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New Deal for Disabled People: What's New About New Deal

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Introduction

The aim the Labour Government's employment policy is "... to ensure a higher proportion of people in work than ever before by 2010." (HM Treasury, 2003, para 4.1). For disabled people this has been translated into a Public Service Agreement target for the Department for Work and Pensions (DWP) of increasing over the three years to 2006 the employment rate of people with disabilities and significantly reducing the difference between this rate and the overall employment rate. The New Deal for Disabled People (NDDP) is Labour's main employment programme for people in receipt of a disability or incapacity-related benefit, and, as a member of a 'family' of New Deal programmes, is an important component of the Government's welfare to work strategy (Stafford, 2003b). NDDP was piloted and then in 2001 extended nationally.

This chapter discusses both the pilot and nationally extended versions of NDDP. It has three main sections. The first part briefly outlines the main features of NDDP, and the second focuses on some of the key findings that have emerged from published evaluations of NDDP. The final section concludes by arguing that a

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rigorous evaluation of NDDP should be welcomed by those with an interest in helping incapacity benefit recipients into employment.

New Deal for Disabled People: An Overview

NDDP aims to help people claiming incapacity-related benefits move into sustained employment. For both pilot and national extension versions participation in the programme is voluntary and is open to anyone claiming a qualifying benefit (see Table 1). The programme is delivered by not-for-profit, private and public sector organisations and providers have been encouraged to be innovative so *“transforming the way in which the benefits system supports disabled people who want to work”* (DWP, 1998: 3)

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New Deal for Disabled People Pilots	New Deal for Disabled People national extension
<p>Incapacitated for work for 28 weeks or more and claiming: Incapacity Benefit Severe Disablement Allowance National Insurance credits on grounds of incapacity.</p> <p>Programme could also be provided to people in employment and at risk of losing their jobs due to ill-health.</p>	<p>Incapacity Benefit Severe Disablement Allowance Income Support with a Disability Premium Income Support pending the result of an appeal against disallowance from Incapacity Benefit Housing Benefit or Council Tax Benefit with a Disability Premium* Disability Living Allowance* War Pension with an Unemployability Supplement Industrial Injuries Disablement Benefit with an Unemployability Supplement National Insurance credits on grounds of incapacity Equivalent benefits to Incapacity Benefit being imported into Great Britain under European Community Regulations on the co-ordination of social security and the terms of the European Economic Area Agreement.</p>

Table 1 NDDP qualifying benefits

- *Provided it is paid in respect of the recipient herself/himself, and recipient is **not** in paid work of 16 hours a week or more, or getting Jobseekers Allowance.*

Source: Stafford (2003a)

Two variants of NDDP were piloted and operated between September 1998 and June 2001: the Personal Adviser Service (PAS) and the Innovative Schemes. In the 12 PAS pilot areas a personal adviser assisted people claiming incapacity-benefits to find and retain employment. The then Employment Service ran six of the pilots, and the remainder were operated by partnerships of private and voluntary sector organizations.¹ The Innovative

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Schemes were established to pilot approaches to tackling disabled people's barriers to work and assisting them into work, which if successful could be replicated. Contracts to run the schemes were awarded to a variety of private and voluntary sector organizations.

In July 2001 NDDP was, using the Government's terminology, 'extended' nationally rather than 'rolled out'. Although the pilots informed the design of the national extension, policy makers wanted to 'test' on a national scale further measures to help people claiming incapacity-related benefits move into work. The national extension to NDDP is delivered by around 60 Job Brokers, who are organizations from the not-for-profit, private and public sectors.² These organisations competitively tendered to deliver NDDP initially until March 2004, there have been additional rounds of procurement and the programme has been extended for a further two years to March 2006.

Some Job Brokers have specific expertise in a 'disability' and others are generalists. Each Job Broker covers a specific geographical area, some serve single local authorities whilst others larger areas. People wanting to participate in the programme have to register with a Job Broker.

There is also an 'NDDP Gateway' at Jobcentre Plus offices. When personal advisers conduct work focused interviews for new and

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repeat claimants they should inform claimants of both the programme and local job brokering services. People registering for NDDP continue to have access to 'mainstream' support programmes, but have to access them through Jobcentre Plus.

