

Job Guarantee: Evidence and Design

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The Core Aims

As part of this year's budget the Chancellor announced plans for a job guarantee for the young unemployed, under dual pseudonyms of the "Young Person's Guarantee" and "Backing Britain, Young Britain". The core proposal is for 6 months full-time activity for all those reaching 10 months JSA unemployment duration and aged 18-24 years old. The full-time activity will cover a number of options. There are two main options and two less common ones. First, Sectoral Routes, is where young people are offered training in specific employment growth sectors with active employer engagement. The major sectors appear to be hospitality and care. The second, and probably the dominant area, is the Future Jobs Fund. Here employers and charitable organisations bid for the provision of 6 month part-time jobs. These will pay the minimum wage but these costs are entirely met by the government. Hence these placements are free to the provider but may involve in-kind costs, such as supervision and mentoring roles. The providers do not bid with cash but with evidence of the potential benefit to the participant in improving employment prospects. These types of positions are sometimes called transitional jobs and will be assessed later. The less common elements are regular apprenticeships and finally a Community Taskforce.

There is a long standing literature highlighting how long term unemployment leads to lifetime scarring effects of lower wages, frequent joblessness and poor health. This provides much of the motivation for such programmes and there have been many over the years. It is crucial that the current initiative learns as much as possible from past failures as well as the moderate successes. There are similarities between these proposals and those to amend the original Work for Dole proposals (although Job Guarantee is a better name) toward a transitional jobs model laid out in the Gregg review last December. This initiative, which is due to start at the end of 2010, will come at the end of the Flexible New Deal at 24 months duration for all claimants. The major differences are that the Young Person's Guarantee is obviously targeted on young people, is brought forward to 12 months and involves greater use of training in the Sectoral Routes element. Another way of looking at it is a return to the principles of the New Deals for the Unemployed of 1997 but with some design differences, which will be discussed later. The aim of this piece is to discuss the evidence behind active labour market policies which include work experience and to draw out some lessons for the design of the proposed Job Guarantee.

Potential Benefits

1. The first argument for such schemes is simple common-sense: if there is work needing to be done and people wanting to work, the government should organise it (if the market fails). Thus the first benefit does **not** depend on the subsequent benefits to someone of going on the scheme, but on the **contemporaneous** benefits:
 - undertaking useful work
 - for people to have a wage and the satisfaction of making a contribution.
2. The wider social benefit also relates to the effect of the scheme **before** people reach month 12. All the evidence suggests that compulsory full-time activity encourages some people to find other solutions **before** a part-time minimum wage job becomes compulsory. Very few will be affected the other way and wait until month 12 for an assigned minimum wage job.
3. The third potential benefit relates to the **subsequent** activity of people who have gone through a guaranteed job. The argument here is that work experience and full-time activity will help people get work more easily. This is perhaps the acid test for any government intervention.

The major criticisms often levelled at job creation schemes that have been run in the past is that they have produced rather little in the way of useful output, partly to try and make sure they do not crowd out other jobs and that they have in some instances actually delayed job entry and subsequent job retention rather than enhanced it. The main aim of this note is to assess the evidence in this area of employment effects.

Policy Evidence and Policy Evolution

Following the economic and employment ‘shocks’ of the 1970s most OECD countries made use of temporary job creation and employment programmes. The important difference with the ‘public works’ programmes that had characterised the 1930s was that the new generation of programmes was usually, but not always, targeted at the long-term and young unemployed. The core aim of many of the programmes introduced in the 1970s and 1980s was explicitly counter-cyclical and aimed to reduce unemployment by providing meaningful work experience that created outputs and services that were ‘socially useful’.

