

The Welfare We Want?

The British Challenge for American Reform

Chapter 6:

Beyond Lone Parents: Extending Welfare-to-Work to Disabled People and the Young Unemployed

Bruce Stafford

Director

Centre for Research in Social Policy

Loughborough University

England

LE11 3TU

United Kingdom

Draft: 25 October 2002

Email <B.R.Stafford@lboro.ac.uk>. This is a draft circulated for comment and correction. It should not be reproduced or distributed without the authors' permission.

Beyond Lone Parents: Extending Welfare-to-Work to Disabled People and the Young Unemployed

Bruce Stafford

INTRODUCTION

Despite the generality of its title, the Temporary Assistance for Needy Families (TANF) in the United States primarily addresses single parents with children. In the UK this client group is targeted by the New Deal for Lone Parents (see Chapter 5), which is one of a family of New Deal programs that are central to New Labour's strategy for moving people from welfare to work and modernizing the welfare state. The New Deals are active labor market policies that differ in client group, whether participation is mandatory or voluntary, and the nature of the intervention. Many of the key features of these New Deals, such as case working, will be familiar to an American audience, but the UK Government has applied these policies to client groups not currently covered by welfare-to-work policies in the US. This chapter, therefore, looks beyond lone parents to consider the Labour Government's application of a welfare-to-work model to two quite different target groups, young people and people of working age with disabilities. The intent is to show how, in the UK, the generic model has been modified, both in light of the characteristics of the particular target groups and in response to prevailing norms and expectations as well as political objectives.

Both New Deals discussed here encompass recipients not just of means-tested, cash benefits but also of contributory, social insurance benefits. New Labour has therefore moved beyond "welfare" as reflected in TANF and addressed groups that in the US would at least potentially be recipients of unemployment insurance payments. The welfare-to-work model has also been applied in the UK to people claiming benefits on the grounds of incapacity for work—who have, therefore, in both the US and Britain, traditionally been considered exempt from the expectation that they should obtain paid work. Being assessed as incapable of work in Britain does not prohibit all forms of work, and claimants performing certain tasks—such as caring, domestic work, voluntary work, and therapeutic work—can retain incapacity benefit entitlement. Nevertheless, until the New Deal for Disabled People, the Government did not systematically endeavor to help those on incapacity-related benefits into paid employment.

THE PROGRAMS IN BRIEF

The New Deal for Young People. This was established a national program in April 1998 and is targeted at 18 to 24 year olds who generally have been unemployed for six or more months. (Certain groups, including young disabled people, lone parents, ex-offenders, and people with problems with basic skills may gain early entry to the program.) Unlike in the US, in Britain almost all young unemployed people over age 17 are entitled to a cash benefit, Jobseeker's Allowance, even if they have never worked. Most will receive this benefit following a test of means, but some will have acquired the right to benefit on the basis of insurance contributions made while working. Jobseeker's Allowance paid on the basis of social insurance contributions is only paid for up to the first 26 weeks of a spell of unemployment, after which the individual is eligible for means-tested Jobseeker's Allowance. Claimants of contribution-based Jobseeker's Allowance with a partner or children often claim means-tested Jobseeker's Allowance from the beginning of their spell of unemployment as their household circumstances mean that they often meet the requirements of the means-test. To be eligible for the New Deal for Young People, participants must be claiming Jobseeker's Allowance, either means-tested or contribution-based.

Under New Deal for Young People, the activity sequence begins with a four-month Gateway. The Gateway aims to get young people into work through providing intensive help with job search, and all participants are allocated a Personal Adviser (or caseworker). For those who fail to find unsubsidized employment, Gateway is followed by choice of one of four activity options (subsidized work, voluntary work, the Environmental Task Force, or full-time education or training). Once the chosen activity is completed, participants who have not obtained unsubsidised employment move to a Follow Through phase of additional intensive job search.

Each of the Options generally lasts for up to six months and provides vocational training of at least a day a week leading to accreditation. Participation is mandatory; the sanction for refusal to participate is a time-limited withdrawal of Jobseeker's Allowance. Sanctions can be imposed for a variety of reasons and for different lengths of time. Young people face two sanction regimes depending upon their stage in the New Deal process. Whilst in the Gateway they are subject to the same sanction regime as all Jobseeker's Allowance claimants. For example, if they fail to look for work or are a full-time student their claim to benefit is terminated; if they refuse an offer of an unsubsidized job without good cause their benefit can be suspended for up to 26 weeks; if they

refuse to take-up one of the Options (or any other Government program or course) benefit is stopped for two weeks, or four weeks if previously sanctioned. At the Options stage, the sanctions regime changes. Failure to attend an Option, leaving early, or being dismissed without good cause can lead to an initial two-week benefit suspension that rises to four weeks, then to 26 weeks for subsequent breaches. Personal Advisers do not impose benefit sanctions, rather the case is referred to an Adjudication Officer for a decision on whether a penalty should be imposed.

The New Deal for Disabled People. This program, in contrast to the New Deal for Young People, is a voluntary program. It was introduced in 1998, initially as a two-year pilot, because the Government recognized the particular difficulties the client group encountered in obtaining employment and considered that a period of experimentation was needed to identify best practice (HC, 1999). Two versions of the New Deal for Disabled People were piloted—the Innovative Schemes and the Personal Adviser Service. The Innovative Schemes comprised 24 pilots, evaluating different approaches to engaging and supporting people into work. The Personal Adviser Service was piloted in 12 areas. A government agency, the Employment Service, ran six. The remainder were operated by partnerships of public, private (for-profit), and voluntary sector (not-for-profit) organizations. Because the Personal Adviser Service more closely follows the generic New Deal model, when I refer to the New Deal for Disabled People pilot, this is the pilot I will be discussing.¹

The New Deal for Disabled People targeted people claiming incapacity-related benefits who have been incapacitated for 28 weeks or more. Benefit regulations mean that it is not possible to be in receipt of both Jobseeker's Allowance and an incapacity-related benefit, although the benefit for disabled people on Jobseeker's Allowance does include a disability premium payment. The different qualifying benefits for the two New Deals meant that unemployed young people with a disability living in the New Deal for Disabled People pilot areas would not be eligible for that pilot but only for the New Deal for Young People. Nationally, 13 percent of New Deal for Young People participants were disabled (that is, their Jobseeker's Allowance included a disability premium payment) in May 1999 (HC, 1999). Young people in receipt of an incapacity-related benefit and resident in a pilot area, however, were eligible for the New Deal for Disabled People.

¹ Further details about the Innovative Schemes pilots are given in Blackburn et al., 1999 and Hills et al., 2001.

The rest of this chapter considers the context of the New Deal for Disabled People and New Deal for Young People. This is followed by a detailed comparison and assessments of the two programs. The chapter concludes by highlighting policy issues that arise from the comparison.

CONTEXT

Policy

The New Deals form part of the New Labour Government's modernization of the welfare state. The consultation paper, *New ambitions for our country: A NEW CONTRACT FOR WELFARE* (Cm., 1998a) outlined the Government's principles and vision for reform.² The broad policy intent is to tackle poverty (especially childhood poverty) and social exclusion through helping people find paid work and assisting them to stay and progress in employment, to improve labor market efficiency, and to make the UK economy more internationally competitive (HM Treasury, 2000a). There is also a desire to change the nature of the contract between the individual and the State, whereby the right of individuals to get support from the Government when looking for work is balanced by the responsibility to seek training and work where able to do so (Blunkett, 2000). These are ambitious goals, some of which extend beyond social security and welfare objectives as traditionally conceived in both Britain and the US (see Sainsbury, 1999).

As such, the New Deals for disabled and young people are products of a common policy paradigm comprising the following elements:

- A belief that paid work is the surest route out of poverty and social exclusion and the best means of securing independence (Cm., 1998a; HM Treasury, 2000a);
- An expectation that increasing the supply of labor will increase the pool of (skilled) labor available to employers which, in turn, will increase production and productivity (Blunkett, 2000; HM Treasury, 2000a);
- A presumption that movements into work can be assisted by:
 - # delivering a proactive benefit system founded on a flexible, integrated, personalized (or caseworker) service backed by investment in information and communication technology (Cm., 1998b); and

²Although by the time it was released the New Deals for young people and lone parents had already been implemented and other New Deals had been announced, the consultation paper presents the policy framework that encompasses the portfolio of programs.

- # providing enabling services and support that tackle people's barriers to work and improve their employability;
- A stress on the rights and responsibilities of individuals as well as those of the State (Blair, 1997; Blunkett, 2000; Cm., 1998a); and
- A commitment to government working in partnership with the voluntary and private sectors to deliver benefit and employment services.

As explained in chapters 1 and 4, the New Deals operate within a wider policy framework of work incentives, tax changes, and employment service initiatives and schemes aimed at specific client groups and geographical areas (Cm., 1998a, Gardiner, 1997, Millar, 2000).

Background to the New Deal for Young People

New Labour was elected in 1997 with a well-publicized manifesto commitment to move 250,000 young people from benefit into work. The New Deal for Young People is the mechanism by which this objective is mainly to be achieved; hence, as well as being a central element in the Government's labor market policy, it has a high political and policy profile (HC, 2000).