Government funding for the national extension is outcome related. Job Brokers received a registration fee of £100 per participant and outcome payments for both job entries and sustained employment.³ The actual amount received by Job Brokers varies and depends upon what they negotiated as part of the procurement process. Job Brokers (and others) have been critical of the funding regime, although there was some support amongst Job Brokers for the principle of outcome funding (Corden et al., 2003). The consequences for Job Brokers vary. In some organisations the job broking service was financially integrated and effectively cushioned by other income streams, some Job Brokers were prepared to tolerate some level of financial loss and some experienced cash flow problems. Some felt that the levels of funding were too low and that Job Brokers carried too much of the financial risk. Lower than anticipated take-up and greater difficulties than expected in moving some clients into work have exacerbated the funding situation for some Job Brokers.

Unlike some other New Deals, NDDP does not include an employment option with a subsidy payable to employers. Although

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some Job Brokers do offer such payments to employers, it is claimed that the lack of a national subsidy scheme makes NDDP clients less attractive relative to other New Deal clients.

NDDP also operates within a wider policy climate of work incentives, tax changes and employment service initiatives and schemes aimed at specific client groups or geographical areas. It is a supply side measure and whilst it can be seen as part of a wider package of measures, it arguably could be more effectively embedded with other policies that aim to advance the social and employment rights of disabled people.

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Key findings from evaluations of NDDP

This section highlights some of the key findings from published evaluations of NDDP. Currently, there is a body of evidence on the implementation and delivery of the pilots and national extension, and a largely descriptive account of the programme's outcomes or impacts. Moreover, at the time writing the findings for the national extension cover only the first 18 months of the programme. The evaluation of the national version of NDDP is on-going and further findings will enter the public domain.

Low take-up of the programme by individuals

Arguably, a feature of the pilots and the national extension is that the take-up of NDDP is relatively low (Loumidis et al., 2001a; Corden et al., 2003; Woodward et al., 2003). The take-up rate for the PAS pilot was 7% (as at November 2000), a total of 18,166 clients; and in addition, nearly 5,200 clients registered for the Innovative Schemes. The estimated take-up rate for the national extension is lower at 1.9 per cent (Stafford, et al., 2004). Qualitative research reveals that whilst the experiences of individual Job Brokers vary, the take-up of the national programme is less than they had expected (Corden et al., 2003).

The difference in the take-up rates of the PAS and national extension is intriguing. The take-up of the national extension can be expected to increase over time. However, it will be interesting to

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see whether it ever reaches 7%. Given the similarities between the two versions of NDDP, if the take-up rate for the national extension does not match that for the PAS, then this might be an example of a 'pilot effect', whereby the energy and possibly enthusiasm generated by a pilot cannot be reproduced at national level.

The relatively low take-up of NDDP reflects that (Arthur et al., 1999; Loumidis et al., 2001; Hills et al., 2001; Corden et al., 2003; Woodward et al., 2003):

- The most common reason given by potential clients for not participating was that they were too unwell.
- Providers have been critical of the scale of national marketing and of the materials used. For instance, providers in the PAS pilot and national extension have been disappointed by the content of publicity letters and leaflets sent to the client group by the Department for Work and Pensions.
- The number of referrals from other organisations was lower than anticipated and some of those referred could be judged 'unsuitable' for the programme.
- Some people did not identify themselves as 'disabled' and the name of the programme implied that it was not relevant to their needs.

Not surprisingly, levels of awareness of the programme are modest. In the PAS pilot only a half of surveyed non-participants had heard

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of NDDP (Loumidis et al., 2001a); similarly, one year after the national extension was implemented over a half of the eligible population had heard of NDDP and/or a Job Broker operating in their area (Woodward et al., 2003). Pilot and national evaluations have tentatively identified potential users of NDDP; and Woodward et al. (2003) suggest that around 15 per cent of those flowing onto incapacity-related benefits and seven per cent of existing recipients could use the service.

