



**Centre for British Studies, Humboldt Universität zu Berlin
Master in British Studies**

**Unemployment in Great Britain and
the local impact of New Deal for Young People
(NDYP) on youth unemployment in Glasgow**

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List of abbreviations:

DfEE	Department for Education and Employment
DSS	Department for Social Security
DWP	Department of Work and Pension
EMO	Employment Option
ETF	Environment Task Force
FTET	Full-time education and Training option
GDP	Gross Domestic Product
HBAI	households below average income
HMI	Her Majesty's Inspectors
ILM	Intermediate Labour Markets
ILO	International Labour Organisation
JSA	Job Seeker's Allowance
JSAg	Job Seeker's Allowance Agreement
MA	Modern Apprenticeship
ND 50+	New Deal for people aged 50 and over
NDDP	New Deal for Disabled People
NDLP	New Deal for lone parents
NDPU	New Deal for partners of unemployed people
NDYP	New Deal for Young People
NT	National Traineeship
NVQ	National Vocational Qualification
OECD	Organisation for Economic Development
SIP	Single Inclusion Partnership
SQMS	Scottish Quality Management System
SVQ	Scottish Vocational Qualification
VSO	Voluntary Sector Option

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1 Introduction

Young people nowadays take much longer to make the transition from childhood to adolescence. Entering the labour market is a critical rite of this passage and an increasing level of youth unemployment shows that this transition from school and education to work is becoming more difficult for many young people. The newly elected Labour government in 1997 has introduced new initiatives to help young people to find work. Previous schemes have been criticised for not being able to adapt to the challenges young people face in the changing labour market and Labour's welfare-to-work agenda including various New Deal programmes reflects the government policy that work is the main route out of poverty and social exclusion.

This paper aims at giving the reader an introduction into the development of the welfare system in Britain. There has always been the perception that the welfare system should be built around work. Over the years ongoing reforms of the British welfare system took place in order to adapt the system to economic and social changes. With regard to the changes that have been introduced under New Labour the question arises if New Labour really offers a "New Deal" for people. New Deal for Young People is taken as an example to analyse the development and structure of New Deal and the evaluation shows that in poorly quantitative terms more young people went into employment, but the question is, if New Deal really is able to bring more disadvantaged people closer to the labour market at those need help most. The main focus of the evaluation is on qualitative outcomes for young people rather than quantitative figures.

Glasgow is taken as an example to show how New Deal works in an area of particular high youth unemployment which faces great structural changes in the labour market over the past decades. A case study undertaken in Drumchapel an area with a very high percentage of youth unemployment in Glasgow will show how the Scottish Executive tries to tackle the problem of youth unemployment including school-leavers at the age of 16-17 years who do not go into further education or employment and who are not entitled to go on New Deal.

2 Methodology

The first part, discussing the development of the social security system, New Labour's welfare-to-work agenda and the structure of New Deal and New Deal for young people, is based on secondary research including basic literature and research reports as well as internet research.

The second part gives an evaluation of the performance of New Deal for Young People (NDYP) in Britain. For the evaluation both the government's short-term aim to reduce long-term unemployment as well as its long-term aim to increase the level of education and employability of young people are taken into account. NDYP has been chosen as an example as youth unemployment is becoming an increasing problem all over Europe and New Labour put this problem on top of its election agenda for the general election in 1997. NDYP was the first of the programmes to be introduced and all other New Deal programmes are modelled around its example. In order to evaluate the overall performance of NDYP in Britain a number of policy studies have been examined as well as statistics on the performance of young people participating in the programme. A lot of the evaluation is based on case studies and focus groups undertaken by research teams in different parts of the country.

In chapter six Glasgow is taken as an example to show in how far New Deal is able to face local labour market problems of young unemployed people. A case study undertaken in Drumchapel, a part of Glasgow with a very high rate of unemployment, is going to focus on the problem that New Deal only addresses people aged 18-24 years old and will explain the idea of 'key workers' introduced by the Scottish Executive in 2001. The case study will show a different approach to get access to more difficult young people and is going to give some policy recommendations what New Deal could learn from the key worker idea. The case study is based on two separated semi-structured personal interviews one with two key workers and the other with three young people at the age of 16-18. The small sample cannot be taken to make general conclusions, but gives an idea how key worker and young people work together.

3 Background to the research

3.1 Unemployment: a definition

The term ‘unemployment’ is used ambiguously in the literature and the definitions underlying the measurement of unemployment might vary over time and especially between countries.

The International Labour Organisation (ILO) has set out an internationally agreed definition to measure unemployment which has been adopted by the Labour Force Survey. Under the ILO definition unemployed people are those:¹

- without a job, but who want a job and who have actively sought work in the last weeks and are able to start work in the next two weeks, or
- out of work, but who have found a job and are waiting to start in the next two weeks

In general, anyone who carries out at least one hour paid work per week or who is temporarily away from work (e.g. holiday) is seen to be in employment.

Another very popular way to measure unemployment is to measure the number of people claiming unemployment benefits and social security benefits. This definition will overestimate the ILO definition by taking into account those who are not actively searching work or fraudulently making claims. On the other hand it would include such searchers who are not entitled to claim benefits but actively searching for work who are included under the ILO definition. Both definitions do not take into account the economically inactive (predominately long-term sick, discouraged searchers, premature retirees and those who would work if adequate childcare is available), those who are working few hours or part-time but who would prefer to work full-time and those who are in full time education because work is not available to them.²

The various ways to define and measure unemployment show how difficult it is to calculate unemployment figures. But no matter how ambiguous the definition of

¹ National Statistics (2001-online): How exactly is unemployment measured?, 4th ed., Appendix

² Adnett, N. (1996): European Labour Market, Pearson Education Ltd., Essex 1996, p. 199f

unemployment is, economist, politicians, sociologist and historians agree on unemployment being a major problem as it is 'costly' for both the individual who experience it as well as the society as a whole.

3.2 Unemployment and poverty

From an economic perspective unemployment can be seen as an indication of labour market failure and causing a permanent loss of output and consumption. Nevertheless, economists argue that there is a natural rate of unemployment in the economy. The natural rate of unemployment means that there is a level of unemployment below which the economy would become unstable with rising inflation.³

Due to the fact that unemployment imposes costs on the economy as well as on the society the government always has been concerned about the problem of high persistent rates of unemployment and in particular long term unemployment. Various measures have been introduced and labour market policies have been reformed to tackle these problems. The costs unemployment imposes on a society have an influence on the design of labour market policies and their evaluation, but what seems to me more important in this essay is to look on the impact unemployment has on individuals and in what way current labour market policies have a positive impact on the situation of individuals.

The economic costs for the individual depend on the income lost evaluated against the entitlement of benefits and the increase in leisure and search time. Costs are more likely to increase during the duration of unemployment as the individual will receive lower income from the state and he/she may experience a decrease in the usefulness of free leisure time.⁴ Long-term unemployment may result in jobless people taking up lower paid jobs in order to get out of unemployment or getting lower wages. Gregg

³ Sawyer, M. (ed.) (2001): The UK economy, 15th ed., Oxford University Press, Oxford 2001, p. 214; Adnett, N. (1996), p. 210f

⁴ Adnett, N. (1996), p. 201

et al argue that on average worker re-entering work after being unemployed will earn nine per cent less than in the previous job.⁵

For individuals as well as households income is the main source to create wealth in terms of saving but also in terms of being able to buy daily necessities. The main source of income are salaries and wages from employment, self-employment or benefits. Throughout history there has always been the perception that there is a close link between unemployment and poverty as the next chapter will show in more detail.

Poverty again is very difficult to define and there is an ongoing debate about how to measure poverty in Britain which would go beyond the scope of this paper. The way to calculate the number of people living in poverty has become very technical and figures provided in the government publications under 'households below average income' (HBAI) are widely used to discuss poverty. HBAI is used to measure 'relative poverty' as being the number of households whose income is half of the average. Critics argue that these figures might be misleading as they do not take into account people who are in hostels or hospitals or homeless people and ignores the fact that people are moving in and out of poverty.⁶

Whereas those who have been retired accounted for almost half of the poor and unemployed only accounted for six percent in the 1960s this picture has dramatically changed. Unemployed people made up more than one third of the poor in the 1990s whereas the percentage of over 60 year olds living in poverty was going down to 20 per cent. Whereas unemployment is an important factor for the poverty problem on an individual level, Burgess and Popper argue to be careful about linking the rise in poverty rates to the rise in unemployment as other factors like demographic changes in household composition (for example an increase in lone parent households) as well as income rates should be taken into account as well.⁷

⁵ Gregg et al (1999): The costs of job loss, in: Gregg, P., Wadsworth, J. (1999): The State of working Britain, p. 249

⁶ Brown, U. (1997): Defining Poverty, Briefing Sheet 1, Scottish Poverty Information Unit, Glasgow 1997

⁷ Burgess, S., Propper, C. (1999): Poverty in Britain, in: Gregg, P., Wadsworth, J. (1999): The state of working Britain, p.264ff

Unemployment does not only have a negative influence on the ability to consume goods and services, but on self-esteem, employability as well as physical and mental health. Results from the British General Health Questionnaire concluded that unemployed people had much lower levels of mental well-being than those in work.⁸

In particular long term unemployment can create additional barriers into employment. Those barriers into employment make it harder for unemployed people to find a way back into employment. Employees nowadays face even more challenges than decades ago, as the labour market is getting more and more competitive, skills and qualifications are changing due to the development of new technologies and innovations and Britain as well as other European countries saw major changes in their industries taking place as the economy is moving more and more to a service dominated economy. Policy makers always have been challenged to reform their labour market policy due to social and economic changes in order to provide assistance for those who are currently not in work but also for those who cannot take part in the labour market at all (anymore) or live close to the edge of poverty due to other reasons like low income.

3.3 The development of the social security system

Poverty and social exclusion has been a major economic and political issue in Britain throughout history and various measures have been introduced to be reformed later on to tackle this problem. Attitudes towards those living in poverty as well as models of intervention have been changing over the past centuries, but there is some continuity within governmental policy as employment always played a major part in the discussion around poverty.

3.3.1 From the 17th century to the 1970s

A lot of historians see the Poor Law 1601 as the first attempt to introduce a system of means-tested relief for the poor. It should provide a minimum of sufficient benefits

⁸ Adnett, N. (1996), p. 201

by the local parish in order to prevent disorder. Already centuries ago there was the perception that some people might exploit the support given to them and the Poor Amendment Act 1834 has been introduced to guarantee that those who receive poor relief are worse off than anyone else of the lowest working class by applying the workhouse test. Poverty in that time was seen as moral failure of the individual. People only could get support from the parish if they can prove that they actually want to work.⁹

A research undertaken by Charles Booth and Seehom Rowntree changed the attitude towards being poor. Their report for the first time put down that low wages rather than unemployment were the major reasons for poverty. Poverty therefore cannot only be seen as individual failure but is related to conditions outside the control of the individual.¹⁰ Stepping away from the hard regulations of the workhouse test, labour exchanges were introduced in 1909 to create a stronger link between placements and the distribution of employment benefits in order to test if people are really actively willing to search for work.¹¹

At the beginning of the 20th century an insurance system had been introduced in Britain for the first time, to give working people the chance to pay into a fund to cover two main areas: sickness and unemployment. The National Insurance Act 1911 was based on the idea of state support for self-help and limited to three main trades vulnerable to unemployment; ship building, engineering and building. Employees, employers and the state made a contribution and benefits were limited, depending on past contributions and only available for one year.¹² Those reforms under the Liberal government were heavily influenced by social reformers like Lloyd George and William Beveridge.¹³

After the First World War the government came under new pressure as ex-servicemen were claiming compensation and in fear of a revolution the government

⁹ McKay S., Rowlingson K. (1999): Social Security in Britain, Palgrave Macmillan, New York 1999, p. 45f; Hill, M (1990): Social Security Policy in Britain, Edward Elgar Publishing. Ltd., Hants 1990, p.15f; King, D (1995): Actively seeking work? The politics of Unemployment and Welfare Policy in the United States and Great Britain, The University of Chicago Press, Chicago and London 1995, p. 5

¹⁰ Hill, M (1990), p.17

¹¹ Parliament Debates, House of Commons, 5th series, 19th May 1909, vol. 5, col. 503, in: King, D. (1995), p. 19

¹² McKay, S., Rowlingson, K.(1999), p. 51

¹³ King, D. (1990), p. 12

introduced the 'dole'. The rates paid were relatively high but limited to 26 weeks.¹⁴ People were expected to search for work and to go back into employment as soon as possible.

In 1920 the Unemployment Insurance Act 1920 was introduced to amend the law of 1911 to manual as well as non-manual workers and a large proportion of the population then was covered by National Insurance. This resulted in more and more expenditures and therefore new measures to control the eligibility had been introduced as well. As seen in history already before, one measure to limit the eligibility was to prove that claimants are actively searching for work as well as the adoption of stricter means testing.¹⁵

In 1929 the term 'Poor Law' had been replaced by 'public assistance'¹⁶ and by the end of the 1930s most aspects of the Poor Law had been disappeared and a lot of features which had been provided by the state were replaced by the insurance principle.

By the time of the Second World War, the government was facing severe problems to finance the poor relief, as the number of claimants and the expenditures were increasing. The Unemployment Act 1934 has been introduced to make sure that those receiving benefits should be worse off than people in work and the Unemployment Act 1934 introduced a system of benefits which for many individuals was lower than the previous.¹⁷ The government seemed to use stricter rules to entitlement and a low level of poor relief to create a society, where work was seen the only way to afford a respectable life; living on state aid was not a satisfying option.

