

The New Deal for Young People (NDYP)

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Key Features of the New Deal for Young People

Operation Date: 1998 - 2009. It became part of the flexible New Deal in 2009, which then ended in 2010

Target Population: Unemployed young people aged between 18 and 24

Purpose: To help young people who had been unemployed for 6 months or more into jobs and to increase their long term employability

Introduction

The New Deal for Young People (NDYP) was launched by the Labour government across the UK in April 1998. It was a mandatory programme for young people aged 18 to 24 who had been unemployed and claiming Job Seekers Allowance for 6 months or more (NAO, 2002). The NDYP aimed to help young unemployed people back into work and to increase their long-term employability. Funding for it was provided through a £5.2 billion 'windfall tax' that was levied by the government on the privatised utility companies in order to generate revenue for a national welfare-to-work programme (Maguire, 2022). Participants in the NDYP were offered a tailored package of job searching support, subsidised employment, work experience and skills training (De Giorgi, 2005). Continued payment of welfare benefits was contingent on young people's active participation in the programme. With its link to benefits, focus on tackling youth unemployment, and management by the Department for Work and Pension (DWP), the NDYP represented a new model of youth training scheme (Maguire, 2022). Large numbers of young people participated in the programme, with over 1,054,000 having taken part by February 2006. The personalised nature of the NDYP made it difficult for evaluations to identify which aspects of the programme had the most impact on participants (Hasluck and Green, 2007). However, evidence showed that by taking part in the programme the likelihood of a young person moving into work increased by 20 per cent (Van Reenan, 2004). By March 2002 the NDYP had received £1.5 billion, making it the largest recipient of the 'windfall tax' of all schemes within the welfare-to-work programme (ibid). A number of changes were made to the NDYP during its lifetime, before it was combined with other New Deal programmes and revamped as the flexible New Deal in 2009.

It was finally ended in October 2010, with the Coalition government claiming the programme was too costly and was subsequently replaced by an all-age Work Programme and the Youth Contract.

Context

Following a period of high youth unemployment in the early 1990s, the Labour party's 1997 election manifesto pledged to get '250,000 under 25 year olds off benefits and into work' (Kavanagh and Dale, 2000). This was driven partly by evidence of a 'scarring effect' which suggested that periods of unemployment could have a detrimental impact on a young person's future earning potential (Gregg, 2009), but also by the Labour party's agenda to address 'social exclusion', of which long term unemployment was seen as a contributory factor. This was to be achieved through the introduction of a welfare-to-work programme; a type of employment support strategy first seen in the UK in the mid 1980s in the form of the Restart scheme (Dolowitz, 2002). The NDYP was formally announced in the July 1997 budget following Labour's election to government. The programme's design was based on international evidence about good practice in youth training schemes, most notably from Sweden. It also took account of learning from previous UK programmes, one example being Step Up which provided an unemployed individual with a paid work placement for up to 50 weeks (Gregg, 2009).

The NDYP was initially piloted in 12 pathfinder areas from January 1998 and following its success was rolled out nationally four months later (NAO, 2002). Participation in the programme was mandatory for all young people aged 18 to 24 after a period of six months unemployment, although some, such as ex-offenders and those who were homeless, could gain early access to the programme if they wished. The programme had 3 stages:

1. Gateway

Within this stage the young person was supported by a Personal Advisor (PA) to undertake intensive job searching. During this period young people were expected to be available for work and take any suitable job that was offered. If employment was not secured after four months, young people were then moved into the Options stage.

2. Options

At this point the young person was expected to participate in either:

- Employment
- Full Time Education and Training
- an Environmental Taskforce
- Voluntary Service.

The Employment option offered employers a £60 subsidy for employing a New Deal participant for at least 26 weeks (Hasluck and Green, 2007). Whilst in employment young people were required to participate in either on the job training or attend an offsite training provider. The Full Time Education and Training option provided a young person with the opportunity to spend up to 52 weeks working towards a National Vocational Qualification (NVQ) at Level 2. The Environmental Taskforce, with its focus on young people engaging in 'green' issues, was innovative for its time (Maguire, 2022). This and the Voluntary Service option both offered NDYP participants a work experience placement for up to 26 weeks. The overall aim of all options in this stage was to improve the young person's employability so that they could progress to unsubsidised employment. Failure to participate resulted in their benefit payments being stopped. If after six months (or a year on the Education and Training option) a young person had not progressed into unsubsidised employment, they were then moved into the third stage (Follow-through) of the NDYP.

3. Follow-through

At this point participants received further intensive job searching support for four months, and if after this period they had not found suitable employment, they were transferred back into the Gateway stage.

Over the 11 years during which the NDYP ran, various changes to the programme were implemented. For example, in January 2000, additional help was introduced for young people who faced particular challenges with numeracy and literacy, and job coaches were made available for those that needed more intensive support to retain employment (Hasluck and Green, 2007). Following a pilot Gateway Trailblazer programme in early 2000, additional activities such as CV writing, interview technique and soft skills courses were incorporated into the Gateway stage. In 2004, the Options stage became more flexible, so that young people could undertake a combination of an Environmental Taskforce placement, Voluntary Service and Education and Training, therefore allowing a more personalised programme to be developed in order to meet individuals' needs (Hasluck and Green, 2007).

Evaluation

The NDYP was comprehensively evaluated, although more studies on it were undertaken during its first four years of delivery. Early evaluations were largely qualitative and focussed on young people's experiences of the programme, with assessments of its macro-economic impact being carried out latterly (Hasluck and Green, 2007).