However, and as pointed out below, NDDP was never resourced to address the needs of the entire eligible population and the achieved take-up rates are possibly what would be expected for a voluntary programme aimed at this client group. Moreover, it is debatable whether awareness levels of around a half of the in-scope population are seen as a 'success' or a 'failure' in marketing terms.

Selection of clients by providers

The target population for NDDP is very heterogeneous. Whilst some pilot providers and Job Brokers worked with people who were a 'long distance' from the labour market there was a tendency for participants to be closer to the labour market than non-participants (Hills et al., 2001; Loumidis et al., **2001 REF-presumably 2001a?**). Indeed, over time as the PAS pilot became more focused on employment as the primary programme outcome

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only those people closer to the labour market were caseloaded by advisers. Although some Job Brokers did not select at registration and could be opposed to the idea, the funding regime for the national extension did lead some Job Brokers to prioritise those clients who were more 'job ready'. These clients required less support and were more likely to generate an outcome related payment (Corden et al., 2003). Where work was seen as a longer-term prospect or high levels of support were needed, individuals could be referred to other services or other options like voluntary work, and discouraged from registering for NDDP. Moreover, following changes in Job Brokers funding arrangements in late 2003, Job Brokers are required, under their contract, to ensure that at least 25% of their registrations lead to a job outcome.

Arguably, limited resources and targets that focus on job entries mean some form of selection by providers is inevitable. NDDP was never resourced (£197 million for the pilots and £120 million for the national extension) to meet the needs of the entire eligible population. Whether it should have been is another question. A characteristic of New Deals aimed at their entire in-scope populations, such as New Deal for Young People, is that they are mandatory. There is little or no support for a compulsory NDDP, and the selection of participants can be seen as a structural consequence of a voluntary programme. Nonetheless, the NDDP

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funding regime has been criticised because it cannot provide the intensive support needed for those with significant impairments.

Partnership working is important

Pilot providers and Job Brokers usually worked in partnership with other organisations (Loumidis et al., 2001; Hills et al., 2001; Corden et al., 2003). Some partners had a more strategic or advisory role, others a more operational role. Working with others can mean delivering better, more comprehensive services to clients, but building relationships takes time and resources that were often not available. There was no single model of partnership working in the pilots and over time relationships were fluid. Providers learnt that it was important to manage the organisations' different agendas, to maintain shared objectives and to be clear about respective roles.

The qualitative research with Job Brokers also highlighted one of the lessons of the pilot, namely, the importance of providers' links with benefit and employment services, as they are a potential source of referrals and provide access to programmes, such as Access to Work.⁴ However, pilot providers and Job Brokers did not always have an easy relationship with benefit and employment services. The number of referrals, for instance, could be fewer than desired, and Jobcentre (Plus) staff could perceive the providers' services as being in competition with their own

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(Loumidis et al., 2001; Hills et al., 2001; Corden et al., 2003). There were, though, examples of good relationships (often based on existing contacts or other contracts) (Hills et al., 2001; Corden et al., 2003), and the pilots imply that relationships improve over time.

Frontline staff have a critical role

Although frontline staff have a key role in the delivery of NDDP (Hills et al., 2001; Loumidis et al., 2001a), there is no single model of staff organisation. The pilots also demonstrate that staff delivering NDDP required a wide range of knowledge and skills (Hills et al., 2001; Loumidis et al., 2001a). Staff needed to have an understanding of the needs of the client group, of disability, of benefit and employment services and of local employers, as well as technical, personal and interpersonal skills. Some pilot providers believed that the competencies required were too diverse and subsequently a degree of specialisation of tasks amongst staff emerged. The Job Brokers also seemed to have different models for organising staff, and the extent to which they had generic or specialised roles varied (Corden et al., 2003; McDonald et al., 2004). Generic roles enabled staff to develop an in-depth understanding of the client and their needs, clients only had to give information once and staff welcomed the autonomy it gave them. Whilst specialist roles, such as in job-searching or working

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with employers, allowed staff to develop expertise and strengthen the service delivered, as well as emphasising team working.

