

Evaluation of StepUP: Interim Report

Research Summary

StepUP is a pilot programme being run in 20 areas that provides a guaranteed job and support for up to 50 weeks for those who are unemployed six months after completing their New Deal Option or Intensive Activity Period on New Deal 25 Plus.

The full evaluation of StepUP aims to establish whether StepUP is 1) an effective way of helping customers who have left New Deal, and are still unemployed to find a job, and 2) more effective than requiring claimants to return to New Deal for a second time.

At this stage of the evaluation there is insufficient data to fully assess the above aims. This interim report therefore aims to 1) provide a detailed understanding of the characteristics of StepUP starters 2) provide an employability benchmark against which the full evaluation will be able to measure progress and 3) identify emerging findings about the effectiveness of some elements of the StepUP model.

This report from the Centre for Economic and Social Inclusion (*Inclusion*), presents results and findings from the first of three interview phases in the evaluation of StepUP. The report is based on evaluation evidence from: 1) in-depth interviews with 101 StepUP customers, 60 StepUP employers, and stakeholders in each pilot area. 2) Structured quantitative interviews with 613 StepUP starters and 524 people in control areas.

Key Findings

StepUP customer characteristics

- The majority of StepUP customers have more than three recognised labour market disadvantages
- The entire group has extremely low employability

Views on StepUP

- The interview data suggests that the majority of stakeholders have positive views about StepUP in general terms.
- A majority of StepUP customers in all age-groups think that doing New Deal again would not benefit them.

Measurable effects of StepUP

- There are +13.3% more respondents in paid work in StepUP areas compared to the control areas, and for over 24s the difference is +18.4% (paid work includes StepUP jobs).
- Retention in StepUP has been high, 16% have left their StepUP job and left the programme.
- Private sector involvement has considerably exceeded initial assumptions
- StepUP is successfully targeting those JSA customers who are the most distant from the labour market.
- There is a positive change in attitudes to work by those in a StepUP job.

Executive Summary

Background

StepUP provides a guaranteed job and support for up to 50 weeks for those in the 20 pilot areas who are unemployed six months after completing their New Deal Option or Intensive Activity Period on New Deal 25 Plus.

Support is provided through: a Jobcentre Plus Personal Advisor; a Support Worker from a Managing Agent; and workplace buddies. Training may be provided but StepUP does not require it. Other support, such as advice on drug misuse, can also be provided.

The Managing Agent sources the guaranteed jobs from employers in the private, public or voluntary sectors. Employers are paid a wage subsidy for 50 weeks of at least the minimum wage and a fee to reflect their additional costs.

A StepUP job constitutes a job offer under the Jobseeker Agreement, and sanctions may apply if a job is refused without good reason. Support during the job is split into two phases. The first 26 weeks is the 'Retention Phase' which aims to maximise retention in the StepUP job. The final 26 weeks is the 'Progression Phase', which aims to increase jobsearch so that StepUP employees progress into a job in the open labour market. It is the Retention Phase on which this report focuses.

Aims of the evaluation

The aims of the evaluation are to establish:

- whether StepUP is an effective way of helping those customers who have left New Deal, and are still unemployed, to find a job
- whether StepUP is more effective than requiring claimants to return to New Deal for a second time.

Methodology

The evaluation evidence for the Interim Report is based on:

- Qualitative interviews with 101 StepUP customers
- Structured quantitative interviews with 613 StepUP starters and 524 people in control areas
- Interviews with 60 employers
- Interviews with stakeholders in each area.

Main results of research

Most of StepUP customers have more than three recognised labour market disadvantages. The entirety of the group has extremely low employability:

- Since leaving school 61% have either never worked or have spent more time out of work than in work
- 35% have not been in a paid job for three years or more

- Nearly 80% of previous jobs lasted less than 12 months
- 66% have either no qualifications or qualifications below NVQ level 2
- 43% of 25-29s are still living with their parents and 19% of 30-49s
- Virtually all want to support themselves by having a job
- Many have become very discouraged and want to avoid further rejection.

StepUP customers were divided into four groups based on their employability. 39% are in the group with the lowest employability.

Of all those surveyed in StepUP areas 32% were in a StepUP job, 31% were waiting for a job, and 37% had gone to unsubsidised jobs or other destinations.

Emerging Findings

Evidence shows that StepUP has successfully targeted those JSA customers who are the most distant from the labour market.

There are good indications that those in StepUP jobs have a significantly more positive attitude to work in comparison to the control group. Only 16% have dropped out of a StepUP job and left the programme.

The survey shows that StepUP is securing 7.5% job outcomes as a percentage of all starters. Comparative job outcomes in control areas are 26.1%. This may, in part, be attributable to the different programme effects of New Deal for Young People and the JSA regime for over 25s.

65% of jobs in the control areas were in temporary, seasonal, casual or part-time. One test of the effectiveness of StepUP will be a comparison of the type and duration of jobs secured in pilot and control areas.

StepUP customers have extremely low levels of qualifications, but training is not required as part of StepUP. However, the majority of StepUP employees are undertaking some training. StepUP seems to have a positive impact on confidence, and this may suggest that soft skills will be improved.

The attractiveness of StepUP to customers and employers may be because of the support and training provided. In addition, the work history of the majority of StepUP customers is in insecure and low paid jobs.

At this stage of the evaluation we remain to be convinced that everyone needs an immediate offer of a StepUP job. Some people could be progressed by intensive requirements for jobsearch, backed by the prospect of being required to take a StepUP job. Others seem to require pre-employment support if they are to retain their StepUP job.

A distinguishing feature of StepUP is that it gives a 'job guarantee'. StepUP has provided both labour market discipline and positive motivation to a group that singularly lack both.

In terms of alternative regimes to New Deal, StepUP should be thought of as part of a menu of options for people who otherwise would return to New Deal.

There are some critical differences between pilot areas in terms of the complexities of barriers faced by StepUP customers. One implication of this is the need to maintain and extend the flexibility in the current design of StepUP.

There is a case for considering targeting StepUP on the over-25s. At this stage, StepUP appears to have a greater impact on over-25s. This will be fully tested in the full evaluation.

In general, within StepUP 18-24s should have an increased emphasis on jobsearch and some continued support when they move into an unsubsidised job. For over-25s, however, the existing StepUP model appears to be making a positive difference.

Conclusion

This interim evaluation measures StepUP at an early stage, and consequently there can be no firm conclusions about its effectiveness in comparison to control areas.

However, there are positive signs that StepUP is achieving its intended effects of retaining customers in a StepUP job, and beginning to achieve job outcomes. More important, at this stage, is the positive change in attitudes to work by those in a StepUP job.

The full evaluation report of StepUP will be published in July 2005.