
Other type of help	7.8	2.9	4.9**	1.6	2.1	-0.5
Took steps to help improve work situation or earnings (%):	40.7	41.8	-1.1	32.5	31.9	0.6
Tried to increase hours of work	22.7	23.1	-0.4	15.6	14.7	0.9
Tried to get pay raise	6.9	7.8	-0.9	7.2	7.7	-0.6
Tried to negotiate better terms, e.g. more convenient hours	17.6	19.6	-2.0	15.0	10.6	4.4
Tried to change to different sort of work with same employer	9.3	13.3	-4.0	7.5	4.7	2.8
Tried to get better job with different employer	17.7	18.2	-0.5	14.1	12.5	1.6

Continued

**Table D.3 Continued**

Outcome	East Midlands			London		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
Took steps to find another job (%):	17.2	17.0	0.2	13.7	11.5	2.1
Put name on books of private recruitment agency	4.1	2.8	1.3	4.2	2.9	1.3
Went to careers office, careers advice department, or used Connexions service	5.3	2.0	3.3*	0.5	0.9	-0.5
Looked for another job on own	16.7	17.0	-0.2	13.3	11.0	2.3
Did something else to find another job	5.1	2.1	3.0*	2.4	2.3	0.1
Took steps other than the above to improve work situation or earnings (%)	9.3	7.9	1.4	8.1	6.4	1.7
Participated in education or training (%)	29.5	20.0	9.5**	17.2	15.9	1.4
Sample size	238	225		214	216	

Continued

Table D.3 Continued

Outcome	North East England			North West England		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
In work and:						
Had any contact with Jobcentre Plus staff (%)	45.7	21.1	24.6***	49.8	19.4	30.5***
Received help/advice from Jobcentre Plus staff (%):	35.3	13.1	22.2***	34.7	8.4	26.3***
Getting job with better pay or conditions	14.6	7.2	7.4***	16.2	3.3	13.0***
Increasing hours of work	17.9	6.1	11.8***	15.7	3.4	12.3***
Negotiating a pay raise	1.3	0.9	0.4	3.2	0.5	2.7**
Negotiating better job terms, e.g. more convenient hours	4.5	1.5	3.1*	5.3	2.4	2.9
Getting a promotion in present work	3.8	1.4	2.4	6.8	0.4	6.3***
Getting a more permanent job or contract	6.9	3.4	3.6*	6.0	1.7	4.3**
Working out long-term career goals	12.1	4.6	7.6***	13.6	1.8	11.9***
Finding an education or training course	21.0	6.8	14.2***	18.6	2.6	16.0***
Other type of help	4.9	2.0	2.9*	4.7	0.0	4.7***
Took steps to help improve work situation or earnings (%):	40.0	35.6	4.4	46.1	37.0	9.0*
Tried to increase hours of work	25.1	17.8	7.3*	20.7	17.7	3.0
Tried to get pay raise	6.6	4.6	1.9	9.0	6.0	3.0
Tried to negotiate better terms, e.g. more convenient hours	14.3	14.6	-0.3	19.2	11.3	7.9**
Tried to change to different sort of work with same employer	8.3	5.9	2.4	9.1	8.2	0.9
Tried to get better job with different employer	15.8	13.9	1.9	17.8	15.2	2.6

Continued

**Table D.3 Continued**

Outcome	North East England			North West England		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
Took steps to find another job (%):	15.0	13.0	2.0	17.3	13.8	3.5
Put name on books of private recruitment agency	3.2	1.5	1.8	3.4	1.6	1.9
Went to careers office, careers advice department, or used Connexions service	1.2	1.3	-0.1	1.4	0.9	0.6
Looked for another job on own	14.3	12.8	1.5	16.5	13.7	2.8
Did something else to find another job	1.6	2.3	-0.8	3.6	2.8	0.9
Took steps other than the above to improve work situation or earnings (%)	8.8	5.3	3.5	7.3	4.6	2.7
Participated in education or training (%)	21.2	17.0	4.2	20.5	12.8	7.7**
Sample size	235	231		223	214	

Continued

Table D.3 Continued

Outcome	Scotland			Wales		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
In work and:						
Had any contact with Jobcentre Plus staff (%)	46.5	20.4	26.1***	50.4	23.3	27.0***
Received help/advice from Jobcentre Plus staff (%):	35.0	16.1	18.9***	38.9	17.7	21.2***
Getting job with better pay or conditions	17.9	6.9	11.0***	17.3	6.4	10.9***
Increasing hours of work	17.3	9.0	8.2**	20.4	8.4	12.0***
Negotiating a pay raise	1.0	1.0	0.1	3.0	1.6	1.4
Negotiating better job terms, e.g. more convenient hours	3.9	3.9	-0.1	6.1	3.5	2.6
Getting a promotion in present work	3.8	0.6	3.3**	4.1	0.0	4.1***
Getting a more permanent job or contract	7.1	4.1	3.0	6.8	2.3	4.4**
Working out long-term career goals	17.0	4.9	12.1***	20.7	3.0	17.7***
Finding an education or training course	21.8	7.3	14.5***	23.8	9.0	14.8***
Other type of help	3.3	1.6	1.7	9.2	2.9	6.3**
Took steps to help improve work situation or earnings (%):	43.6	40.2	3.4	46.7	37.8	8.9*
Tried to increase hours of work	25.9	19.6	6.2	25.1	19.4	5.7
Tried to get pay raise	7.7	10.3	-2.6	6.9	8.8	-1.9
Tried to negotiate better terms, e.g. more convenient hours	14.1	16.4	-2.4	23.4	17.6	5.8
Tried to change to different sort of work with same employer	5.4	5.8	-0.5	10.6	4.0	6.7**
Tried to get better job with different employer	16.2	16.7	-0.5	20.6	14.3	6.2

Continued

**Table D.3 Continued**

Outcome	Scotland			Wales		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
Took steps to find another job (%):	16.2	15.2	1.0	19.0	13.9	5.1
Put name on books of private recruitment agency	6.7	4.4	2.3	4.0	3.6	0.4
Went to careers office, careers advice department, or used Connexions service	3.0	1.4	1.6	1.4	1.7	-0.3
Looked for another job on own	16.2	15.2	1.0	18.6	13.3	5.3
Did something else to find another job	1.4	3.0	-1.6	6.9	1.7	5.2**
Took steps other than the above to improve work situation or earnings (%)	9.5	4.5	5.1**	7.4	7.8	-0.3
Participated in education or training (%)	20.0	10.9	9.2***	17.6	21.5	-4.0
Sample size	208	205		199	196	

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Somewhat different proportions of ERA and control group members in the New Deal for Lone Parents customer group – 66.2 per cent of the ERA group and 61.7 per cent of the control group, for a statistically significant difference of 4.5 percentage points – worked at some point during the follow-up period. As a result, in judging differences between the two groups, e.g. in their likelihood of taking steps to improve their work situation or earnings while working, it should be taken into account that a slightly higher proportion of ERA group members, compared with control group members, worked at some point and thus, had more opportunity to improve their situations or earnings while working.