The mid 1940s saw one of the most radical changes of the welfare system: the Beveridge report. In the opinion of William Beveridge the previous system left out certain groups and he argued that there should be a stronger cooperation between the state and the individual. The aim was to achieve a redistribution in lifecycle of

¹⁴ McKay S., Rowlingson K. (1999), p.52

¹⁵ Hill, M (1990), p. 23

¹⁶ McKay S., Rowlingson K. (1999), p.52

¹⁷ McKay S., Rowlingston, K. (1999), p. 52

people and between does who are less likely to lose their employment to those who are at greater risk. The insurance system incorporated by the National Insurance Act 1946 was comprehensive for every person of working age and partly paid by the individual, the state and in some cases the employer. Every contributor was covered against every eventuality that might lead to a loss in income and security was guaranteed “from the cradle to the grave”.¹⁸

The government also realized that they had to provide some assistance to those who cannot pay into the insurance system and a national minimum benefit had been introduced for everyone who’s income falls under a certain level. This ‘safety net’ was introduced under the National Assistance Act 1948, supplemented later by the introduction of the Supplementary Benefit in 1966 and the Income Support under the Conservatives.¹⁹

The welfare state established by 1948 included social security and personal service, the health service, education, housing and employment policy and based mainly on four key assumptions: (1) full employment and economic prosperity, (2) two parent family household where the man is the breadwinner, (3) comprehensive health and rehabilitation service and (4) Family Allowance to help large families.²⁰

These key assumptions caused the major problems, as a lot of changes in the labour market took place, which affected the social security system as this was mainly based on the contributions paid by those in employment. More and more women took part in the labour market, the British economy was far away from full employment and more people than expected were claiming sick and disabled benefits. The system also had to be introduced as quick as possible and it could not really develop its insurance character.²¹

As the financing of the social security system caused more and more problems, the government realised that it could not provide a five star service for cheap. In 1966 the government introduced earning-related unemployment insurance contribution and

¹⁸ Jones, M., Rodney, L. (2002): From Beveridge to Blair, Manchester University Press, Manchester 2002, p. 5

¹⁹ Jones, M, Rodney, L. (2002), p. 42

²⁰ McKay S., Rowlingson K. (1999), p.56

²¹ Mc Kay S., Rowlingson K. (1999) p. 60f

benefits for the first time which meant a significant modification of the programme of 1946.²²

Up to the 1970s the main focus of Britain's unemployment policy was on passive measures and most of the service as well as the reforms to improve the service emphasised on the administration and payment of benefits. For a long time there had been conditions to prove active search for work in order to be entitled to receive benefits, but those tests were rather used to prevent benefit fraud than to help people into employment.

Already at the beginning of the 20th century the government had tried to create a link between placement and benefit entitlements, but the placement record of the British labour exchange of that time is unimpressive. There is the perception that the service had become very unattractive for job-seekers. The majority of job-seekers was recruited outside the employment service and the number of people placed was steadily declining after 1948. Most placements were in manual work, but employers actually would have preferred an effective service in other areas like skilled, clerical and commercial as well as managerial, executive and technical vacancies.²³

Graph 1: Adult placing by British Employment Exchange ('000)

Year	Numbers placed
1947	2,609
1948	4,234
1949	4,045
1950	2,531
1955	2,644
1960	1,621
1965	1,561
1970	1,442
1974	1,557

Source: Schowler, B. (1976): The Public Employment Service²⁴

²² Jones, M., Lowe, R. (2002), p. 50f

²³ King, D (1990), p. 86

²⁴ in: King, D. (1990), p. 67

In 1971 the government issued a report, “People and Jobs: A Modern Employment Service” announcing reforms. The ‘Action Plan’ designed by the government should put more emphasis on job-searching mechanism. In order to achieve this, Jobcentres had been introduced which should focus on placement work whereas a separate unemployment benefit office should deal with the distribution of benefits. The first Jobcentre had been opened in Reading in 1973 and by 1979 there were 555 functioning all over the country. The task of the Jobcentre was to provide information about training, vacancies and counselling but they were not responsible for benefits.²⁵

3.3.2 Unemployment in the 1980s and 90s

Whereas the previous government in the 1970s used a lot of measures of direct job creation and job subsidies, measures considered as passive labour market policies, the Conservative government under Margaret Thatcher followed a ‘rolling back the state policy’ and their social policy included promoting choice and consumerism.²⁶

The two major problems the Conservatives were confronted with were the relative strong power of trade unions, which seemed to introduce more and more rigidities in pay, working time and employment patterns as well as what became known as the ‘British training problem’; economic growth seemed to be weakened by a shortage of skilled workforce.²⁷

The Conservatives in the 1980s therefore focused on supply side measures, lessened the employment training route and focused on counselling, guaranteed job interviews, job search seminars and compulsory attendance at job clubs.²⁸ With the arrival of mass unemployment in the 1980s stricter availability tests were introduced and unemployment claimants had to show that they are available for work and were actively seeking employment. The government wanted to shift the system away from

²⁵ King, D. (1990), p. 118

²⁶ Powell, Martin (ed.) (1999): *New Labour, new welfare state?*, The Policy Press, Bristol 1999, p. 1

²⁷ Cressey, P. (1999): *New Labour and employment, training and employee relations*, in: in: Powell, M. (ed.) (1999): *New Labour, new welfare state?*, The Policy Press, Bristol 1999, p. 174

²⁸ Cressey, P. (1999), p. 174

contributory to means-tested unemployment-related benefits and increased the emphasis on conditionality of benefits and sanctions for not fulfilment of obligations.²⁹ John Moore, the Conservative's Secretary of State for Social Security during the late 1980s gave the term 'welfare' a rather negative connotation and by introducing the term 'welfare dependency' into the British lexicon he pretty much reflects the Conservatives criticism on the existing system.³⁰

In 1986 compulsory 'Restart' interviews had been introduced for those being unemployed for six months as well as short mandatory job-search programmes and longer work experience programmes.³¹ People who failed to take part in the 'Restart' interviews or other compulsory programmes without having a good reason had to be prepared that their unemployment benefits would have been reduced or withdrawn.³² The main assumption underling this policy was that the main reason for high employment was seen in the failure of people actively seeking for work.³³

The changes in the 1980s were particularly severe for the 16-17 year olds as the Social Security Act 1988 withdraw Income Support from them except for 'special groups' (lone parents, discharged offenders and disabled students). School leavers who failed to go straight into employment or further education, had to supplement their income through taking part in work-based, government supported training schemes like Youth Training Scheme (introduced in 1982) or Youth Training (in 1990). These schemes aimed at providing young people with vocational qualifications, to combine training with work and to help those who had not found work towards the end of their training. Although the design of such a training scheme seems to offer a lot of opportunities to young people this scheme was been criticised for offering low quality of training, a mismatch between demand and supply and was

²⁹ Bryson, A (2003): Permanent revolution: the case of Britain's welfare to work regime, in: : Benefits, No. 36, Vol. 11 (1) p. 15

³⁰ Trickey, H., Walker, R., (2000): Steps to Compulsion within British labour market policies, in: Lodemel, I., Trickey, H. (ed.) (2000): 'An offer you can't refuse' Workfare in international perspective, The Policy Press, Bristol 2000, p. 187

³¹ Blackmore, M. (2001): Mind the gap: Exploring the Implementation Deficit in the Administration of the Stricter Benefit Regime, in: Social Policy & Administration, Vol. 35, No. 2, May 2001, p. 146; Tricky, H., Walker, R. (2000), p. 186

³² Bryson, A. (2003) p. 13

³³ Blackmore, M. (2001), p. 146

vulnerable to exploitation of employers as they took advantage of participating in the programme rather than employing someone directly.³⁴

Despite the fact that the Conservative government announced in 1994 that the introduction of a Stricter Benefit Regime had shown to be very successful,³⁵ they argued still more need to be done to give people more incentives to search for work and actually to control them. A Jobseeker's Agreement (JSAg)³⁶ had been introduced under the Job Seeker Allowance Act 1995 which put down all steps taken by the unemployed in actively searching for work.³⁷

In April 1996 'Project Work' had been piloted in several areas to test a new programme offering 13 weeks of intensive job-search followed by thirteen weeks of mandatory work experience. Although widely criticised by participants and staff, the programme found a lot of government support and was implemented nationally before the pilots ended.³⁸ Jobseeker's Allowance (JSA)³⁹ in 1996 replaced unemployment benefits and completed this rigid policy to get people from benefits into employment by tightening the eligibility to benefits and, like in the past, make life on benefit less attractive.⁴⁰

The introduction of a stricter benefit regime has been heavily criticised. The main criticism was that people were forced into low paid, low qualified jobs and claimants had to take up jobs they otherwise would not have done as the choice on training and places often was limited.⁴¹ People also often could not get the advice they really needed, they were given wrong advice or had been given different, maybe conflicting instruction, due to a high turnover in personal and limited information of staff themselves.⁴² The Unemployment Unit and other political groups argued that this

³⁴ Trickey, H., Walker, R. (2000), p. 187

³⁵ Blackmore, M. (2001), p. 155

³⁶ DSS (Department of Social Security) (1994): Jobseeker's Allowance, Cm2687, The Stationary Office Limited, London 1994, p. 20

³⁷ Blackmore, Martin (2001), p. 152

³⁸ Trickey, H., Walker, R. (2000), p. 188

³⁹ detailed description of the new regulation see footnote 36

⁴⁰ Cressey, P. (1999), p. 176

⁴¹ in: Trickey, H., Walker, R. (2000), p. 188; Cressey, P. (1999), p. 176

⁴² Finn, D et al (1998) Welfare-to-work and the Long-Term Unemployed, London: Unemployment Unit and Youthaid, p. 42-45, in: Blackmore, M. (2001), p. 155

would cause more inequalities and worsen the situation of unemployed and sometimes force them into poverty.⁴³

With the election success of the Labour Party in 1997, it would have been expected that there would be a policy change regarding the welfare system. New Labour indeed announced already in its election manifesto, that the welfare system needs to be reformed and gave an outline how such a reform should change the existing system. Some ideas of the reform nevertheless are based on previous Conservative thinking and it is interesting to see were there is actually continuity and change between the Conservatives and New Labours welfare reform.

3.3.3 New Labour's approach towards the "welfare system"

Previous to internal reforms 'Old Labour' was pleading for government intervention based on the Keynesian ideologies of the welfare state. This included a high-tax, high spend policy to be able to create a social reception net for everyone.⁴⁴ The dreadful election defeats in the 1980s and 1990s showed that this 'tax and spend' policy was not popular amongst the British population.

Ongoing reforms have been taking place within the party, but the major changes took place after the election defeat in 1992 and the replacement of Tony Blair as their party leader in 1994. Tony Blair presented the party for the general election in 1997 as being a "Third Way" between the stagnation of Old Labour and the individualism of the Conservative counterpart determined by Thatcherism.⁴⁵

The main challenge in 1997 in terms of social policy was a growing number of claimants such as disabled people, unemployed people, pensioners and families on income support; over 13% of the GDP were spent on social security in 1997. Spending on social security almost had tripled since 1950, but with the increase in

⁴³ Unemployment Unit (1994): Welfare to Work and the Long Term Unemployed, Unemployment Unit, London, in: Blackmore, M. (2001) : Mind the gap: Exploring the Implementation Deficit in the Administration of the Stricter Benefit Regime, in: Social Policy & Administration, Vol. 35, No. 2, May 2001

⁴⁴ Ellison (1998): The Changing Politics of Social Policy, Macmillan Press, Basingstoke 1998, p. 36f

⁴⁵ Coates, D., Lawler, P. (2000): New Labour in Power, Manchester University Press, Manchester 2000, p.8

spending the number of people living in poverty has grown as well, with one in four people living on less than half of the average income (after housing cost) in 1996 compared to one in ten in 1979.⁴⁶

The most radical reforms under Tony Blair included the replacement of the old 'Clause 4' with a new statement of party values. Tony Blair emphasised in his speeches that: *"Our values do not change. Our commitment to a different society stands intact. But the ways of achieving that vision must change..."*⁴⁷

New Labour did not want to go back to the tax and spend policy of Old Labour⁴⁸ and announced that they want to keep the welfare budget within Conservatives' spending targets. New Labour adopted the theory that the social security system created a culture of 'welfare dependency' and moved closer to the Conservatives in its understanding of the 'purpose of welfare'.⁴⁹ The stricter job search scheme introduced by the Conservatives which had helped to reduce long-term unemployment, should be retained. Labour is continuing the process of welfare reform along the Tory lines regarding developing a more 'active' welfare regime. In Labour's understanding active labour market policy means to create a kind of 'stakeholder' attitude to enforce maximum participation from individuals, especially in paid work adopting the Conservatives claim that "expenditures on benefits were too high and social security fraud was a major problem even if only committed by a minority."⁵⁰

The government regarded the existing system of benefits still as too passive and wanted to create a more active system making "benefits payments more conditional on undertaking activities geared to labour market (re)entry".⁵¹

New Labour promised to offer its people "New ambitions for our country: A new contract for welfare"⁵² which imposed new rights, duties and responsibilities on both sides.

