

# **New Deal Intelligence Report Article**

## **Analysis of the Trends in New Deal Client Groups, New Deal Participation and New Deal Key Indicators**

**SCOTLAND**

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**Analytical Services Division**

**Scottish Executive**

## Analysis of the Trends in New Deal Client Groups, New Deal Participation and New Deal Key Indicators

### Main Findings

- The numbers in New Deal client groups appear to have reached a plateau for New Deal 18-24 and may be stabilising for New Deal 25+
- The number of participants in New Deal programmes is reasonably stable for New Deal 18-24 and New Deal 25+.
- The trends in New Deal Key Indicators are very similar for Scotland and Great Britain. The performance of the key indicators is very seasonal with the performance tending to dip in the winter months
- The number of participants on New Deal for Lone Parents looks set to continue to rise.
- The conversion rate from initial interview to participation in NDLP is very low and has been declining. There is evidence to suggest, however, that people are joining the scheme at a later date i.e. after 6 month reviews. Perhaps looking at overall conversion rate and not just conversion rate from the initial interview would provide a more balanced picture of what is happening with NDLP.

### 1 New Deal for Unemployed Client Groups

The New Deal Key Facts document, which appears in each quarter of the Intelligence Report, shows the client groups for both New Deal 18-24 (NDYP) and New Deal 25plus (ND25+). These are defined as the number of 18-24 years olds claiming job seekers allowance (JSA) for 6 months or more and the number of over 25 year olds claiming JSA over 18 months respectively.

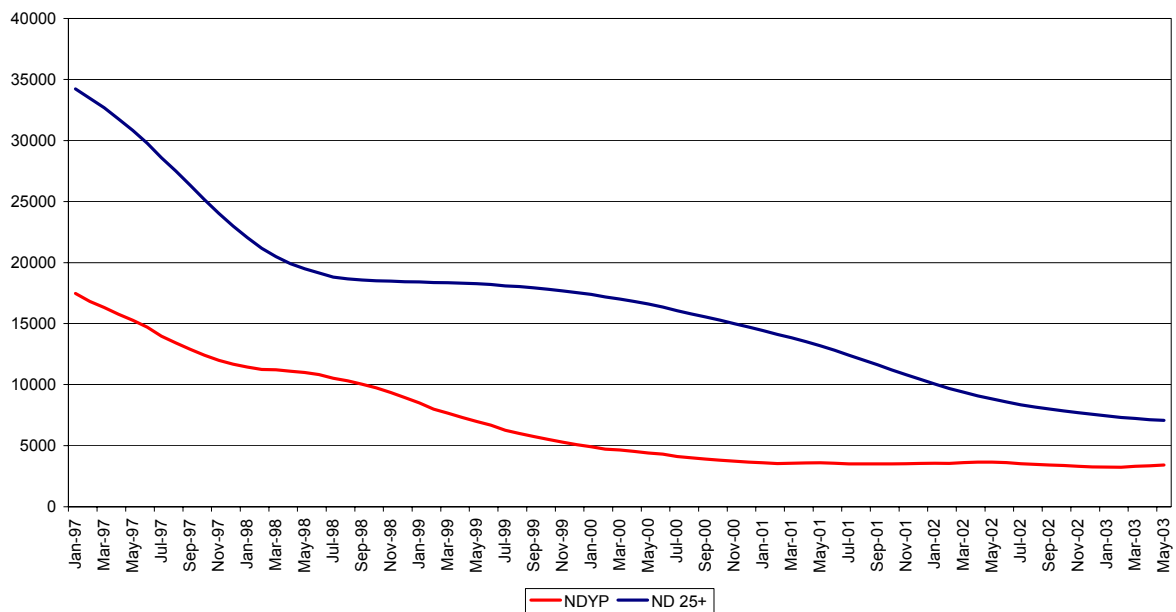
**TABLE 1**

	Oct-03	Oct-02	Oct-97		% Change between Oct-02 and Oct-03	% Change between Oct-97 and Oct-03
Claimants 18-24 over 6 Months	3,164	2,843	11,282		11.3%	-72.0%
Claimants 25+ over 18 Months	6,649	7,646	24,775		-13.0%	-73.2%

The figures in Table 1 show that long term claimants has dropped considerably for all ages between 1997 and 2003. The number of 18-24 long term claimants has increased between October 2002 and October 2003. These figures can be quite informative but the data can fluctuate each month and also tends to be fairly seasonal. It is of interest to see what the underlying trends of the client groups are like.

Chart 1 below shows a chart of the number of people in both the NDYP client group and the ND25+ client group over time, for Scotland. The data in the chart has been smoothed (using a moving average technique) to try and remove any seasonality or random fluctuations from the time trend. The chart shows that there has been a fairly dramatic drop in numbers in the two client groups from 1997. Concentrating on the NDYP client group, it looks as though the major reduction in the client group ended in mid 2000. The claimant count seems to have remained fairly stable at just over 3,000 since then. This would suggest that the people who are in this client group are now the harder to help clients and may require more intense help than was required previously. The client group for the ND25+ scheme seems to have seen a fairly dramatic drop in numbers in 1997 and early 1998. This was followed by a slightly less dramatic downward trend in numbers in the client group. The downward trend appears now to be slowing although may not yet have completely settled. It may be that this trend will level off fairly soon as the NDYP client group seems to have done.