**Table D.4 While not in work: advice/help received and participation in activities, New Deal 25 Plus customers**

Outcome	ERA group	Control group	Difference (impact)	P-value
Not in work and:				
Received help/advice from Jobcentre Plus staff (%):	85.1	85.0	0.1	0.964
Looking at job vacancies	73.7	76.3	-2.6	0.161
Applying for a job	52.2	52.0	0.2	0.940
Working out long-term career goals	36.0	32.0	4.0*	0.050
Help to stay in work or advance in future jobs	32.3	22.4	9.9***	0.000
Help to find out about or arrange child care	4.2	4.8	-0.7	0.439
Looking for education or training courses	52.0	47.7	4.4**	0.039
Looking for volunteer work	13.7	14.1	-0.4	0.765
Setting up own business	20.0	16.3	3.7**	0.024
Other type of help	6.6	5.1	1.5	0.145
Participated in activities to help in finding a job or preparing for work (%):				
Attended job club/programme centre classes or group meetings	39.8	39.2	0.5	0.791
Put name on books of private recruitment agency	35.2	33.7	1.4	0.466
Went to careers office, careers advice department or used Connexions service	18.1	17.9	0.2	0.902
Looked for job on own	84.7	87.0	-2.2	0.127
Did unpaid job arranged through a government program	9.6	8.4	1.2	0.306
Did voluntary work	10.1	12.7	-2.6**	0.050
Attended an education or training course	33.6	35.1	-1.5	0.445
Did something to set up own business	13.2	12.1	1.1	0.414
Did something else to help find a job	10.4	9.2	1.2	0.336
Sample size	1,121	1,092		

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Very similar proportions of ERA and control group members in the ND25+ customer group – 95.2 per cent of the ERA group and 96.0 per cent of the control group – did not work at some point during the follow-up period. Thus, New Deal 25 Plus customers in the ERA and control groups had equal opportunity to avail themselves of not-in-work services.



**Table D.5 While in work: advice/help received and participation in activities, New Deal 25 Plus customers**

Outcome	ERA group	Control group	Difference (impact)	P-value
In work and:				
Received help/advice from Jobcentre Plus staff (%):	22.3	11.7	10.6***	0.000
Getting job with better pay or conditions	10.1	5.1	5.0***	0.000
Increasing hours of work	7.2	3.9	3.4***	0.000
Negotiating a pay raise	2.2	1.2	1.0*	0.061
Negotiating better job terms, e.g. more convenient hours	2.5	1.5	1.0	0.104
Getting a promotion in present work	2.6	0.8	1.8***	0.001
Getting a more permanent job or contract	5.1	2.8	2.3***	0.006
Working out long-term career goals	9.2	4.4	4.9***	0.000
Finding an education or training course	14.0	6.2	7.9***	0.000
Other type of help	2.9	2.1	0.7	0.267
Took steps to help improve work situation or earnings (%):				
Tried to increase hours of work	16.4	18.0	-1.6	0.321
Tried to get pay raise	7.9	8.5	-0.6	0.597
Tried to negotiate better terms, e.g. more convenient hours	7.5	6.7	0.7	0.513
Tried to change to different sort of work with same employers	5.1	5.2	0.0	0.971
Tried to get better job with different employer	13.5	13.1	0.5	0.734
Took steps to find another job (%):				
Put name on books of private recruitment agency	5.5	5.2	0.4	0.691
Went to careers office, careers advice department or used Connexions service	1.7	1.6	0.1	0.838
Looked for another job on own	13.1	11.9	1.2	0.403
Did something else to find another job	2.9	1.9	1.0	0.129
Sample size	1,121	1,092		

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Very similar proportions of ERA and control group members in the ND25+ customer group – 49.4 per cent of the ERA group and 49.1 per cent of the control group – worked at some point during the follow-up period. Thus, New Deal 25 Plus customers in the ERA and control groups had equal opportunity to avail themselves of in-work services.

**Table D.6 While in work: advice/help received and participation in activities, by district, New Deal 25 Plus customers**

Outcome	East Midlands			London		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
In work and:						
Had any contact with Jobcentre Plus staff (%)	41.5	21.6	19.9***	18.2	7.0	11.1 ***
Received help/advice from Jobcentre Plus staff (%):	31.0	14.5	16.5***	10.3	6.4	4.0
Getting job with better pay or conditions	11.3	8.2	3.2	5.2	2.2	3.0
Increasing hours of work	9.6	4.1	5.5**	4.2	2.1	2.1
Negotiating a pay raise	2.8	1.1	1.7	1.3	0.4	1.0
Negotiating better job terms, e.g. more convenient hours	4.0	1.4	2.6	1.4	0.9	0.5
Getting a promotion in present work	4.0	1.4	2.7*	0.7	0.5	0.2
Getting a more permanent job or contract	6.8	3.0	3.8*	1.9	1.0	1.0
Working out long-term career goals	14.7	4.9	9.8***	3.8	1.4	2.3
Finding an education or training course	22.1	9.3	12.8***	5.4	3.3	2.2
Other type of help	4.9	1.5	3.5**	1.2	0.6	0.6
Took steps to help improve work situation or earnings (%):	33.8	34.6	-0.8	19.6	28.2	-8.5*
Tried to increase hours of work	25.3	21.4	3.9	10.7	19.1	-8.4**
Tried to get pay raise	7.0	9.5	-2.5	5.7	7.7	-2.0
Tried to negotiate better terms, e.g. more convenient hours	11.5	9.0	2.5	6.0	9.7	-3.7
Tried to change to different sort of work with same employers	5.8	5.8	0.0	2.2	4.9	-2.7
Tried to get better job with different employer	12.7	16.3	-3.6	8.7	13.5	-4.8

Continued

**Table D.6 Continued**

Outcome	East Midlands			London		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
Took steps to find another job (%):	12.7	15.4	-2.7	8.7	11.7	-3.0
Put name on books of private recruitment agency	5.0	8.0	-3.0	3.4	6.0	-2.7
Went to careers office, careers advice department or used Connexions service	1.4	3.9	-2.4	0.8	1.5	-0.7
Looked for another job on own	12.2	14.9	-2.7	8.7	11.1	-2.4
Did something else to find another job	3.0	1.4	1.7	0.0	1.5	-1.5*
Took steps other than the above to improve work situation or earnings (%)	7.9	7.2	0.7	7.7	6.8	0.9
Participated in education or training (%)	13.9	10.4	3.5	9.1	4.7	4.5*
Sample size	201	211		178	168	

