This report presents the findings of the second phase of a survey of a random sample drawn from the September 1998 – February 1999 cohort of entrants to NDYP in Scotland. The New Deal for Young People was rolled out nationally in April 1998. It aims to help young people into jobs and increase their long-term employability. The main aims of this second phase of evaluation were: to examine experiences of the New Deal and changes in employability; the impact of the New Deal Options on unemployment exit and employment entry, job quality; and the experiences of disadvantaged groups.

Main findings

**The Employment Option:**
- Proved most effective in improving employability;
- Produced the most positive labour market outcomes in terms of employment entry and exits from unemployment;
- But tended to be entered by the least disadvantaged young people, therefore it is questionable whether substantially expanding this Option would continue to produce these positive results.

**The Voluntary Sector Option:**
- Was effective in improving employability;
- Was less effective in encouraging movements out of unemployment and into work;
- Women tended to be over-represented in this option.

**The Full Time Education and Training Option:**
- Was effective in increasing employability, especially in improving basic skills and self-efficacy;
- Less effective in producing labour market outcomes, although it performed better than the UK as a whole;
- Tended to have more disadvantaged entrants.

**The Environment Task Force Option:**
- Was effective in encouraging young people with basic skills problems and lack of qualifications to improve their employability;
- Was least effective in encouraging movements off benefits and into work;
- Tended to have more SIP residents and rural dwellers than other Options;
- Had the poorest outcomes in terms of job quality.
Experiences of the New Deal and changes in employability

Overall, young people interviewed after 18 months were less satisfied with the programme than they were after 7 months. At stage two, 58% characterised their time on the New Deal as useful, compared to 66% at stage one. This might suggest that, at least according to client perceptions, the programme has found it difficult to sustain its impact over the medium to long term. However, this is not consistent with the findings reported below. The apparent inconsistency between these results could be explained by the greater elapse of time between clients’ experience of New Deal Options and the stage 2 interview, and the fact that young people may have attributed improvements to their own efforts rather than the effect of New Deal.

There is evidence that self-efficacy (feelings of motivation and capability leading to attempting and achieving goals) has improved between stage 1 and stage 2. 39% were measured as having very high self-efficacy at stage 1, this rose to 45% by stage 2.

Employability increased in relation to a number of measures:

- In Scotland, about one in six (16%) clients had experienced problems with literacy or numeracy since the age of 16. When interviewed at stage 2 only 9% of respondents reported problems. Respondents in England and Wales were considerably more likely to report problems with literacy and numeracy at the first stage interview than were respondents in Scotland (24% against 16%) but they experienced a similar decline.

- There was some evidence to suggest that barriers to job search, such as lack of transport, lack of nearby jobs, lack of childcare etc. had become somewhat less prevalent at stage 2 than at stage 1 (33% mentioned fewer problems at stage 2 than at stage 1).

- Among Scottish respondents who had no qualifications at the time of the stage one survey, about 13% had obtained qualifications by stage two. Among those who already had some qualifications a fifth obtained further qualifications.

Outcomes in terms of employability varied most greatly according to the Option respondents entered. The Employment and Voluntary Sector Options performed best in improving employability overall. Those who entered the Full-time Education and Training Option were relatively disadvantaged but made good progress in addressing problems, having the greatest tendency to increase self-efficacy. Entrants to the Environment Task Force were also relatively disadvantaged. They were most likely to report literacy and numeracy problems at stage 1 but also most likely to improve their basic skills during the evaluation period. Those who overstayed on Gateway were relatively advantaged at the time of entering New Deal but overstaying on Gateway produced fewer benefits in relation to motivation, health and employability than any of the New Deal Options.

The effects of the New Deal Options on employment entry and unemployment exit

The over-riding conclusion is that the Employment Option performs best in terms of increasing chances of unemployment exit and employment entry. Just under three quarters (74.3%) were off JSA at this time. Controlling for differences in characteristics of those entering different Options, those who participated in the Employment Option were more likely to be off JSA than had they participated in any other Option or overstayed on Gateway. Those who went through the Employment Option also spent more time off JSA from February 2000 to February 2001 than if they had been through any other Option. In addition, those whose first Option was Employment were more than twice as
likely to be in work at the time of the stage 2 interview than those whose first Option was Full-time Education and Training.