**Chart 1 Smoothed Trend of the Number of People in the New Deal Client Groups, Scotland**



**Chart 2 Smoothed Trend of the Number of People in the New Deal Client Groups, Great Britain**

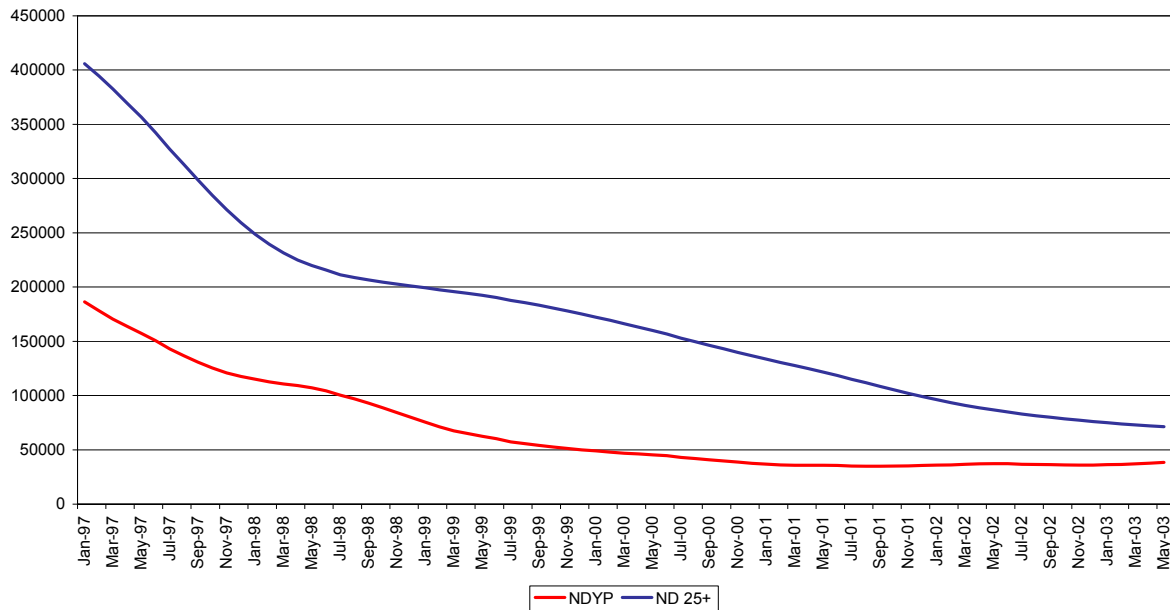


Chart 2 above shows the equivalent chart for Great Britain. The chart shows a similar trend for Great Britain as there was for Scotland over the same time period for the client groups.

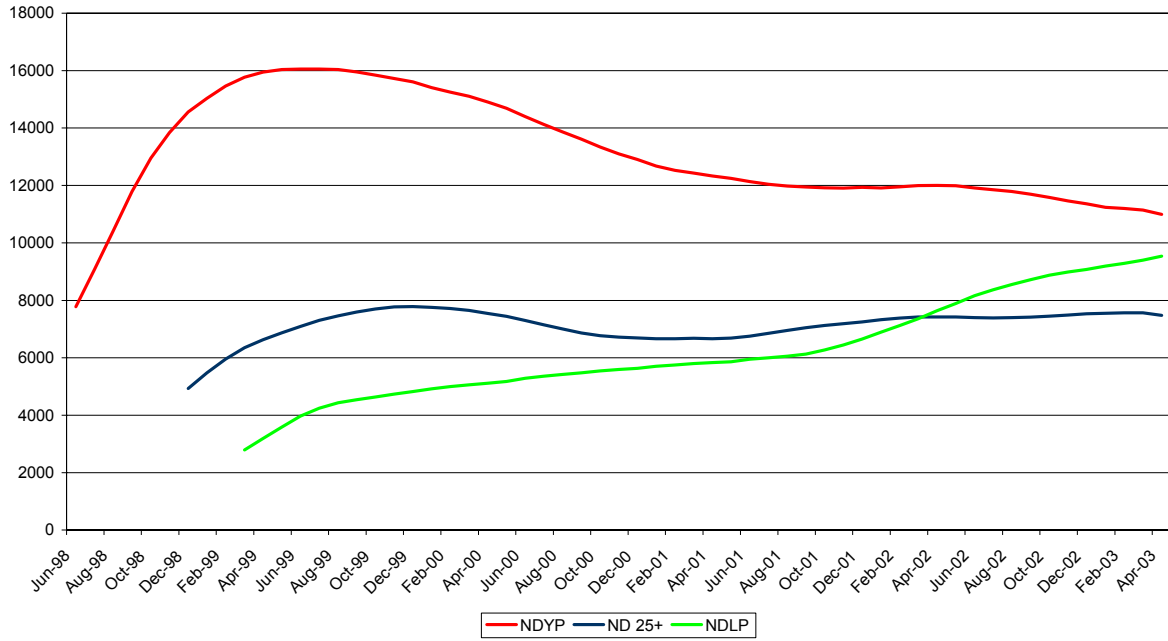
These charts show that there has been a major improvement in the number of long term unemployed in Scotland and Great Britain since 1997. However it appears that the trend for the NDYP client group and possibly the ND25+ client group has reached a plateau. This would suggest that there may need to be more focussed effort to make further in roads into the number of long term JSA claimants.