The commitment to tackling unemployment among young people resulted from a number of inter-related economic, social, and ideological factors. Perhaps most important was concern about the adverse consequences of youth unemployment. The strong presumption was that unemployment amongst young people leads to benefit dependency, social exclusion, dysfunctional and anti-social behavior, low self-esteem, and even the emergence of an underclass (see Blair, 1997). Papers accompanying the first full Labour budget emphasized the link between youth unemployment and crime, citing US evidence (HM Treasury, 1997). Paid work, on the other hand, was perceived as providing a route to independence and "mainstream" society: "For young people, entering the labor market is a critical rite of passage to adulthood" (Cm., 1998a, para. 9).

Such beliefs—discussed in more detail in chapter 3—were formed against a backcloth of substantial change in the UK youth labor market (Hasluck, 1999). Youth unemployment rose following the "oil crisis" of the 1970s and recessions in the 1980s, peaking in 1993 at 21.3 percent for males and 13.6 percent for females aged between 18 and 24 (International Labor Organization (ILO) definition,³ Office of National Statistics, 2000). Since then, the trend has been

³ The International Labor Organisation definition of unemployment is a broader measure than a count of those registered as unemployed. It covers people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight; or out of work and have accepted a job they will start within the next fortnight (Office of National Statistics, 2000).

downwards—unemployment had fallen to 13.5 percent and 10.3 percent for young men and young women, respectively, by the time the New Deal for Young People was introduced. Nevertheless, the risk of experiencing unemployment before the age of 25 has increased with successive cohorts of young men. Forty percent of the 1967 to 1971 birth cohort had been unemployed by the age of 25 compared with just eight percent of those born between 1942 and 1946 (Stafford et al., 1999). Also, higher proportions of young people, men in particular, enter the labor market after a prolonged spell of unemployment.

Education is compulsory in the UK between ages 5 and 16. Many students complete their final year of compulsory education having been accredited, on the basis of examination performance, with a General Certificate of Secondary Education (GCSE) for each of their curricula studies. Some then leave school for the labor market or economic inactivity, but many 16 year olds (71 percent in 1998; DfEE, 1999) stay on in education for a further two years to gain, through examinations, additional qualifications that will help them secure employment or a place at university.

Since the 1980s more young people have stayed on in full-time education after reaching the age when schooling is no longer compulsory (Robinson, 1999), causing the number entering the labor market to decline. Rates of participation in education have risen dramatically, mainly due to the replacement of the previous system of qualifications with GCSEs in 1988. This in turn has led to expansion of the higher education sector; 30 percent of young people now enter universities and other higher education institutions (Dearing, 1997).

For those young people leaving school between the ages of 16 and 17, the transition from school to (unsubsidized) employment has become increasingly problematic (Maguire, 2000). There has been a decline in the number of jobs requiring no or few qualifications, coupled with a growth in employment in the service sector demanding academic and vocational qualifications (SEU, 1999). Consequently there are fewer job opportunities than in the past for the eight percent of 16- and 17-year-olds who have left school without any qualifications (that is, those without even GCSEs) (Robinson, 1999). Indeed, unemployed young people, who disproportionately lack qualifications and confront a labor market that places a growing premium on accreditation, are spending increasing lengths of time on benefit and thereby becoming more susceptible to the negative consequences of unemployment feared by policy makers. This growing problem

engendered political support for the New Deal for Young People, which was the first New Deal to be established nationwide (in April 1998). Nevertheless, its introduction still proved to be somewhat controversial because of its compulsory nature.

Background to the New Deal for Disabled People

In the UK disability benefits are designed to meet a number of objectives, as reflected in the four main categories of benefit: (1) those replacing earnings for people judged incapable of work; (2) those compensating people for injury at work; (3) those designed to meet the extra costs of impairment; and (4) those supplementing income to a minimum level (Berthoud, 1998; Burchardt, 1999). (The latter are augmented by a tax credit paid to disabled people in work on low incomes.) The first category of benefits includes Incapacity Benefit, Severe Disablement Allowance, and the crediting of National Insurance (or social insurance) contribution records on grounds of incapacity. (Recipients of the latter do not receive a cash benefit, but their contributory records are credited to maintain their entitlement to other social insurance benefits, principally their state pension.) Recipients of these three benefit types together define the target group for the New Deal for Disabled People. Incapacity Benefit is the main contributory benefit paid to people assessed as incapable of work. These payments are not related to a worker's previous earning record and exceed what is paid under Jobseeker's Allowance. Severe Disablement Allowance, an equivalent benefit for people without an adequate contribution record, was subsequently abolished for new claimants in 2001, who now receive either Incapacity Benefit or social assistance depending on the age at which the impairment occurred.

The number of people claiming incapacity-related social security benefits increased from 1.1 million to 2.3 million between 1985 and 1999, and the mean period of benefit receipt rose from three years in 1985 to almost six years by the mid-1990s (DSS, 1997; DSS 1998). As a result, spending on incapacity-related benefits increased dramatically, from £2.7 billion on Invalidity Benefit in 1978/9 to £7.2 billion in 1998/9 on its replacement, Incapacity Benefit (1998/9 prices; DSS, 2000). By 1998/9 expenditure on Incapacity Benefit was over twice that on Jobseeker's Allowance.

The political response to this expansion was generally one of alarm. Concern about these expenditure trends, allied to a belief that in reality growing take-up of incapacity-related benefits was a form of concealed unemployment, provided a significant part of the impetus to introducing

the New Deal for Disabled People. It was argued that Incapacity Benefit provides an alternative support for the long-term unemployed, that too many of the long-term unemployed were moving from Jobseeker's Allowance onto Incapacity Benefit to take advantage of the higher benefit, and that, for some, Incapacity Benefit provides top-up income for early retirement (Cm. 1998c).

Some questioned whether alarm was justified. They argued that these trends reflected maturation of benefits that were only introduced in the 1970s. It was also argued that the trends could reflect changing attitudes towards, and increased awareness of, disability as well as to "real" changes in the level of disability (Walker and Howard, 2000). Indeed, the proportion of the population recorded as having an impairment or illness does appear to have increased (from 3.3m in 1984 to 5.8m in 1996/7; Cousins et al., 1998). The proportion of disabled people in paid employment has increased rather than fallen (Walker with Howard, 2000). Moreover, since the change from Invalidity Benefit to Incapacity Benefit there has been a six percent fall in the number of recipients from 2.42 million in May 1995 to 2.28 million in May 1999.

Nevertheless, the contention underlying the New Deal for Disabled People was that a large number of people on incapacity benefits could, with appropriate help and support, obtain and remain in paid work (Pullinger, 2000). There was no public statement by the Government that incapacity-related benefit recipients wanting to work were fraudulently claiming benefit. Rather it was argued that historically governments had failed to address the work aspirations of this group, and that the benefit system did not assist people with impairments or ill health tackle their barriers to entering the labor market (Cm. 1998c). Survey evidence, often quoted by Ministers, was that over a million disabled people in receipt of benefit would like paid work now or in the future. Certainly, during Winter 1999/2000 people who reported disabilities were about seven times more likely to be out of work and claiming benefits than non-disabled people, and the ILO unemployment rate for long-term disabled people (10.7 percent) was double that of non-disabled people (5.2 percent) (DRC, 2000). The benefit system was seen as over concentrating on what people could not do, their incapacity, as opposed to what work they could do, their potential. The challenge facing policy makers was that these people were not only not expected to work but in the past jeopardized their benefit entitlement as soon as they sought to do so. In addition, Ministers argued that, as with young people, paid work is the best route out of poverty for disabled people (Cm, 1998c).

LOOKING CLOSER

This section explores how a generic welfare-to-work model, as represented by the paradigm outlined above, has been translated into separate programs for disabled and young people. The New Deal for Disabled People's pilot is compared with the New Deal for Young People to explore how the welfare-to-work model has been molded to take account of both the characteristics of the target groups and political imperatives. The discussion focuses on: the target client groups, program objectives, models of delivery, program content, the degree of compulsion, and links with employers (see Table 1).

[\[Tables and figures are bound at the end of this draft\]](#)

Table 1: Features of the New Deal for Young People and New Deal for Disabled People

Target Client Group

The most obvious difference between the two New Deals is, of course, the target group. Each creates its own political and policy imperatives, which help to explain differences in their rationales and structures. The New Deal for Young People targets a group traditionally required to seek employment: unemployed people aged 18 to 24 who are eligible to receive Jobseeker's Allowance. The New Deal for Disabled People, in contrast, is aimed at a group that has not traditionally been expected to work, people incapacitated for at least 28 weeks.

Both groups are disadvantaged in the labor market, but for different reasons. Young people necessarily lack work experience. Fifty five percent have mainly been unemployed since leaving school and another 17 percent have mainly held casual or short-term jobs. Two thirds would have been receiving less than the equivalent of the national minimum wage for a 40-hour week. While better educated than unemployed people generally, 21 percent have no qualifications and 12 percent admit to problems with literacy. Seventy percent are male and 14 percent from ethnic minorities (Walker et al., 1999).