Overstaying on Gateway was the next most effective route in terms of increasing the likelihood of JSA exit and reducing the amount of time spent on JSA, with this group doing better than if they had entered either the Full-time Education and Training, Voluntary Sector or Environment Task Force Options. One possible explanation is that it takes some time for the enhancements to employability generated by the New Deal Options to take effect.

The FTET and Voluntary Sector Options occupied an intermediate position in terms of outcomes, 67.8% and 67.7% respectively had moved off JSA by February 2001. The Full-time Education and Training Option was more effective than in the evaluation of the New Deal for Young People in Britain as a whole. This may be because the Scottish evaluation allowed for a longer evaluation period and education and training interventions would be expected to take their effect after a time lag.

The Environment Task Force was the least effective Option in relation to labour market outcomes. Only 58.3% of young people on this Option were off JSA in February 2001.

Option impacts on job quality

Both job satisfaction and satisfaction with training were very high, with roughly 90% of individuals reporting satisfaction.

Job satisfaction and satisfaction with training were both lowest for young people on the Environment Task Force Option. The Environment Task Force Option also did worst in terms of wages. Net hourly wages for young people that were on the Environment Task Force were £3.65, which was £0.48 less than for those who had left New Deal at the Gateway stage.

New Deal experiences of disadvantaged groups

Respondents from multiply disadvantaged backgrounds tended to perform poorly in relation to measures of employability and did not always have as good experiences of the new deal as other respondents. However, there was also evidence of the programme going some way to addressing the particular problems of multiply disadvantaged individuals.

Those resident in Social Inclusion Partnership (SIP) areas had less commitment to training and development than those in non-SIP areas (69% against 79%). SIP residents were also less likely to gain qualifications over the course of the evaluation period (29% remained with no qualifications compared with 16% in non-SIP areas). However, in relation to most measures of experience and employability there was no difference between SIP and non-SIP areas.

Overall, those who reported having no work experience, no qualifications or having no employer references tended to make more progress in employability measures than those with problems with drugs, alcohol, a prison record or homelessness. This may be because New Deal was better able to respond to more conventional labour market problems than to those of a personal or social nature.

SIP residents and rural dwellers were more likely to be on ETF and having entered it tended to do worse in terms of unemployment exits than did ETF entrants from other areas.
About the Evaluation of the New Deal for Young People in Scotland: Phase 2

The Employment Service commissioned the Policy Studies Institute (PSI) and British Market Research Bureau (BMRB) to undertake and provide analysis of a national survey of NDYP participants in the UK. 6,010 entrants between September 1998 to February 1999 responded to the survey, of which 653 were from Scotland. This number was considered insufficient for a full analysis of the impact of NDYP in Scotland, so the Scottish Executive and Scottish Enterprise commissioned PSI and BMRB to carry out a booster survey of Scottish New Deal entrants, and to analyse data from the combined national and booster surveys. The booster provided a further 494 interviews, giving a total of 1,147 interviews with Scottish respondents.

This report is based on the second stage of the survey. This involved re-interviewing respondents to the first stage survey about 12 months after the original interview. Of the 1147 Scottish respondents at the first stage, 695 agreed to be interviewed at the second stage.

The stage 2 report also contains analysis based on administrative data that relates to all 10,416 young people who entered NDYP in Scotland from September 1998 to February 1999. The administrative data was drawn from the New Deal Evaluation Database (NDED) and the Joint Unemployment and Vacancies Operating System (JUVOS).

The phase one report (Lakey and Knight, 2001, also published by Scottish Executive) concentrated on the characteristics of NDYP entrants while the phase two report focuses on the impacts of NDYP in terms of improving employability and labour market outcomes.

Further information about the Evaluation of New Deal for Young People in Scotland and the Enterprise and Lifelong Learning Department Research Programme can be viewed on the internet at www.scotland.gov.uk/who/eld/res.asp. Alternatively you can contact Zoë Ferguson, Scottish Executive Central Research Unit, Enterprise and Lifelong Learning Department, Europa Building, 450 Argyle Street, Glasgow, G3 8LG (Tel: 0141 242 0261, email: zoe.ferguson@scotland.gov.uk) or Keith MacKenzie, Scottish Executive, Enterprise and Lifelong Learning Department, Economic Advice and Statistics, Meridian Court, Cadogan Street, Glasgow, G2 6AT (Tel: 0141 242 5517, e-mail: keith.mackenzie@scotland.gov.uk)

This Research Findings and the full report can be viewed on the internet at http://www.scotland.gov.uk/cru/ or further copies may be obtained from:

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