## 2 Participation in New Deal Programmes

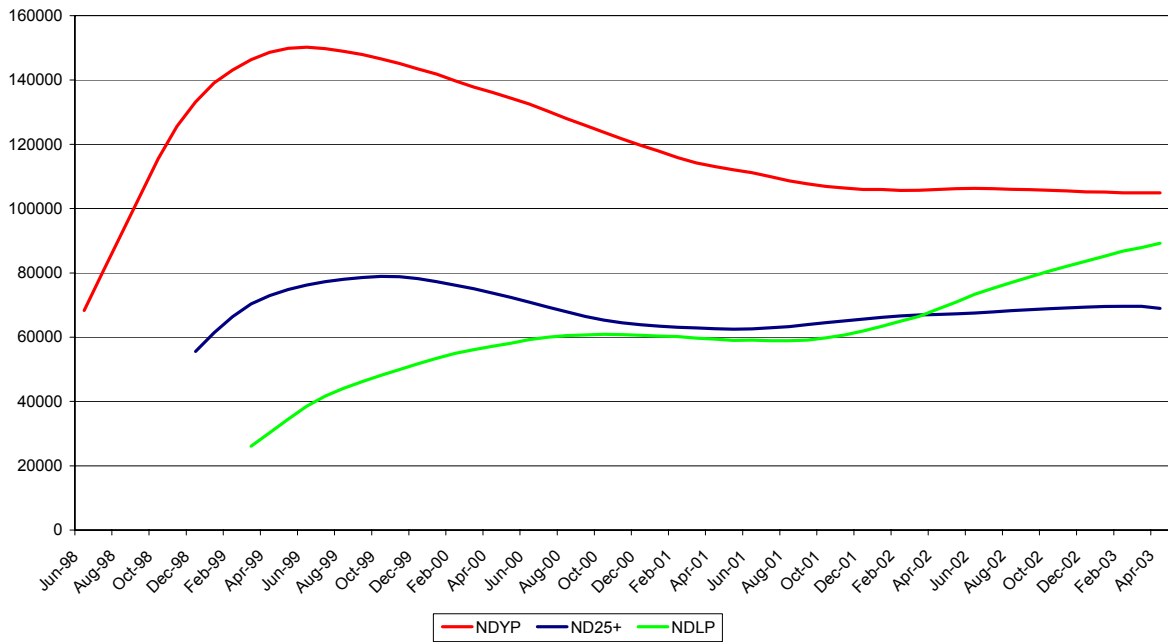
The charts in Annex A show the Number of Starters and Leavers by quarter for both Scotland and Great Britain. The charts show that there have been similar trends in starters and leavers in Scotland and GB for all three schemes. The starters and leavers for both New Deal 18-24 and New Deal 25+ are reasonably stable. However both the starters and leavers in New Deal for Lone Parents appear to be still increasing.

Chart 3 shows a smoothed trend of the number of participants in the New Deal programmes for Scotland. Chart 4 shows a smoothed trend of participants for GB.

**Chart 3 Smoothed Trend of Participants on New Deal Programmes, Scotland**



**Chart 4 Smoothed Trend of Participants on New Deal Programmes, Great Britain**



The two charts show similar trends for both Scotland and GB for all three programmes. For New Deal 18-24 there was a large growth in the number of participants from the programme's inception to mid 1999. There was then a downward trend until late 2001 where the trend appears to have stabilised. However there appears to have been another slight downturn in the number of participants in Scotland in recent months.

For New Deal 25+ there was a high number of participants in the first year or so. The number of participants then dropped and appears to have stabilised since mid 2000. The trend in the number of participants on NDLP appears to be continuing to increase in both Scotland and GB as a whole.

The trends in both NDYP and ND25+ mirror the trends in the client groups (charts 1 and 2). This suggests that both the numbers in the New Deal client groups and the New Deal participants have reached a stable level. It may take a change in the content of the programmes or their delivery to make further inroads to the long term unemployed.

### **3 New Deal Key Indicators**

The Key indicators for New Deal programmes are used to give a general assessment of the performance of New Deal schemes. The key indicators for New Deal 18-24 and New Deal 25+ are:

- Job Entrants as a percentage of all New Deal leavers
- Sustained, unsubsidised jobs as a percentage of all New Deal leavers
- Parity of outcome for Ethnic minority and white clients

The key indicators for New Deal for Lone Parents are:

- Job Entrants as a percentage of all New Deal leavers
- Conversion rate of those offered NDLP onto the caseload
- Parity of outcome for Ethnic minority and white clients

As the number of ethnic minority clients in Scotland is very low this article will not be looking at the parity of outcomes indicator. In the September Intelligence Report there was a separate article on ethnic minorities.

#### **3.1 New Deal 18-24 Key Indicators**

Chart 5 shows the percentage of leavers into jobs for both Scotland and GB. The chart shows a reasonably stable trend for both Scotland and GB. However, at around 55-60% Scotland has a higher percentage than GB for the majority of the months shown. It looks possible that the percentage may be on a downward trend but this would be consistent with the seasonal trends seen in previous years.