Continued

Table D.6 Continued

Outcome	North East England			North West England		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
In work and:						
Had any contact with Jobcentre Plus staff (%)	36.4	13.1	23.3***	30.6	7.6	23.1***
Received help/advice from Jobcentre Plus staff (%):	24.1	13.7	10.4***	25.0	12.2	12.8***
Getting job with better pay or conditions	11.4	5.3	6.1**	11.4	4.2	7.2**
Increasing hours of work	5.2	3.9	1.4	10.4	5.3	5.2*
Negotiating a pay raise	1.4	0.6	0.8	3.2	1.5	1.7
Negotiating better job terms, e.g. more convenient hours	2.4	1.7	0.7	3.4	2.5	0.9
Getting a promotion in present work	3.4	1.1	2.3	4.2	0.0	4.2***
Getting a more permanent job or contract	5.3	5.3	0.1	5.7	2.4	3.4
Working out long-term career goals	10.3	5.4	4.9*	8.1	4.7	3.5
Finding an education or training course	14.8	7.4	7.4**	15.9	7.3	8.6**
Other type of help	2.0	1.5	0.5	1.1	1.9	-0.8
Took steps to help improve work situation or earnings (%):	30.0	33.1	-3.1	31.0	26.5	4.4
Tried to increase hours of work	15.9	16.2	-0.2	15.7	16.1	-0.3
Tried to get pay raise	8.7	6.3	2.4	11.3	10.4	0.9
Tried to negotiate better terms, e.g. more convenient hours	5.2	4.4	0.8	11.1	6.4	4.6
Tried to change to different sort of work with same employers	4.4	6.6	-2.2	5.3	7.2	-1.9
Tried to get better job with different employer	12.5	17.1	-4.6	15.8	8.6	7.2**

Continued

**Table D.6 Continued**

Outcome	North East England			North West England		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
Took steps to find another job (%):	12.2	15.8	-3.6	15.2	8.1	7.2**
Put name on books of private recruitment agency	5.6	7.9	-2.3	5.5	3.2	2.3
Went to careers office, careers advice department or used Connexions service	1.5	1.5	-0.1	2.3	0.6	1.8
Looked for another job on own	12.2	15.8	-3.6	14.6	8.1	6.5*
Did something else to find another job	4.1	3.9	0.1	3.3	0.7	2.6
Took steps other than the above to improve work situation or earnings (%)	6.0	9.1	-3.1	6.4	5.9	0.4
Participated in education or training (%)	12.7	9.0	3.7	9.6	5.5	4.2
Sample size	198	201		177	165	

Continued

Table D.6 Continued

Outcome	Scotland			Wales		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
In work and:						
Had any contact with Jobcentre Plus staff (%)	29.3	14.2	15.0***	28.8	16.3	12.4***
Received help/advice from Jobcentre Plus staff (%):	19.4	12.1	7.3*	23.3	10.1	13.3***
Getting job with better pay or conditions	9.6	6.4	3.3	11.0	4.2	6.8**
Increasing hours of work	9.0	3.1	5.9**	5.4	4.1	1.3
Negotiating a pay raise	2.7	2.7	0.0	1.8	0.5	1.3
Negotiating better job terms, e.g. more convenient hours	1.7	1.6	0.1	2.3	0.6	1.7
Getting a promotion in present work	2.3	0.9	1.5	1.2	0.0	1.2
Getting a more permanent job or contract	7.1	1.8	5.3**	3.6	2.9	0.6
Working out long-term career goals	7.5	4.2	3.4	10.8	5.1	5.7*
Finding an education or training course	10.9	4.5	6.5**	13.8	4.9	8.9***
Other type of help	3.7	3.8	-0.1	4.0	3.7	0.4
Took steps to help improve work situation or earnings (%):	31.0	25.5	5.5	27.4	28.0	-0.6
Tried to increase hours of work	16.1	15.4	0.7	15.5	17.5	-2.0
Tried to get pay raise	8.3	7.2	1.1	7.4	9.1	-1.7
Tried to negotiate better terms, e.g. more convenient hours	6.3	3.3	3.0	6.0	6.4	-0.4
Tried to change to different sort of work with same employers	6.8	2.7	4.1*	5.9	4.0	1.9
Tried to get better job with different employer	17.9	9.7	8.2**	13.2	12.1	1.0

Continued

**Table D.6 Continued**

Outcome	Scotland			Wales		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
Took steps to find another job (%):	17.2	9.3	8.0**	13.2	12.1	1.0
Put name on books of private recruitment agency	7.4	2.6	4.8**	5.9	2.2	3.7*
Went to careers office, careers advice department or used Connexions service	2.2	1.5	0.6	1.7	0.1	1.6
Looked for another job on own	17.2	8.7	8.5**	13.2	12.1	1.0
Did something else to find another job	3.8	2.0	1.8	2.8	1.9	0.9
Took steps other than the above to improve work situation or earnings (%)	9.1	7.9	1.2	11.4	9.2	2.2
Participated in education or training (%)	10.7	9.6	1.0	8.6	6.1	2.5
Sample size	193	181		174	166	

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Very similar proportions of ERA and control group members in the ND25+ customer group – 49.5 per cent of the ERA group and 49.1 per cent of the control group – worked at some point during the follow-up period. Thus, ND25+ customers in the ERA and control groups had equal opportunity to avail themselves of in-work services.