The challenge was to provide temporary jobs but in a way that did not undermine the regular labour market hence most were design to be additional jobs. That is, they were in activities not normally undertaken in market or public sectors. Those given jobs were usually

employees and would be employed at the minimum wage or 'going rate'. Early evaluation evidence tended to focus on the delivery of the programmes, their relative costs, their impact in reducing the unemployment count, and their contribution to local services and communities. As employment levels recovered - at different times in each country - attention turned to the role that these programmes played in assisting participants to obtain regular jobs. By 1994 the OECD 'Jobs Study' pointed to an increase in relevant evaluations that were now likely to be concerned with establishing deadweight, substitution and displacement effects, usually through a microeconomic assessment of programme impacts. The evaluations were generally negative around the impact on future employment chances. A view confirmed by David Card whose recent study suggests public job creation were among the least effective programmes in helping people's future job chances, although they did create incomes for the unemployed and some socially useful output.

Barbara Sianese of the IFS concludes that "all the programmes initially reduce their participants' employment probability in the short term", through what is called the lock-in effect, whereby people delay looking for an alternative job. 'Relief Work' was associated with lower employment rates and more time spent claiming benefits than if the person had been unemployed and searching for regular work. Only private sector job subsidies had positive long-term employment impacts.

By the mid-1990s the OECD reported that many member states were 'abolishing' or 'scaling back' public sector job creation programmes and concluded that "job creation in the public sector has not been successful". This finding was reinforced by John Martin, in an influential and often cited OECD survey, where he suggested that the evaluation evidence "showed fairly conclusively that this measure has been of little success in helping unemployed people get permanent jobs". Subsequently, however, Melvin Brodsky, the OECD coordinator of the U.S. Department of Labor, reported that a panel of experts representing 11 OECD countries had examined the effectiveness of measures to assist the long-term unemployed and found that now there was evidence to show that "the direct creation of jobs through public service employment programmes may be the only way to help many of the unskilled and less well educated long-term unemployed". He reviewed a broad range of public service employment programmes in OECD countries and concluded that while the evidence indicated that public service employment programmes had "not been effective in reducing the general level of adult unemployment, they appear to help severely disadvantaged labour market groups stay

economically active, and they can be effective as part of an overall strategy against social exclusion”.

A possible reconciliation of these points of view is to note that Martin is reflecting that programmes were generally ineffective for the bulk of the unemployed who are more or less job ready, but Brodsky is arguing that for the multiply disadvantaged, work experience measures are potentially useful.

The Reform of Temporary Employment Programmes:

Workfare

This emerging evidence of a Lock-in effect whereby temporary job creation led to reduced job search and often reduced subsequent employment resulted in moves away from such schemes. The first wave of reforms attempted to reduce Lock-in type effects but in two very different ways. One direction was to reduce the comfort factor of working on temporary jobs by reducing pay below min. wage levels, at benefits plus a small allowance or in Workfare type programmes, just at benefit levels. For instance in Germany, wage levels were set below the minimums available in regular jobs. In Denmark and Finland participants were precluded from re-qualifying for unemployment benefits and in programmes such as the French CES (Contrats Emploi Solidarité) and the British Community Programme wages were restricted by limiting the number of hours that participants worked to be only just above benefit levels. These reductions in the ‘comfort’ factor often have been linked to increased requirements for groups of long term benefit recipients to engage in employment programmes, frequently in the form of ‘last resort’ jobs where claimants are required to work in return for their benefit payments. Community Programme, Employment Action and Project Work were UK schemes in this typology.

This direction of redesign for temporary employment programmes was evident too in the implementation of ‘Workfare’ programmes which, in the USA, Australia and New Zealand, eclipsed conventional temporary employment or job creation programmes, at least until recently. ‘Workfare’ often is used as a general term for characterising a broad approach to welfare reform but originally it applied to those US programmes where mandated individuals were required to ‘work off’ any benefit payments received, normally in marginal public or community sector activities. In Australia and New Zealand this has taken the form of ‘Work for the Dole’ programmes where many of the long-term unemployed have been required to

fulfil their 'mutual obligation' by undertaking unpaid part time work in the community. Workfare or 'work for the dole' evaluations show that the requirement can 'shake out' people from claiming benefits, some of whom will get jobs whilst others move on to other benefits such as those related to illness, but the overall programmes provide little or no direct employment assistance. The evaluation evidence shows that the programmes have little impact on participants' subsequent employment rates and in New Zealand, for example, a large scale work for the dole programme was terminated when econometric evidence confirmed it was 'locking' unemployed people into longer unemployment durations.