The target group for New Deal for Disabled People inevitably comprises individuals who are on average much older and who ostensibly had much more work experience. In the pilot, 78 percent were over 40, 53 percent over 50 (Loumidis et al., 2001b). Sixty one percent had spent most of their lives in steady jobs, and 53 percent were in paid work immediately prior to claiming benefit. On the other hand, by definition, they all have some impairment or health condition making

them officially incapable of work. Seventy-four percent had been affected by their illness or impairment for more than five years, and 65 percent had been limited in their ability to do paid work for a similar period. Fifty-six percent had claimed incapacity benefits for five years or more, and only five percent had claimed benefit for less than twelve months. Because of their age, the number with qualifications fell short of the national average: 57 percent had neither academic nor vocational accreditation. Men constituted 61 percent of the target group. Six percent were from ethnic minorities. Some 27 percent of the target group believed that they could do some paid work—but of these, 56 percent would require work that was not too stressful, 52 percent work that was not too physical, and 23 percent required someone to help them at work. Given the range of impairments experienced by this group, it is probably safe to say that their employment needs and the barriers preventing employment were rather more heterogeneous than those of young unemployed people.

Objectives

Formally, both New Deals seek to improve the employability of their clients and prioritize job placements. The New Deal for Young People aims both to remove barriers to immediate employment so participants move as quickly as possible into employment, and to enhance longer-term employability through provision of advice/support and training (Employment Service, 1997). Similarly, the aim of the New Deal for Disabled People is to reduce barriers to work, albeit of a group traditionally excluded from labor market participation. Specifically, it is intended not only to assist those disabled people that wish to work to do so but also, through local partnerships, to promote the abilities of people with long term health problems and to extend the range of services available to them. An additional objective, to help those already in work to retain their employment, reflects a belief that it is easier to help a person remain with an employer who values their contribution than to support them in finding another job after a period of worklessness.

It is evident, therefore, that neither New Deal is a model “work first” program whereby clients are encouraged to take the first available job. Nor are they pure “human development” initiatives, with the emphasis on improving the skills and knowledge of clients through training and education so as to increase employability and career prospects. Perhaps a little ironically, there was a sense in which the voluntary New Deal for Disabled People pilot was closer to a work first model than New Deal for Young People in that it did not prioritize accredited training (Millar, 2000). Indeed, some lobbyists—for example, the Royal National Institute for the Blind—even believed that

the emphasis on job search and improving clients' employability in the New Deal for Disabled People was to the detriment of finding jobs (HC, 1999). They wanted welfare-to-work programs to run alongside demand-side policies that created "real" jobs for disabled people. The official evaluation also pointed to the need to target the employment practices of employers (see below; Loumidis et al., 2001a).

There is no definitive evidence as to why the Labour Government chose to give greater weight to human capital development in the New Deal for Young People than in the New Deal for Disabled People. However, British government has traditionally seen it in their remit to offer remedial training to unemployed young people, and the new emphasis on quality and accreditation accords with Labour's goal of raising the skill base of the economy. Labour may also have considered that providing young people with basic work skills at the start of their careers, rather than offer disabled people re-training later in life, could be the more cost-effective option. It is also the case that the Government was unclear precisely what policy package would best help disabled people secure work, and that the pilots were an attempt to find out.

In both programs, the balance struck between work first and human capital development strategies appears to have changed over time, with the need for clients to obtain paid work increasingly being stressed. Because the early implementation of the New Deal for Young People was seen as too passive, an Intensive Gateway was piloted in 12 areas in August 1999 and rolled out nationally in June 2000 (HM Treasury, 2000a). This provides more help from Personal Advisers with job search and assistance in developing soft skills, including punctuality and team working. In addition, the last month of the four-month Gateway stage was made more intensive in July 1999. Participants are now told that remaining on benefit without activity is not an option and they are prepared for the next stage of the program (Options). The New Deal for Disabled People pilot was initially very client-driven, providing a range of services in which the pace was largely dictated by the client. However this, too, has increasingly re-focused on assisting clients to move more rapidly into paid work (Arthur et al., 1999; Loumidis et al., 2001a).

Models of Delivery

While the models of delivery used in the two New Deals (Table 1) have commonalities, differences are evident and perhaps have increased over time.

First, they share a caseworker approach in which a Personal Adviser takes responsibility for up to 100 clients. However, there are indications that whilst New Deal for Young People Personal Advisers operated generically and sought to provide a comprehensive service (albeit some clients were referred to specialist services), the New Deal for Disabled People Personal Advisers had begun to specialize by function or, indeed, by nature of disability (Arthur et al., 1999; Loumidis et al., 2001a). This might reflect the substantially more heterogeneous needs of disabled people—resulting in a client group that was too diverse for a single caseworker to provide a comprehensive individualized service. Instead, referral to other Personal Advisers and agencies with specialist skills and knowledge was required (Loumidis et al., 2001a). Secondly, both programs included a mix of delivery by public sector agencies (typically the Employment Service), by for-profit and not-for-profit sector organizations, or a mixture of both acting in consortia. And in both New Deals, partnership arrangements had evolved and were increasingly characterized by core or strategic partners together with a group of operational partners or service providers (Loumidis et al., 2001a; Hasluck, 2000).

For-profit and not-for-profit organizations were incorporated in the programs with a view to introducing innovation in service delivery. Personal Advisers were encouraged to exercise discretion in determining the help and assistance provided. On the one hand, clients can see this as positive when it addresses their expressed needs and improves their employability (Bryson et al., 2000). On the other hand, any discretionary system can lead to a spatial inequity in the delivery of services as clients with the same needs may be treated differently, with a risk that the quality of service provided becomes a lottery with prizes dependent upon where the client lives. The challenge, of course, is to provide a consistently high quality service while allowing staff the freedom to be innovative.

In practice, under the New Deal for Disabled People pilot the public, private, and voluntary sector agencies operated in very similar ways (Loumidis et al., 2001a). This was mainly because the client group, and the environment within which they performed, were essentially the same. Private and voluntary sector organisations always had to interface with public employment and benefit systems, and their bureaucracies constrained how and what could be achieved. Under the New Deal for Young People, however, a variety of local partnership arrangements have emerged in response to local labor market conditions, previous joint working relationships, and local networks (Hasluck, 2000). The performance of local offices—as measured by nine ‘core performance

measures' that include numbers moving into unsubsidized jobs, unit costs and satisfaction ratings—appears to reflect the type of delivery model adopted, the size of the caseload, and the nature of the local labour market. Early evidence suggested several things, (1) The performance of private sector-led schemes was relatively poor (HC, 2000; Hasluck, 2000). (2) Performance was generally higher in offices with small caseloads and those covering rural areas and small towns and lower in offices with a large number of clients or located in large urban areas (Hasluck, 2000). (3) Caseload and type of labour market were likely to be associated with the composition of the client group and the resources available in each area. However, subsequent analysis of the performance of local units by the National Audit Office (2002) found no significant relationships between a range of variables and unit performance—in particular no significant difference in the performance of private sector providers compared with the public sector.

Finally, both programs rely on intermediaries or service providers to address specific barriers to work, such as drug or alcohol problems, poor literacy or numeracy skills or resume preparation. And in both cases there has been criticism of the standard of service of some providers. In the case of New Deal for Young People the focus of concern has been on the type and quality of training. In the case of New Deal for Disabled People, the focus has been on the relative lack of suitable provision.

Program Content

The programs differ more in substantive content than in delivery model. The New Deal for Young People has a formal and linear structure. Clients who fail to find work progress through the three stages and, although some may re-enter the program, the intention is that this should not need to happen. Following the initial Gateway stage, clients are presented with a menu of set Options, which are generally perceived by staff as a hierarchy, with jobs and training or education being preferable to placements in the voluntary sector or on the environment task force. The latter two in particular can be used as a “threat” when confronted by “uncooperative” clients (Stafford et al., 2000). Formally, clients leave Jobseeker's Allowance at the options stage, and participants returning to unemployment within 13 weeks of the options stage enter the Follow Through stage, which is similar to the Gateway.

The New Deal for Disabled People is potentially more tailored to the needs of individual clients. In the pilot, there were no set time limits after which clients had to progress from one

activity to the next and, at least theoretically, no limit on the time clients could spend in the program. These features of the pilot reflected policy-makers' uncertainty about "what works" for disabled people, the heterogeneity of the client group's needs, and an unwillingness to be seen to require that a vulnerable group follow a set menu of options. In practice, though, a growing emphasis on achieving employment outcomes caused Personal Advisers to be more selective in the cases admitted to the program and more prepared to "exit" clients who appeared unlikely to find work within the foreseeable future (Loumidis et al., 2001a).⁴ This more flexible approach had a drawback, however, at least as operated in the pilot. It made some clients uncertain about the direction of their journey back to work and anxious about their progress (Arthur et al., 1999). An additional problem was failure to generate a significant increase in the type and volume of services available—which might have reflected a conflict between the short-term nature of the pilot and service providers' need for the security of long-term funding before investing in new services.

The voluntary nature of the New Deal for Disabled People also added recruitment of clients as a program element. Whereas young unemployed people were in regular fortnightly contact with the Employment Service and moved automatically onto New Deal, recipients of incapacity-related benefits, which were (then) administered by a separate government agency (the Benefits Agency), had to be contacted and invited to join the program⁵. The main approach adopted for this purpose was a single letter of invitation, with partnerships able to vary its content and presentation. Uptake was low, at three percent. A similar number of people with disabilities were either referred by other organizations or contacted the pilot service themselves. The challenge of reaching disabled people at risk of losing their employment was even greater, since potential clients are typically unknown to government agencies. For this reason, only limited priority was given to the goal of supporting job retention among persons with disabilities who were currently employed.