⁴⁶ in: Hewitt, M. (1999), p. 152

⁴⁷ in: Coates (2000), p.8

⁴⁸ Powell, M. (ed.) (1999), p. 6

⁴⁹ Ellison, N., Pierson, C. (1998): *Developments in British Social Policy*, Macmillan Press, Basingstoke 1998, p. 35; Purdy (2000): *New Labour and the welfare reform*, p. 182

⁵⁰ Trickey, H., Walker, M. (2000), p. 187

⁵¹ Bryson, (2003), p. 13

New Labour's welfare reform package did not only build on the previous system but also adopted some ideas from other countries. Good examples from abroad have been seen as the incentives taken up in the US already in the 1960s in Charles Murray's 'War on Poverty' as well as workfare schemes and in-work benefits proposed by Bill Clinton in his 1994 campaign.⁵³ In contrast to the crude unemployment benefit and welfare time limits applied in the USA, Professor Richard Layard, Director of the Centre for Economic Performance at the London School of Economics who had an influence on the reform ideas and who had been appointed special adviser, favoured rather an 'employment principle' as known in Sweden.⁵⁴

3.3.4 New Labour's welfare reform: 'work, work, work'

Tony Blair clearly pointed out the vision of the future welfare state:

*"We want to rebuild the system around work and security. Work for those who can; security for those who cannot."*⁵⁵ (Tony Blair)

New Labour's welfare reform is based on three pillars:

- Welfare-to-work

Welfare to work is aimed at people of working age who are able to work but currently not in employment. Various New Deal programmes make up the biggest part of this pillar and will be the focus in the following. New Deal on the one hand is based on previous programmes like 'Project Work' which had been mentioned before, but is open to more unemployed people and tries to include and target at those benefit recipients who previously have not been considered to be within the labour market like disabled, lone parents and partner of unemployed. The government tries to increase the employability of all groups, to increase the basic standards of education and qualification and to create a culture of life long learning to make people currently or in future searching for employment prepared for the changing demands of the labour market

⁵² DSS (1998)

⁵³ Hewitt, M (1999), p. 150

⁵⁴ Finn, D. (2000): From full employment to employability: a new deal for Britain's unemployed? in: International Journal of Manpower, Vol.21, No. 5, 2000, p.386

⁵⁵ DSS (1998), p.iii

- Making work pay

New Labour introduced a package of earning related tax credits to overcome financial barriers into work. Some of the tax credits replace previous allowances and the system of tax credits has recently been reformed. The main tax credits people without children can claim are Working Tax Credits, people with children also can claim Child Tax Credits and people on a low income also can claim benefits like Council Tax Benefit or Housing Tax Benefit.⁵⁶ In order to prevent exploitation of workers and to make work in lower paid jobs more attractive, the Labour government introduced a minimum wage in April 1999.⁵⁷

- Security for those who cannot work

Like previous governments, Labour is concerned, that it has to provide security for people not able to take part in the labour market, mainly those outside the working age, pensioners and children as well as those who cannot work because of physical or mental disabilities or care responsibilities. Nevertheless, due to the enlargement of New Deal on groups who previously have been regarded as outside the labour market, this group has become smaller

For Tony Blair and the Labour party work seems to be the main route out of poverty and his 'new contract of welfare' pointed out that "*the principles guiding reform and our vision of the future welfare state are clear. We want to rebuild the system around work and security. Work for those who can, security for those who cannot.*"⁵⁸

The main aim of the welfare reform has been to get people of working age back into the job market and New Labour made employment policy the priority of its social policy. New Deal became the flagship of the election campaign for the general election in 1997 and Labour's social policy after the election success.

"...in an economy where skills are essential means of production, the denial of opportunity has become an unacceptable inefficiency ... That is why by far the biggest expenditure commitment by the Government is our

⁵⁶ more information about benefits and tax credits are available in: Child Poverty Action Group (2003): Welfare benefits and tax benefits handbook 2003/2004, 5th ed., Child Poverty Action Group, London 2003

⁵⁷ Gillespie, M. (1998): The National Minimum Wage, Briefing Sheet 8, Scottish Poverty Information Unit, Glasgow 1998

⁵⁸DSS (1998), p. iii

welfare-to-work programme – the largest employment programme for decades. At the heart of the programme is a commitment to equality of opportunity – helping those out of work to realise their potential through fulfilling employment... ”⁵⁹ (Gordon Brown)

Providing a better service but also compulsion for those who are seen as being available to the labour market is one of the main aims of the government. In the following, this paper focuses on the development and the structure of New Deal and New Deal for Young People (NDYP) is taken as an example to evaluate how successful the programme is in practice.

⁵⁹ Brown, G. (1997): Why Labour is Still Loyal to the Poor, Guardian August 2, 1997; in: Coates (2000), p. 11

4 “New Deal” – The way out of poverty?

Chapter three pointed out that ‘work, work, work’ is New Labour’s policy to help people to get out of poverty. New Labour is not the first government to regard income from employment or self-employment as the only way to secure and increase the living standards of their people. But the methods how to get more people engaged in the labour market and especially to bring those closer to the labour market who have been excluded before, differ from previous methods of intervention.

4.1 *Main characteristics of New Deal*

Finn has identified two major objectives of New Deal: first to increase long-term employability and to help young and long term unemployed people, lone parents and disabled people into jobs but also to increase their prospect of staying and progressing in employment.⁶⁰ The welfare-to-work strategy therefore can be said to have two main aims: to provide relief from unemployment in the short run and to provide education and training to enable people to stay in the labour market in the long run.⁶¹

New Deal should be financed by the “windfall tax” which was levied on the profits of privatised utilities and the tax effectively paid for the New Deal programmes between 1997 and 2003 should amount £5 billion.⁶²

In order to be able to participate in New Deal unemployed people must successfully apply for JSA which sometimes can be a lengthening process⁶³ and for some programmes there are also pre-conditions regarding the duration of unemployment.

⁶⁰ Finn, D. (2000), p.386

⁶¹ Hyland, T., Musson, D. (2001): Evaluating Welfare to work for young people, in: Education and Training, Vol. 43, No. 1, 2001, p.25

⁶² Finn, D. (2003), p. 712

⁶³ more information on who is entitled to claim JSA and claims see: Child Poverty Action Group (2003), Chapter 15+16

One of the main differences to previous programmes is, that the target group of New Deal includes groups who previously have not been taken into account. Under New Deal there are different programmes for different target groups to address the particular needs and problems of a specific group. All programmes are based on the principle of “more help, more choices, and the support of a Personal Advisor ... matched by a greater responsibility on the part of individuals to help themselves”⁶⁴. Similar to ‘Restart’, the first step to be taken are interviews to define the strength and weaknesses of the client as well as to develop an ‘action plan’. In comparison to Restart interviews, which often only took up to 10-15 minutes, the first interview in the Gateway should be much longer, up to one hour, to give the personal advisor a better chance to find out more about the particular needs of the individual claimant.⁶⁵

This already indicates the special role of the ‘Personal Advisor’. Structural changes were necessary to put “greater emphasis on the provision of intensive, client-focused support and advice to an individual through a Personal Advice service”⁶⁶. The newly created Department of Work and Pension introduced JobcentrePlus in 2001 which is mainly based on the ONE service which had been introduced in 12 pilot areas in the UK before. During these pilots three different models had been tested to provide benefit and employment advice in one single point of contact through a partnership of Benefit Agency, Employment Service, Local Authorities and Voluntary Sector. The main objectives for the organisational change was to bring more benefit recipients in touch with the labour market by providing them a more effective and efficient advice service tailored to their needs and to change the culture of the benefit recipients towards independence and work.⁶⁷

Fusing Benefit Agencies and the Employment Service together was challenging and needed rethinking of delivery issues as well as intensive training. Most of the staff had come from the Benefits Agencies and there was a gap between the old benefit culture and the new vision of client-centred Jobcentre Plus Vision. An intensive training for Pathfinder staff was provided before launching the first offices. Training

⁶⁴ DfEE (2001): Towards Full Employment in a Modern Society, Cm 5084, Stationary Office, London 2001, para. I.33

⁶⁵ Finn, D. (2003), p. 712 ff

⁶⁶ Kelleher et al (2001-online): Delivering a Work-Focused Service: Final findings from ONE Case Studies and Staff Research. A study carried out on behalf of the DWP, p. 9

⁶⁷ Kelleher et al (2001-online), p. 10, Britton, L. (2001-online): ONE evaluation need re-focusing, Working Brief 121, Centre for Economic and Social Inclusion

was also delivered on a number of special issues like giving advice to the 'hard core' and 'hard to help groups'.⁶⁸

Finn makes a very helpful distinction between two other groups which found it difficult to progress in the programme and were more challenging for personal advisors: the 'hard to place' and the 'hard core'⁶⁹. The 'hard to place' are those with (multiple) disadvantages like disabilities, lone parents, homelessness, people with a drug history or ex-offenders. Those clients are in general very willing to work and appreciate service and advice given to them. The 'hard core' on the contrary are often referred as those 'surfing on benefits', who often grew up with unemployment and who have an antipathy against the system and any advice given to actively search for work.

In order to encourage everyone to search actively for work and therefore to reduce benefit fraud, New Deal imposed even stricter rules on the eligibility to benefits, which already had been introduced by the Conservatives in 1996.

New Deal participants can be sanctioned if they:

- Lose their place on a compulsory training scheme or employment programme because of 'misconduct'
- Give up or fail to attend a place on a compulsory training scheme or employment programme
- Fail to apply for or accept a place on a compulsory training scheme or employment programme
- 'neglect to avail' themselves of a place on a compulsory training scheme or employment programme

The sanction period is fixed (two weeks, four weeks or in third instance 26 weeks). The length of the sanction period should be decided fairly by the Personal Advisor and claimants should get the chance to give reason for their failure. Certain sanctions do not apply if the claimant can show a 'good cause' for acting as he did. The definition of misconduct or good cause are not clearly defined.⁷⁰

⁶⁸ Starr, M. (2003): Training for Jobcentre Plus: meeting the needs of carers, in: Benefits, 2003, No. 36, Vol. 11 (1), p. 28ff

⁶⁹ Finn, D. (2003), p. 716

⁷⁰ Child Poverty Action Group (2003), p. 415ff

4.2 *The structure of New Deal*

The six different programmes are briefly described in the following and the focus in the following paragraphs will then be on the New Deal for Young People which then will be discussed in more detail.

- The New Deal for Young People (NDYP)⁷¹ has been launched in April 1998 and is targeted on those aged 18 to 24 who have been claiming Jobseekers Allowance for 6 months or more. This programme is compulsory and it includes a 'gateway' period of advice and support for up to 4 months and is then followed by one of four options: subsidized employment, full time education, work experience in the 'voluntary sector' of the 'environment sector'
- The New Deal for Long-Term Unemployed (NDLTU)⁷² has been launched in June 1998 and is targeted on those 25 or older who have been claiming Job Seeker Allowance for 18 months or more. The 'gateway' period which offers advice and support similar to NDYP is followed by two options: subsidised employment or education/training
- The New Deal for Lone Parents (NDLP)⁷³ has been launched in October 1998. The target group are lone mothers on Income Support and the youngest child of school age. The contribution in this programme is mainly voluntary, but there is an element of compulsion as lone parents who claim Income support have to attend an initial interview. The Personal Adviser gives support while looking for a job as well as once in work.
- The New Deal for Partners of Unemployed People (NDPU)⁷⁴ is aimed at partners of unemployed job-seekers. It is voluntary and offers two main alternatives. Those between 18 and 24 can join NDYP and parents between 18 and 24 as well as those over 25 have access to a Personal Advisor.
- The New Deal for Disabled People (NDDP)⁷⁵ has been launched as a pilot scheme in 2001 and offers access to a Personal Advisor to disabled people. It

⁷¹www.newdeal.gov.uk/newdeal.asp?DealID=1824 (accessed 11 February 2004)

⁷²www.newdeal.gov.uk/newdeal.asp?DealID=25PLU (accessed 11 February 2004)

⁷³www.newdeal.gov.uk/newdeal.asp?DealID=LPAR (accessed 11 February 2004)

⁷⁴www.newdeal.gov.uk/newdeal.asp?DealID=PART (accessed 11 February 2004)

⁷⁵www.newdeal.gov.uk/newdeal.asp?DealID=NDDP (accessed 11 February 2004)

is also designed to raise the awareness of the employment needs of disabled people among employers and service providers.

- The New Deal for People Aged 50 and over (ND50+)⁷⁶ has been launched in April 2000 and targeted at those aged 50 or older and who claim incapacity benefits or Job Seeker Allowance/Income Support for at least six months. The programme is voluntary and designed to encourage and help older people to get back into employment. Clients get access to a Personal Adviser and those who get into employment can receive an employment credit or can get a training grant to support further training
- There are also some other special programmes for example the New Deal for Musicians etc.

⁷⁶ www.newdeal.gov.uk/newdeal.asp?DealID=50PLU (accessed 11 February 2004)

5 Youth unemployment in Britain

The previous chapter gave a short overview over the development as well as the different programmes under New Deal. In this chapter one target group of New Deal will be examined: young people. Young people under New Deal are defined as those aged 18-24 years old. Young people under 18 are not entitled to claim JSA and therefore are not eligible to take part in New Deal for Young People (NDYP).

5.1 Young people and the labour market

In all OECD countries young people and in particular young men experienced more and more problems in the job market in the 1990s.⁷⁷ Demographic statistics show that Britain is an ageing society and one would expect unemployment rates for young people to be relatively low as there should be a shortage of supply, but unemployment figures give a different answer.

