

Summary

The New Deal for Lone Parents (NDLP) is a voluntary welfare to work programme set up with the aims of helping and encouraging lone parents to increase their participation in paid work and to improve their job readiness and employment opportunities. NDLP was introduced in prototype areas in July 1997 and rolled-out nationally in October 1998.

The Department for Work and Pensions has undertaken a large-scale evaluation programme to continually assess the performance and development of NDLP. Researchers at the Centre for the Analysis of Social Policy at the University of Bath were commissioned to review and synthesize the evaluation evidence on the programme.

This synthesis report reviews evidence from the completed national evaluation programme set out in 1998. It brings together published evaluation reports, academic research, internal DWP and Jobcentre Plus analysis, published statistics and some new analysis of the DWP evaluation databases carried out by the authors.

Key Findings

- The evaluation evidence shows that NDLP has fulfilled its aims.
- Participation in the programme has grown over time and most recent estimates suggest that take up of the programme has grown to over nine percent of lone parents on Income Support.
- All types of lone parents participate but participation is positively associated with readiness for and proximity to work and with higher education and skills
- Compulsory Personal Adviser meetings for lone parents on Income Support have increased participation in the programme.
- Overall 53 per cent of all leavers from NDLP have entered employment of 16 hours a week or more.
- NDLP appears to have a large positive impact on entries into work with participants twice as likely as matched non-participants to enter employment. NDLP also appears to dramatically increase the rate at which lone parents leave benefit
- NDLP is a cost-effective programme with low unit costs that produces both savings to the Exchequer and net economic gains to society.
- Lone parents who participate in NDLP generally rate it highly and have positive views of their Personal Adviser. Lone parents appreciate the provision of information and support in helping to make the transition to work.
- The better-off calculation is an important item in the Personal Adviser toolkit, assisting with in-work financial planning and benefit take-up.
- The effectiveness of NDLP is partly gained from highly motivated and committed Personal Advisers who have a high level of autonomy and flexibility to enable them to tailor services to clients' needs.
- Management of NDLP has changed over time, being devolved to Jobcentre level and integrated with other New Deals, although NDLP has retained specialist Personal Advisers
- NDLP has promoted innovation through small-scale local projects. These have shown the difficulty in reaching hard to serve populations but have also shown that gains made in such programmes helped lone parents when they later participated in NDLP.

Executive Summary

This report reviews and synthesises evaluation evidence produced for the national evaluation of the New Deal for Lone Parents (NDLP). It brings together evidence from published evaluation reports, academic research, internal DWP and Jobcentre Plus analysis, published statistics and some new analysis of the DWP evaluation databases carried out by the authors.

The Aims of NDLP

NDLP is a voluntary programme introduced nationally in October 1998 with the aims of helping and encouraging lone parents to improve their prospects and living standards by taking up or increasing hours of paid work and of improving their job readiness to increase their employment opportunities. The evaluation evidence shows that the programme has fulfilled these aims.

Participation in NDLP

About 317,000 lone parents participated in NDLP between October 1998 and September 2002. As a percentage of lone parents on Income Support (IS), the coverage of NDLP at least doubled over the period, and the programme is now reaching over nine per cent of lone parents claiming IS. Participation has increased particularly for older claimants and short-term claimants. Mandatory Personal Adviser (PA) meetings have significantly increased participation in NDLP.

Explaining participation and non-participation in NDLP is not straightforward, with a complex mixture of reasons for both. Around three quarters of the eligible non-participants had heard of NDLP and only a third had a clear reason for choosing not to participate. The main reasons lone parents gave for not participating included the desire to look after their children, and not wanting help in their search for work. Timing is crucial for participation, and some non-

participants may decide to join at a later date.

Those most likely to participate are the highest qualified claimants; those with the shortest claim history; those who have worked in the past year or are currently working; those who want to work in the next six months; and those who believe they will be better off in work and are willing to work for the minimum wage. Those less likely to participate have two or more children; have a child under the age of three; or have health problems or a disability.

The Outcomes and Impacts of NDLP

Overall since October 1998, 53 per cent of all leavers from the programme have left IS and entered work of at least 16 hours per week. Current estimates suggest that participation in NDLP increased exits from benefit to work by 24 percentage points, measured over a period of nine months. In other words, employment chances were roughly doubled for those who took part in the programme.