Working with employers is important

Employers' awareness of New Deal, as a brand, is relatively high, but was much lower for the nationally extended NDDP (Aston et al., 2003). Nevertheless, links with employers are important to the success of NDDP. For instance, the evaluation of the Innovative Schemes showed that schemes with good contacts with employers were more successful at finding job opportunities for clients (Hills et al., 2001). Providers' success in engaging employers varied, some employers were committed to employing disabled people others less so (Hills et al., 2001; Loumidis et al., 2001; Aston et al., 2003). However, working with employers could be a slow process, and providers were not always able to maintain the necessary sizable investment in time and effort (Hills et al., 2001; Loumidis et al., 2001).

Employers' low level of awareness of NDDP was partly because contacts with employers tended to be made by clients (Aston et al., 2003). This was perceived as beneficial by some employers as it left them in control of their recruitment and selection procedures. For clients wary of being labelled 'disabled' it also meant that employers did not know they were registered on NDDP. This did not prevent Job Brokers working with clients behind the scenes.

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However, some clients were disappointed that Job Brokers did not have more extensive contacts with employers (see below) (Corden et al., 2003).

Approaches by Job Brokers were usually client-driven and in response to an advertised vacancy (Aston et al., 2003). During the first year of the national extension there were few examples of longer-term employer-Job Broker relationships. Nevertheless, Job Brokers were planning to develop their links with employers later on (Corden et al., 2003), a pattern of development that was characteristic of the PAS pilot (Loumidis et al., 2003).

Clients were generally positive about NDDP

In general, clients were positive about NDDP, they valued how services were delivered and actual services provided (Hills et al., 2001; Loumidis et al., 2001; Corden et al., 2003). Overall, clients held positive opinions about staff and were satisfied with their progression towards employment.

However, it is inevitable that with services aimed at such a heterogeneous user group there are some who were disappointed and dissatisfied with the programme. For some clients the programme did not maintain a sense of progression towards work and/or they were critical of the quality of service provision (Hills et al., 2001; Loumidis et al., 2001a). The early findings from the

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national extension suggest that dissatisfaction with NDDP arises when clients' expectations are not fulfilled (Corden et al., 2003). Clients contact Job Brokers with a wide range of aims and aspirations, some are more work-focused than others. Whilst the Job Brokers service, itself, offers a diverse range of opportunities. The extent to which clients' expectations were met will depend upon how well they match with a particular Job Broker's provision. Corden et al. (2003) suggests reducing the risk of a poor match requires potential clients to be better informed about what specific Job Brokers can offer and what is expected of them.

Employment outcomes

Although employment outcomes are not the only possible measure of the success of NDDP they are central to any assessment of the programme. The original target for the national extension of NDDP was 90,000 job entries over three years (Employment Service, 2000).

Different evaluation designs have been utilised to compare what did happen following the introduction of the programme with what would have happened in its absence. The latter (known as the counterfactual) is required if estimates of the net impact of the programme are to be made. The evaluation design of the PAS pilot included an 'area' comparison, whereby outcomes for the 12 pilot areas were to be compared against a national survey of the

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incapacity benefit population (Loumidis et al., 2001b). However, the final report of the independent evaluation did not report any estimate of the net impact of the Service. This was mainly because of a poor match between those that participated in PAS and respondents in the national survey. Instead, the then Department for Social Security attempted an estimate of the impact of the pilot using administrative data (Redway, 2001). However, due to small sample sizes, it was unable to measure any increase in moves off incapacity benefits by the eligible population in the 12 PAS pilots.

In basic terms:

- by June 2000 39% of participants in the tranche 1 Innovation Schemes and 26% in tranche 2 schemes had moved into work (Hills et al., 2001)
- by November 2000, 26% of participants (4,800) in PAS areas had moved into employment (Loumidis et al., 2001)
- between July 2001 and June 2004 there were 99,260 registrations with Job Brokers, of whom 46% (45,390) had moved into employment (DWP, 2004)

However, what is unknown is how many of those moving into work would have done so in the absence of the programme. Whether NDDP has a significant impact on employment outcomes is, therefore, unproven. Hopefully, the on-going evaluation of the national extension of NDDP will provide an assessment of whether or not the programme makes a difference.