Youth unemployment in Britain is well above the average unemployment rates, so that it is not without cause that New Labour has put the 18-24 year olds on top of its agenda.

Due to economic and social changes young people have to be able to compete in an environment where there are less low qualified jobs available and most employers are asking for a high level of education as well as work experience. Low qualified jobs are not only getting less, entry level for almost all jobs have risen over the past decades and nowadays a degree might be necessary for jobs which were open to non-graduates before. Even a high level of education is no secure path into employment so that a lot of non-graduate jobs are nowadays taken by graduates so that the competition for jobs becomes even harder for those without qualification.

⁷⁷ Blanchflower, D., Freeman, R. (1997): Creating jobs for youth, in: *New Economy*, Summer 1997, Vol. 4 (2), p. 68

The National Youth Agency identified four main reasons why young people are unemployed and which therefore should be addressed by active labour market programmes:⁷⁸

- specific skills and qualifications

There is the perception that employers want skilled and experienced workers and young people coming out of education do not have the skills and school-leavers have relatively few skills and it are those young people with relatively low levels of education which are at the most risk to become unemployed

- Attitudes and behaviour

Some employers seem to argue that young people just do not know how to behave at work and that they are still at a stage of immature dependence when they enter employment. On the other hand, nowadays a lot of young people already have some work experience as a high proportion of pupils and students are employed while they are at school or college

- Work ethic and commitment

A related issue to above is the argument that young people often do not have the right work ethic. This seems to be particularly true for those who have never had a full time job before. Those with a lower work ethic seem to find it much more difficult to get into full time employment

- application

A study conducted by MORI found out that employers think that young people are often not very well prepared for interviews and they do not seem to know how to present themselves and that they have difficulties to understand what qualities employers want

All reasons given by the National Youth Agency indicate a failure on the supply side and show that a lot of young people are just not well enough trained/educated and/or lack soft skills and personal skills demanded by employers.

Blanchflower and Freeman argue on the contrary that a high percentage of youth unemployment indicates a failure on the demand side. In their opinion the main reason for a high level of youth unemployment is that youth unemployment is

⁷⁸ National Youth Agency (1998): Good work for young people, Youth Work Press, Leicester 1998, p. 60ff

closely related to general unemployment rates so that a higher overall unemployment rate results in a lower employment rate of young people.⁷⁹ These argument therefore suggests that only an decrease in the overall unemployment rate and an increase in labour demand can reduce the high level of youth unemployment.

Labour's welfare-to-work policy is based on supply side measures. The following shows how young people get assistance from their Personal Advisor and if necessary get referred to training or 'options' to get the qualification and skills which employers seem to demand.

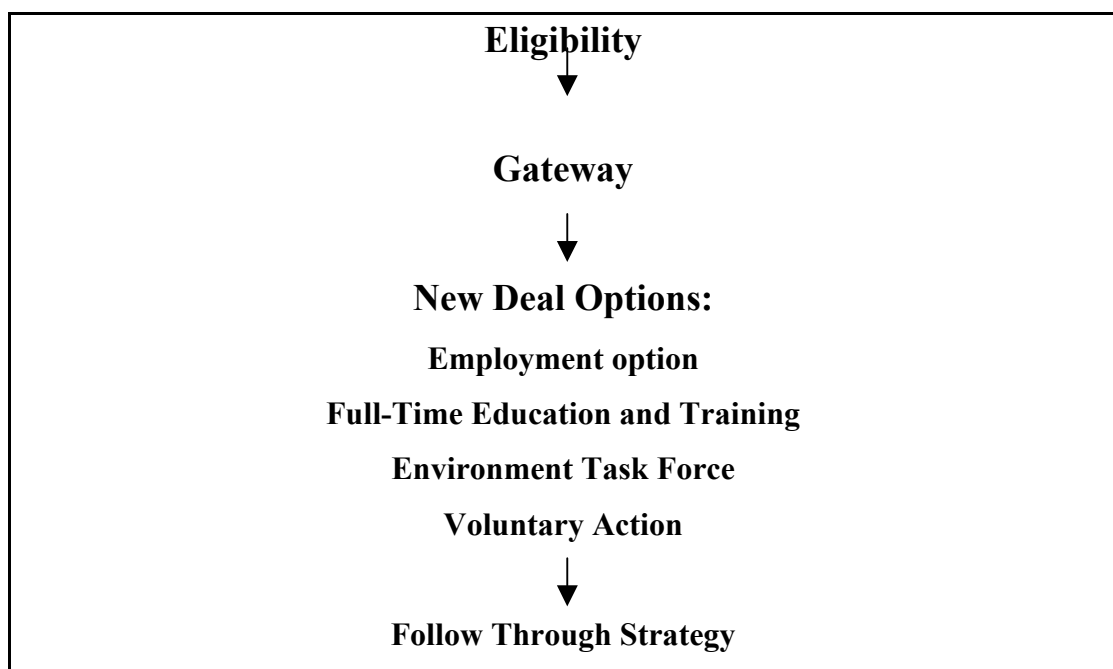
5.2 New Deal For Young People (NDYP)

NDYP has been introduced in pilot "pathfinder" areas already in January 1998 and went national in April 1998. New Deal takes a very narrow definition of 'young people' as it only offers assistance to those who are aged 18-24 years. Young people can join the programme after being unemployed for more than six month, in exceptional cases, young people might be eligible to enter earlier. NDYP offers the unemployed various services through Gateway, four options and a follow-through which will be described in the following. The Employment Service is in charge of leading the delivery of the New Deal by working together in partnership with others in the communities. Therefore in some authorities the lead delivery partner will be the Employment Service, in others this might be private companies or public agencies. The involvement and cooperation of local partnerships offers much more flexibility to the New Deal, so that the government provides only the framework for the programme which will be filled according to the local labour market needs.⁸⁰

⁷⁹ Blanchflower, D., Freemann, R. (1997), p.73

⁸⁰ DfEE (1997): Design of the New Deal for 18-24 Year Olds, DfEE, London 1997, p. 1ff

Graph 2: Design of New Deal for 18-24 years old



5.2.1 Eligibility

The first step, which is done by the Employment Service, is to identify people who are eligible to take part in New Deal. The New Deal for Young People is targeted on those aged between 18-24 years who have been claiming Job Seeker's Allowance for 6 months or more. People in this age group also might be able to choose to join the programme earlier if they have particular difficulties to find work. This in particular includes people claiming JSA who are in special needs like disabled, returners to the labour-market, ex-regulars in HM Forces, ex-offenders, lone parents, people whose first language is not English, Welsh or Gaelic, those with reading, writing or innumeracy problems or those who are unemployed due to large scale redundancies. Those who enter New Deal on a voluntary basis should be aware, that entering this programmes does not only provide them with rights and provision of advice and services but also saddles them with responsibilities and duties.⁸¹

⁸¹ DfEE (1997), p. 5ff

5.2.2 Gateway

The gateway period may last up to four months in which the participant will get advice and guidance to identify any action needed to improve the employability of the young person as well as intensive help to find an unsubsidised job. In the first Gateway interview the New Deal personal adviser will explain the framework of New Deal as well as the rights and responsibilities to the participant. Similar to the Jobseeker's Allowance Agreement, the client and the personal advisor will draw up an action plan including further steps. During the Gateway New Dealers should get access to additional services and training like improving soft skills. Young people who have more difficulties to find a job due to exceptional problems like drug dependency, homelessness, debt problem and so on also can get help through other organisations while preparing to find a job or taking part in any of the four options explained in the following paragraph. During the Gateway period participants are still able to receive JSA. If a young person opts out earlier to get into unsubsidised employment he/she can return to the same status where he/she has left the Gateway in case of losing their job again.

The initial emphasis during the Gateway always will be on helping people to find a sustainable unsubsidised employment. If a participant nevertheless cannot find an ordinary job during the Gateway period, he will be referred to one of the options of New Deal. Sanctions will be imposed on those who fail to take up the interview with their ES personal advisor, refuse to take up one of the options offered to them or fail to complete the option.⁸²

5.2.3 The four options

A very new feature of NDYP is that participants can choose between four options the government has to provide after a certain period of time on Gateway. The Full-Time Education and Training option can already be taken up after one month being on Gateway, subsidised Employment at any point after being two months on Gateway and the Environment or Voluntary option after three months. When it seems

⁸² DfEE (1997), p. 7ff

reasonable to choose one of the four options is related to the individual needs and will be discussed between the advisor and the participant. During the participation in any of the three options other than Full-Time Education and Training participants will get some kind of training which should help them to work towards an approved National Vocational Qualification (NVQ) or Scottish Vocational Qualification (SVQ). The provision of training is part of their contract with their employer and if the employer himself is not able to provide sufficient and quality training, there should be sub-contract with an external training-provider.⁸³

Employment option (EMO)

This option lasts for a period of up to 26 weeks. Participants will leave the register and become an employee of the employer who provides a vacancy. The employer will get a subsidy of £60 a week if the post offers an average of 30 hours work a week and one day of training or £40 if the vacancy offers between 24-29 hours work a week and one day of training. There are special regulations and subsidies for those taking on a long-term unemployed person or people for less than 24 hours a week due to care responsibilities or disabilities. The employer will also get £750 for off-the-job training which will be paid in three instalments after evaluating the quality of the training given to the participants. In order to prevent that employers abuse the delivery principle of the options vacancies may not be created by making someone else redundant in order to take up a participant from the New Deal and replacing one New Deal participant by another after the end of his period only will be permissible if agreed in advance with the ES.⁸⁴

Full-Time Education and Training option (FTET)

This option lasts for up to 52 weeks and is mainly designed for those who have no N/SVQ 2 or equivalent qualification which is seen as necessary to have the basic skills to get into employment. The main aim of the option is to equip people with skills for work they need in order to have a better perspective of getting sustainable employment. Those skills should have been identified during the Gateway. The Employment Service will be very flexible to contract local partners which will provide training. Possible providers have to put down a detail plan how they will

⁸³ DfEE (1997), p. 25ff

⁸⁴ DfEE (1997), p. 14ff

deliver their training and qualification. The funding of the programme will vary from provider to provider and programme to programme. In order to make sure that the education and training given to the participant is based on quality for money reviews and monitoring are necessary on both sides, the provider and the participants. The ES personal advisor will also be the contact person for the participant to get his point of view on the training and education he is given. Training and qualification delivered through New Deal is subject to the Training Standards Council and Training Inspectorates in England, the Scottish Quality Management System (SQMS) and Her Majesty's Inspectors (HMI) in Scotland.⁸⁵

Environment Task Force Option (EFT) and Voluntary Sector Option (VSO)

Each of these options lasts for a period of up to six month and is designed to improve the employability of young people by providing them with a work placement as well as training to get the qualification he/she is striving for. Participants will work a minimum of 30 hours a week with one day of training and additional time for job search. As the aim of these options is to improve the employability of the participants all placements must offer the opportunity to develop and demonstrate skills and behaviour which would be expected by employers. The participant and the provider also will put down a Personal Development Plan for the young person to structure the development during their time on the option. Young people also will get ongoing support by their personal advisor. During their time in the option participants will get either a wage determined and paid by the provider or an allowance paid by the Employment Service which will be on a equivalent level to their JSA.⁸⁶

5.2.4 Follow-Through Strategy

The ES personal advisor will get in contact with the young person in the last month being on the option to discuss further steps to be taken after finishing the programme. The extent of the advice giving in that period will depend on the needs of the individual as some might already have a clear plan about what comes next whereas

⁸⁵ DfEE (1997), p. 20ff

⁸⁶ DfEE (1997), p.30

others still might not have any perspective not to get back into unemployment again.⁸⁷

5.3 Youth support for school-leavers under 18 years

Labour defined young people as being those aged 18-24 year olds, excluding those who leave school at an early age, aged 16 or even younger from service and advice offered by New Deal. As those under 18 have been excluded from claiming benefits already in 1988 and are not eligible to claim JSA, it is even more difficult to measure the real unemployment rate amongst people of this age group.

With regard to the government policy to provide employers with a highly educated and qualified workforce, early school-leavers are encouraged to take up further/higher education. In the last decade the proportion of 16 year olds in full time education rose from five percent to 85% and for 17 year olds from 12% to 85% in England.⁸⁸ Despite this increase and the high rate of participants in higher education there is still a number of school-leavers who want to get into work, but often face difficulties in finding employment. Even more so as early school-leavers or those who drop out from school have a low level of qualification if any qualifications at all. If they find jobs they are often employed in low paid jobs and they are vulnerable to exploitation as they are not covered by the Minimum Wage Act.

For people under 18 years who do not take part in post-compulsory education or find an apprenticeship or employment, participation in governmental training programmes is the only way to secure income. The government offers two work-based training schemes to young people under 18, National Traineeships (NTs) and Modern Apprenticeships (MAs). Both schemes want to break with more unpopular schemes in the past by offering young people a place directly with an employer and

⁸⁷ DfEE (1997), p. 32

⁸⁸ DfEE (1999): Participation in education and training by 16-18 year olds in England: 1988 to 1998, First Statistic Release, SFR 12/1999, in: Trickey, H., Walker, R. (2000), p. 205

giving them employee status as well as allowing participants to achieve vocational training qualifications.⁸⁹

Based on education and training both schemes seem to be popular as they address barriers into work due to a lack of educational qualification, skills and work experience as well as increasing the pool of jobs available and bringing young people in first contact with the labour market and employer.⁹⁰

Although employers as well as participants seem to be relatively satisfied with MA, it has fallen short under its target. Over 60 per cent of MA places are taken up by people 18 years and over as employers want to recruit young people with sufficient levels of education. MA and NT therefore do not necessarily address the target group they have been designed for and the training and qualification offered often seems not to be very highly qualified.⁹¹

Due to the limited number of take ups amongst 16-17 years old it is open for discussion what service should be offered to them to make the transition from work into employment easier. One option, at the same time a criticism of NDYP, would be to open the programme for those under 18 years old.