The low uptake appears to contradict survey (DRC, 2000) and other research evidence (Walker with Howard, 2000) that many people with impairments or illnesses at least claim to want paid work. And, indeed, the evaluation suggests that the marketing and targeting of the pilot could

⁴ Personal Advisers in the New Deal for Disabled People pilot could also access an Intervention Fund to purchase other services or goods, such as travel costs to job interviews and expenses incurred in setting up a business (Arthur et al., 2000) —a degree of financial flexibility in meeting clients' needs not available in the New Deal for Young People.

⁵ In April 2002 the Employment Service and those parts of the Benefits Agency dealing with people of working age merged to form a new government agency, Jobcentre Plus.

have been better. Qualitative evidence from staff and clients (Arthur et al. 1999; Loumidis et al., 2001a) attributes the low take-up to:

- Lack of promotional material to follow-up the letter of invitation;
- Failure to promote the New Deal among relevant professionals;
- Rejection by some potential clients of the “disabled people” label associated with the program and a consequent reluctance to take part;
- Insufficient use of mass media to publicize the program; and
- The belief held by many non-participants that they would never work again.

Degree of Compulsion

As already noted, the two New Deals differ significantly in their degree of compulsion. Participants in the New Deal for Young people must be available for work and demonstrate that they are actively seeking work. As recipients of Jobseeker’s Allowance, they have to sign and follow an agreement that is repeatedly updated, specifying the activities they need to undertake in order to find work. Failure to follow the agreement provides prima facie evidence that the young person is not actively seeking work and grounds for the temporary removal of benefit. Likewise, if they reach the Options stage, participants must participate in an agreed Option or risk a benefit sanction of two or 26 weeks depending upon previous behavior. Around one in eight young people at the Options stage are sanctioned (TEN, 2001), with the proportion sanctioned varying by type of option. During the last quarter of 2000, for example, the proportion sanctioned ranged from 28 percent for those on the Environmental Task Force to six percent for those in subsidized employment (TEN, 2001). (This further illustrates the hierarchy of options.)

Case studies of unemployed young people (Saunders, 2001 quoted in Britton, 2002) shows that those sanctioned either did not wish to be on the New Deal, or were willing to participate provided the option met their perceived needs, or were actively participating but were sanctioned through poor understanding or mis-communication.. According to a survey of participants, those sanctioned were more likely to be male, have problems with basic skills, be younger entrants to the New Deal, have previous Jobseeker's Allowance claims, be in areas where operation of the Gateway was more intense (for instance, a larger number of interviews per client), have the service delivered

by the private sector, live in northern England and attend the Environmental Task Force option (Bonjour et al., 2001).

The New Deal for Disabled People, in marked contrast, was entirely voluntary. Those meeting the entry conditions did not have to participate, and no penalties were imposed if they failed to undertake an agreed action or withdrew from the program.

That compulsion was built into one but not the other reflects different political realities. Young people, especially single young people, are expected to work if they are not studying and, as already noted, politicians are fearful of the personal and social consequences of them not doing so. By giving young people ‘no fifth option’—that is, of remaining on benefit and avoiding work experience and training—the Government sought to ensure that those who would benefit from the scheme but who would not otherwise participate receive some help and assistance. Moreover, the judgement has been that public opinion will support the use of sanctions for young people provided that the interests of any dependent children they may have are protected.

The Government also recognized that past youth schemes had a poor reputation because the training and work experience provided could be of a very poor quality. It was, therefore, determined that young people on the program would receive high quality service provision. The compulsory nature of the New Deal for Young People is, therefore, legitimized by the provision of “decent” options (such as training, work experience, and subsidized employment)—thus ensuring that clients are not being required to participate in a process that might be ineffectual, stigmatizing, or demeaning.⁶

More aggressive efforts to move disabled people into the labor market, in marked contrast, appear to have little public support, according to focus groups held with social insurance contributors. There are two main reasons (see Stafford, 1998). First, the recipients have all been assessed as incapable of work on medical criteria. It would be quite a paradox if people entitled to benefit on the basis of their incapacity were required to participate in a workfare-like program. Secondly, Incapacity Benefit is a social insurance benefit with entitlement based on National

⁶ Even so, politicians were initially wary of imposing sanctions and keen to avoid any suggestion that New Deal for Young People or Project Work, the very similar scheme piloted by the Conservative government, was “workfare.” There is a strong attachment to the idea that benefits should be available as a social right, especially with regard to social insurance benefits, which may have been another reason why compulsion was initially restricted to young people. They are less likely than older people to receive Jobseeker’s Allowance on the basis of their contribution record rather than because of demonstrable low income.

Insurance contributions. Thus, recipients, as contributors, are seen as having a “right” to benefit. There is also widespread public sympathy for people with disabilities and a vocal lobby, which campaigned—though with limited success—to protect benefit levels when moves to tighten eligibility criteria were proposed by previous Conservative governments and also by Labour in 1997. Finally, people with disabilities believe that employers discriminate against them despite anti-discrimination legislation (Loumidis et al., 2001a; Ritchie and Snape, 1993). If discrimination is indeed substantial, such business attitudes and practices constitute yet another barrier to whatever good might come from assertion of greater obligation for work effort among the disabled.

Even so, the Labour government introduced in 2002 a limited element of compulsion, by requiring all benefit recipients of working age, including Incapacity Benefit recipients, to attend a work focused interview at the point of their initial claim and at other key events, such as when their incapacity is reassessed. These interviews address career ambitions and progression, the individual’s barriers to returning to work, and the help and support that can be provided to ease a return to work. Only attendance at the interview is compulsory, however. There is no obligation on claimants of incapacity-related benefits to participate in any program or even be available for, let alone actively seeking, work.

Links with Employers

Employers are key customers for both the New Deal for Young People and the New Deal for Disabled People. Not only do they provide job vacancies and placements, but their continued involvement also helps to legitimate the programs. When the New Deal for Young People was first implemented, Government expended considerable effort in marketing and signing up employers to demonstrate that placements would be available during the Options stage.

Employers have generally supported the New Deal for Young People (Hasluck, 2000), although their initial awareness and enthusiasm for the program has waned over time and some have even become critical of it. Large employers do not always want to replace their existing training programs with those that meet the vocational qualification requirements of the New Deal for Young People, while small voluntary groups can find the program difficult to administer. A common criticism of this New Deal is that young people referred to employers were not always “job ready.” The Government has responded by piloting in inner city areas the use of private and voluntary

sector intermediaries to improve the match between employers' needs and participants' basic skill levels.

Financial support is available to employers and not-for-profit organizations that offer placements to young people under the terms of New Deal for Young People. It is not clear how important these subsidies are to employers, but the fact that no equivalent subsidies were available. Another difference between the two programs is the degree of outreach to employers. A major national advertising campaign aimed at employers accompanied the introduction of New Deal for Young People. Such promotion could not happen with the New Deal for Disabled People pilots because they were locally based, and associated publicity was often low key—although for employers in the New Deal for Disabled People was cited by employers as an impediment to participation (Arthur et al., 1999).⁷ An important objective of the local pilots was to educate employers about issues around the employment of disabled people. Some research (Arthur et al., 1999; Ritchie and Snape, 1993) has indicated that employers are often reluctant to employ disabled people for reasons that are empirically unjustified, and that this acts as a major barrier to employment. But other research (Meager et al., 1999) reveals that only 16 percent of disabled people of working age believe they experience discrimination in a work context because of their impairment or illness. Under the New Deal for Disabled People, Personal Advisers were assigned the multiple tasks of employer education advice, job-placement, and in-work support; this combination sometimes proved difficult to accomplish effectively (Arthur et al., 1999). While some employers were actively involved in the pilot, some remained unaware of it, and some confused it with the other New Deals.

ACHIEVEMENTS

Both New Deals have been subject to extensive research and evaluation mainly funded by Government, with that for young people receiving particularly close attention. The size and uptake of the programs is a key issue. For both New Deals, those that do not participate or drop out may suffer financially and be socially excluded—making broader Governmental objectives, such as making the economy more competitive, more difficult to achieve. In addition, as welfare-to-work policies, estimates are required of their specific effects on movements into employment over and

⁷ Personal Advisers did have the option of using national funding schemes, such as Access to Work, to assist employers in employing people with disabilities.)

above those that would have occurred in their absence—that is, an estimate of their net impact (or additionality). Ideally, there would be evidence of the additionality of individual program elements, notably of the Options in New Deal for Young People, whether some client sub-groups unduly benefit or are disadvantaged, and the overall cost-effectiveness of the two programs. Of particular interest are movements into sustainable employment. The wider macro-economic impacts of the programs, especially on wages and productivity, also merit attention. Moreover, since compulsion is used in the New Deal for Young People, the effectiveness of sanctioning in leading to behavioral changes and to sustained employment outcomes should also be assessed. Finally, the evaluations also need to consider implementation and delivery issues, in order to explore the mechanisms that lead to program outcomes.

Evidence on some of these issues is not yet available. But there is some administrative data and non-experimental evaluation information on two issues: program size (the volume of clients processed) in both programs and the outcomes or effects for clients, at least in the New Deal for Young People. The flows of clients into the two programs are different, reflecting differences in their client groups, structure, and conditions for participation. The principal outcome for both programs was a movement off benefit into paid work. However, the focus on paid work as the primary outcome does not recognize other socially valued contributions, such as voluntary work, and caring for sick/disabled relatives. For the New Deal for Disabled People, in particular, non-paid work or intermediate outcomes should be accepted as valid outcomes for people who are distant from the labor market.