A number of training programmes were also tried in this era. In the UK the Youth Training Scheme and Employment Training differed from the Community Programme in that they had a compulsory training element rather than compulsory work activity. The training budgets were often small and the training period quite short. Evaluations generally found these schemes had the same type of adverse Lock-In effects as temporary job creation or Workfare. However, many better funded evaluated programmes in the US and Job Training Programme in the UK saw some evidence of slowly emerging positive employment effects after programmes had ended and in some cases higher wages too.

Job Search

The other very different approach was to emphasise job search. Participants were given more job search assistance and job search effort was often monitored. Providers and programme job entry performance were also monitored and in many case payments to providers were increasingly related to job entry performance. In contrast to Workfare, work incentives were often increased by reforms through extra financial support when a person got a job in many experimental programmes (e.g. Minnesota Family Income Program, Welfare Restructuring Programme in Vermont, To Strengthen Michigan Families). The work experience or temporary job element here was usually marginal. The US undertook a sizeable number of randomised control trials of welfare to work policy in the 1990s. MDRC were regularly the evaluation body and in a synthesis report of 29 such schemes, 8 were both work focused and contained mandatory activity periods and as such were close to the New Deal for Young People in the UK and all of them led to increased job outcomes with magnitudes averaging at levels similar to NDYP. Of the broad set of search assistance programmes in the US the stand out programmes were Riverside, CA and Portland, OR.

There were a couple of early US schemes which did both mandatory work and job search and under Random Control Trials compared job search support with mandatory work experience against a job search support only regime, for lone mothers. These were Work Incentive Demonstration (WIN operated in Chicago) and a similar scheme in San Diego. The comparison with job search alone suggested the combined approach proved effective in terms of raising incomes for the families and actually produced a net saving to the exchequer for the San Diego scheme. Participants saw earnings gains from work but employment itself was not recorded. Under these schemes the work element was unpaid, people just got their benefits – these schemes show encouraging evidence for a mixed work experience and job search programme.

Work Trials

Formerly part of the Job Interview Guarantee scheme (which started nationally in 1990), Work Trials became a separate national programme from April 1993. Work Trials encourage employers to take on unemployed and inactive benefit claimants for a trial period of up to three weeks. Applicants on a Work Trial continue to receive benefits and get travel and meal expenses. The programme is available to people aged 25 and above who have been unemployed for more than 6 months. Work Trials are also available to New Deal clients. Overall, the evidence (which has serious limitations) suggests that Work Trials are effective and cost-effective. A previous report showed additional job entry to be between 34% and 40%. DWP believes that Work Trials is its most cost-effective programme; its good performance reflects that despite its very low cost, evaluation evidence suggests that a relatively high proportion of the job outcomes from Work Trials are additional, i.e. many job outcomes would not have occurred without the programme. The problem has always been securing enough private sector job placements.

New Deal for Young People

In 1995 Gordon Browns team (which consisted of three future cabinet ministers) started working on the design of the New Deal Programme ideas for the Unemployed. The intervention was driven by the emerging evidence of the future scarring effects of long-term unemployment (a literature which has only grown stronger since and includes health effects). But there were also two other objectives, first to address the sense of abandonment and

alienation that young unemployed felt and second, to highlight the social waste of long-term unemployment.

The programme was designed to incorporate evidence of previous poorly achieving programmes and best international practice. The first key element was a four month period of intensive and supported job search – the Gateway period. This was followed by entrance into one of four options: a placement with an employer, self-employment start up, education/training or charitable sector led Taskforce placements. There was to be ‘No Fifth Option’ of continued benefit receipt.