5.4 Evaluation and general critic about NDYP

Since it's introduction in 1997 NDYP has been evaluated by the government as well as by independent researchers. The Labour government set itself two targets, namely to bring more young people into employment and to increase the level of education and qualification to make people fit for the demanding and challenging labour market. Evaluating the programme it is necessary to take both, short-term aims, bringing young people into sustained employment and long term aims, increasing qualification, skills and employability of young people, into account.

⁸⁹ Trickey, H., Walker, M. (2000), p. 205

⁹⁰ Gardiner, K, (1997), p. 18

⁹¹ Steedmann, H et al (1998): Apprenticeship: A strategy for growth, Centre for Economic Performance, London 1998, p. 16ff

5.4.1 Quantitative evaluation

New Labour's short term aim to bring young unemployed people into employment can easily be measured in quantitative terms. The following figures show that NDYP seems to be very successful in achieving this goal. Evaluating this figures, one always should have in mind, that the government uses a very narrow definition to measure the employment success of New Deal. Sustained Job entrants are defined as New Deal clients who have left for work and have not reclaimed JSA within 13 weeks of leaving New Deal or held a subsidised job for 13 weeks or more.⁹²

The Department for Work and Pension (DWP) announced in August 2003 that by June 2003 in total 999,600 young people started New Deal since it had been introduced, 908,220 had left leaving 91,400 still on the programme. Graph 3 shows that far more men than women started New Deal, are still on New Deal. Five time more white young people started New Deal than people form ethnic minority background and disabled starters make 12% of all NDYP starters. 444,900 young people had gone into jobs of which 351,700 were sustained.⁹³

Graph 3: Summary of New Deal for Young people, June 2003⁹⁴

	Starters	Leavers	Current Participants
Total	999, 600	908,220	91,380
Male	714,920	649,140	65,780
Female	283,280	258,230	25,050
People with Disabilities (1)	120,220	108,550	11,670
White	794,420	726,020	11,670
Ethnic Minority Groups (2)	158,020	139,150	68,390

Source: DWP (2003)
 (www.dwp.gov.uk/asd/asd1/new-deal/new-deal-young-jun2003.asp)
 (accessed 11 February 2004)

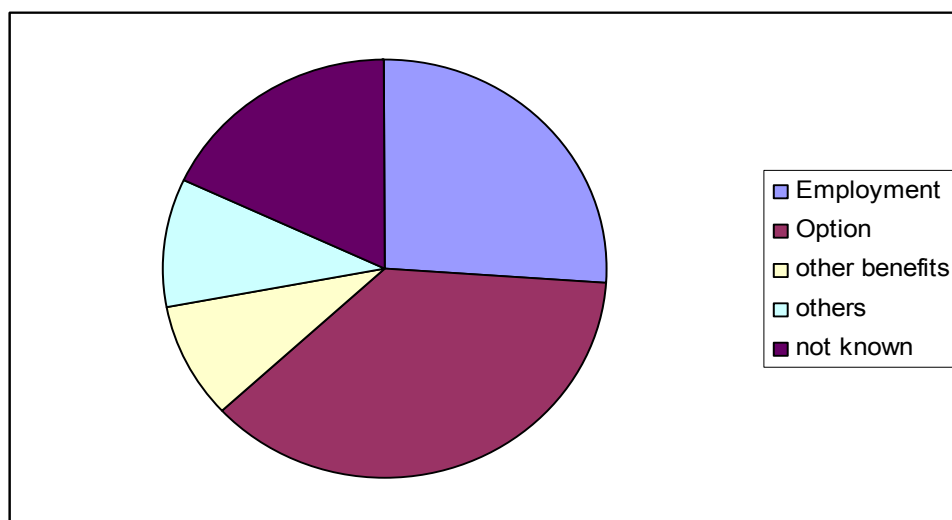
⁹² Jasinski, C. (2002-online): A Guide to Key Indicators for New Deal, CEIS, 2002, Chapter 7

⁹³ DWP (2003-online): New Deal for Young People and Long-Term Unemployed People Aged 25+: Statistics to June 2003

⁹⁴ (1) Those recorded by JobcentrePlus as having a physical or mental impairment which has a substantial and long-term effect on their ability to carry out normal day to day activities, (2) breakdown into different ethnic minority groups available on the DWP website

Less than half of those who left NDYP went into employment and it is interesting to see, where those people went who left the Gateway.

Graph 4: Numbers leaving Gateway in Great Britain to end of March 2003 by immediate destination



Source: CESI (March 2003): New Deal performance tables
(www.cesi.org.uk/newdeal and own calculations)
(accessed 11 February 2004)

There is not only a significant difference between females and males participating in NDYP in Great Britain but also in their path through the programme. There are much more women (43%) in the Voluntary Sector option compared to men. (18%). The Environment Task Option was taken up by 25% of men and only 18% of women. People from ethnic minority background are more likely to be on Gateway (65%, compared with 61% of Whites) and only 7% are in the Employment option compared to 16% of Whites. Having a look at the Full-Time Education and Training Option, we can see that people from ethnic minority background are more likely to be in that option with 63% than Whites with 36%.⁹⁵

The overrepresentation of some groups in specific options is quite significant as the employment outcome varies across options. Job entry rates after taking part in the Voluntary Sector Option and the Environment Task Option were lower than for the Employment Option. Those closer to the labour market seem to be more likely to be in the Employment Option. It is difficult to judge if the lower performance of the Environment Task Force of the Employment Option are based on the finding that

⁹⁵ DWP (2003-online)

those who have more difficulties to find a job are over-represented in these options or if non-employment options in general do not secure the level of job-entries expected.

The employment impact of New Deal also varies geographically. Although there seem to be no great difference between the performance of young people between England, Wales and Scotland regarding employment output, the performance varies between different regions, and in particular between rural areas and cities.

NDYP seems to be more successful in rural areas especially in the South of England and the performance is worst in areas of high-unemployment and in particular in industrial cities⁹⁶ which experienced a decline in their main industries and a loss in jobs like Glasgow or Manchester. Job entry rates for minority ethnic groups seem to be lower than for their white counterparts.⁹⁷

5.4.2 Qualitative evaluation

As we have seen above some options perform poorly in employment outcomes but taken the government's long-term into account to increase the level of education and employability their performance might look better. A lot of New Deal clients have below average education and qualification. Providing young people the opportunity to take part in a one day education programme per week while they are in an option other than FTET gives them an opportunity to improve their qualifications and to aim towards a SVQ level degree.

It has been said before that the VSO and in particular the ETF do very poorly in employment outcome, but figures show, that people taking part in this options are taking up the opportunity of getting further qualifications. As more people from disadvantaged groups take part in an option other than the Employment Option they have the chance to get some more qualification they may need to get more ready for

⁹⁶ Finn, D. (2003), p. 720

⁹⁷ Strategy Unit (2003): Ethnic Minorities and the Labour Market, London: Cabinet Office, p. 78, in: Finn, D. (2003), p. 720

the job although they might not go straight into employment after their first spell on NDYP.⁹⁸

For some people it is more important to improve the basic skills which are required to write an application and to take up employment. Taking the evaluation of NDYP in Scotland as an example a lot of people reported to have problems in literacy or innumeracy and about one in 10 respondent experienced an improvement in basic skills.⁹⁹

NDYP seems to be efficient in increasing skills level for some people, although in practice there often seem to occur significant problems. A lot of further education colleges have been discouraged from fully taking part in NDYP as there seems to be a mismatch between the standard length of traditional courses and the limited resources provided for education and training under NDYP. Personal advisors also often have to deal with a heavy caseload and are not very well informed about the special needs of the client. Literacy and innumeracy problems might not be pointed out in the beginning as people feel ashamed.¹⁰⁰ A low self esteem can be result from various problems which are very hard to reveal by advisors as they are not specially trained in that area and to talk about personal problems which have a crucial influence on employment possibilities often needs a very close relationship between advisor and client which is difficult to establish in such a short period of time.

Especially from the opposition, the programme often is criticised for providing young people with training rather than jobs.

“(The New Deal is) the latest in a long line of schemes which train people with the skill that they will learn while in a job, but do not train people in skills they need to go to work”¹⁰¹. (Tory spokesman)

Others argue that it would be more important to convince employers that on-the-job training is more important than the various pre-job-market training

⁹⁸ Bonjour, D. et al (2002-online): Evaluation of new deal for young people in Scotland, Phase 2, Scottish Executive, Edinburgh 2002, p.47

⁹⁹ Bonjour, D. et al (2002-online), p.46

¹⁰⁰ Hyland, T. Musson, D. (2001), p. 28

¹⁰¹ BBC (2000-online): “Tories will scrap New Deal”, July 14, 2000

programmes presented by New Labour.¹⁰² Analysis also show that more young people than expected took advantage of the New Deal's full-time education programme.¹⁰³

NDYP does not only aim at addressing education/training problems but also soft skills and personal problems. NDYP seems to be quite successful in improving skills and addressing problems that are closely related to the labour market but is often not able to deal with more individual and specific problems in particular experienced by more difficult and disadvantaged groups. Personal Advisor often do not have the skills and training to identify such problems especially when they are not obvious but related to the personal/family background or pervious experiences.

In poorly quantitative terms NDYP is working but there is still a lot of scope for improvement in particular for those who have more difficulties to get back into the labour market.

5.4.3 Criticism on the structure

The structure of NDYP also can be criticised and some of the criticism refers to the welfare-to-work agenda in general.

Opportunities for all?

In chapter three Tony Blair has already been quoted to rebuild the welfare state in a way so that it offers work for those who can and security for those who cannot.

New Deal still does not offer access to every unemployed person of working age. Only young unemployed people who are in contact with the benefit system can get advice and services offered under New Deal. Most vulnerable groups like homeless people or prisoners or those who do not register for other reasons therefore will still stay outside the labour market.

¹⁰² BBC (2000-online): "Scrap New Deal say Lib Dems", 19 September, 2000

¹⁰³ Purdy (2000), p. 188

It has already been mentioned above, that under New Deal, young people are only seen as those aged 18-24 years old, but that there are a lot of people leaving school in Britain already at an earlier age. Although there are programmes available for those who do not go into further education or find employment, it is open for discussion if it would be an option to involve young school-leavers as early as possible in the New Deal. The longer young people are sent from one programme to another, they might get more and more frustrated about advice and service offered to them by the government.

The shadow economy and other benefits

Another problem New Deal is not able to tackle is an increasing shadow economy. People who claim JSA have to take part in interviews and options and therefore may not be able to work in the shadow economy anymore but the programme does not reach all people who are unemployed and in particular not those who do not sign on even if they are entitled. As signing on for JSA is based on some obligations, some people might think that it is not worth taking all the hassle and they might even be better off not to do so but do some casual work once in a while. Young people aged 18-24 for example only get £43,25 per week.¹⁰⁴ Going on New Deal, taking part in interviews, training and option often causes additional costs like transport, food, child care etc.. For some people the programme also is just not flexible enough for them as there is no part-time education option and part-time places in other options are limited. As long as New Deal is not addressing these problems, it will not pay off for some as they rather work in the shadow economy or claim other benefits and therefore might not be obliged or entitled to take part in New Deal.

Just another programme ...

Having mentioned other youth training programmes, there is also the perception that New Deal is getting in competition with other already existing supply side focused programmes. If New Deal does not provide anything new, it may replace other well established programmes.

The government may argue, that under New Deal clients get a more individual service tailored to their needs and that the additional training they get on various

¹⁰⁴ Child Poverty Action Group (2003), p. 365

stages will improve their employability. Participants sometimes seem not to see the changes in contrast to other previous programmes as one client argues:

“New Deal is a training scandal – it’s a way of cutting down the numbers and getting you out of the way for six months ... by that time other people are going to be slammed on it. It’s just a way of making the government look good ... ‘Oh look what the government are doing. Look at our New Deal badges.’”¹⁰⁵ (New Deal participant)

Having a choice

Having the choice between different options was seen as one of the innovations under NDYP. Nevertheless, a national survey has shown that only one third of the participants remembered discussing their choice of options with their Personal Advisor.¹⁰⁶ Some young people interviewed in a focus group argued that they had been forced to take up an option they did not like especially when they progressed in Gateway.¹⁰⁷

The choice of options might be limited due to the regional structure, placements and education shortage or problems in getting access to the places offered for example due to a lack in sufficient public transport connections. Especially in rural areas this could be an important barrier which limits the choice for people.¹⁰⁸

For the success of the programme it also seems to be important that young people do something that they are interested in. If they do something they can enjoy, they are more likely to be more satisfied with the programme and they therefore will get more out of it.