**Chart 5 Percentage of Leavers from NDYP Who Enter Jobs**

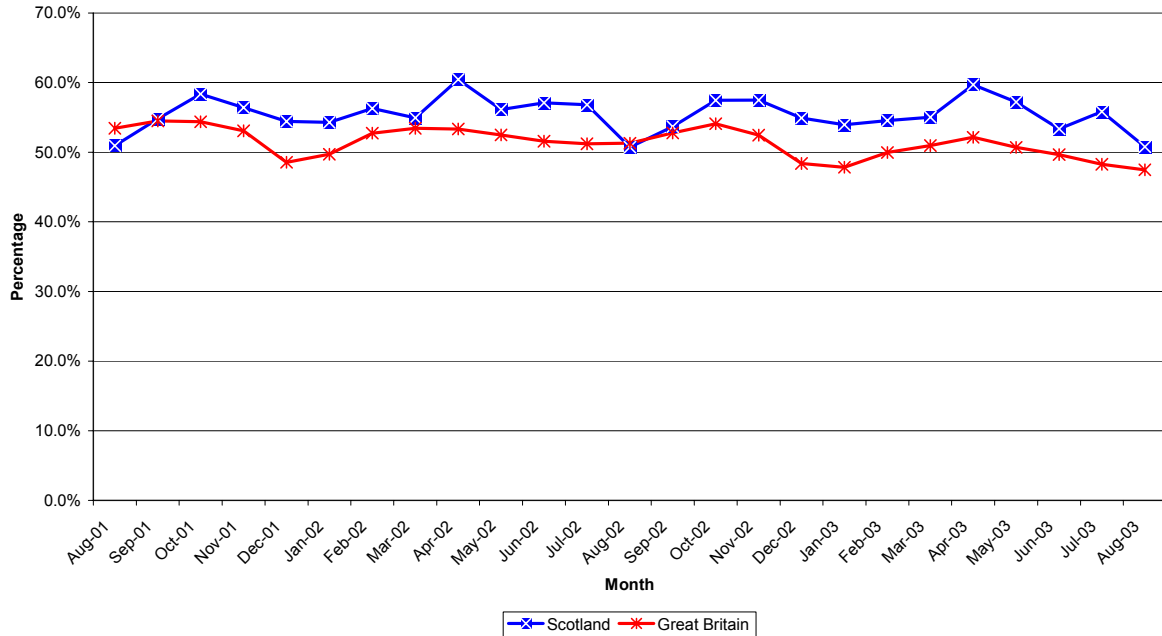
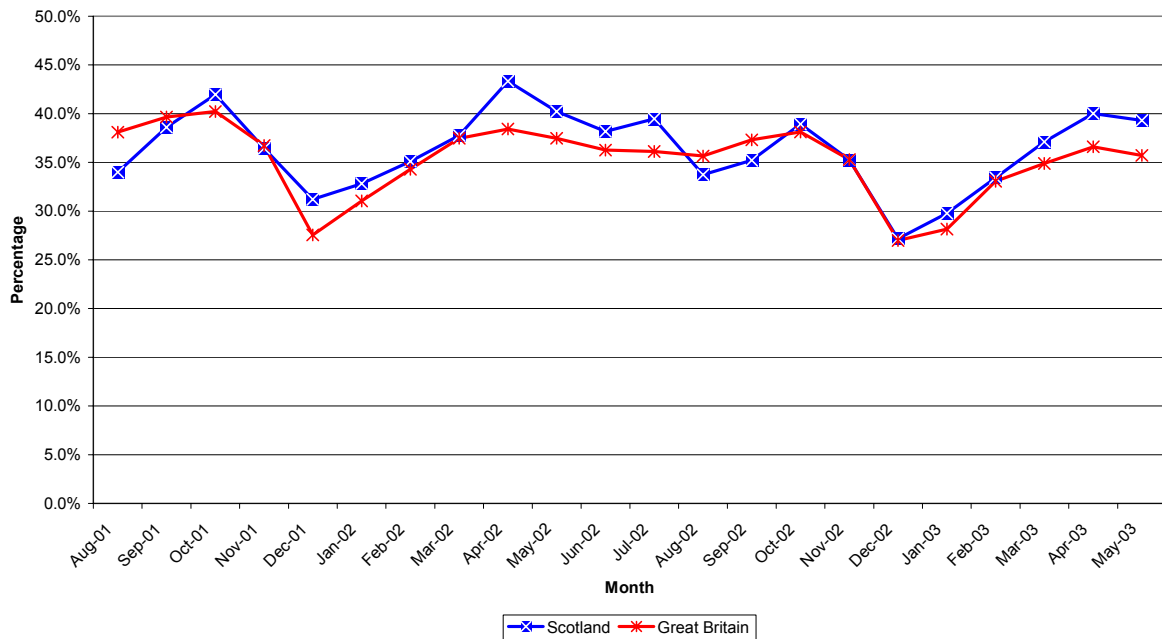


Chart 6 shows the percentage of leavers into sustained jobs for both Scotland and GB. The chart shows that Scotland has performed at roughly the same level as GB with both showing a very seasonal trend. The percentage of sustained jobs drops dramatically each year at around December. After further investigation it was found that the number of leavers drops dramatically in December and remains fairly low until the spring. The trend may be affected by the closure of Job Centre Plus offices over Christmas and possibly a general lack of vacancies after the Christmas period.