NDYP was built to avoid the poor results from the Community Programme and training schemes such as Employment Training in the 1980s. It was felt that these schemes suffered from low expenditure on training, inhibited job search (Lock-in) and reduced outflows in the short run and failed to raise employability with employers later owing to poor reputation effects. NDYP has been evaluated using a number of approaches, the most convincing being regression discontinuity design around the feature that NDYP applied to those aged 19-24 at 6 months duration, whereas ND25+ was from 18 months. The small age difference between those just under or over 25 at 6 months unemployment creates a convincing comparison group for what would have happened if the scheme had not been introduced. Studies by Van Reenan and more recently De Georgi use this approach and find that NDYP raised outflows into work by 5 percentage points (a 20% increase) and that the costs (net of benefit payments) were more than justified by the savings. The net cost was around £4,000 per market job and this does not include any value from the activities undertaken.

Later adaptations to NDYP saw three problems being addressed; first too many people with Level 2+ qualifications were going into the education option (it was planned for only those below Level 2), second, the ‘no fifth option’ was not tightly enforced early on (for unknown reasons, the politicians wanted it to be) and third, the poor performance of the Taskforce was addressed by giving incentive payments for job entry during and after the placement which led to a small but significant increase in job entry rates in pilot areas.

The assessments of NDYP do not distinguish between the effects of the Gateway intensive search, the threat of mandate and the impact of the different option placements. The impact

of option type placements alone can be seen in pilots for the New Deal 25+ where for those aged 50+ the Intensive Activity Period (akin to options phase for NDYP) was initially voluntary then became compulsory in pilot areas on a random basis, before finally going compulsory nationally. Pilots ran in 14 Jobcentre Plus districts between 2004 and 2006 and comparing the outcomes of the two groups provides a robust estimate of the effect of making IAP compulsory. The main findings were that the requirement to participate in the IAP caused a sustained increase in employment and, in the longer-run, a similar sized reduction in claimant unemployment. Two years after ND25+ entry, those over 50s required to participate in the IAP had an employment rate of 27.3%, some 5 percentage points higher than the rate for similar people areas where no such requirement existed. Richard Dorsett who undertook this research also provides evidence on option effectiveness, he concludes that the private employer option was more successful even after adjusting for the fact that more job ready people went into this option (they had less previous unemployment).

Flexible New Deal

ND25+ was always more flexible, so that people could pass through more than one regime rather than a fixed option. This lack of flexibility was seen as a problem with NDYP and along with evidence from Employment Zones led to the move to the new Flexible New Deal approach that is coming into force this Autumn. This move implies that the mandatory full-time activity has been pushed back from 10 months in NDYP and 18 months in ND25+ to 2 years, apart from a 4 week guaranteed work experience period in the 1 to 2 year window. The highly flexible Employment Zones were trialled in a number of areas and have been compared to normal ND programmes. The results suggest EZs were more successful in moving people into work than NDYP by about 4% and 2.5% for ND25+ but at higher cost. This improvement in outcomes encouraged the move to FND, although with lower cost inputs. However, these gains are eroded after about 30 weeks with ND placements gaining jobs after the options have been completed faster than under EZ. This is consistent with the ND options reducing search whilst people are on them, the common Lock-in finding, but search resumes more effectively during the follow through phase and hence they catch up.

The move to FND and delaying full-time activity to 24 months was a judgement on the balance between the benefits of a mandatory work regime (threat and work experience) on one side and full-time job search on the other. This balance in a tight labour market was

judged to be in favour of more job search – which is likely to be most effective in good labour market conditions. This balance is not as clear in a time of mass unemployment when successful job search is less common.

The Gregg review of December last year proposed that the Work for the Dole proposals should adopt a transitional jobs model of compulsory full-time activity, split between work (at minimum wage), job search and support. This proposal has been provisionally accepted and pathfinders start at the end of 2010. The next section turns to these ideas.