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In-work support

The pilots identified the need for in-work support if former clients were to achieve sustained employment. In-work support is a feature of the national extension and Job Brokers receive a payment if their clients' employment is sustained. The definition of sustained employment was initially employment lasting for at least 26 weeks out of the first 39 weeks since job entry. Following the extension of Job Brokers contracts in October 2003, the threshold for sustained employment has been reduced to 13 weeks. This might not seem to be a very long period of time, but it does make NDDP compatible with the definition used for other New Deals.

Qualitative research with employers, clients and Job Brokers reveals little evidence of active in-work support by Job Brokers. This might reflect the nascent nature of the service, and levels of in-work provision may increase as more clients move into employment, or it might mean that there is a low demand for in-work services, but this is unlikely.

Cost effectiveness

There is limited evidence on the cost effectiveness of NDDP. Tentative estimates for the pilots show that the cost per job (Dean and Kent, 2001):

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- by end March 2001 for the PAS pilots delivered by the then Employment Service was £2,400 and for the other PAS pilots was £4,100.
- between August 1998 and end May 2000 for the tranche 1 Innovative Schemes it was £3,700 and between July 1999 and end March 2000 it was £3,100 for tranche 2 schemes.

These figures are averages, and costs per job did decline over time and vary by pilot location. Furthermore, they do not take account of wider benefits and costs, such as benefit savings, and exclude any additional jobs generated by the pilots. Without a net impact assessment it is difficult to know if NDDP represents good value for money. The on-going evaluation of NDDP includes a cost benefit analysis, consequently whether an NDDP type programme represents good value for money may be known in the future.

Discussion and conclusions

This paper has reviewed key findings from the published evaluations of NDDP. The scope of the findings to some extent mirror the research designs followed. Thus there is a body of knowledge emerging on the *process* of implementing and delivering NDDP, but there is limited information on the *impact* of the programme. Whilst the evaluations also incorporate a longitudinal dimension, they do not provide information on the longer-term outcomes of NDDP; so whether the programme has any lasting

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impact or if participants and non-participants tend to arrive at the 'same' destination is unknown.

The evaluation of the national extension of NDDP is, at the time of writing, on-going. It was originally conceived as a social experiment, with Job Brokers' clients randomly assigned to action and control groups. Such a design would have provided policy-makers, providers and disabled people with credible and robust estimates of the net impact and value for money (through a cost-benefit analysis) of NDDP. However, using random assignment with the client group was highly contentious, and Ministers decided not to proceed with an experimental design in December 2001. Hopefully, survey and administrative data will eventually provide an assessment of the impact of NDDP. Such an assessment is important to all those with an interest in disability and employment issues because of the emphasis placed on evidence based policy making by Government.

Reassuringly, there is a high degree of consistency between findings from the pilots and the national extension. The pilot findings cover two years, effectively the early and later stages of the pilots, whilst the findings for the national extension encompass only its 18 months of operation. This similarity is to be expected as the target populations are essentially the same (mainly recipients of Incapacity Benefit) and the services provides are

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broadly the same (principally caseworkers offering a fairly low level intervention to people who are relatively close to the labour market). Over time more significant differences between the pilots and the national extension may emerge. Nonetheless, whatever happens rigorous evaluation of NDDP should be welcomed by those with an interest in helping incapacity benefit recipients move into employment, in particular assessing the net impact of employment and other outcomes is vital.

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¹ The Employment Service and parts of the Benefits Agency were merged in April 2002 to form Jobcentre Plus, which provides both benefit and employment services for all people of working age. As part of the roll-out of Jobcentre Plus, new and repeat claimants must attend a work focused interview with a personal adviser.

² The NDDP website contains a list of all Job Broker organizations - <http://www.newdeal.gov.uk/english/unempdisabled/>

³ In October 2003 the amount of the registration fee was raised to £300. In addition, the re-definition of sustained employment as 13 weeks of employment means that Job Brokers receive the sustainability outcome payment earlier than under the previous funding regime.

⁴ The benefit and employment services for the pilots were the then Employment Service and the Benefits Agency, for the national extension it is Jobcentre Plus.