**Chart 6 Percentage of Leavers from NDYP who Enter Un-Subsidised Jobs**

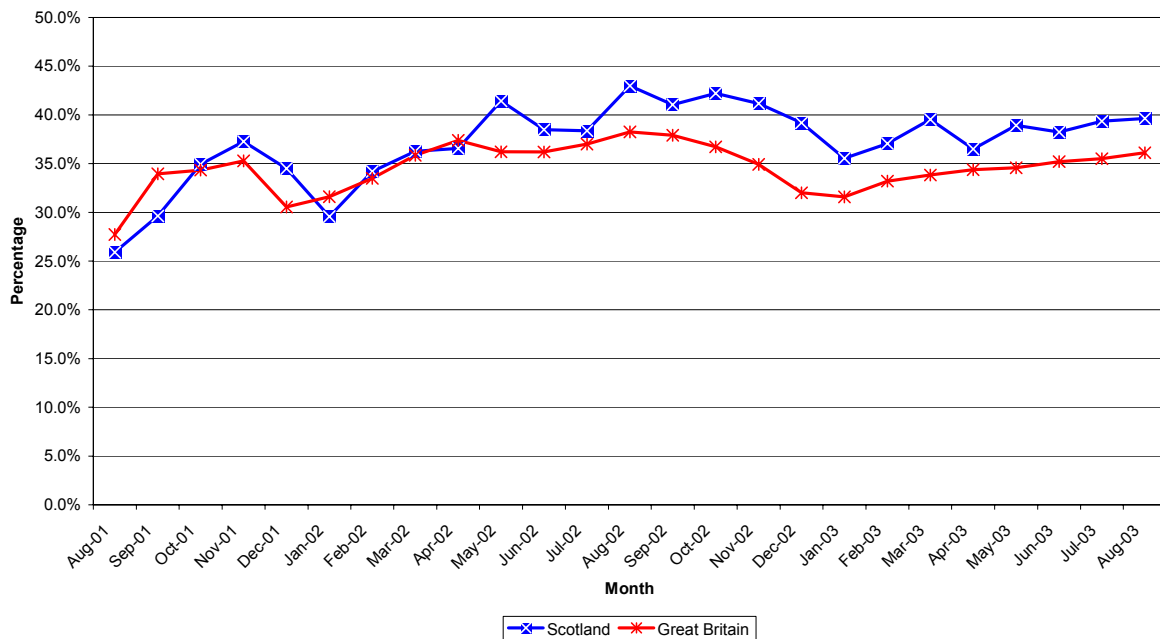


### 3.2 New Deal 25+ Key Indicators

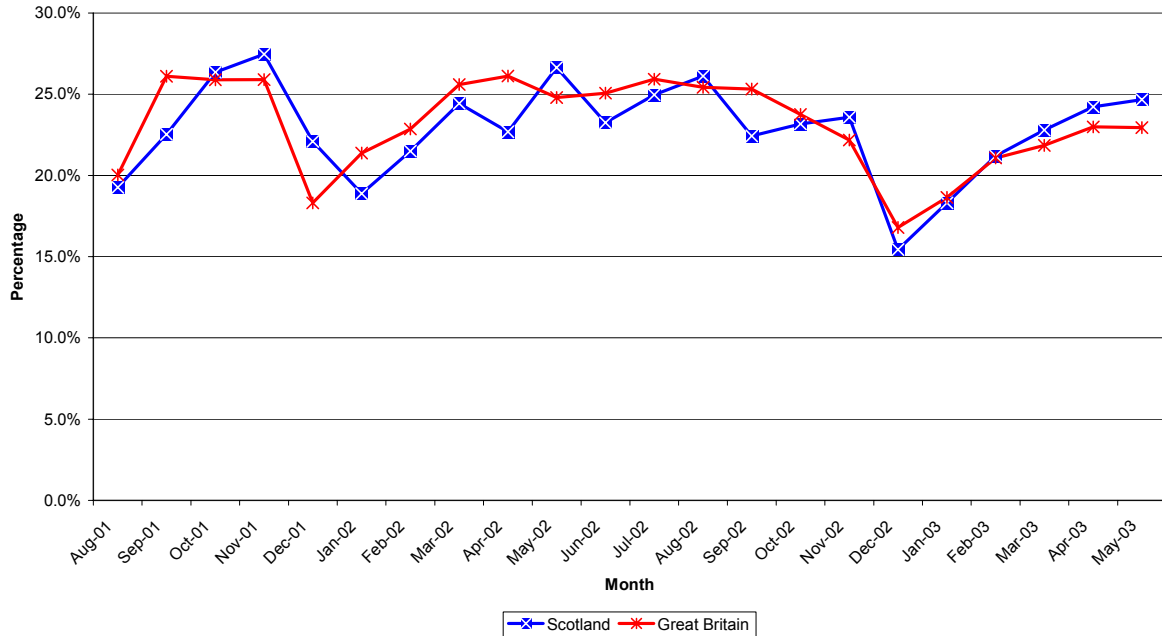
Charts 7 and 8 show the key indicators for New Deal 25+. As with the New Deal 18-24 the trends for Scotland and GB are fairly similar. However Chart 7 shows that, since May 2002, Scotland has been performing consistently better than GB as a whole on key indicator 1. Both the Scottish and GB trend for the percentage of leavers into jobs look to be on the increase over the first 6 months 2002. However the trend does show similar dips in performance around the winter months as was seen for New Deal 18-24. Because of this seasonality we may see a dip in performance over the next few months

Chart 8 shows that the trends in Scotland and GB, for the percentage of leavers into sustained jobs, are extremely similar. Both trends show the same drop around winter which has been seen in other charts. In general, excluding the winter months, the percentage of leavers into sustained jobs is around 25% for both Scotland and GB.

Chart 7 Proportion of Leavers from ND25+ Who Enter Jobs



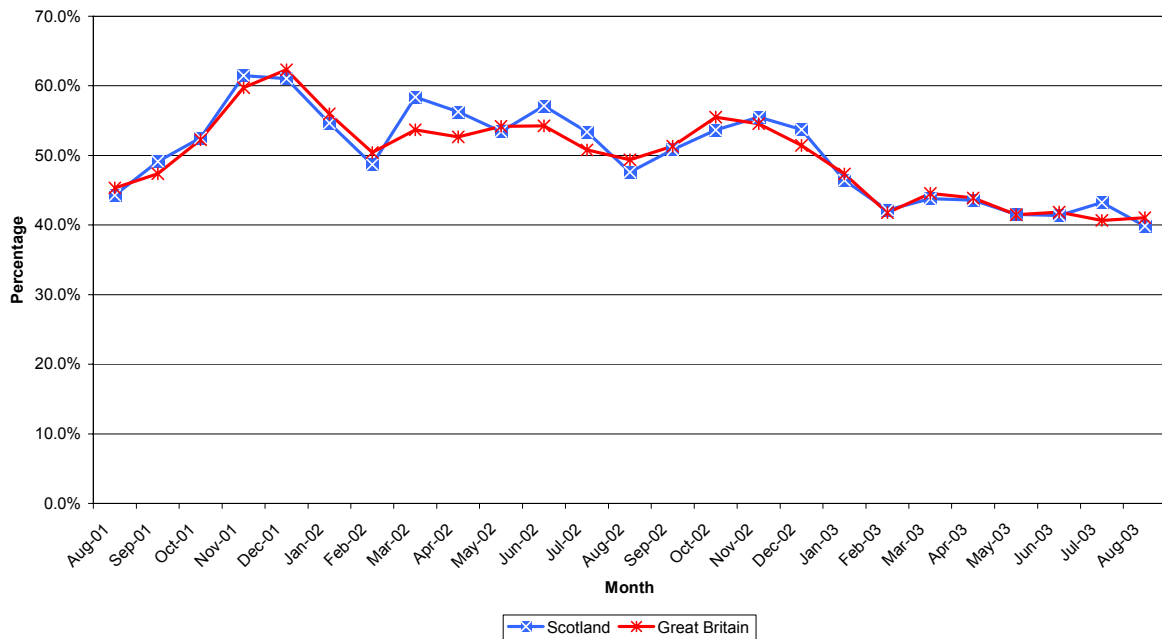
**Chart 8 Percentage of Leavers into Un-Subsidised Jobs**