Intermediate Labour Markets

It was in this overall programme context that the concept of creating Intermediate Labour Markets emerged and was developed by local providers and partnerships in Britain. In contrast to the marginal economic activities that characterised conventional temporary employment programmes, ILMs sought to provide more realistic work experience by integrating their projects with local regeneration programmes and with initiatives that sought to stimulate job creation through an expansion of the social economy. ILM participants usually were paid wages and employed for up to a year. Providers suggested that the experience of ‘real work’ and personal support was a more effective way of tackling the employment barriers of the long-term unemployed. Early case studies suggested that although their costs were greater, their job entry and job retention rates were also higher than those of mainstream programmes.

In the early phase ILMs characteristically were small scale. By the mid 1990s, however, a viable network existed in Britain bringing together a range of providers sharing some key features. They:

- recruited long-term unemployed people on temporary contracts;
- paid wages to participants for at least part of their stay;
- gave access to off the job training and personal development activities;
- provided assistance with job search and job placement.

They are thus a hybrid between job creation and job search focused schemes. Whilst the new Deals were also hybrids, the difference is that under NDs the search came in a phase before the placement, rather than running alongside, thus the claimant was not required to search and providers were not incentivised to secure jobs for participants in the work experience phase, especially in the early versions.

Although ILMs typically relied on various forms of government funding they were unlike traditional temporary employment programmes as they were usually city or area specific and were often initiated, developed and delivered by non-governmental bodies in the voluntary, charitable or cooperative sectors. A key element of these initiatives was the combination of providing jobs for disadvantaged people with the delivery of socially and economically useful goods and services for low-income communities. Many also aimed to develop new markets in the social economy that, it was suggested, would themselves generate additional jobs.

US Transitional Jobs

A direct equivalent to ILMs emerged in the USA where a number of community based initiatives and Foundation funded demonstration projects continued to explore the potential of wage paying programmes during the early phases of welfare reform. These gradually became known as ‘transitional jobs initiatives’ and after 1996 several cities and states began to implement ‘Transitional Employment Programmes’ that sought to extend the job entry results that seemed to be secured by the early transitional jobs projects.

During the first phase of post-1996 welfare reform, however, few individual States utilised public sector employment creation and those that did introduced conventional workfare programmes. The need to directly generate more work slots for welfare recipients has since grown in significance as the economic situation has deteriorated and as administrators have struggled to find work in depressed labour markets for participants who have significant employment barriers and/or who are approaching the end of their entitlement to time limited TANF cash benefits. Much of this provision takes the form of conventional workfare but by the late 1990s individual states and city governments started to implement more extensive transitional employment programmes (TEPs). The aim of these TEPs has been to provide and utilise the incentive and job preparation effects of waged work experience. By 2003 the ‘Transitional Jobs Network’ estimated that there were about 17,000 participants in TEPs operating in more than 30 cities. These TEPs have since been joined by programmes

developed by Wisconsin and New York City, the states previously most closely associated with the extensive use of 'unpaid' workfare.

Transitional Jobs Lead to Permanent Work

Waller, 2002 for Brookings Institute wrote :-

Workers have a good chance of getting a permanent job in the regular labor market after a short period in a wage-paying transitional job. Programs have proven to be successful at finding permanent jobs for 50 – 75% of all targeted hard-to-place participants who begin the program. A review of the literature regarding earlier publicly funded employment programs indicates that participation can raise future earnings for workers with low skills, and is more likely to lead to this outcome than subsidizing wages in existing job slots. The transitional jobs program in Washington State, Community Jobs, provides evidence of the promising nature of this welfare to work strategy. Community Jobs workers spend 20 hours a week in paid employment at public and nonprofit agencies. They are provided mentoring and training, as well as access to educational opportunities for another 20 hours per week. A University of Washington evaluation of Community Jobs found that it increased the employment rate of participants by 33 ppts over the rate they would have achieved without completing the program. An examination by Mathematica Policy Research of six transitional jobs programs in both rural and urban areas found that about 50 percent of the participants completed the programs, and between 81 to 94 percent of the completers got an unsubsidized job by the end of the program. There is also evidence that transitional work increases earnings prospects. (www.transitionaljobs.net/ResearchEvals/BrookingsReport.pdf)

This apparent success is getting backing from Barak Obama in his budget proposals.