**Table D.7 While not in work: advice/help received and participation in activities, Working Tax Credit customers – East Midlands only**

Outcome	ERA group	Control group	Difference (impact)	P-value
Not in work and:				
Received help/advice from Jobcentre Plus staff (%):	16.8	10.3	6.5***	0.006
Looking at job vacancies	11.6	7.0	4.7**	0.026
Applying for a job	6.8	3.3	3.5**	0.032
Working out long-term career goals	10.4	3.3	7.1***	0.000
Help to stay in work or advance in future jobs	8.5	4.0	4.5**	0.014
Help to find out about or arrange child care	6.7	4.9	1.8	0.265
Looking for education or training courses	14.0	4.7	9.3***	0.000
Looking for volunteer work	1.6	0.3	1.3*	0.067
Setting up own business	2.8	1.2	1.7	0.122
Other type of help	2.5	1.8	0.8	0.499
Participated in activities to help in finding a job or preparing for work (%):	17.8	15.0	2.8	0.294
Attended job club/programme centre classes or group meetings	1.6	0.8	0.8	0.370
Put name on books of private recruitment agency	3.8	2.3	1.5	0.268
Went to careers office, careers advice department or used Connexions service	3.8	2.6	1.1	0.402
Looked for job on own	14.9	13.9	1.0	0.703
Did unpaid job arranged through a government program	1.3	0.2	1.1*	0.098
Did voluntary work	3.5	1.7	1.8	0.136
Attended an education or training course	8.9	3.9	5.0***	0.007
Did something to set up own business	2.9	1.7	1.1	0.336
Did something else to help find a job	2.6	1.1	1.4	0.166
Sample size	325	334		

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Very similar proportions of ERA and control group members in the WTC customer group in East Midlands did not work during the follow-up period: In all, 21.1 per cent of the ERA group and 17.5 per cent of the control group did not work at some point during the follow-up period. Thus, WTC customers in the ERA and control groups had equal opportunity to avail themselves of not-in-work services.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.



**Table D.8 While in work: advice/help received and participation in activities, Working Tax Credit customers – East Midlands only**

Outcome	ERA group	Control group	Difference (impact)	P-value
In work and:				
Received help/advice from Jobcentre Plus staff (%):	84.7	21.9	62.8***	0.000
Getting job with better pay or conditions	48.1	8.6	39.5***	0.000
Increasing hours of work	52.9	6.6	46.3***	0.000
Negotiating a pay raise	6.7	0.7	6.1***	0.000
Negotiating better job terms, e.g. more convenient hours	11.4	1.2	10.3***	0.000
Getting a promotion in present work	15.1	1.2	13.8***	0.000
Getting a more permanent job or contract	14.8	2.7	12.1***	0.000
Working out long-term career goals	56.1	7.7	48.4***	0.000
Finding an education or training course	75.6	14.3	61.3***	0.000
Other type of help	17.2	4.3	12.9***	0.000
Took steps to help improve work situation or earnings (%):				
Tried to increase hours of work	46.6	36.1	10.5***	0.006
Tried to get pay raise	22.2	19.7	2.5	0.440
Tried to negotiate better terms, e.g. more convenient hours	21.1	24.7	-3.6	0.276
Tried to change to different sort of work with same employers	14.6	15.7	-1.1	0.708
Tried to get better job with different employer	35.0	25.8	9.2**	0.010
Took steps to find another job (%):	34.1	25.0	9.1**	0.011
Put name on books of private recruitment agency	5.6	2.4	3.2**	0.038
Went to careers office, careers advice department or used Connexions service	8.0	4.8	3.3*	0.085
Looked for another job on own	33.7	24.7	9.1**	0.010
Did something else to find another job	6.4	7.6	-1.2	0.559
Sample size	325	334		

Source: MDRC calculations from the ERA 12-month customer survey.

Notes: Very similar proportions of ERA and control group members in the WTC customer group in East Midlands worked during the follow-up period: 96.0 per cent of the ERA group and 97.9 per cent of the control group worked at some point during the follow-up period. Thus, WTC customers in the ERA and control groups had equal opportunity to avail themselves of in-work services.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.



# Appendix E

## Employment impacts from administrative records data

**Table E.1** Effect of ERA on number of months<sup>a</sup> worked as recorded in administrative records, by customer group

Customer group	ERA group	Control group	Difference (impact)	Percentage change	P-value
New Deal for Lone Parents Sample size = 2,604	4.2 1,317	4.0 1,287	0.2	4.4	0.338
New Deal 25 Plus Sample size = 2,213	2.3 1,121	2.4 1,092	-0.1	-4.3	0.525

Source: MDRC calculations from Work and Pensions Longitudinal Study (WPLS) employment records.

Notes: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

<sup>a</sup> A respondent is counted as having worked in a month if they worked at least one day that month.



# Appendix F

## Subgroup analysis

**Table F.1 Benefit receipt impacts for ERA study enrollees: New Deal for Lone Parents customers (Survey respondents randomly assigned between December 2003 and November 2004)**

	Percentage receiving Income Support during month 12 following random assignment (%)				Total earnings for the first year following random assignment (£)					
	ERA group	Control group	Difference (impact)	P-value	Sample size	ERA group	Control group	Difference (impact)	P-value	Sample size
All participants	50.8	53.8	-3.0**	0.017	6,066	3,594	2,783	811***	0.000	2,318
<b>District</b>										
East Midlands	51.6	52.0	-0.4	0.882	1,447	2,879	2,736	142	0.728	423
London	58.8	58.8	-0.1	0.974	1,391	3,609	2,869	740	0.129	405
North East England	47.8	50.2	-2.3	0.407	1,182	3,326	2,695	631	0.150	403
North West England	48.9	59.6	-10.7***	0.001	913	3,853	2,467	1,386***	0.001	382
Scotland	45.8	49.2	-3.4	0.412	551	4,175	3,173	1,002**	0.023	361
Wales	45.7	46.0	-0.3	0.946	582	3,652	3,004	648	0.136	344
<b>Race/ethnicity</b>										
White	49.8	51.8	-2.0	0.136	5,151	3,517	2,880	637***	0.001	2,014
Non-white	54.9	65.5	-10.6***	0.001	896	4,161	2,182	1,979***	0.000	299
<b>Age of youngest child</b>										
Under six years	55.3	57.0	-1.6	0.363	2,954	3,307	2,327	979***	0.000	1,150
Six years or older	46.9	50.9	-4.0**	0.028	2,816	3,869	3,106	762***	0.005	1,067
<b>Number of months worked in three years prior to random assignment</b>										
None	57.2	60.8	-3.6**	0.042	3,082	2,800	2,179	620**	0.012	1,172
1-12	50.0	53.3	-3.3	0.221	1,380	3,789	2,789	1,000***	0.005	507
13+	38.7	41.0	-2.3	0.338	1,604	5,001	3,780	1,221***	0.002	639