Young people's experiences

Surveys undertaken during the first two years of the NDYP's delivery indicated that young people valued having the input of a Personal Advisor (PA). They acted as a central point of contact for participants, providing assistance and support throughout all stages of the programme (NAO, 2002). Many young people reported that they had increased their job searching activities as a result of having a PA, and that meeting with a PA had improved their self-confidence (Legard and Ritchie, 1999; O'Conner et al 2001). When preparing to enter the Options stage, a supportive relationship with the PA was seen as important in helping to identify provision that would meet a young person's needs (Hasluck and Ritchie, 2007). Evidence about the effects of benefits sanctions as a way to increase a participant's job searching or engagement in Options was mixed. On the one hand, some young people reported that they had intensified their job search, in order to avoid losing their benefits (O'Conner et al, 2001). In contrast, some PAs reported that applying sanctions could be detrimental to the relationship with a participant and that by having more flexibility around the use of sanctions was helpful (Finn, 2003).

In terms of increasing the likelihood of a young person going into a job, the Employment option was consistently identified as the most effective route. A survey of participants reported that young people valued this pathway most highly because of the work experience it provided, and the help it gave them in identifying career goals (Bonjour et al, 2001). A survey of employers showed that 60% of participants were retained immediately following subsidised employment (Hales et al, 2000), with a longitudinal impact evaluation identifying this option as the one most likely to lead to a job (Beale et al, 2008). However, concerns were raised about the risk of young people not actively searching for work whilst on the Employment option, and about the low level of pay they received (Hasluck and Green, 2007). Although intended as an alternative type of work placement for improving employability, Voluntary Service was viewed less favourably amongst participants, with criticisms made of it being low paid, repetitive and providing poor quality training (ibid). The Environmental Taskforce was subject to similar critique, with surveys reporting that young people saw it as a temporary option whilst they looked for other opportunities (Bryson et al, 2000).

Skills development was an intrinsic part of the design of the NDYP. As part of the Employment option, young people were required to undertake training that would lead to an NVQ. However, early evaluations indicated that qualification attainment was often absent from a placement, with smaller employers finding it particularly difficult to fulfil this condition (Hasluck, 2000). Where a lack of qualifications was a barrier to entering employment, the full time Education and Training option provided an opportunity for a young person to address this. Whilst many participants were positive about this option and saw it as enabling them to obtain the qualifications required to achieve their career goals (Bryson et al, 2000), some expressed frustration at the lack of flexibility within it, as studying could not be higher than Level 2, and for no longer than a period of 12 months (Hasluck and Green, 2007).

Macro-economic effects

Overall, evaluation evidence showed that the NDYP had a positive impact on youth unemployment. The Labour party's target of getting 250,000 young people off benefits and into work was met by September 2000 (NAO, 2002). Impact evidence showed that there was a five percentage point increase in the number of young people going into jobs as a result of the introduction of the programme (Van Reenan, 2004; De Giorgi, 2005). In addition, longitudinal tracking of the 1999 – 2000 cohort suggested that on average programme participants spent 90 days fewer claiming benefits than non-participants (Beale, 2008). An early evaluation did show that some young people who went into jobs following completion of NDYP did not sustain employment, but the NAO (2002, 2) suggested that this was to be expected in a 'dynamic labour market' and not problematic as long as they remained actively seeking work.

A degree of caution is needed when considering the impact of the NDYP on youth unemployment, as the first four years of the programme's delivery was supported by a strong job market. There was also evidence of geographical variation in success of the NDYP with the number of young people moving from the programme into employment being lowest in industrial cities with high unemployment and highest in more prosperous areas of the South East (Finn, 2003). In addition to this, there was a differential rate of outflow to employment across participant groups, with young men and white participants more likely to leave the programme for jobs, and those with disabilities least likely to obtain employment (Hasluck and Green, 2007).

Evidence from case studies also indicated that the NDYP was less effective in placing young people with significant barriers to employment into jobs and consequently, some were entering the programme two or three times (Finn, 2003).

In assessing the impact of interventions in the NDYP on participants, it is difficult to distinguish between the 'carrot' effect of job search support, work placements and opportunities for skills acquisition, and the 'stick' effect of benefit sanctions (Gregg, 2009; Finn, 2003). However, a cost-benefit analysis concluded that when compared to a control group, participants in the NDYP spent less time unemployed and receiving benefits. Therefore the costs in terms of benefits payments were justified by long-term savings (Van Reenan, 2004). In addition to this, job substitution, in which employers fill positions with programme participants rather than retaining their own employees or recruiting other unemployed individuals, was not identified as an effect of the NDYP (De Georgi, 2005).

Learning from the past

What the NDYP has shown is that a portfolio of options including the combination of job search support, work experience and skills development, alongside benefits sanctions can help young people into employment. However, qualitative evaluations suggest that this is most effective when the programme is tailored to meet the specific needs of young people. As Maguire (2022, 21) highlights, the evidence shows that offering a range of interventions is more effective than a 'one size fits all approach'. Therefore, whilst it might involve greater costs, a programme which provides a choice of provision, and flexibility around support that is offered, is more likely to help young people into work.

The NDYP has also shown that for young people who are out of the job market, the opportunity to gain experience of the workplace through high quality placements is greatly valued, and is beneficial in helping them to obtain employment. Benefits sanctions do have a role, but only when used alongside supportive job searching assistance and the opportunity to gain skills and work experience. Overall, the NDYP has demonstrated that whilst it may be resource intensive, investing in a personalised, multi-options youth unemployment programme, can reap benefits in terms of moving young people into the workplace, and therefore reducing the likelihood of a longer term 'scarring effect' with its associated social and economic costs.

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