### 3.3 New Deal for Lone Parents Key Indicators

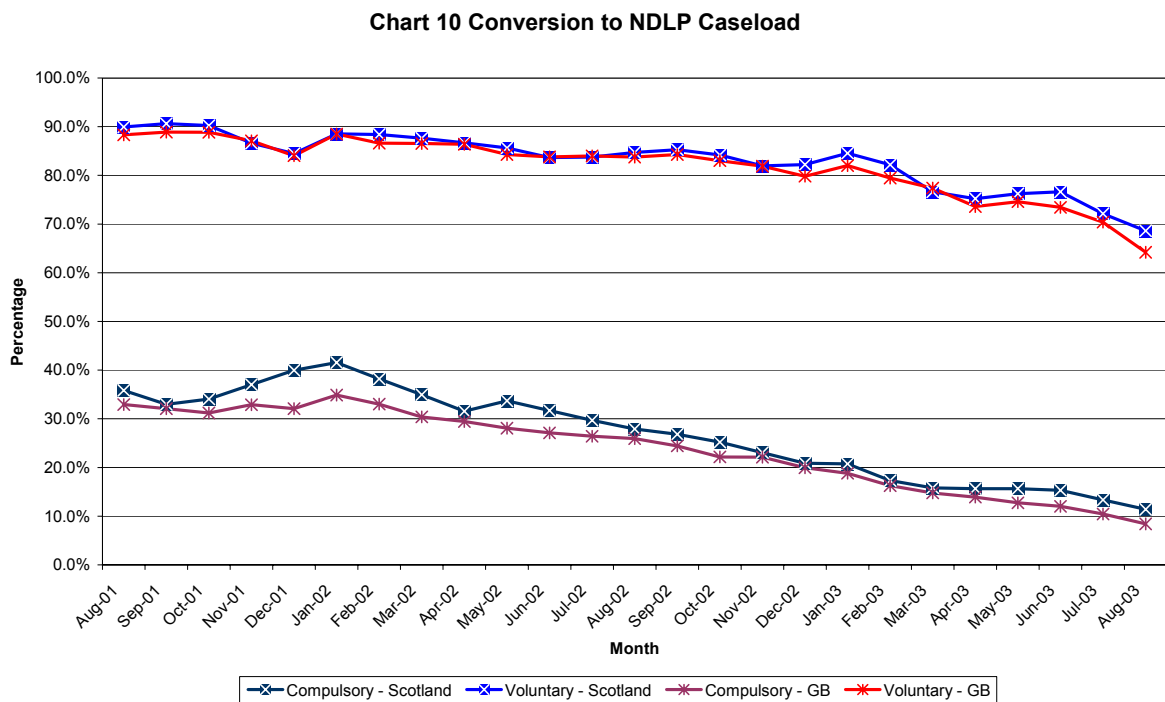
Chart 9 shows the percentage of leavers into jobs for the NDLP scheme. The trends for Scotland and Great Britain are again extremely similar. The trend for both Scotland and GB started at around 40 percent of leavers into jobs. There was then an increase in performance, reaching a high of over 60 percent, before dropping and appearing to stabilise at around 40 percent.

**Chart 9 Percentage of NDLP Leavers into Jobs**



Although the NDLP programme is voluntary, any lone parent claiming income support whose child reaches the age of 5 years and 3 months old must meet with a personal adviser to discuss options. It is then up to each individual as to whether they join the programme or not. The other way to join the programme is for individual lone parents to arrange a meeting with a personal adviser by themselves.

Chart 10 shows the percentage that joined the programme after the initial interview with the personal adviser. The chart clearly shows that the percentage joining the caseload from both the compulsory and voluntary interview is decreasing. The trend for Scotland and GB are, again, very similar. As expected, a higher proportion of those who attend a voluntary interview join the programme compared to those who attend a compulsory interview. In August 2003 68.6% of people attending a voluntary interview in Scotland joined the NDLP caseload compared to 89.9% in August 2001. The percentage joining after compulsory interviews in Scotland was 35.9% in August 2001 which has dropped to 11.4% in August 2003. It should be noted that the number of compulsory interviews is much higher than the number of voluntary interviews.



These key indicators show that convincing lone parents to join NDLP is becoming harder. It may be that when the programme began there was a higher proportion of lone parents who wished to work but now we are dealing with harder to help clients. However it may also be that, as the number participating has continued to increase there has been less time or less focus on getting positive outcomes for the clients.

**Chart 11 Number of Compulsory Lone Parent Interviews**

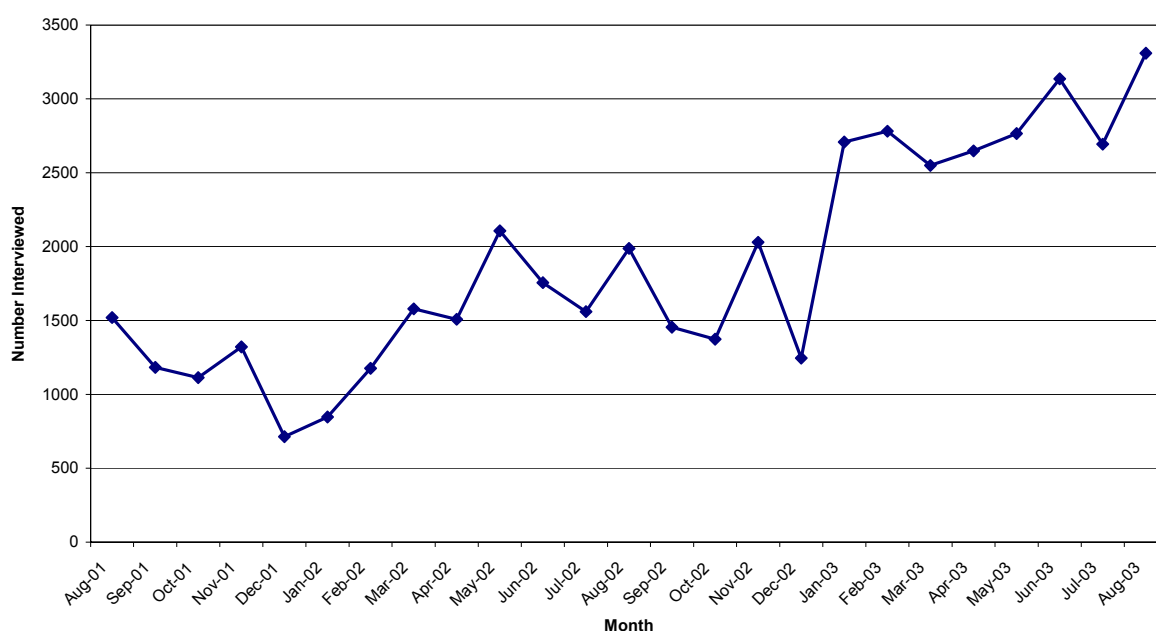


Chart 11 shows the number of compulsory interviews with Lone parents. We see that this has increased considerably since August 2001. Given the conversion rate, this suggests that personal advisers may be spending a considerable amount of their time on lone parents who are unlikely to join the programme. This may leave the personal advisers with less time to spend working with the individuals already participating on the scheme. It may also be that people being interviewed have more barriers to employment and therefore do not see the programme as being a route back into employment for them.