Continued

**Table F.1 Continued**

	Percentage receiving Income Support during month 12 following random assignment (%)				Total earnings for the first year following random assignment (£)					
	ERA group	Control group	Difference (impact)	P-value	Sample size	ERA group	Control group	Difference (impact)	P-value	Sample size
<b>Housing status</b>										
Family	46.0	47.8	-1.8	0.712	437	3,863	3,514	349	0.592	187
Social	54.4	56.1	-1.7	0.268	3,861	3,152	2,558	594***	0.004	1,489
Private	45.3	48.5	-3.2	0.209	1,468	4,443	3,051	1,392***	0.001	538
<b>Qualifications</b>			††					††		
None	62.2	60.9	1.3	0.621	1,409	2,154	2,007	146	0.589	531
GCSE	50.7	53.0	-2.3	0.213	2,898	3,481	2,432	1,049***	0.000	1,078
A-Level	37.9	47.5	-9.5***	0.000	1,313	5,266	4,060	1,205**	0.014	536
<b>Cohort</b>										
Early (December 2003 – May 2004)	53.5	55.6	-2.2	0.219	3,108	3,445	2,580	865***	0.000	1,243
Late (June 2004 – November 2004)	47.9	51.8	-4.0**	0.026	2,958	3,758	3,023	736***	0.007	1,075
<b>Number of barriers to employment</b>			††							
None	44.6	44.0	0.6	0.764	2,126	4,113	3,538	575*	0.085	800
One	53.2	55.8	-2.6	0.192	2,339	3,480	2,649	830***	0.004	929
Two or more	55.9	63.2	-7.3***	0.002	1,601	3,006	2,053	953***	0.002	589

Continued

Table F.1 Continued

	Percentage receiving Income Support during month 12 following random assignment (%)				Total earnings for the first year following random assignment (£)					
	ERA group	Control group	Difference (impact)	P-value	Sample size	ERA group	Control group	Difference (impact)	P-value	Sample size
Severely disadvantaged										
Yes	63.5	67.3	-3.8	0.125	1,435	1,795	1,497	298	0.246	539
No	46.8	49.6	-2.9**	0.048	4,631	4,141	3,173	968***	0.000	1,779

Source: MDRC calculations from the baseline information forms completed by DWP staff, the ERA 12-month survey, and WPLS employment records.

Notes: Barriers to employment include transportation, childcare, health, housing, basic skills, or other self-identified problems.

Severely disadvantaged refers to those participants with General Certificate of Secondary Education (GCSE) qualifications or lower, no work in the three years prior to random assignment, and at least one barrier to employment.

The benefits outcome includes all participants, while earnings outcome includes survey respondents.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

A statistical test was conducted to measure whether impacts differed significantly across the subgroup dimensions featured in this table. Statistical significance levels are indicated as: ††† = 1 per cent; †† = 5 per cent and † = 10 per cent.



**Table F.2 Benefit receipt impacts for ERA study enrollees: New Deal 25 Plus customers (Survey respondents randomly assigned between December 2003 and November 2004)**

	Percentage receiving Jobseeker's Allowance during month 12 following random assignment (%)				Total earnings for the first year following random assignment (£)					
	ERA group	Control group	Difference (impact)	P-value	Sample size	ERA group	Control group	Difference (impact)	P-value	Sample size
All participants	49.9	51.5	-1.6	0.192	6,074	2,710	2,419	291	0.141	2,013
District			†††							
East Midlands	46.8	53.3	-6.5**	0.017	1,288	3,347	2,456	891**	0.044	381
London	53.6	56.1	-2.5	0.329	1,454	2,507	1,782	725	0.230	324
North East England	45.2	47.1	-1.9	0.603	733	3,131	2,955	177	0.722	352
North West England	42.0	51.7	-9.7***	0.000	1,345	2,468	1,908	560	0.188	307
Scotland	57.3	53.9	3.4	0.324	780	2,475	2,245	230	0.574	342
Wales	53.4	45.8	7.6*	0.098	474	2,159	3,173	-1,014*	0.059	307
Race/ethnicity			††							
White	50.2	50.8	-0.6	0.677	4,761	2,832	2,456	376*	0.090	1,698
Non-white	47.3	55.4	-8.0***	0.004	1,290	2,086	2,189	-103	0.809	309
Age of youngest child										
Under six years	39.4	35.7	3.7	0.428	456	3,095	3,540	-444	0.602	157
Six years or older	44.1	45.8	-1.7	0.715	425	2,572	3,320	-748	0.291	151
Number of months worked in three years prior to random assignment			††					†		
None	55.4	58.7	-3.3*	0.074	2,790	1,475	1,639	-164	0.450	898
1-12	50.7	47.9	2.8	0.205	2,033	3,101	2,400	701*	0.058	661
13+	36.3	41.9	-5.6**	0.039	1,251	4,609	4,028	581	0.291	454

Continued

Table F.2 Continued

	Percentage receiving Jobseeker's Allowance during month 12 following random assignment (%)				Total earnings for the first year following random assignment (£)					
	ERA group	Control group	Difference (impact)	P-value	Sample size	ERA group	Control group	Difference (impact)	P-value	Sample size
<b>Housing status</b>										
Family	51.1	52.3	-1.2	0.660	1,274	2,449	2,052	397	0.263	435
Social	51.0	55.1	-4.1**	0.039	2,476	2,166	1,969	198	0.417	841
Private	45.4	47.3	-1.9	0.429	1,667	3,137	3,618	-480	0.284	539
<b>Qualifications</b>			††							
None	49.1	53.9	-4.8**	0.020	2,221	1,958	1,736	222	0.389	682
GCSE	53.4	49.9	3.4	0.158	1,613	3,209	2,439	770*	0.087	529
A-Level	45.8	49.8	-4.0	0.126	1,430	3,298	2,977	321	0.480	512
<b>Cohort</b>										
Early (December 2003 – May 2004)	49.9	51.3	-1.3	0.465	2,858	2,697	2,596	100	0.699	1,054
Late (June 2004 – November 2004)	49.9	51.7	-1.9	0.276	3,216	2,732	2,214	517*	0.086	959
<b>Number of barriers to employment</b>										
None	49.7	49.8	-0.1	0.976	2,244	3,090	3,221	-130	0.722	727
One	50.3	52.7	-2.4	0.206	2,657	2,684	2,145	539*	0.063	901
Two or more	49.4	51.8	-2.5	0.403	1,173	2,024	1,604	420	0.260	385

Continued

Table F.2 Continued

	Percentage receiving Jobseeker's Allowance during month 12 following random assignment (%)				Total earnings for the first year following random assignment (£)					
	ERA group	Control group	Difference (impact)	P-value	Sample size	ERA group	Control group	Difference (impact)	P-value	Sample size
Severely disadvantaged										
Yes	53.7	58.0	-4.3	0.121	1,239	1,417	1,336	82	0.809	394
No	48.9	49.8	-0.9	0.515	4,835	3,022	2,688	334	0.156	1,619

Source: MDRC calculations from the baseline information forms completed by DWP staff, the ERA 12-month survey, and WPLS employment records.

Notes: Barriers to employment include transportation, childcare, health, housing, basic skills, or other self-identified problems.