This section reviews the information that is available and outlines how, in light of the evidence available and other considerations, policy is being taken forward.

Program Size

The New Deal for Young People. The eligible population for this program was smaller than that for the New Deal for Disabled People. However it was much more generously resourced, having a budget of £2,620 million, compared with £200 million for the NDDP pilot.

The New Deal for Young People caseload rose rapidly during the early months of the program, as the large number of claimants who had already been unemployed for six months or more joined the program. Numbers peaked at 149,500 in July 1999 and thereafter fell slowly to 98,400 in November 2000 (Figure 1) (DfEE, 2001). The caseload decline resulted from a

significant fall in entrants (from a high of 83,000 in April-June 1998 to 11,100 in November 2000; DfEE, 2001 and Office of National Statistics, 2000) as the number of clients available for recruitment from the stock of claimants declined, and an increasing number of young people left benefit altogether.

The numbers in the New Deal for Young People would have fallen even more, however, had not some participants remained in the Gateway for longer than the planned four months. The reasons for this, and why exit rates for each cohort of entrants have changed over time, are unclear (see Hasluck, 2000). It might be that an increasing emphasis on securing unsubsidized job placements causes clients to remain longer in the Gateway in order to increase their chances of employment. Or that, as youth unemployment falls, the proportion of “hard to place” participants who require longer on the Gateway increases. It might also be that the Employment Service has been reducing the resources allocated to the New Deal for Young People as other initiatives and New Deals have come on stream.

[\[Tables and figures are bound at the end of this draft\]](#)

Figure 1: Numbers on New Deal for Young People, GB

What is unknown from the research and official data is the number of 18-24 year olds who drop out of the system and live outside of the New Deal without jobs and in poverty. Attempts are made to encourage the homeless and others to engage. However, the scale of non-participation and how dropouts manage to survive financially is unknown.

The New Deal for Disabled People. As noted, the level of take-up achieved by the New Deal for Disabled People pilot was low, even taking account of people who approached the program without invitation. All told, the take-up for the twelve pilots up to 24 November 2000 was just 18,166 people—about seven percent of the known population excluding people at risk of losing their jobs because of the onset of disability or ill health (Loumidis et al., 2001a).

Program Outcomes

The New Deal for Young People. By November 2000 the Labour government felt able to declare that they had achieved their pre-election pledge of getting 250,000 young people back to work (Press release, 2000). While the research estimates reveal a more complicated story, they do point to quite considerable success.

The key outcome for government is a move into sustained unsubsidized employment. The Government counts employment to be sustained if former participants do not return to Jobseeker's Allowance or another Option within 13 weeks. Sustained and non-sustained employment may be subsidized or unsubsidized. By the end of November 2000 the cumulative figure for the number of young people moving from the New Deal to employment was 269,210. Of these three-quarters (206,530) had moved into sustained employment, most of them (87 percent or 180,230) holding unsubsidized jobs (DfEE, 2001). Of those entering employment of any kind, about a tenth (11 percent or 30,700) had subsidized jobs.

Figure 2 shows how the numbers moving into sustained and non-sustained employment have fluctuated over the life of the New Deal for Young People. The proportion entering sustained employment has remained relatively high, ranging between 71 and 83 percent. The number of placements in subsidized and unsubsidized jobs has also remained relatively high. This implies that placement rates have increased, since the numbers on the program have declined since July 1999 (see Figure 1). In fact, these figures probably under-estimate the numbers finding paid work, as 57 percent of those leaving the program (before the Options stage) for unspecified destinations are known to have found paid unsubsidized jobs (Hales and Collins, 1999).

[\[Tables and figures are bound at the end of this draft\]](#)

Figure 2: Number of 18-24 Year Olds Moving into Employment from the New Deal

These official figures do not provide a measure of the net impact of the program, however, because they do not take account of the number of young people that would have found employment had there been no New Deal for Young People. Evaluations that have attempted such estimates use one of two analytic approaches. The first consists of econometric techniques that compare actual numbers against those expected, by (a) investigating the relationship between unemployment outflows (and inflows) and overall economic activity before New Deal for Young People was introduced and (b) then forecasting the expected outflows (and inflows) to create 'counterfactual scenarios' for different age groups and/or geographical areas. The second approach to get at the net impact of programs is the difference-in-difference approach, which involves comparing differences in outflows between 18-24 year olds and older age groups within the same areas and/or across different areas before and after the New Deal was introduced. The geographical comparisons are possible because the New Deal for Young People was trialed between January and

March 1998 in Pathfinder areas, which had matched comparison areas. The difference-in-difference methodology has been used with actual data and simulated data for the ‘after period’. Both approaches use administrative data and both run the risk that the estimates of additionality are biased because the comparison does not yield a ‘true’ counterfactual⁸

The small number of econometric analyses, mainly undertaken by the National Institute of Economic and Social Research, which assess the impact of the New Deal against predicted outcomes, show that:

- Long-term (that is, over six months) youth unemployment in Great Britain had been reduced by approximately 30,000 (or 40 percent) over the period April 1989 to April 1999 (including deadweight) (Anderton et al., 1999). Later estimates covering the first two years of the program to March 2000 imply a reduction in long-term youth unemployment by 45,000 and an increase in short-term unemployment of 10,000 (Riley and Young, 2000, 2001a and 2001b). As the outflows are to all destinations—including the Options, inactivity, and moves back to short-term unemployment—it does not follow that youth employment increased by 35,000. Indeed, youth (subsidized and unsubsidized) employment is estimated to have increased by approximately 15,000. The National Audit Office (2002) in its investigation of the program highlighted the sensitivity of the latter estimates to the assumptions made. It proposed ‘plausible ranges’ for these estimates, and claimed the New Deal had reduced youth unemployment by between 25,000 and 45,000 and had increased youth employment by between 8,000 and 20,000.
- The deadweight—those who would have left unemployment in the absence of the New Deal—was 50 percent of the 500,000 expected to leave unemployment over the first four years. However, this may be an underestimate of deadweight as the calculation excluded those in unsustainable jobs. Taking this into account gives a revised estimate of approximately 60 per cent (Anderton et al., 1999).

⁸Differential time effects may also bias findings, and changes in outcome variables, which are caused by (unobserved) external factors, may be erroneously attributed to the intervention. The assessments also rely on data for the early years of the program before program delivery had had an opportunity to stabilize. There are no estimates of the long-term net impacts of the program over the economic cycle, nor of effects on job retention or job quality. Analyses of the wider impact of New Deal for Young People on the economy suggest that taking into account, for instance, wage effects is problematic, and that, in any event, the models produce similar results to those outlined in the text (Riley and Young, 2001b).

A difference-in-difference analysis using longitudinal data reveals that the New Deal for Young People significantly increased outflows to employment by 17,250, mainly because of the subsidy paid to employers (Reenen, 2001).

In addition, there is a consensus in the literature that employment placements resulting from the New Deal for Young People did not displace nonparticipants from jobs (i.e., no substitution effects) (Anderton et al., 1999; Reenen, 2001; Riley and Young, 2001b).

A 1999 survey of young people six months after they had entered the program suggests that non-white participants have been less successful than white clients in obtaining jobs (their employment rates were 34 percent and 39 percent, respectively) (Bryson et al., 2000). In particular, Black Caribbeans were the least successful in securing paid work—the employment rate for those leaving the New Deal for Young People was only 18 percent. Racism, lack of skills and confidence, and low aspirations have been conjectured as possible causes of the lack of success among minority ethnic groups (HC, 2000). But there is relatively little published evidence on the effects of the New Deal for Young People on ethnic minorities.

More generally, concern has been expressed by commentators about the relatively high proportion of young people (23 percent up to November 2000; DfEE, 2001) who fail to find sustainable employment through the New Deal for Young People (HC, 2000). Policies may be needed to prevent some clients churning between New Deal programs and brief periods of paid work.

Findings on the effects of sanctions are mixed. Research on the 26 week sanctions shows that clients increased their level of job search activity (quoted in Britton, 2002). Indeed, some entered employment, but mainly casual and short-term jobs. Whilst a national survey of participants shows that, controlling for other factors that can influence job entry, those sanctioned were as likely as other clients to enter work (Bonjour et al., 2001). However, sanctioned clients were more likely to still be on New Deal when re-interviewed for the survey; and the sanctioning had not encouraged them to leave for non-employment outcomes.

The New Deal for Disabled People. The results of the New Deal for Disabled People pilot are much less clear-cut. There is some evidence about flows into and through the program, but nothing that could be called impact evidence. The evaluation included a comparison between the outcomes for the clients in the 12 pilot areas and a nationally representative sample of disabled

people living in 31 other areas who would have been eligible to participate had the Personal Adviser Service been available. However, the lower than expected take-up of the program, together with small sample sizes, limit the use of the national survey as a counterfactual to assess the impact of the New Deal for Disabled People Personal Adviser Service.

Over the first 18 or so months of the pilot, the evaluation revealed little evidence that the program had significantly increased the number of disabled people finding employment. Administrative data shows that 4,800 clients moved into work between September 1998 and November 2000 (Loumidis et al., 2001a). However, it may well take considerably longer than 18 months to equip a disabled person with sufficient work experience to secure employment.

During a two-year observation period, 24 percent of participants undertook some paid employment after meeting with a Personal Adviser and 22 percent of these claimed they would not have started work without the assistance they received. In addition, 60 percent of participants had started or increased their job search activity, 40 percent had started or applied for an education/training course and 16 percent had sought help from someone else after meeting with a Personal Adviser (Loumidis et al., 2001a).