However research from qualitative surveys carried out by DWP suggest that conversion rates are higher after the 6 months review meeting. This may suggest that lone parents are initially not motivated to join the scheme but after time to think and consult others are keen to join the programme. If this is true it may be that this key indicator is not the best measure of conversion rates to the NDLP caseloads. This area will be investigated in future Intelligence Reports.

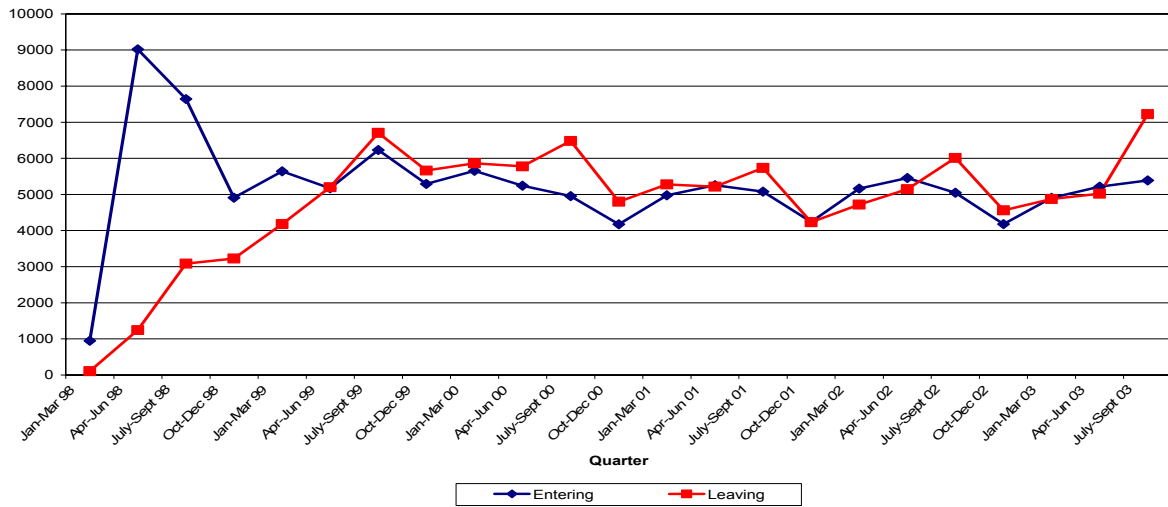
## 4 Conclusions

From the evidence shown in this article it has appeared that trends in New Deal 18-24 and New Deal 25+ have, in general, been stabilising. This includes the client groups for the two schemes, participation in the two schemes and the key indicators for the two schemes. This would suggest that there would need to be a slight change to how the programmes are managed to make major changes to the success of the programmes.

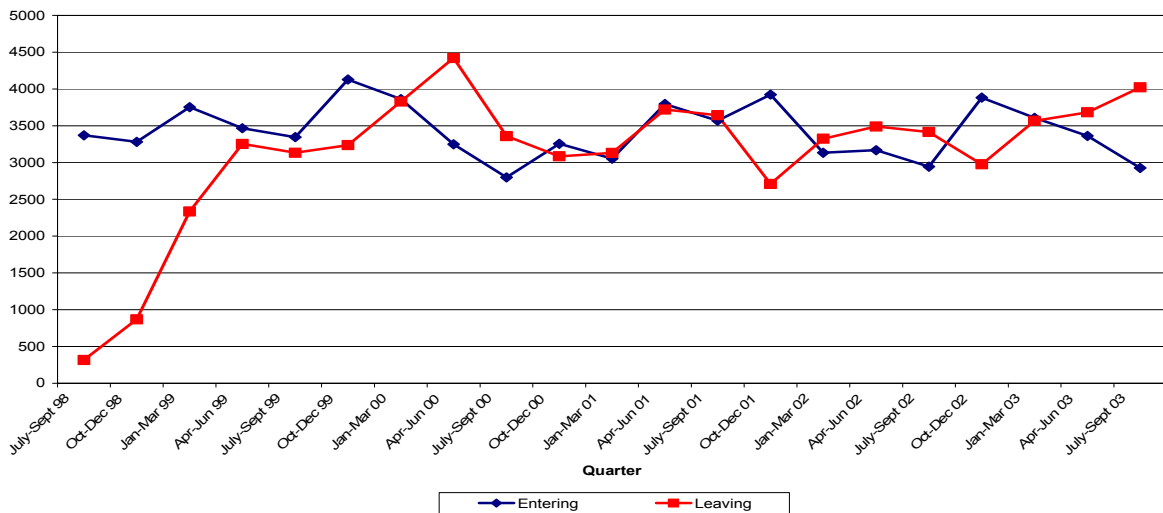
As for New Deal for Lone Parents it has been shown that the participation in this scheme appears to still be climbing. However we have seen from the key indicators that the proportion of leavers into jobs appears to have reached a plateau. Perhaps more interestingly, it appears that personal advisers are seeing a lot of initial

interviewees with little success, especially with compulsory interviews. It may be that the criteria for compulsory interviews is too general and should be more focussed to give personal advisers more time with clients. It is also possible that the programme may require more support for the participants to make the programme more productive and also to help convince clients to join.