Severely disadvantaged refers to those participants with General Certificate of Secondary Education (GCSE) qualifications or lower, no work in the three years prior to random assignment, and at least one barrier to employment.

The benefits outcome includes all participants, while earnings outcome includes survey respondents.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

A statistical test was conducted to measure whether impacts differed significantly across the subgroup dimensions featured in this table. Statistical significance levels are indicated as: ††† = 1 per cent; †† = 5 per cent and † = 10 per cent.



# Appendix G

## Non-response analysis in the 12-month survey

The analysis in this report focuses on the 13,604 Jobcentre Plus customers who were randomly assigned to the programme or control group in the UK ERA study between 1 December 2003, and 30 November 2004. This group is referred to as the **full sample** in the following tables. Most of the impacts presented in this report come from responses to a first-year follow-up survey. Due to the time and resources required to conduct the survey, not every customer who was eligible for the first-year survey was selected to participate. Instead, a subset of the full sample was randomly selected to participate in the survey and represent the larger group. This group is referred to as the **fielded sample**. However, several customers selected to participate in the survey could not be located, refused to participate, or could not be interviewed. Sample members who were unable to participate in the survey are referred to as **non-respondents**, while those members who completed the survey are referred to as **respondents**.

This appendix assesses the extent to which the respondent sample is representative of the full sample and whether the impacts estimated using the responses to the survey can be regarded as applying equally to the full sample. To preview the key results, the level of survey response was very high and tended to be particularly associated with certain characteristics. However, there was no evidence of bias resulting from basing estimates on the respondents sample; on the contrary, the available evidence suggests that estimates based on respondents sample agree with estimates based on the full sample.

### Response rates

Response rates are very high by conventional standards. This increases confidence that the results estimated for respondents will hold for the full sample. Table G.1

shows that there are 6,066 New Deal for Lone Parents (NDLP) customers in the full sample. Of those, 2,995 were selected to be in the fielded sample and 2,604 of these responded to the survey, yielding an 87 per cent response rate. The New Deal 25 Plus (ND25+) group has a full sample of 6,074, a fielded sample of 2,970, a respondent sample of 2,213 and a response rate of 75 per cent. The Working Tax Credit (WTC) group has a full sample of 1,464, a fielded sample of 1,447, a respondent sample of 1,344 and a response rate of 93 per cent.

## Comparison of impact estimates from administrative records

Despite these high response rates, it is still possible that impact estimates for the group for which survey data are available may not agree with impact estimates based on the full sample. Although survey data are not available for the full sample, employment and benefit data from administrative records are. Using these administrative records, estimates based on the full sample can be compared with estimates based on the respondent sample. This provides an insight into whether estimates based on the smaller (respondent) sample can be regarded as unbiased estimates for the full sample. Should this be the case for the outcomes held in administrative records, we can be more confident that the impact estimates for the outcomes available only in the survey data also apply to the full sample.

Table G.2 contains impact estimates for the number of months receiving benefit and the number of months employed in the first year after random assignment (taken from the administrative records data) for the full and respondent samples. The NDLP group shows statistically significant negative impacts for benefit receipt and statistically insignificant positive impacts for employment for both sample groups. The ND25+ group shows statistically insignificant impacts for benefit receipt and employment for both sample groups. The WTC group shows significant negative impacts for benefit receipt for both samples. Employment data from administrative records were not available for the WTC group due to reasons mentioned in Chapter 5; however, the respondent sample represents 92 per cent of the full sample, so it is less likely that we would see a difference in impacts. Overall, the comparison of administrative records shows very similar impact estimates for the full sample and the respondent sample for both economic outcomes for all three customer groups. This is the best available test of whether the respondent sample is capable of delivering unbiased impact estimates and the strong suggestion is that it is reasonable to generalise the survey response findings to the full sample.

## Comparison of baseline characteristics

It is of interest to understand the factors influencing whether an individual in the fielded sample responds to the survey. To some extent, this can be explored by comparing the characteristics of respondents with those of non-respondents. Any such differences can be controlled for when estimating programme impacts and so do not imply a bias in the resulting estimates. Indeed, the results from the previous section suggest the survey-based estimates to be unbiased.

Tables G.3 – G.5 present unadjusted means of selected baseline characteristics by customer group for the entire UK ERA sample and for respondents and non-respondents to the survey. Significant differences between the characteristics of respondents and non-respondents are denoted by asterisks in the table. Overall, respondents and non-respondents are statistically significantly different in a number of regards. This is common in surveys and may have a variety of explanations. For example, members of the fielded sample who have ties to a community through family are easier to locate for survey participation than those who do not, so it is not surprising that response rates are higher among those in the ND25+ group with children than those without (there is no such pattern among the NDLP and WTC groups since, by definition, nearly all individuals – respondents and non-respondents alike – have children).

Since some of these characteristics may be correlated – for example, education and weekly earnings – multiple regression is used to determine which characteristics differ significantly across respondents and non-respondents while taking all other characteristics into account. Table G.6 shows the results of regressing an indicator of response status on the characteristics shown in Tables G.3 – G.5, as well as an indicator of research group, in order to better understand the process governing response. The ‘parameter estimate’ column captures the effect of each characteristic on the probability of responding to the survey; asterisks denote the significance level of this effect.

The results show that many of the characteristics that differed by response status in Tables G.3 – G.5 were not statistically significant predictors of response status in the multiple regression analysis. The only characteristic that was a statistically significant predictor of response in all three customer groups was district. For example, those in the two New Deal groups who live in the East Midlands or North East England are more likely to respond to the survey than those living in London. This is a standard finding for surveys in the UK; response rates tend to be lower among those living in London. Overall, although some differences in characteristics between the respondents and non-respondents still exist, all of the estimates of the programme impacts presented in this report control for such differences.

## Conclusion

The survey achieved a remarkably high response rate and the available evidence suggests that the impact estimates based on the respondents sample hold for the full sample. As expected, there are some characteristics that differ between respondents and non-respondents but these are accounted for when estimating impacts. Taken as a whole, the assessments presented in this appendix support the interpretation of the impact estimates presented in this report as representative of the full sample.

**Table G.1 Survey response rates**

	New Deal for Lone Parents		New Deal 25 Plus		Working Tax Credit				
	Total	ERA group	Control group	Total	ERA group	Control group	Total	ERA group	Control group
Full sample size	6,066	3,001	3,065	6,074	3,061	3,013	1,464	736	728
Fielded sample size	2,995	1,482	1,513	2,970	1,486	1,484	1,447	722	725
Respondent sample size	2,604	1,317	1,287	2,213	1,121	1,092	1,344	679	665
Response rate (%)	86.9	88.9	85.1	74.5	75.4	73.6	92.9	94.0	91.7

Source: MDRC calculations from the ERA 12-month customer survey.