Perhaps not surprisingly, participants were significantly more likely than non-participants to leave benefit and were disproportionately recent claimants and people with low impairment scores. The majority of clients reported satisfaction with the Personal Adviser Service. For example, eight four percent said their Personal Adviser had spent sufficient time with them, and listened to and understood their concerns and needs. However, a third (33 percent) also said they had not provided the advice and support desired. Of those who had left the programme, a quarter (25 percent) had done so because they were so dissatisfied with the Service (Loumidis et al., 2001a).

Policies Up-date

So far, therefore, the application of the welfare-to-work model appears to have been more successful among young unemployed claimants than among disabled people. While the additionality is not great – although probably comparable to the generality of US welfare-to-work programs for lone parents (Ashworth et al., 2001) - New Deal for Young People is allegedly self-funding (Anderton et al, 1999) and benefits exceed costs (Reenen, 2001). Accordingly, the core of the program, with its case working and the Options, remains in place. Only incremental changes are being made, to more effectively address the needs of those most difficult to place in employment.

Indeed, since April 2001 the Government has sought to bring the New Deal for people aged over 25 years more into line with the New Deal for Young People.

Recognizing that any positive employment benefits might take longer to materialize for disabled than for young people, the Government extended the New Deal for Disabled People nationally, beginning in July 2001, in order to undertake further experimentation and innovation in service provision (HM Treasury, 2000b). The nationally extended New Deal for Disabled People, like its predecessor, is a voluntary program. But unlike in the pilot program, participants have a choice of provider. For-profit and not-for-profit organizations have bid to provide a job brokerage service for people with disabilities in local authority areas that they specify. Three-year contracts were awarded to sixty-one organizations, or Job Brokers. Bidders were asked to be innovative, and there is no requirement to follow the Personal Adviser model, or even case working. Whilst individual Job Brokers may incorporate aspects of the Personal Adviser Service in their tenders, there is no close ‘fit’ between the pilot and the new policy. This new service is complemented by the Employment Service, now merged with the Benefits Agency to form Jobcentre Plus, offering a single ‘Gateway’ service to new incapacity-related benefit claimants that includes a mandatory work-focus interview that might lead to a referral to local Job Brokers or other services.⁹

CONCLUSION

The UK, in contrast to the US, has gone beyond targeting welfare-to-work on lone parents and embraced other client groups. This chapter has explored how a generic, caseworker model of welfare-to-work has been applied in Britain to two of those other groups: young people and disabled people. While both programs are members of the New Deal “family” they differ, as might be expected, in rationale, objectives, detail, size, and outcomes. These differences reflect the differences in the characteristics and needs of the clients groups served and in their benefit status. The New Deal for Disabled People has to accommodate a more diverse client group, which it does by having a more flexible structure than the New Deal for Young People. Participants in the New Deal for Young People are mainly recipients of a means-tested cash benefit, while those of the New Deal for Disabled People are primarily recipients of a contributory cash benefit. This helps account

⁹ The New Deal for Disabled People national extension also builds upon the Innovative Schemes pilot, where frontline staff worked directly with employers and sought to match clients to the requirements of employers. Underpinning their work was the notion of a ‘pathway’ along which clients progressed to employment. However, the extent to which Job Brokers will adopt the methods and techniques of the Innovative Schemes is, as yet, unknown.

for another important difference, the absence of mandatory options in the New Deal for Disabled People. Both New Deals are embedded in a welfare-to-work policy framework, but their degree of compatibility with it varies. In the case of New Deal for Disabled People, there is a tension between the formal, legal requirements of the benefit system—which demands that those entitled to benefit are medically assessed as incapable of work—and labor market policies that aim to move the same individuals into employment and by implication proclaim their capacity for work.

The irrationality of this is compounded by a system that classifies people rigidly into two mutually exclusive categories: either available for work or incapacitated. Neither the New Deal for Disabled People nor the benefit system for this group allows for a gradual return to work, whereby people can build up the hours worked to a level their impairments or health conditions enable them to sustain. The US uses a similar incapable/capable dichotomy. The fundamental problem is that allowing a gradual return to work would necessitate a relaxation of the distinction made between out-of-work benefits and in-work benefits and tax credits. The challenge for both systems is to find ways to reform the incapacity benefit regimes in ways that will address the needs of those with potential to move to greater capability and, with this change, to suitable employment.

In respect of compulsion, New Labour was able to overcome opposition to introducing it in the New Deal for Young People. The political, moral, and policy arguments for compulsion are less compelling for disabled people. Nevertheless, there is an element of “creeping compulsion” in the Government’s New Deal approach to disabled people, as there is to lone parents—and to other groups like carers. All are now required to attend a work-focused interview when making a benefit claim or at certain other key events (such as following receipt of medical test results for a claim for Incapacity Benefit). Whether giving information, training, and other support to disabled people (or to lone parents) is an alternative to workfare is unclear, but for now minimal compulsion will be a feature of the New Deals for those groups.

The Government is also seeking to change people’s attitudes towards benefit receipt. There is a new emphasis on clients’ and the state’s rights and responsibilities, with the New Deals playing a leading role in changing attitudes towards benefit receipt. The high profile given to the compulsory element of New Deal for Young People might mean that groups covered by voluntary programs feel obliged to work. However, the evidence for this is not strong from the New Deal for

Disabled People pilot, in which only 5 percent of participants thought the program was compulsory and Personal Advisers actually explained to newly recruited participants that it was voluntary (Loumidis et al., 2001a). Nor is there any evaluation evidence that further compulsion is, in fact, required in the national New Deal for Disabled People.

* * *

The longer-term effects of the New Deals are unknown. In the meantime, the Government would seem to have learned much about the implementation and operation of welfare-to-work schemes, with the value of case and partnership working now firmly established. Even as, managerially, the programs and test initiatives continue to be refined, both New Deals are now part of the landscape of welfare-to-work in the UK, and have already been influential in changing how benefit and employment services are delivered to workless people.

Acknowledgements

The author is a member of the research team evaluating the New Deal for Disabled People Personal Adviser Service pilot. However, the views expressed in this paper are those of the author and do not necessarily reflect those of other team members or the project's sponsors, the Department of Social Security and the Department for Education and Employment. An earlier version of this paper was presented at the meeting of the Association of Public Policy Analysis and Management, 2-4 November 2000, Seattle, USA and the support of the Rockefeller Foundation is gratefully acknowledged. Thanks are also due to Maire Stafford, Robert Walker and Michael Wiseman for their helpful comments on the paper. Angela Waite at CRSP helped to prepare the manuscript and Abigail Davis collected the data for Figure 1.

References

- Anderton, Bob, Riley, Rebecca and Young, Garry (1999). *The New Deal for Young People: First Year Analysis of the Implications for the Macroeconomy*. Research and Development Report ESR33, Sheffield: Employment Service.
- Arthur, Sue, Corden, Anne, Green, Anne, Lewis, Jane, Loumidis, Julia, Sainsbury, Roy, Stafford, Bruce, Thornton, Patricia and Walker, Robert (1999). *New Deal for Disabled People: Early Implementation*. DSS Research Report 106, London: Corporate Document Services.
- Ashworth, Karl, Cebulla, Andreas, Davis, Abigail, Greenberg, David and Walker, Robert (2001). *Welfare-to-Work: Establishing a Basis in Evidence*, Paper submitted for presentation at the Annual Meeting of the Association of Public Policy Analysis and Management, Washington D.C., November.
- Berthoud, Richard (1998). *Disability Benefits: A review of the issues and options for reform*. York: York Publishing Service.
- Blackburn, Vicky, Child, Camilla and Hills, Dione (1999). *New Deal for Disabled People: Early findings from the Innovation Schemes*. DSS In-house Report No. 61, London: Department of Social Security.
- Blair, Tony (1997). *The Will to Win*. Speech on the Aylesbury Estate, Southwark, 2 June.
- Blunkett, David (2000). *'On your side' The new welfare state as the engine of prosperity*. London: DfEE.
- Bonjour, D., Dorsett, R., Knight, G., Lissenburgh, S., Mukherjee, A., Payne, J., Range, M., Urwin, P. and White, M. (2001) *New Deal for Young People: National Survey of Participants: Stage 2*, Sheffield: Employment Service Research and Development Report ESR67.
- Britton, L. (2002) 'Sanctions and the hard to help', *Working Brief*, No. 130, London: Unemployment Unit and Youthaid.
- Bryson, Alex, Knight, Genevieve and White, Michael (2000). *New Deal for Young People: National survey of participants: stage 1*. Sheffield: Employment Service, Research and Development Report ESR44.
- Burchardt, Tania (1999) *The Evolution of Disability benefits in the UK: Re-weighting the basket*. CASE paper 26, London: London School of Economics.
- Cm. (1998a). *New ambitions for our country: A NEW CONTRACT FOR WELFARE*. Cm. 3805. London: The Stationery Office.
- Cm. (1998b). *A new contract for welfare: THE GATEWAY TO WORK*. Cm. 4102. London: The Stationery Office.
- Cm. (1998c). *A new contract for welfare: SUPPORT FOR DISABLED PEOPLE*. Cm. 4103. London: The Stationery Office.
- Cousins, C., Jenkins, J. and Laux, R. (1998, June). Disability data from the LFS: comparing 1997-8 with the past. *Labour Market Trends*, 321-335.
- Dearing, R. (1997). *Higher Education in the Learning Society: Report of the National Committee*. National Committee of Enquiry into Higher Education, London: HMSO.