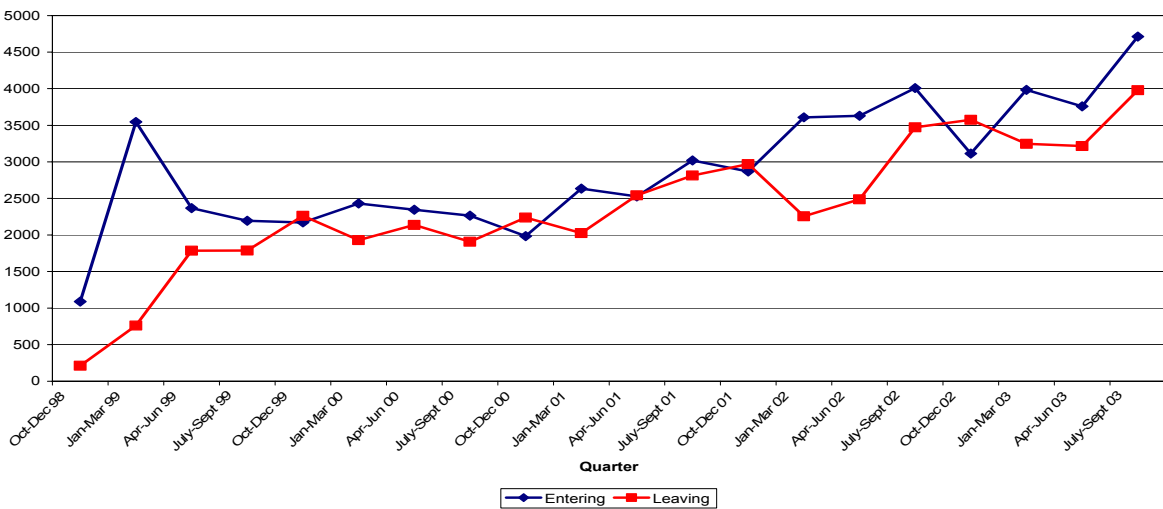
Number of Starters and Leavers from New Deal 18-24, Scotland



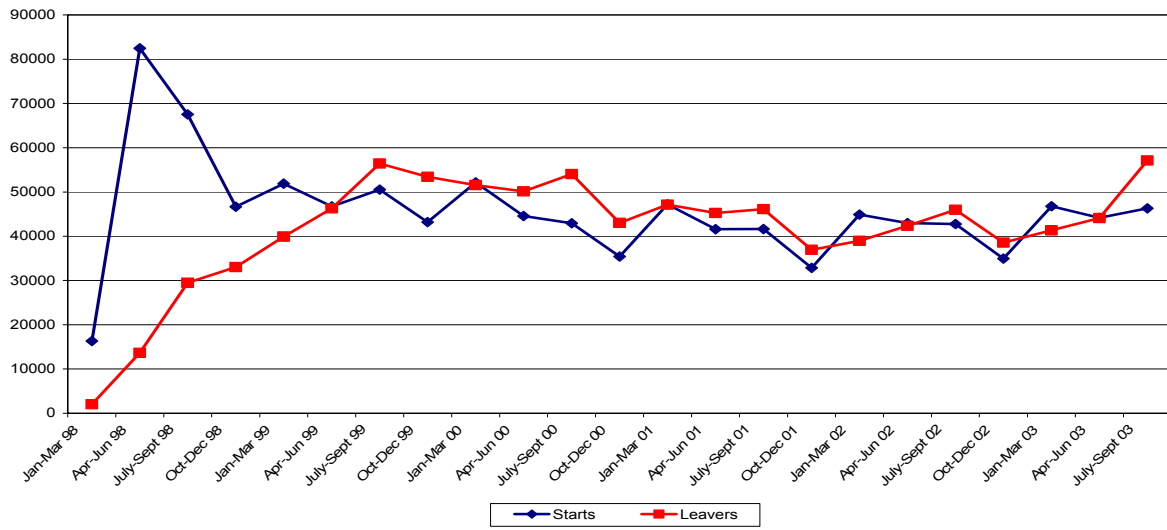
Number of Starters and Leavers from New Deal 25+, Scotland



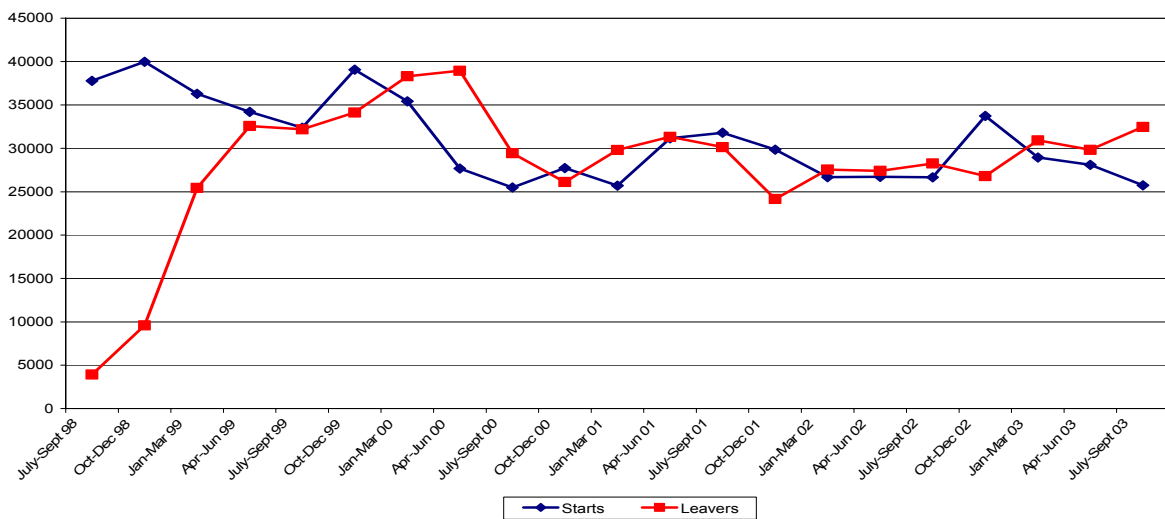
Number of Starts and Leavers from New Deal for Lone Parents, Scotland



Number of Starters and Leavers from New Deal 18-24, Great Britain



Number of Starters and Leavers from New Deal 25+, Great Britain



Number of Starters and Leavers from New Deal for Lone Parents, Great Britain