Another problem arises, especially with participants in the VSO and ETF-option when the participant does well and enjoys his/her time on the option, but realizes

¹⁰⁵ Finn, D. (2003), p. 716

¹⁰⁶ in: Mitchell, G. (2002), p. 107

¹⁰⁷ Finn, D. (2003), p.714

¹⁰⁸ Cartmel, F., Furlong, A. (2000): Youth unemployment in rural areas, Joseph Rowntree Foundation, York 2000, p. 3f

that there are no opportunities for him/her to enter this industry. The participant then is left behind with raised aspirations and a lack of useful work experience.¹⁰⁹

'Carrot and stick' principle

Supporter of a stricter benefit regime may argue, that it has shown to be effective as a lot of young people already left New Deal during Gateway or even before the first interview.¹¹⁰ Even amongst personal advisors the opinion is split whether or not sanctions are a good measure to engage people in labour market programmes.¹¹¹

In designing New Deal, Labour could have learned a lesson from the criticism on the stricter benefit regime under the Conservatives had been criticised for not being very effective in motivating people and getting them involved in the labour market and it often had been criticised for forcing people into jobs they otherwise would not have taken. The past also shows that a stricter benefit regime might drive people into other kind of benefits or they might sign out and disappear into unknown destinations.

All in all statistics show that sanctions, only about 10 per cent, are rarely used for young people.¹¹² Nevertheless, for the individual a loss in benefits often can be very crucial. Reasons for failing like not turning up at an interview or for an option often can have various reasons and in particular individual problems are often not taken into account for failure. The application of sanctions and mutual understanding heavily depends on the relationship of the young person and the personal advisor.

Role of the personal advisor

Personal advisors play a very vital role in the delivery of New Deal. They can be seen as a kind of mediator between the young person and the labour market.

The outcome of the programme often not only depends on the qualifications of the young persons, his/her barriers into employment and opportunities available but also on the cooperation between the personal advisor and the client.

¹⁰⁹ Mitchell, G. (2002), p. 108

¹¹⁰ Finn, D. (2003), p. 714

¹¹¹ Finn, D. (2003), p. 718

¹¹² Bonjour et al (2002-online), p. 25

The structure of the programme is not able to influence the personal relationship between the client and the personal advisor. What the government can offer is sufficient training to Personal Advisors to make them prepared to deal with individual problems and barriers into employment of young people. In particular with regard to more disadvantaged young people the training personal advisors are given often is not enough and due to so many individual problems a 'one training fits all' might not be appropriate. It is open for discussion if it would not be better, if those clients could get advice from people who are better qualified to meet their needs. One example are Intermediated Labour Markets (ILM) which give those who are furthest away from the labour market a bridge back into employment by providing paid specially created temporary work together with training, personal development and job search activities.¹¹³ These ILM programmes are specialised with people who have specific needs and therefore might be better able to help them than Personal Advisor under New Deal who do not have this specific experience and training.

A case study on the Scottish level, analysing the possibilities of co-operation between Jobcentre Plus and New Futures Fund for example showed that increasing referrals between both programmes were seen as positive by both sides, but that there was a lack in cooperation between Scottish Enterprise New Futures staff and Jobcentre Plus staff which partly prevented that. Improvement in communication and co-operation were seen in helping to create mutual understanding and improved the advice given to clients by referring them to the programme and service provider who best suits their needs.¹¹⁴

Some personal advisors themselves wish to have more flexibility in the system and for example to be able to increase the Gateway for those who need more help rather than putting them into an option without actually being ready for the job or training.¹¹⁵ More flexibility often is also demanded in terms of the availability of part-time options as young people who are further away from the labour market may

¹¹³ for more information to ILM see for example: The Intermediate Labour Market, September 2000, ref 970 (www.jrf.org.uk/knowledge/findings/socialpolicy/970.asp)

¹¹⁴ Scottish Enterprise (2003): New Futures Fund and Jobcentre Plus, Protocol Pilot Evaluation, Scottish Enterprise, Glasgow 2003

¹¹⁵ Finn, D. (2003), p. 719

find it easier to take up a part-time option rather than getting into full time education or work.

Young people in general are not in contact with their personal advisor while they are on an option and only get in contact with the personal advisor again towards the end if they have not found an employment for the time after the option has finished. This can be seen as a real disadvantage of the design of New Deal. Early exit might be related to a breakdown in employer employees relationship. Additional information and mediation between advisors, employers and employees could help to increase mutual understanding and are particular important in placing people with little skills or multiple handicap.¹¹⁶

Closer co-operation between personal advisors, employers and training provider also would help them to be informed about opportunities for their clients and to get to know what employers and training providers want. This helps them to prepare young people better for the job. There often seem to be problems in co-ordinating employers vacancies for New Deal participants with suitable applicants from the programme and some employers complain a lack of job readiness among a substantial number of New Deal recruits.¹¹⁷

Employers often also have a rather negative attitude towards 'hard-to employ groups'¹¹⁸ or might be frustrated due to previous bad experience.

"They thought he was a troublemaker. He tried to get a job in my work and because people heard who he was hanging around with they weren't interested." (Female participant)¹¹⁹

Co-operation and exchange of information between employers and advisors could help to increase mutual understanding between them but also between employers and

¹¹⁶ Kellard, K. (2002): Job retention and advancement in the UK: a developing agenda, in: Benefits 2002, No. 34, Vol. 10 (2), p. 93ff

¹¹⁷ Hyland, T., Musson, D. (2001), p. 27

¹¹⁸ see for example local case study: Gill, S., Sillars, K. (2003): Employers' attitude to hard-to-employ groups, Scottish Poverty Information Unit, Glasgow 2003

¹¹⁹ Cartmel, F., Furlong, A. (2000), p. 30

clients. A closer co-operation between Jobcentres and employers may also result in more places being offered to New Deal clients in particular when employers get more assistance and advice how they get supported when they sign on.

Supply-side focus

Labour's welfare-to-work agenda seems to focus only on the supply side and neglects the state of labour demand. In areas where there is already an oversupply in labour young people will find it difficult to make the transition into employment even if they get additional training and assistance with their job search.

Taking up Blanchflower's and Freemann's argument that youth unemployed and long-term unemployment are closely related, a shortage of jobs is one of the main reason for high rates of youth unemployment and it is questionable if New Deal is able to solve the problem without actively creating jobs.¹²⁰

Financial barriers

Even when young people have found employment and sometimes even already when they get offered training or a place on an option there might be financial barriers in the transition period which might result in not taking up or dropping the opportunity. In the first month of employment people do not get JSA and employment might also have an influence on other benefits. From the first day of employment they have to deal with work related costs as well as costs of living, but their salaries or wages will not be paid before the end of the month. Some help should be offered under New Deal to make this transition period, at least the first few months easier.

A study across all OECD countries has shown that wages for those aged between 16-24 were declining even more in comparison to older workers in the 1990s.¹²¹

Another major problem that young people are facing is the quality of jobs they are been offered. A lot of young people work in low paid jobs and around one in three 16-24 year olds earns less than £3,60 per hour. Young people aged 16-17 years are even worse off as they do not have any minimum wage protection and are therefore

¹²⁰ Blanchflower, D., Freemann, R. (1997), p. 73

¹²¹ Blanchflower, D. and Freeman, R. (1997), p. 71

more vulnerable to exploitation from the labour market.¹²² The Scottish Low Pay Unit (SLPU) says that a lot of employers exploit young jobless by using a legal loophole and some of Scottish young people get paid less than £1,62 an hour.¹²³

Dickens has shown that those entering low paid jobs are not likely to earn much more and often get from work into benefits again and again. Therefore if job retention and progression rates stay low and with holding others through in work benefits just above the poverty line government's policy can not been seen to have been successful.¹²⁴

5.4.4 Summary

In poorly quantitative terms NDYP seems to be working and the government has achieved its aim to bring more young people into employment. The programme has some very good features as it motivates and helps young people in actively seeking work and offers training and work experience if necessary. Nevertheless, the criticism has shown that NDYP still does not reach all young people who are not in employment. The programme is able to react to barriers into employment which are closely related to the labour market, but often is not able to offer sufficient service and advice to those who have more disadvantages and are further away from the labour market.

There is still scope for improvement and it is open for discussion if the structure and the advice service given to young people needs to be changed or if it would be better to allocate more resources to additional programmes and organisations which are specialised in helping those with special needs.

The following example will show how successful NDYP is in responding to the labour market problems of young people in Glasgow and describes an initiative undertaken by the Scottish Executive to respond to the problem that young people under 18 are excluded from benefits and advice under New Deal and how service and assistance can be improved for those who are more disadvantaged.

¹²² Gillespie, M. (1998): The National Minimum Wage, Briefing Sheet 8, Scottish Poverty Information Unit, Glasgow 1998

¹²³ Graham, M. (2004): Scottish young people exploited by wages as low as £1,62 an hour, in: The Big Issue, Issue: 461, January 22-28, 2004, p. 4

¹²⁴ Dickens, R. (2002): Is welfare to work sustainable? in: Benefits 2002, No. 34, Vol. 10 (2), p. 91

6 NDYP in Scotland and its impact on youth unemployment in Glasgow

One main characteristic of New Deal is argued to be the flexibility of the programme. Local partners are given some scope in designing the delivery. Partly this might be true, at least regarding who is delivering the service, but the main authority still lies with the Employment Service and the structure of New Deal is laid down in great detail, so that there is not much scope for adaptation to local labour market needs. Devolution has given some power to the Scottish Executive, but the regulations regarding unemployment, JSA and the various New Deal programmes are the same all over Great Britain and the Scottish Executive cannot change mainstream programmes. Therefore the performance of participants on NDYP in Scotland is quite similar to the findings for the rest of Great Britain.

Glasgow is taken as an example not to show in quantitative terms how successful NDYP is, but to compare the problems young people face in the labour market with the service offered under NDYP. The case study shows another measure of intervention which may be more successful in reaching those not included by New Deal and further away from the labour market. The Scottish Executive has some scope and funds for special measures of intervention, one of them will be described in more details in the case study.

6.1 Performance of NDYP participants in Scotland

At the end of June 2003 114,400 young people had started NDYP since it was introduced. Of those who started NDYP 104,300 left the programme. Of these 52,300 went into jobs and 40,300 (77%) of them stayed in employment for more than 13 weeks.¹²⁵ Graph 5 shows that all in all the employment outcome of the different options is similar. What is interesting about the figures in graph 5 is that

¹²⁵ Scottish Executive (2003a-online): New Deal for unemployed people in Scotland: Statistics to end June, www.scotland.gov.uk/stats/bulletins/00279.pdf

more people in Scotland went into other benefits. Scotland as a whole and in particular Glasgow is facing a severe problem in an increasing number of Incapacity Claimants so that these figures possibly are interrelated.¹²⁶

Graph 5: Destinations on leaving NDYP by stage of process to June 2003

	All leavers	Unsubsidised employment %	Other benefits%	Other known %	Not known
Those leaving before first interview	10,070	39%	11%	18%	33%
Those leaving during Gateway	52,630	42%	20%	15%	23%
Those leaving from an option	16,850	47%	8%	5%	40%
Those leaving from EMP	5,670	61%	4%	1%	34%
Those leaving from FTET	4,390	35%	11%	19%	44%
Those leaving from VSO	2,800	44%	11%	5%	39%
Those leaving form ETF	3,990	44%	9%	5%	43%
Those leaving from Follow Trough	24,760	27%	9%	50%	14%

Source: Scottish Executive (2003a-online): Table 3
 (www.scotland.gov.uk/stats/bulletins/00279.pdf)
 (accessed 11 February 2004)

In Scotland again we can see that the Employment Option seems to be most successful in employment outcome compared to other options. People on other options on the other hand could improve their skills and qualification and 83% of the participants who have been interviewed for the evaluation agreed that they want to go on to do further education.¹²⁷ Job-satisfaction was relatively high only those on ETF were least satisfied and also did worse in terms of wages.¹²⁸

Focusing on the performance of disadvantaged groups it is obvious again, that NDYP is better able to respond to more conventional labour market problems than those of personal or social nature. Bonjour et al (2002) explore the extent to which residence in a Social Inclusion Partnership (SIP) area can be a predictor of social and labour market disadvantages in comparison to non-SIP residents. Participants from SIP

¹²⁶ Barnes, E. (2004): Shamless: Sicknote Scotland, in: Scotland on Sunday, January 25, 2004, p.15

¹²⁷ Bonjour et al (2002), p. 43

¹²⁸ Bonjour et al (2002), p. 80

areas were more likely to have labour market problems, also they had not necessarily more personal and social problems as may have been expected. Their commitment to training and development was lower than in non-SIP areas and they were more likely to go onto ETF or overstay Gateway and did worse in employment outcome than other participants.¹²⁹

The performance of participants from SIP areas in comparison to non-SIP residents is very valuable for that research as those people may face barriers into employment which are even less obvious than those of other disadvantaged groups. Social exclusion and poverty, which are often related to unemployment, are relatively high in that area and residents in that area face even more problems to go back into employment. The options offered under New Deal may not be the best route back into employment for a number of people.

6.2 Young people and the changing labour market in Glasgow

6.2.1 The changing labour market in Glasgow

Over the last decades Glasgow has seen a shift in its economy and labour market as manufacturing is declining, but the economy as whole is growing.