- DfEE (1999). *Statistical First Release: Participation in Education and Training by 16-17 Year Olds in England: 1988 to 1998 (July)*. London: Department for Education and Employment.
- DfEE (2001). *Statistical First Release: New Deal for Young People and Long-Term Unemployed People Ages 25+: Statistics to November 2000*. London: Department for Education and Employment.
- Disability Rights Commission (2000). *DRC Disability Briefing: May 2000*. <http://www.drc-Great Britain.org/drc/InformationAndLegislation/Page351.asp>. Downloaded 20 August 2000.
- DSS (1997). *Welfare Reform Focus File 04, Benefits for sick and disabled people*. London: Department of Social Security.
- DSS (1998). *Cross Benefit Analysis: Quarterly bulletin on the population of working age on key benefits*. London: Government Statistical Series.
- DSS (2000). *The Changing Welfare State: Social security spending*. London: Department of Social Security.
- Employment Service (1997, November). *Operational Vision*. Employment Service.
- Gardiner, Karen. (1997). *Bridges from Benefit to Work*. York: JRF/YPS.
- Hales, Jon and Collins, Debbie (1999). *New Deal for Young People: Leavers with unknown destinations*. Sheffield: Employment Service, Research and Development Report ESR21.
- Hasluck, Chris (1999). *Employers, Young People and the Unemployed: A review of the research*. Sheffield: Employment Service, Research and Development Report ESR12.
- Hasluck, Chris (2000). *The New Deal for Young People, Two Years On*. Sheffield: Employment Service, Research and Development Report ESR41.
- HC (1999). *Opportunities for Disabled People Volume 1 Report and Proceedings, Ninth Report of the Select Committee on Education and Employment*. HC111-I. London: The Stationery Office.
- HC (2000). *New Deal for Young People: Two years on, Eighth Report of the Select Committee on Education and Employment*. HC 510. London: The Stationery Office.
- Hills, D., Child, C., Blackburn, V. and Youll, P. (2001) *Evaluation of the New Deal for Disabled People Innovative Schemes Pilot*, DSS Research Report No. 143, Leeds: CDS.
- HM Treasury (1997). *Employment Opportunity in a Changing Labour Market*. London: HM Treasury, The Modernisation of Britain's Tax and Benefit System, Number 1.
- HM Treasury (2000a). *Budget 2000 Prudent for a Purpose: Working for a stronger and fairer Britain*. HC 346. London: The Stationery Office.
- HM Treasury (2000b). *Spending review 2000 Prudent for a Purpose: Building opportunity and security for all*. London: The Stationery Office.
- Loumidis, Julia, Stafford, Bruce, Youngs, Rachel, Green, Anne, Arthur, Sue, Legard, Robin, Lessof, Carli, Lewis, Jane, Walker, Robert, Corden, Anne, Sainsbury, Roy and Thornton, Patricia (2001a). *New Deal for Disabled People: Evaluation of the Personal Adviser Service*. London: Corporate Document Services, forthcoming.

- Loumidis, Julia, Youngs, Rachel and Lessof, Carli (2001b). *New Deal for Disabled People: National Survey*. London: Corporate Document Services, forthcoming.
- Maguire, Sue (2000). *Employers' Diminishing Demand for Young People – Myth or Reality*. Loughborough University: Centre for Research in Social Policy, Unpublished.
- Meager, Nigel, Bates, Peter, Dench, Sally, Honey, Shelia and Williams, Matthew (1999). *Employment of Disabled People: Assessing the Extent of Participation (Revised Edition)*. DfEE Research Report RR69. Nottingham: Department for Education and Employment.
- Millar, Jane (2000). *Keeping Track of Welfare Reform: The New Deal Programs*. Paper presented to JRF Seminar on Work, Security and the Single Gateway, 15 March, London.
- National Audit Office (2002) *The New Deal for Young People*, HC 639, London: The Stationery Office.
- Office of National Statistics (2000, July). *Labour Market Trends*.
- Pullinger, Hugh. (2000). *Background to the consultation. In Summary Report of the Consultation on Extension of New Deal for Disabled People*. London: Employment Service, 22-23.
- Press release. (2000). New Deal hits target. <http://www.number-10.gov.uk/news.asp?NewsId=1587&SectionId=30>. Download date 8 December 2000.
- Riley, Rebecca and Young, Garry (2000) *The New Deal for Young People: Implications for Employment and the Public Finance*, Sheffield: Employment Service Research and Development Report ESR62.
- Riley, Rebecca and Young, Garry (2001a) *The Macroeconomic Impact of the New Deal for Young People*, London: National Institute for Economic and Social Research.
- Riley, Rebecca and Young, Garry (2001b) *Does Welfare-to-Work Policy Increase Employment?: Evidence from the UK New Deal for Young People*, London: National Institute for Economic and Social Research.
- Ritchie, Janet and Snape, Dawn (1993). *Invalidity Benefit: A preliminary qualitative study of the factors affecting its growth*. London: SCPR.
- Robinson, Peter (1999). Education, training and the youth labour market. In P. Gregg. and J. Wadsworth (Eds), *The State of Working Britain*, Manchester: Manchester University Press, 147-167.
- Sainsbury, Roy (1999). The aims of social security. In J. Ditch (Ed.), *Introduction to Social Security*. London: Routledge, 34-47.
- Social Exclusion Unit (1999). *Bridging the Gap: New opportunities for 16-18 year olds not in education, employment or training*. London: SEU.
- Stafford, Bruce (1998). *National Insurance and the Contributory Principle*. DSS In-house Report No. 39, London: Department of Social Security.
- Stafford, Bruce, Heaver, Claire, Ashworth, Karl, Bates, Charlotte, Walker, Robert, McKay, Steve and Trickey, Heather (1999). *Work and Young Men*. York: JRF/York Publishing Services.
- Stafford, Bruce, Cornwell, Emma, Smith Noel and Trickey, Heather (2000). *Social Integration Through Obligations To Work? Current European "Workfare" Initiatives And Future*

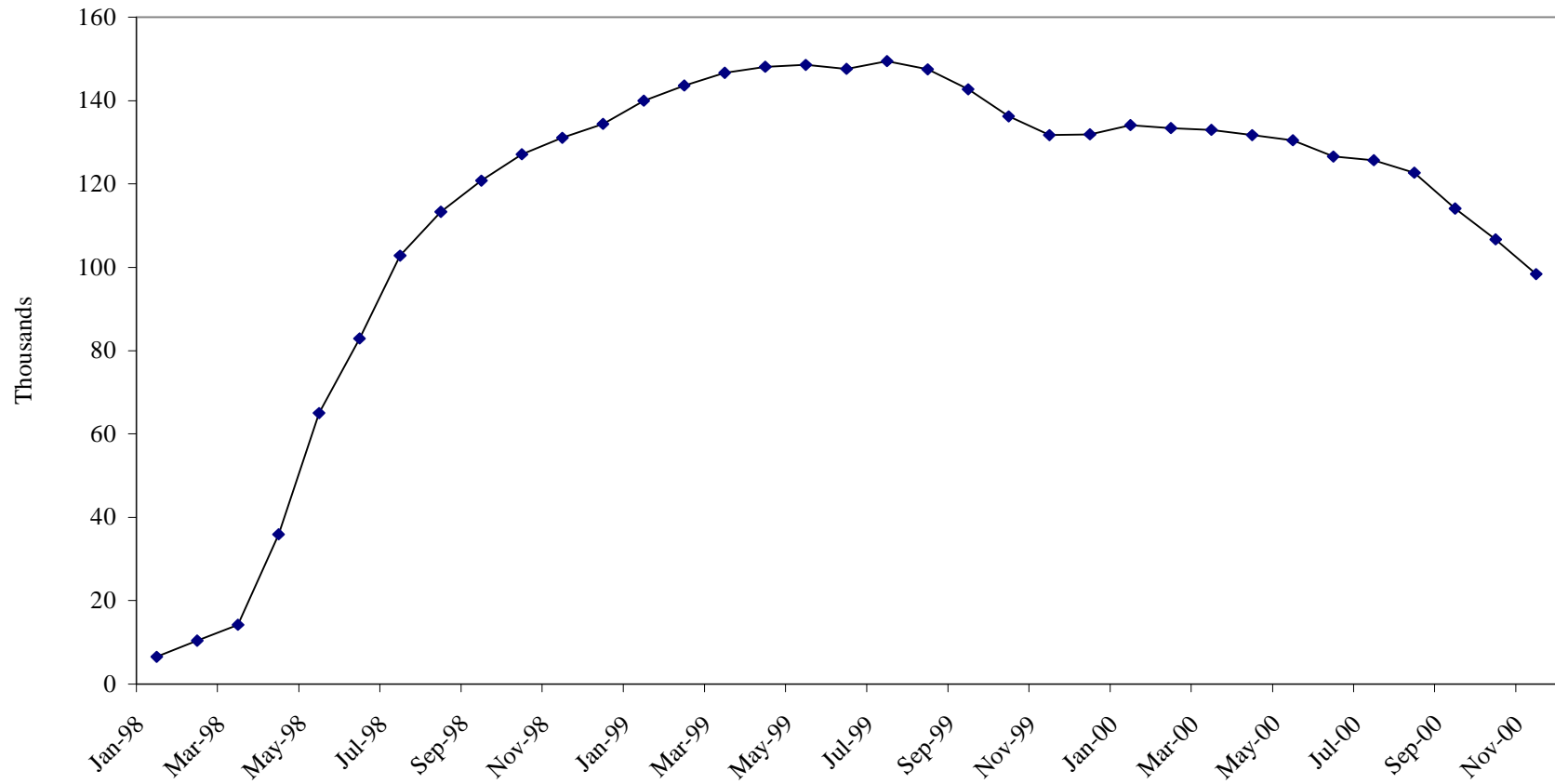
Direction: UK Report: New Deal For Young People. Loughborough: Loughborough University, Centre for Research in Social Policy Working Paper 2328.