The US Dept of Labour:-

Trains and Prepares the Nation's Workforce for Jobs in Emerging industries.

The President's Budget provides strong support for Federal workforce training programs to help Americans prepare for, find, and retain stable, high-paying jobs. Building on the significant support in the recovery Act for training in "green jobs," the Administration will direct existing programs to find ways to prepare workers for jobs associated with products and services that use renewable energy resources, reduce pollution, and conserve natural

resources. The President's Budget will support new transitional jobs and career pathway programs, testing innovative approaches to helping low-income Americans grab hold of and climb the career ladder.

(http://www.whitehouse.gov/omb/assets/fy2010_new_era/Department_of_Labor.pdf)

British ILMs

The most substantial and best evaluated UK ILM project was Step Up. The Step UP pilot provided a guaranteed job and support for up to 50 weeks. It was available for those in the 20 pilot areas who remained unemployed six months after completing their New Deal Option or Intensive Activity Period on New Deal 25 Plus (ND25+). An independent Managing Agent sourced jobs from employers in the private, public or voluntary sectors, and Jobcentre Plus placed participants into the jobs. Employers were paid a wage subsidy for 50 weeks of at least the minimum wage and a fee to reflect their additional costs. The subsidised job was of 33 hours a week, less than normal full-time work, to enable job search within a normal working week. Support to participants was provided through a Jobcentre Plus Personal Adviser, a Support Worker from the Managing Agent, and a workplace buddy. A Step UP job constituted a job offer under the Jobseeker's Agreement (JSAg), and sanctions could have been applied if a job was refused without good reason. Support during the job was split into two phases: The first 25 weeks was the 'Retention Phase' that aimed to maximise retention in the Step UP job. The final 25 weeks was the 'Progression Phase', which aimed to increase job search so that Step UP employees progress into a job in the open labour market.

Of those who became eligible for Step UP, 60 per cent commenced a Step UP job and the remainder did not participate. The main reasons for non-participation are not fully understood. This non-participation creates some ambiguity of programme effects. The intention to treat covers all potential participants but actually treated are only those who actually participated. Overall, for young people job outcomes were 3.2 per cent points higher in Step UP areas. Thus Step Up narrowly out performed the base of redoing the New Deal, including the job search only phase. As this is a programme for New Deal participants that failed to secure a job they are a very disadvantaged group. The scheme was more successful for those aged over 25 with 6ppts employment gains.

Step UP was only partially successful in mixing the message of 'work now but need to secure work by end of the programme'. The report suggests that many expected to be taken by the

Step Up employer which often did not come to pass. The long 50 week period in which over the first half of the period progression was not mentioned might lie behind this. Certainly the cost of Step Up can be greatly reduced.

Lessons for Current Recession

Design Features

All the above gives a set of desirable design features for programmes to help the long-term unemployed. First is that work replacement and disembodied training runs a serious risk of being unhelpful in assisting the move into regular employment. This is through the Lock-In effect whereby people reduce or stop regular job search which delays the chances of securing employment. Even in recession there are jobs opening up and at least a third of people with a year's duration of unemployment are likely to secure work in a 6 month period. The risk is that this is reduced when people are engaged in other activities.

This risk can be overcome with intelligent design and implementation where:

1. Training is employer supported with employer agreement to consider programme participants favourably. This can be through guaranteed interviews, work trials or job offers on course completion.
2. Long-term training for recognised qualifications in shortage areas – Level 3 or 4 apprenticeships fall into this category.
3. Work experience or subsidised employment with private sector employers has a proven track record.
4. Work experience or work replacement in public or charitable settings that is embedded in a setting of supported job search/matching has a good chance of success.

The government's Young Persons Guarantee offers attempts at all four of these vehicles. The Sectoral Routes element fits into the first grouping in the above typology of potentially useful elements. The question mark is over the employers engagement and commitment. The scheme will have a far greater chance of success if Work Trials or similar are an agreed part of the programme. The use of apprenticeships is part of the government's plan but securing enough employers to offer the essential work based learning environment has been a long-standing problem. The Future Jobs fund will have elements in both typologies 3 and 4 above.