Note: Rounding may cause slight discrepancies in calculating sums and differences.



**Table G.2 Comparison of impacts on the benefit receipt and employment of the full sample and the respondent sample**

Outcome	New Deal for Lone Parents			New Deal 25 Plus			Working Tax Credit		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
<b>Full Sample</b>									
Number of months on benefit in the 12 months post-random assignment	7.5	7.8	-0.4***	7.9	7.9	0.0	1.1	1.4	-0.3*
Number of months employed in the 12 months post-random assignment	4.1	3.9	0.1	2.1	2.1	0.0	n/a	n/a	
Sample size	3,001	3,065		3,061	3,013		736	728	
<b>Respondent Sample</b>									
Number of months on benefit in the 12 months post-random assignment	7.3	7.7	-0.5***	8.0	8.1	-0.1	1.1	1.4	-0.3**
Number of months employed in the 12 months post-random assignment	4.2	4.0	0.2	2.3	2.4	-0.1	n/a	n/a	
Sample size	1,317	1,287		1,121	1,092		679	665	

Source: MIDRC calculations from administrative WPLS records and benefits data and from ERA 12-month customer survey.

Notes: Benefit refers to Jobseeker's Allowance (JSA) for ND25+ customers, Income Support (IS) for NDLP customers, and a combination of the two for WTC customers.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

**Table G.3 Comparison of the baseline characteristics of the sample (New Deal for Lone Parents customers)**

Characteristic	Full sample	Respondents to 12-month survey	Non-respondents to 12-month survey
<b>District (%)</b>			
East Midlands	16.7	10.9	9.3***
London	16.7	10.6	23.7***
North East England	16.7	13.5	12.7**
North West England	16.7	16.4	16.3
Scotland	16.6	25.5	18.6
Wales	16.7	23.2	19.5
<b>Date of random assignment (%)</b>			
October 2003 - December 2003	3.6	3.5	3.9
January 2004 - March 2004	34.1	34.5	37.6
April 2004 - June 2004	23.9	25.1	24.9
July 2004 - September 2004	26.5	26.4	23.5
October 2004 - December 2004	11.9	10.5	10.2
Female (%)	94.9	95.2	89.7***
Single (%)	72.9	73.3	77.1**
<b>Number of children (%)</b>			
None	1.0	0.9	2.1**
One	54.0	54.9	56.0
More than one	45.1	44.3	41.9
<b>Education (%)</b>			
NVQ Equivalent Levels 1-3	56.6	56.8	57.2
NVQ Equivalent Levels 4-5	12.4	12.6	7.7***
Other	7.3	7.4	6.3
None	23.8	23.3	28.9***
<b>Number of months worked in three years prior to random assignment (%)</b>			
12 or fewer	72.8	70.9	73.6
13 - 24	13.1	13.6	12.5
More than 24	14.1	15.5	13.9
Worked in the past year (%)	29.5	31.5	26.4
<b>Age (%)</b>			
Under 30	42.0	43.2	47.0*
30 - 39	39.4	39.0	37.3
40 or older	18.6	17.8	15.8

Continued

**Table G.3 Continued**

Characteristic	Full sample	Respondents to 12-month survey	Non-respondents to 12-month survey
Age of youngest child (%)			
Under 6	51.0	52.3	55.5
6 - 18	48.0	46.9	42.4*
Non-white race/ethnicity (%)	12.6	10.0	14.5
Weekly earnings in the past year for current/ most recent job (£)	27.90	29.94	26.73
Number of months on benefit in the two years prior to random assignment	17.36	17.06	16.95
Sample size	6,066	2,604	391

Source: MDRC calculations from baseline, ERA 12-month customer survey, and administrative records benefits data.

Notes: Benefit refers to JSA for ND25+ customers, IS for NDLP customers, and a combination of the two for WTC customers.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the respondent group and the non-respondent group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

**Table G.4 Comparison of the baseline characteristics of the sample (New Deal 25 Plus customers)**

Characteristic	Full sample	Respondents to 12-month survey	Non-respondents to 12-month survey
<b>District (%)</b>			
East Midlands	16.7	12.6	10.6***
London	16.7	9.4	21.8***
North East England	16.6	21.3	12.7***
North West England	16.6	9.9	22.4***
Scotland	16.7	18.8	16.6
Wales	16.7	28.1	16.0
<b>Date of random assignment (RA) (%)</b>			
October 2003 - December 2003	4.8	5.5	4.1
January 2004 - March 2004	25.9	28.0	29.0
April 2004 - June 2004	24.5	25.3	28.3**
July 2004 - September 2004	28.7	27.3	25.1
October 2004 - December 2004	16.1	13.9	13.6
Female (%)	18.3	19.5	14.2***
Single (%)	61.2	57.7	70.8***
<b>Number of children (%)</b>			
None	84.7	83.6	88.7***
One	6.0	6.4	4.4*
More than one	9.4	10.0	6.9***
<b>Education (%)</b>			
NVQ Equivalent Levels 1-3	35.2	35.3	35.8
NVQ Equivalent Levels 4-5	15.0	16.3	11.6***
Other	13.7	15.1	12.3
None	36.1	33.3	40.3***
<b>Number of months worked in three years prior to RA (%)</b>			
12 or fewer	78.2	75.6	81.6***
13 - 24	15.1	16.3	13.3
More than 24	6.7	8.1	5.1**
Worked in the past year (%)	24.0	25.6	20.8**
<b>Age (%)</b>			
Under 30	16.0	15.9	15.5
30 - 39	36.1	34.2	41.1***
40 or older	47.9	49.9	43.4***

Continued

**Table G.4 Continued**

Characteristic	Full sample	Respondents to 12-month survey	Non-respondents to 12-month survey
Age of youngest child (%)			
Under 6	7.7	8.1	6.9
6 - 18	7.5	8.1	4.4***
Non-white race/ethnicity (%)	16.5	10.8	22.6***
Weekly earnings in the past year for current/ most recent job (£)	35.75	37.78	32.31
Number of months on benefit in the two years prior to random assignment	19.10	18.77	19.68**
Sample size	6,074	2,213	757

Source: MDRC calculations from baseline, ERA 12-month customer survey, and administrative records benefits data.