TEN (2001) *Welfare to Work Briefing*, Training and Employment Network, Weekly Briefing No. 145, London: Unemployment Unit and Youthaid.

Walker, Robert with Howard, Marilyn (2000). *The Making of a Welfare Class? Benefit receipt in Britain.* Bristol: Policy Press

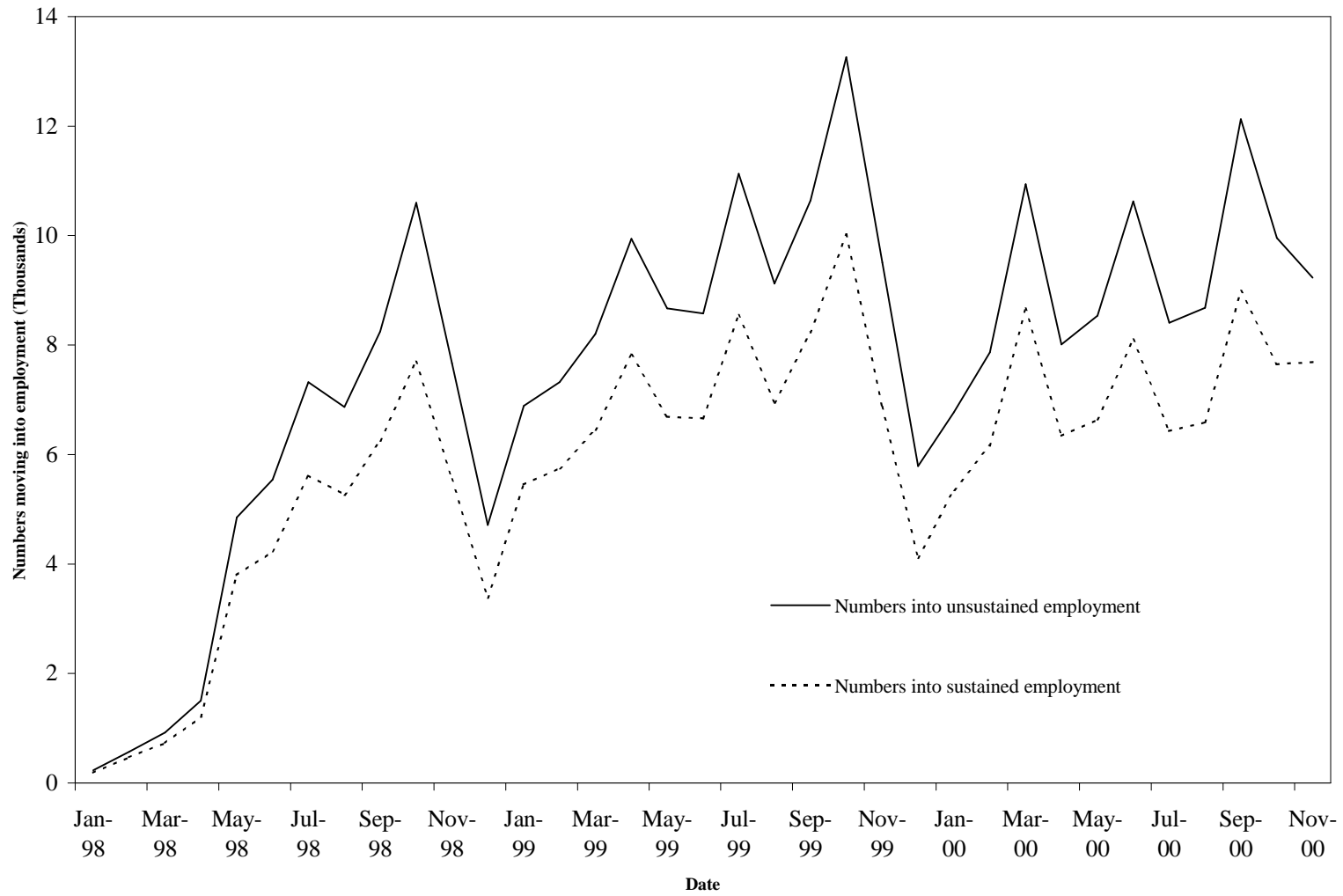
Walker, Robert, Stafford, Bruce, Youngs, Rachel and Ashworth, Karl (1999). *Young Unemployed People: (A) Characteristics of the New Deal Target Group (B) Labour Market Characteristics and Outcomes.* Sheffield: Employment Service, Research and Development Report, 19.

Figure 1: Numbers on New Deal for Young People, GB



Source: DfEE (2001)

Figure 2: Number of 18-24 Year Olds Moving into Employment from the New Deal



Source: DfEE (2000)

Table 1: Features of the New Deal for Young People and New Deal for Disabled People

Characteristic	New Deal for Young People	New Deal for Disabled People
Introduction	January 1998 in 12 pathfinder areas; April 1998 nation-wide	Personal Adviser Service model ~ October 1998 in six areas; April 1999 a further six areas Innovative Schemes ~ late 1997
Coverage	Nation-wide	Personal Adviser Service ~ 12 pilot areas Innovative Schemes ~ 24 pilots
Entry requirements/ target populations	18-24 year olds claiming Jobseeker's Allowance continuously for six months; earlier entry possible for disadvantaged groups	Incapacitated for work for 28 weeks or more and claiming Incapacity Benefit, Severe Disablement Allowance or National Insurance (social insurance) credits for incapacity. In addition, the Service can be provided to people in employment and at risk of losing their jobs due to ill-health.
Participation	The Gateway stage is voluntary, but clients may be sanctioned if they continually refuse opportunities and fail, when formally directed by an official, to attend interviews. The Option stage is compulsory and non-compliance can lead to sanctions. Sanctions involve loss of entitlement to benefit for two or four weeks.	Voluntary, the Benefits Agency sends eligible claimants a letter of invitation. There are no sanctions for not participating or withdrawing from the programme.
Number in target group	0.4 million	2.3 million people nationally, of whom 227,300 reside in the pilot areas
Budget 1997-2002	£2,620m	£200m

Characteristic	New Deal for Young People	New Deal for Disabled People
Delivery mechanisms	<p>Personal Advisers.</p> <p>Three models of delivery: (a) Employment Service led – public sector agency that administers the Gateway and develops partnerships with external agencies to provide the Options; (b) private sector led – for profit companies administer most of the gateway and build partnerships with other agencies to provide the Options; and (c) consortia led – private, voluntary and public sector organisations (including the Employment Service) build partnerships with agencies to provide the Options. The Gateway is administered by the Employment Service.</p>	<p>Personal Adviser Service ~ Personal Advisers. In six areas the pilots are delivered by the Employment Service, in the other areas by the private/voluntary sector</p> <p>Innovative Schemes ~ a variety of private and voluntary organisations</p>
Program characteristics	<p>Three stages: Gateway (up to four months of advice and support); Options (subsidized employment, self-employment, work experience (voluntary work or Environmental Task Force), or full-time training or education; Follow through. All Options include an element of training leading to an accredited qualification. The employment options lasts for up to six months, with the expectation that the position will become permanent. The work experience options last for up to six months. The full-time education/training option is expected to last nine months with a maximum of 12 months.</p>	<p>Referral to specialist services. Innovation Fund can be used to meet the cost of services/goods not funded through more conventional schemes.</p> <p>No set menu of options.</p> <p>Education/training not provided as a matter of course, only when assessed to be necessary</p>

Characteristic	New Deal for Young People	New Deal for Disabled People
Benefit/ Wages paid to participants	Benefit paid during Gateway and Follow Through stages. Options: (a) Participants in subsidized employment should receive terms and conditions similar to other employees. Their wage must at least equal the subsidy paid by the Employment Service. Participants are also entitled to in-work benefits. (b) Participants in the Voluntary Sector/Environment Task Force can receive a wage or a training allowance plus £15.38 per week. (c) Full-time Education/Training – a training allowance equivalent to the amount of Jobseeker’s Allowance paid before the course commenced. (d) Self-employment – an allowance plus a grant of up to £400 paid in installments	Benefit
Subsidy	(a) Subsidized employment - public or private sector organisations receive a job subsidy and a contribution of £750 towards the cost of training for programme participants. The subsidy for full-time work is £60 per week and for part-time work £40 per week. (b) Voluntary Sector/Environment Task Force – providers receive a payment for delivering the option, and if a wage is offered a contribution equivalent to the average rate of Jobseeker’s Allowance for 18-24 year olds. (c) Full-time Education/Training – a payment is made for each participant linked to attendance and achievement of qualifications.	No subsidies available to employers under the programme. Service providers/training organisations will receive a payment for the services they provide..