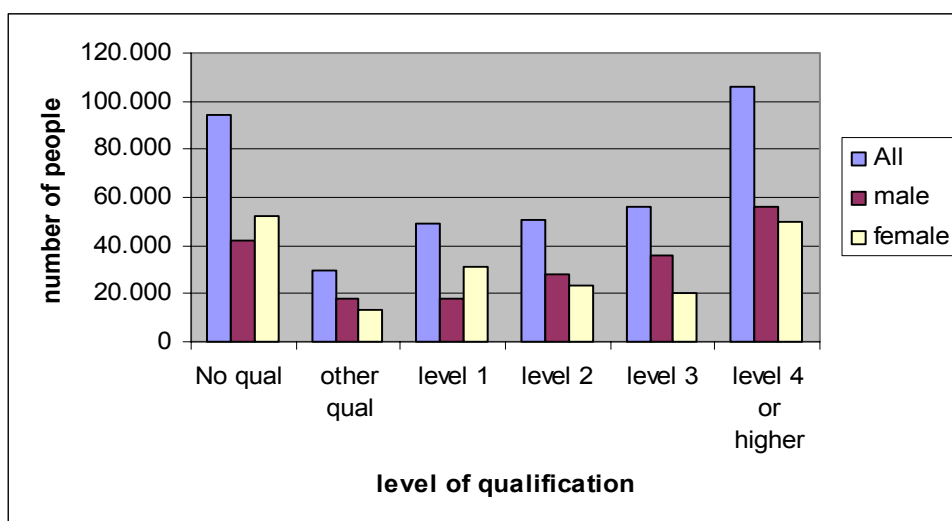
The job growth is reflecting the continuing decline of manufacturing jobs: Certain industries which are growing like retail, tourism, financial services, shared services (including call centres and data processing) as well as the sunrise industry (including software, creative industry and biotechnology). Other sectors on the other hand are declining and there had been a loss of “metal related jobs”, “other manufacturing jobs” and “engineering jobs”. There are fewer skilled production jobs and more technical, professional and service occupations demanded.¹³⁰

¹²⁹ Bonjour et al (2002-online), p. 88

¹³⁰ Eddy Adams Consultants (2000): Evaluation of The Jumpstart Programme, Final Report 2000, p. 7

Although the population in Glasgow seems to be declining, the number of working age people has been growing thanks to young in-migrants. More and more jobs are taken up by commuters as well and Glasgow residents often seem not to be able to compete with commuters as the number of residents with job has gone up by only 2,2 per cent whereas the number of jobs increased by 7,5 per cent. This might be due to the fact that Glasgow’s working age population has lower than average qualification and about one quarter holds no qualification compared to a Scottish average of just 16%.¹³¹

Graph 6: Number of working age people by highest level of education in Glasgow (March 2001 – Feb 2002)



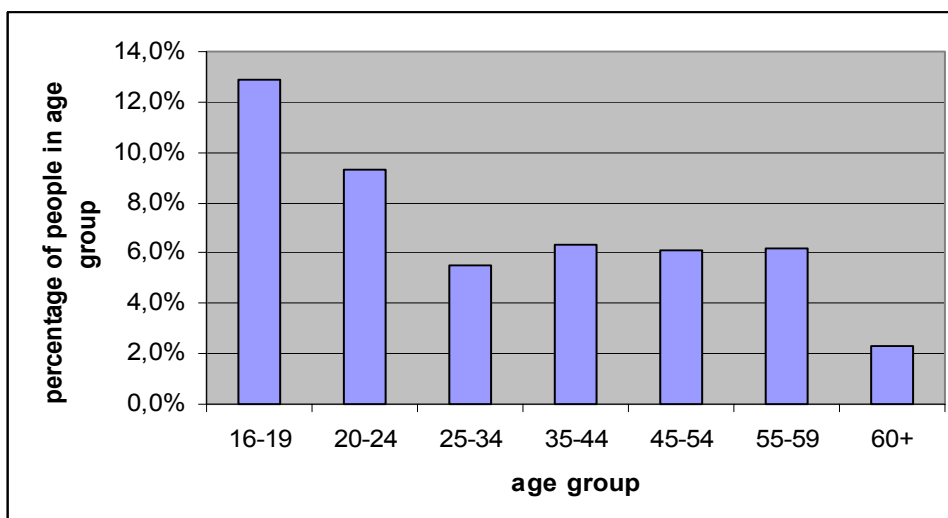
Source: National Statistics, (www.statistics.gov.uk/lifs/dl/glasgow_city.xls) (accessed 11 February 2004)

6.2.2 Young people and the labour market

In Glasgow the percentage of unemployed people is very high for those age 16-24 years old. Graph seven shows that in particular those under 19 are very vulnerable to unemployment and a high percentage of those under 19 are not entitled to get any benefits or to go on NDYP as already has been discussed above.

¹³¹ Scottish Enterprise, Glasgow City Council (2003-online): Glasgow Economic Audit 2003, Glasgow 2003, p. 51

Graph 7: Unemployment in Glasgow by age, January 2004



Source: SLIMS-Unemployment reporting system
(www.slims.org.uk)
(accessed 11 February 2004)

It is often argued that the transition period between school and employment is getting longer because a lot of people take the opportunity to go on further education to increase their employability.¹³² In Glasgow the proportion of young adults in education has been declining since 1997, in 2001 only 46% of Glasgow's 16-19 year olds were in full-time education, compared to a UK average of 58%.¹³³ The results of school-leavers in Glasgow also seem to be poorer compared to the Scottish average although figures slightly seem to be improving over the last few years.¹³⁴

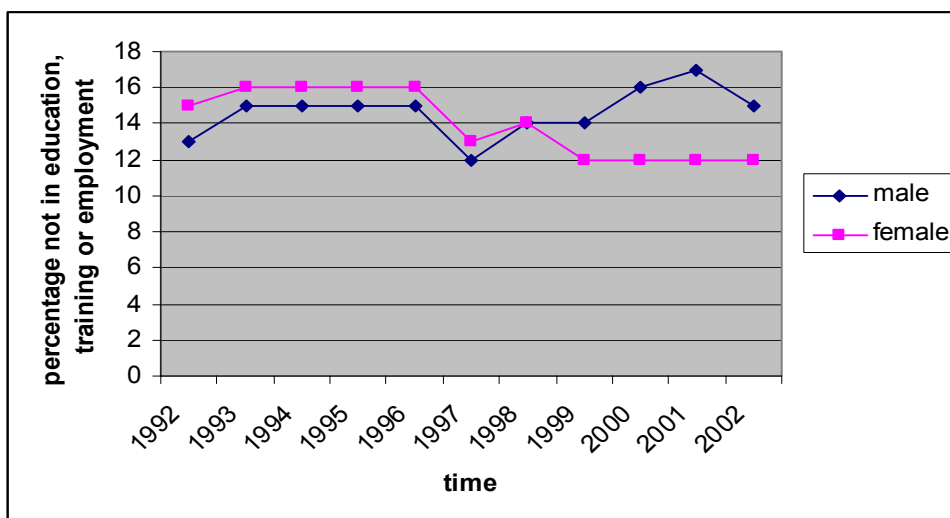
The figures in graph 8 also show that in particular the percentage of young men not in education, training or employment has been increasing, whereas the situation for young female slightly has improved over the past few years.

¹³² National Youth Agency (1998), p. 49f

¹³³ SLIMS (2003): Slims Glasgow Labour Market Statement 2003, www.slims.org.uk/resources/files/Glasgow%20Summary.pdf

¹³⁴ Scottish Enterprise, Glasgow City Council (2003-online), p.52

Graph 8: Percentage of 16-19 years olds not in education, training or employment



Source: Scottish Executive,
 (www.scotland.gov.uk/library5/environment/sdin-21.asp)
 (accessed 11 February 2004)

There also seems to be a mismatch between industries: in particular between young unemployed people with a lower level of education who want to enter the job market and jobs that are available and industries that are expected to grow. A study undertaken already in 2000 in Drumchapel, a SIP area of Glasgow and the location of the case study later on, showed that construction, clerical and service jobs were the three most popular industries young unemployed people would like to find employment in.¹³⁵ The construction industry, which presumably mainly is chosen by male young people has experienced a decline of 10.7% in 2002,¹³⁶ which does not improve the job prospects of unemployed young people who would like to enter this industry. Clerical jobs and employment in the service industry seems to be very high and growing,¹³⁷ so that the chances to find employment in these areas are higher, provided that young people have enough qualifications to enter these industries. Although more and more men are taking up what had been known as female jobs and vice versa, some industries are still gender dominated and industries which are female dominated seem to experience a growth in employment.¹³⁸ There is also the presumption that employment in the service industry or in banking is not an option for young men from a more disadvantaged background..

¹³⁵ in: Scott et al (2000): Guidance, learning and training in Drumchapel, p. 16

¹³⁶ Scottish Enterprise, Glasgow City Council (2003-online), p. 17

¹³⁷ Scottish Enterprise, Glasgow City Council (2003-online), p. 17

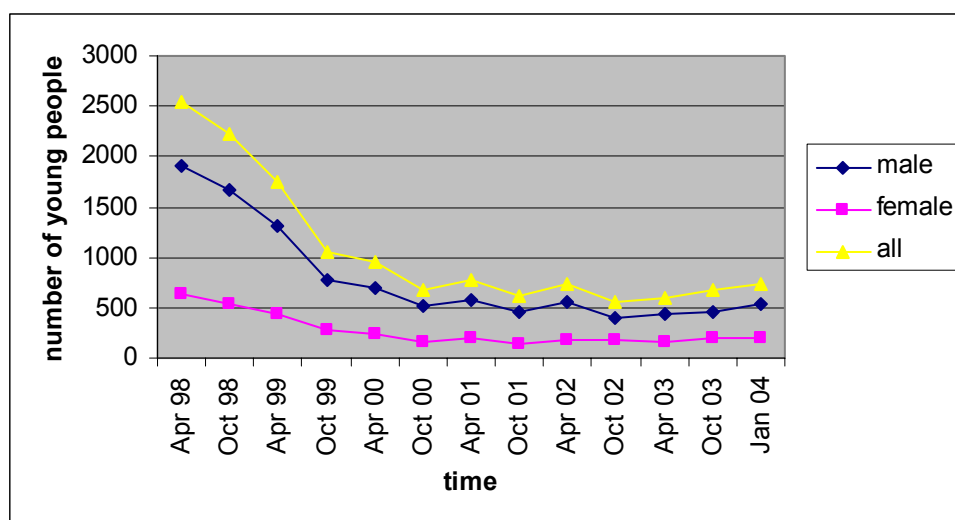
¹³⁸ see p. 47

Based on the problems young people face in the labour market in Glasgow, the following is going to have a look at in how far NDYP can help young people to get into the labour market.

6.2.3 NDYP in Glasgow

It has been mentioned before, that there are no significant differences in the performance of young people on NDYP, at least not in quantitative terms. It therefore might be more interesting to evaluate how NDYP is able to tackle the needs and problems young people face in the challenging labour market in Glasgow, and in particular those who are more disadvantaged.

Graph 9: Number of 18-24 years old participating in NDYP in Glasgow (April 98 – January 2004)



Source: SLIMS – Unemployment Reporting System
 (http://www.slims.org.uk)
 (accessed 11 February 2004)

Glasgow already experiences an over supply in (lower skilled) workforce and as in particular manual (lower qualified) jobs have been lost and a lot of young people, in particular men with lower qualifications still see construction as an area of interest, it is questionable if a labour market policy which only focuses on the supply side really can improve the situation for young people. Unfortunately no data could be found

comparing jobs entered by level of qualification as well as a detailed list of industries entered by NDYP leavers.

Where NDYP seems to be really successful is in improving the employability, the level of qualification and often even more important basic skills. The high percentage of young people not in education, training or employment after leaving school as mentioned above as well as the fact that Glasgow's school-leavers seem to perform more poorly than the Scottish average shows that a lot of people need additional training and education to be fit for the labour market.

As already mentioned NDYP is providing a good service for those it covers and those with conventional labour market problems. But the number of young people excluded from New Deal and the number of those with additional needs is high in Glasgow. In particular the number of early school-leavers not entering further education or employment creates a big problem in Glasgow as well as the high percentage of people claiming sick and disabled benefits, as in 2000 20.7% of the male working age population were sickness claimants.¹³⁹

The Scottish Executive has been seen to be very concerned about the problem of unemployment amongst young people and in particular those who are not covered by New Deal or who have additional needs and introduced some particular Scottish pilots which will be described in the following.

6.3 The Scottish Executive and their vision for the future of young people

In November 1999 the Scottish Executive published a report "Social Justice... a Scotland where everyone matters"¹⁴⁰, which set out their ambitions and milestones to tackle poverty and inequalities in Scotland. The main aim in particular was to close

¹³⁹ Barnes, E. (2004): Shamless: Sicknote Scotland, in: Scotland on Sunday, January 25, 2004, p.15

¹⁴⁰ Scottish Executive (1999-online): Social Justice ... a Scotland where everyone matters, Scottish Executive, Edinburgh 1999

the opportunity gap between the most disadvantaged and the average of Scotland. Of particular interest is their approach to improve the education and the transition of young people into work, particularly for more disadvantaged and difficult young people. They also introduced some measures in addition to mainstream programmes to reach those aged under 18 who are not covered by New Deal.