Similar effects were observed when looking at the exit rate from Income Support; NDLP appears to dramatically increase the rate at which lone parents leave benefit. Taking part in NDLP also significantly increased benefit awareness and understanding of tax credits.

Lone fathers, teenage and older lone parents, those with ill health and disability and ethnic minorities all have below average employment outcomes. This was also the case for lone parents with younger children and those with large families. Previous spells on IS and working under 16 hours on IS are both associated with positive work outcomes, but having a long current spell on IS is associated with worse outcomes. Having repeat spells on NDLP, having short durations on the programme and joining the programme since the year 2000 are all associated with better work outcomes. Multivariate analysis suggests lone parents joining via a PA meeting have poorer outcomes,

although these are not significantly below the average.

There are also locational factors that influence work outcomes, which are worse in more deprived wards, across London and also in rural areas. There is a high level of District level variation in NDLP performance that is only partially explained by individual or environmental factors.

Job quality and sustainability of jobs gained from NDLP are generally better than those for non-participants and job satisfaction is higher. Overall jobs gained from NDLP tend to be in low or elementary skilled occupations that reflect the skill profile of participants. There is a substantial level of flows back from work onto IS and around 29 per cent return within 12 months. Evidence suggests there is a broad range of reasons for lone parents leaving work.

There is some evidence of cycling between IS and work and the programme and around seven per cent of participants are on the programme for the third or subsequent occasion.

NDLP is cost-effective and interim analysis suggests an economic gain to society of £4,400 per additional job and a net exchequer saving of just under £1,600 per additional job and a substantial social benefit. These estimates are maintained even with lower assumptions about employment additionality, partly because of the low unit costs of the programme.

Management and Delivery

The range of services available through Personal Advisers (PAs) on NDLP has increased over time. The programme focuses mainly on providing lone parents with practical and specific help with finding work, accessing training, making the transition to work, and maximising in-work incomes.

Lone parents rated NDLP PAs highly. Praise was given for their helpfulness, competence and personal characteristics.

The majority of lone parents have a fairly brief engagement with the programme but are generally happy with this level of contact. Views on NDLP tended to depend not only on the service that people received, but also on the results of the better off calculation, their own circumstances, outcomes and expectations.

The key factors identified in the effectiveness of NDLP include: highly motivated and committed PAs; a high level of PA autonomy and flexibility to tailor services to clients' needs and caseload management skills.

Management of NDLP has changed over time, being devolved to Jobcentre level and integrated with other New Deals although retaining specialist NDLP PAs.

Related Initiatives

NDLP has experimented with piloting a number of innovative schemes, which were very active in preparing clients for more employment-related activities by helping them with the 'first steps' towards working.

PAs found those clients who went on to join NDLP easier to help because of their previous participation in innovative programmes, which had helped them towards job-readiness both practically and attitudinally.

Projects offering transferable skills and vocational training were most appropriate for parents with low educational attainment. Parents were given a high degree of emotional and practical support during courses.

Recruitment, retention and childcare were problematic in some schemes. Lone parents were more likely to complete training if the content of the course was manageable, enjoyable, and held out good job prospects. There is also a need to market courses realistically and manage expectations of participants.

Future Prospects for Lone Parents

NDLP has a significant role to play in helping to meet the government's target of 70 per cent of lone parents being in work by 2010. Current participation rates and profiles suggest that the programme is most helpful for those lone parents with the greatest work readiness and those who are considering work in the near future. It is less effective in engaging with those who need or who would value more intensive support to help them move closer to the labour market. Those lone parents who are looking for higher-level jobs, that may require some specialist training, tend also to be poorly served.

The DWP's strategy for meeting the 70 per cent employment target for lone parents consists of four key elements: increasing the work focus of all interventions; developing childcare that is flexible and meets the needs of lone parents; improving the financial incentives to work; engaging employers and increasing public awareness in relation to all working parents' needs at work. NDLP is thus a key element in a larger package of measures.

The report suggests some future policy developments to improve participation in the NDLP, improve local links and knowledge, and to extend the PAs' 'toolkit' of help they can offer lone parents, meeting the needs of repeat participants, improving employability and employment retention.