For this element to work the embedding in a regime to maintain job search and employer engagement will be crucial. Bidders to run placements on the programme bid using a currency of the value of the placement to the participant. It is essential that identifying potential employers and supporting job search by the participant at least in the latter half of the placement are essential. Furthermore for those who do not secure work on the ending of the placement need immediate support with job search of the kind offered in the Flexible New Deal to the long-term unemployed. This is akin to the follow through stage of the old New Deals. But there is also benefit in offering a pre-programme phase of identifying basic skills problems and job search support as in the Gateway phase of the old New Deals which proved successful.

This suggests a programme structure broadly as follows. At around 6 months duration a Gateway offers the chance of helping a number of people leaving into work before the more costly Job Guarantee phase starts. It also offers the chance to address basic skills problems which may reduce the effectiveness of any placement. In the placement phase the programme provider needs to be clearly identifying the next step into work for the participant, engaging with employers and helping/motivating the participant to look for this next step. This may be secured through the bid but fees based on outcomes have been widely used in the past with clear evidence of success. Incentive payments for participants who get the follow-on job and the role of Golden Hellos to the new employer should also be considered. Future employers will be looking for relevant experience, a good reference, evidence of good work habits and self-motivation by the participant. The placement needs to be able to offer credible evidence of these. This means the placements have to be as close to normal work as possible, which means a wage and all that that implies in terms of turning up on time and work habits etc. with the clear consequence of dismissal when such behaviour is not forthcoming, as with any other job.

When a placement finishes a follow-up phase to make most use of the recent experience is essential. The natural thing would be the young people to have a similar regime as the Flexible new Deal (stage 4) currently offers to older claimants.

The value of the output is important in terms of the value of the programme but also the value to participants. The more that work is seen as valued by the community the better. The Young Persons Guarantee has a Community Task force element. This is likely to be small but

if adult employment is also addressed then it is likely to be increasingly important. In my view this will be enhanced if local Community Jobs Funds (LA or JC+ district) are created where social enterprises and local community groups (from Scout Groups to Tennant Associations) plus OAPs and the disabled, bid for the time of the programme participants. The bid is not with money but with social value (although a contribution of volunteer time and materials could be asked for). This should obviously be as unbureaucratic as possible but where there is over demand a prioritising will need to occur. But it is vital to the participant, a future employer and the community as a whole for there to be clear social value and community involvement in this is very powerful.

The proposals to date cover only young people but what happens to adults who reach two years unemployment having pursued the full Flexible New Deal remains unclear. The initial Work for Dole proposals appear flawed against the evidence base presented above. Something closer to the Young Persons Guarantee and embodying the elements described above offers a far better chance of success.

Summary

The history of welfare reform has seen positive evolution as new ideas are developed from the previous limited success or even outright failure. Job creation was not a major success in terms of future employment among participants but it did give a wage and alleviate hardship whilst on the created job. Workfare failed on all counts except the threat effect which was modest. The problem for these programmes and similar education based ones was the Lock-In effect of reduced job search and no incentives for the employer to help the participant move on into work. The New Deals mixed search and placement but in sequence rather than together and the employer incentives were only developed later. As such the lock in effects were reduced but probably not eliminated. The Flexible New Deal moves away from work experience to focus almost entirely on job search and support apart from a 4 week work experience phase.

The new Government Young Persons Guarantee proposal offers a number of new and interesting elements in the Sectoral Routes and the Future Jobs Fund. The evidence base present here suggests that increasing the focus on employer engagement, job search and search support will improve the chances of success for this programme. It is plausible then

that the new scheme could be seen as an improvement on the old New Deals which were a broadly successful programme, certainly the new programme should perform better than old job creation or Workfare schemes. But will it out perform the Flexible New Deal, which only has job search and support elements? This is not easy to answer definitively but, as shown with intelligent design around securing the next step into work, there is a reasonable chance.

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