The Scottish Executive announced that they want to give every young person the opportunities, skills and support to make a successful transition into work. Due to the perception that young people leaving school often do not have enough qualifications to enter a highly competitive labour market, one of the long term aims is to provide every young person leaving school at the age of 16 with the maximum of education and qualification possible and to get everyone aged 19 involved in some kind of training or education.¹⁴¹

In order to reach these aims, the Scottish Executive provided support for young unemployed people under the New Deal and tried to get more young people from lower income families involved into education through the Education Maintenance Allowance in line with Westminster legislation. To provide support for those who are more disadvantaged, the Scottish Executive went further to allocate more money for disadvantaged people aged 15-34 years old under the New Futures fund as well as implementing some pilot projects based on the recommendations of the findings of the Beattie Committee.¹⁴²

New Futures Fund has been introduced in May 1998 by the Scottish Executive, partly in response to the perception that New Deal does not reach all potential clients and that the service and advice provided under New Deal is not always suitable for those further away from the labour market who have specific needs. New Futures Fund has made funds available for organisations who provide service and advice to more socially and economically disadvantaged people. The initiative is less concerned about employment outcomes but is more concerned about the individuals ability to improve social and economic inclusion.¹⁴³

¹⁴¹ Scottish Executive (2000-online): Social Justice ... a Scotland where everyone matters – Annual Report 2000, Scottish Executive, Edinburgh 2000

¹⁴² Scottish Executive (2000-online)

¹⁴³ Scottish Enterprise (online): New Futures Fund

The Beattie Committee was established in 1998 to review the needs and provision of advice and services for young people with additional support needs. The Committee published a report “Implementing inclusiveness, realising potential”¹⁴⁴ in which it recommended improvements to make training and educations more accessible for more vulnerable young people to improve the transition into employment.

The main aim of the policy recommendations was to provide a join-up service through a ‘key worker’ in order “to ensure that young people and their parents or carers are able to get to the right person at the right time without being passed around a number of different agencies and individual professionals.”¹⁴⁵

Key workers are drawn from all different backgrounds and the main focus for recruitment is on their experiences in working with vulnerable young people. It is seen as very important that key workers build up a good relationship with young people, parents and carers to be able to identify individual needs. Furthermore, it is essential that they are in cooperation with training and employment providers in order to be informed about opportunities they can offer to their clients. The following case study gives an inside view of how the ‘key worker’ idea works in practice.

6.4 Youth unemployment and the ‘key worker’ initiative in Drumchapel – a case study

6.4.1 Background information

The following research is based on a case-study of the ‘key-worker’ idea in Drumchapel, a SIP area in Glasgow which already has been mentioned before. Key workers play a major part in the social inclusion strategy. In particular regarding “to

¹⁴⁴ Beattie Committee (1999-online): Implementing Inclusiveness, realising potential, Scottish Executive, Edinburgh 1999

¹⁴⁵ Beattie National Action Group (2003-online): Inclusiveness – being implemented, potential – being realised, Scottish Executive, Edinburgh 2003

help disadvantaged and workless people into further education and training, sustainable employment and self-employment”.¹⁴⁶

Due to the limited resources available for this research only two interviews with a small number of people have been conducted. These case study therefore does not provide sufficient information to draw conclusions for the general success or failure of the key worker idea, but gives an example how key workers try to help young (often more disadvantaged and difficult) people back into training or employment.

Two separate interviews have been conducted arranged by one of the key workers in the premises of Drumchapel Opportunities. The first interview was a semi-structured interview with two key workers and the second was a semi-structured interview with three young boys at the age of 16-18 years old.

Before analysing the findings from the two interviews one institution should be explained which has been mentioned during the interviews: Parts of the building of Drumchapel Opportunities is rent to “Right Track”. Right Track is a registered charity which is specialised in delivering training to young people who are not ready for mainstream training yet due to additional needs. Young people can take part in vocational training, core skill trainings or personal skill straining. The courses can be done part or full-time and participants will get paid a weekly allowance depending on the programme, in general between £40-60 a week.

6.4.2 Interviews with key workers

The key workers reported that they mainly work together with young people aged 16 and 17, those who are not eligible for New Deal and those “who might be lost in the system” without getting help. Every key worker is working with 25-30 people or less. They are recruited from all different backgrounds and the most important criteria for employment was mentioned to be their experiences in working together with young people.

¹⁴⁶ Drumchapel Opportunities (): Drumchapel Opportunities, Strategy 2002-2005, leaflet p. 4

Young people in general were referred to a key worker through “Career Scotland”, social workers or friends. The key workers also get a list of non-attenders from local schools who they are going to contact. The interviewees mentioned that they now more and more try to get in schools in order to get involved with young people as soon as possible.

The programme includes regular meetings between key workers and young people to find out what the young person really wants to do and there is the perception that the most important thing for success is to spend time with young people and to create confidence. One way of creating such a relationship of trust was seen in telling the young people right from the beginning, that key workers cannot force them into anything and that the young people even when they are on the training always should come to them if there are any problems.

One main task of key workers was mentioned to be finding training or work placements or another type of education as well as helping them to fill in application forms or even take them to an interview. They also said, that they have some funding available to pay for travel expenses and other work related costs in the first month which often could be a barrier into work.

The main barriers to work identified by the key workers in Drumchapel is a low level of education and basic knowledge and literacy problems are very common. A lot of the young people seem to have a very low self-confidence. These and other even less obvious barriers into work, like the “post code problem” only can be discovered when there is a relationship of trust between the key worker and the young person.

“We got a really good place for him at a college to do a construction course but he said he could not go to this college, although it is just down the road, as he was frightened to be threatened by youngsters of his age.”
(key worker)

“He had really good qualifications, but he thought he could not attend this course as he is from Drumchapel” (key worker)

Some of the young people come from a social background where there is a culture of unemployment so key workers might not only have problems to get access to young people but even to get parents on the boot.

“I was visiting a young person at home and his mum wanted to throw me out of the room as she thought I would be ‘another social worker’” (key worker)

Another problem identified by one key worker, is that it sometimes can be difficult to convince a young person to fill in an application form especially when they are on programmes like Right Track, where they can do some training in the local area and get paid between £45-60 per week. It often seems to be hard work to convince young people to take up a place that at the moment does not offer more money, but in the long run will offer better opportunities.

Amongst key workers there is also the perception that the 6 weekly meetings of the “Beattie Local Inclusion Team” are a very helpful tool to exchange experiences and to get to know about opportunities for the young people. The meetings are attended by key workers, social workers, people from the Employment Service, from colleges from Drumchapel Opportunities and others.

Both key workers said that they had negative experience in working together with New Deal personal advisor. The relationship seems to be competitive rather than cooperative.

“After the girl became 18 she went to the New Deal Advisor who told her not to go to the key worker first. We had a really good place for her, she was interested in, but she had to wait for a while so the New Deal advisor forced her into another programme which lasted longer and she could not take up the opportunity.” (key workers)

There is the perception that for New Deal advisor it is often difficult to see the whole picture as they may not have all the background information key workers get access to and are under far more pressure to meet their targets.

6.4.3 Interviews with young people

The three boys who have been interviewed were aged 16,17 and 18 and all were on “Right Track”. They all wanted to get a apprenticeship in construction, but their qualifications were different. One of the boys had finished the construction college already, but then went to work in a car wash until he quit because he had an argument with the manager whereas the others had to leave school ‘because of their behaviour’ and went on EA, “*that’s where bad people go*”. (Young person, 16)

The two boys who dropped out of school thought that Right Track would be ‘okay’, as they get paid £60 per week and one also saw getting certificates as an advantage as one can take them to interviews. The oldest who already had finished a course at the building college did not think that he could get anything out of it and would prefer to earn money.

This perception of taking any job just to earn money was common to all three, although they preferred an apprenticeship as that would give them training and a job for life. Being asked if it is difficult to find an apprenticeship they all agreed but also said that it is easier if the key worker help them. The key workers find places and help with the applications “*even when you can’t be bothered*” (Young person, 18) and it also has been mentioned by one boy that it is good that they take them to the interviews. The key workers were seen as the only person who they would turn to in order to get advice.

The boys themselves did not show any initiatives to look for places themselves and being told about other places to look for jobs like Career Scotland they said that they never used it and “*can not be bothered ... just waitin’*” (Young person, 16)

As one of the interviewees was already eighteen and would have been entitled to apply for JSA and to go on NDYP, it was interesting to hear that he did not want to apply for it. The money he would get was not seen as an incentive and NDYP was not familiar to him at all.

“It’s only 80 quid per fortnight. I can’t be bothered to do that ... so I just leave it.” (Young person, 18)

6.4.4 Summary

The case study shows that a lot of young people face barriers into employment which may not been discovered by mainstream programmes. Key workers seem to be able to create a relationship of trust and to get access to young people. Amongst the interviewees key workers were seen as the only contact person in terms of job search activities and without their help they would not have taken own initiatives.

The small number of clients allows the key worker to operate on a very individual basis with young people and the design of the programme gives key workers a lot of flexibility and freedom. Nevertheless, as they have no power to sanction young people for non co-operation, the success of the programme is even more based on the skills of the key worker to get access to young people and to convince them to take up the opportunities offered to them.

This approach might be a model that could be introduced all over Britain. Financing the programme probably imposes the biggest problem as the programme only seems to be successful if the number of participants per key worker is limited. Another reason for success has been mentioned to be the co-operation between different voluntary organisations, governmental institutions, local authorities and training/employment providers. As the key workers mentioned that the experiences with co-operation with New Deal personal advisors has been rather negative, there is a lot of scope for improvement. New Deal could learn from the success of intensive co-operation between different partners and communication and co-operation between key workers and personal advisors would increase mutual understanding and the exchange of information, experience and knowledge and would be to the advantage of those who are in the focus of all those measures of intervention – young unemployed people.

7 Conclusion

Poverty and social exclusion always played a major role in the British society. The Poor Law shaped the provision of poor relief for the British population from the 19th up to the beginning of the 21st century. The perception that poverty and unemployment seem to be related had a big influence on the development of the welfare system. Economic and social changes always challenged politicians to adopt their social policies to the current situation. Although a lot of reforms and changes took place over the years, the welfare system always has been created more or less around employment. The introduction of the workhouse test showed the conditionality of work and entitlement to benefits. From the first decade of the 21st century up to the 1970s welfare entitlement and work obligation remained much more loosely connected for most of the population and only in the 1980s entitlements became much more conditional along the US lines of the idea of work-for-welfare conditions.

New Labour even more focuses on the perception that work is the main route out of poverty. They plead for a system where everyone who is able to work should get the opportunity to do so and they want to achieve that by helping those currently not in work to get back into employment through active labour market measures. For those who can not work they want to provide a safety net to reduce poverty.

Their reforms are based on previous models of intervention as well as good practice from other countries and they moved closer to Conservative thinking in designing their welfare state. New Deal became the flagship of their policy which should help more people to move into employment and also increase the level of education and skills of the workforce.

NDYP as an example shows how the process is working and the evaluation has shown that in quantitative terms the government's policy has been successful in reducing youth unemployment. What becomes clear from the evaluation is, that NDYP is able to help those with problems closely related to the labour market and to provide a good service to those who, sooner or later, might have found a job anyway.

More disadvantaged groups and those with more unconventional difficulties and barriers into employment often cannot get the service they need. Although the government want to offer “*work for those who can*”¹⁴⁷ it still does not reach all people of working age, as young people under 18, those who are not signing in for JSA and who are on other benefits, but may be able to work, are excluded from the service. (Some may be able to apply in exceptional cases).

Glasgow , a city who experienced a decline in its main industries, where the job growth does not go in line with the growth of the working age population and a very high number of youth unemployment and sick claimants, has been taken as an example to show which problems young unemployed people face to get into employment. Glasgow already experiences an oversupply, in particular in low-skilled manufacturing jobs which are declining and the expectations and the qualifications young people offer often do not match with the skills employer want in the industries that are growing. In such an environment those with additional needs find it even more difficult to make the transition into work.

The Scottish Executive has introduced an other method of intervention for school-leavers who have more difficulties to make the transition into employment. They may belong to one of the disadvantaged groups, have lower or no qualification or have other difficulties to find employment.

The key worker seem to get access to young people and their personal problems mainstream programmes may not get and through intensive care and a relationship of trust they can find out the real strength and weaknesses of young people and get the big picture about their expectations and barriers into employment so that they may be better capable of finding the right places for them.

New Deal advisors often are not able to get the whole picture which can cause difficulties in cooperation and the success of the programme. The big advantage of key workers is that they only work with a small number of cases and have a lot of resources to offer young people additional service like taking them to interviews and

¹⁴⁷ DSS (1998), p.iii

can profit from the close cooperation of the network which has been established as part of the Beattie-Action Group Strategy.

It is open for discussion if the key worker idea can be copied into other areas and in how far New Deal personal advisors could learn from that good example of cooperation between more difficult young people and key workers. What could be learned from the case study is, that the cooperation between New Deal personal advisors and key workers as well as other organisations can be improved. Both parties could learn from each other and exchange information about opportunities for young people. As the key worker idea as well as other non-mainstream programmes, in particular Intermediate Labour Market (ILM) programmes like the Wise Group in Glasgow¹⁴⁸, who help those with additional needs are very successful, it would be worth discussing if the government should allocate more resources to such projects so that New Deal advisors could refer people with additional needs to other programmes which would reduce their case load, so that they can provide a better service to their clients and those young people who have additional needs could get service and advice from people who are specialised in their field.

¹⁴⁸ more information about ILMs: Joseph Rowntree Foundation (2000-online): The Intermediate Labour Market, September 2000, Ref 970

Statutory Declaration

I hereby declare that I have written this thesis on my own, without anyone else's help. I have also, to the best of my knowledge, indicated passages and ideas used verbatim or indirectly and I have used no other sources or aids than those indicated.

This thesis contains 20,081 words.

Glasgow, 24th February

.....
Dunja-Maria Bischof (Dipl.-Betriebswirtin (BA))

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