Notes: Benefit refers to JSA for ND25+ customers, IS for NDLP customers, and a combination of the two for WTC customers.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the respondent group and the non-respondent group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

**Table G.5 Comparison of the baseline characteristics of the sample (Working Tax Credit customers)**

Characteristic	Full sample	Respondents to 12-month survey	Non-respondents to 12-month survey
<b>District (%)</b>			
East Midlands	16.8	17.4	11.7
London	16.6	16.2	18.0
North East England	16.6	16.0	20.1
North West England	16.7	16.3	24.5**
Scotland	16.7	16.6	19.3
Wales	16.6	17.6	6.3***
<b>Date of random assignment (%)</b>			
October 2003 - December 2003	2.4	2.4	0.3
January 2004 - March 2004	23.0	22.5	28.4
April 2004 - June 2004	20.9	21.0	22.0
July 2004 - September 2004	25.3	26.1	18.6*
October 2004 - December 2004	28.5	28.0	30.8
Female (%)	96.6	96.9	92.9**
Single (%)	54.6	54.1	63.3*
<b>Number of children (%)</b>			
None	1.4	1.3	2.5
One	51.3	50.4	62.0**
More than one	47.3	48.3	35.5***
<b>Education (%)</b>			
NVQ Equivalent Levels 1-3	61.8	62.1	55.0
NVQ Equivalent Levels 4-5	16.0	16.1	15.5
Other	7.6	7.3	12.7**
None	14.5	14.5	16.9
<b>Number of months worked in three years prior to random assignment (%)</b>			
12 or fewer	19.8	18.8	30.8***
13 - 24	15.4	15.4	17.1
More than 24	64.8	65.9	52.1***
Worked in the past year	92.2	91.7	96.5*
<b>Age (%)</b>			
Under 30	17.6	17.2	22.9
30 - 39	49.6	49.5	50.4
40 or older	32.8	33.4	26.8

Continued

**Table G.5 Continued**

Characteristic	Full sample	Respondents to 12-month survey	Non-respondents to 12-month survey
Age of youngest child (%)			
Under 6	31.8	30.4	47.2***
6 - 18	66.8	68.3	50.3***
Non-white race/ethnicity (%)	11.0	10.5	10.1
Weekly earnings in the past year for current/ most recent job (£)	105.62	106.59	92.10***
Number of months on benefit in the two years prior to random assignment	4.81	4.61	6.89***
Sample size	1,464	1,344	103

Source: MDRC calculations from baseline, ERA 12-month customer survey, and administrative records benefits data.

Notes: Benefit refers to JSA for ND25+ customers, IS for NDLP customers, and a combination of the two for WTC customers.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the respondent group and the non-respondent group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.

Table G.6 Treatment/control status as a predictor of survey response

Characteristic	New Deal for Lone Parents		New Deal 25 Plus		Working Tax Credit	
	Parameter estimate	(Standard error)	Parameter estimate	(Standard error)	Parameter estimate	(Standard error)
Treatment status	0.037	0.012***	0.018	0.016	0.024	0.014*
<b>District (%)</b>						
East Midlands	0.098	0.022***	0.120	0.029***	0.044	0.027
North East England	0.076	0.022***	0.090	0.029***	0.009	0.031
North West England	0.052	0.021**	0.011	0.027	-0.001	0.045
Scotland	0.036	0.023	0.043	0.030	0.014	0.032
Wales	0.032	0.023	0.052	0.029*	0.081	0.033**
<b>Date of random assignment (%)</b>						
October 2003 - December 2003	-0.007	0.037	0.026	0.040	0.051	0.049
January 2004 - March 2004	-0.018	0.021	-0.017	0.025	0.013	0.020
April 2004 - June 2004	-0.005	0.022	-0.033	0.026	-0.010	0.021
July 2004 - September 2004	0.006	0.022	-0.001	0.026	0.017	0.018
Female (%)	0.128	0.028***	0.051	0.021**	0.029	0.041
Single (%)	-0.023	0.015	-0.082	0.019***	-0.003	0.016
<b>Number of children (%)</b>						
One	0.096	0.060	0.059	0.040	0.046	0.051
More than one	0.101	0.060*	0.079	0.040**	0.070	0.051
<b>Education (%)</b>						
NVQ Equivalent Levels 1-3	0.034	0.015**	0.036	0.019*	0.013	0.021
NVQ Equivalent Levels 4-5	0.082	0.022***	0.124	0.024***	0.003	0.025
Other	0.059	0.026**	0.061	0.025**	0.021	0.029

Continued



**Table G.6 Continued**

Characteristic	New Deal for Lone Parents		New Deal 25 Plus		Working Tax Credit	
	Parameter estimate	(Standard error)	Parameter estimate	(Standard error)	Parameter estimate	(Standard error)
Number of months worked in three years prior to random assignment (%)						
12 or fewer	-0.006	0.021	-0.034	0.033	0.009	0.025
13 - 24	0.003	0.024	-0.030	0.037	-0.007	0.021
Worked in the past year (%)	0.020	0.022	0.052	0.035	-0.061	0.040
<b>Age (%)</b>						
30 - 39	0.010	0.016	-0.048	0.024**	0.017	0.023
40 or older	0.018	0.022	-0.016	0.024	0.019	0.026
Age of youngest child under 6 years (%)	-0.018	0.015	-0.042	0.044	-0.020	0.017
Non-white race/ethnicity (%)	0.002	0.020	-0.053	0.024**	0.004	0.032
Weekly earnings in the past year for current/most recent job (£)	0.000	0.000	0.000	0.000	0.000	0.000***
Number of months on benefit in the two years prior to random assignment	0.001	0.001	0.000	0.001	0.000	0.001
Sample size	2,995		2,970		1,447	

Source: MDRC calculations from baseline, ERA 12-month customer survey, and administrative records benefits data.

Notes: Data include only the fielded sample.

Benefit refers to JSA for ND25+ customers, IS for NDLP customers, and a combination of the two for WTC customers.

Rounding may cause slight discrepancies in calculating sums and differences.

Tests of statistical significance across the research groups were performed. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent and \*\*\* = 1 per cent.



# Appendix H

## Survey respondent sample size, by district

**Table H.1 Survey respondent sample size, by customer group and district**

District	New Deal for Lone Parents		New Deal 25 Plus		Working Tax Credit	
	ERA group	Control group	ERA group	Control group	ERA group	Control group
East Midlands	238	225	201	211	325	334
London	214	216	178	168	55	47
North East England	235	231	198	201	100	92
North West England	223	214	177	165	22	23
Scotland	208	205	193	181	88	83
Wales	199	196	174	166	89	86
Total	1,317	1,287	1,121	1,092	679	665

Source: MDRC calculations from the ERA 12-month customer survey.



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