

**Department for Work and Pensions**

**Research Report No 489**

# **Implementation and second-year impacts for lone parents in the UK Employment Retention and Advancement (ERA) demonstration**

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A report of research carried out by a research consortium consisting of three British organisations (the Policy Studies Institute, the Office for National Statistics, and the Institute for Fiscal Studies) and MDRC, a US-based non-profit social policy research firm, which is leading the consortium on behalf of the Department for Work and Pensions

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# Abbreviations and acronyms

<b>ADF</b>	Adviser Discretion Fund
<b>ASA</b>	Advancement Support Adviser
<b>CTC</b>	Child Tax Credit
<b>DWP</b>	Department for Work and Pensions
<b>EDF</b>	Emergency Discretion Fund
<b>ERA</b>	Employment Retention and Advancement programme
<b>FACS</b>	Families and Children Survey
<b>FC</b>	Family Credit
<b>FIS</b>	Family Income Supplement
<b>GCSE</b>	General Certificate of Secondary Education
<b>GMS</b>	Generalised Matching Service
<b>HB</b>	Housing Benefit
<b>IS</b>	Income Support
<b>JOT</b>	Job Outcome Target
<b>JSA</b>	Jobseeker's Allowance
<b>JUVOS</b>	Joint Unemployment and Vacancies Operating System
<b>ND25+</b>	New Deal 25 Plus
<b>NDLP</b>	New Deal for Lone Parents
<b>PA</b>	Personal Adviser

<b>PET</b>	Post-Employment Team
<b>PSI</b>	Policy Studies Institute
<b>QAF</b>	Quality Assurance Framework
<b>TA</b>	Technical Adviser
<b>WASC</b>	Work Advancement and Support Center demonstration
<b>WFTC</b>	Working Families' Tax Credit
<b>WPLS</b>	Work and Pensions Longitudinal Study
<b>WTC</b>	Working Tax Credit

# Glossary of terms

**Advancement Support Adviser**

Employment specialist holding a position specifically created as part of Employment Retention and Advancement (ERA). These individuals provide ERA participants with continuing advice and assistance intended to help them overcome obstacles to steady employment and find pathways to better job opportunities and higher wages.

**Employment Retention and Advancement programme**

A demonstration programme offering a combination of employment counselling services and financial supports to certain recipients of Government benefits or lone parents claiming Working Tax Credit (WTC). Its purpose is to help people stabilise and improve their work situations.

**Income Support**

Benefits available to low-income adults working less than 16 hours per week.

**Jobcentre Plus**

The UK governmental institution, an agency of the Department for Work and Pensions (DWP), which provides help and advice on employment and training for people who can work and financial support for those of working age who cannot.

**Jobseeker's Allowance**

Benefits available to unemployed individuals who are actively seeking work.

**New Deal programme**

The UK's main welfare-to-work initiative. New Deal services include the development of individual action plans outlining customers' work goals and job search assistance and training to help them achieve these goals.

<b>New Deal 25 Plus</b>	Mandatory New Deal programme that serves longer-term unemployed people (mostly males) over the age of 25, specifically those who have been unemployed and receiving Jobseeker's Allowance for at least 18 out of 21 months.
<b>New Deal for Lone Parents</b>	Voluntary New Deal programme that serves lone parents (mostly females) who are in receipt of Income Support (IS).
<b>Personal Adviser</b>	Employment specialists, working in Jobcentre Plus offices, who provide job advice and assistance to New Deal customers who were not randomly assigned to the ERA programme group.
<b>Post-Employment Team</b>	A group of Advancement Support Advisers (ASAs) whose sole task in the ERA programme is to work with in-work customers.
<b>Technical Adviser</b>	Staff position specifically created as part of ERA. These individuals, posted in each ERA district, ensure that ERA services are delivered in accordance with the policy design and provide general support for the evaluation effort.
<b>Working Tax Credit</b>	Lone parents working less than 30 hours per week are eligible to receive this credit.

# Summary

## Introduction

This report presents new findings on the implementation and effectiveness of Britain's Employment Retention and Advancement (ERA) demonstration programme, which is being carefully evaluated through a large-scale randomised control trial. Launched in 2003, ERA was envisioned as a 'next step' in British welfare-to-work policies. ERA's distinctive combination of post-employment advisory support and financial incentives was designed to help low-income individuals who entered work sustain employment and advance in the labour market. The programme was administered by Jobcentre Plus (which operates the nation's main welfare-to-work programmes) in six regions of the UK: East Midlands, London, North East England, North West England, Scotland and Wales. Although the operational phase of this special demonstration project is now over, the evaluation will continue to follow study members' work and benefit outcomes for several more years.

The analysis presented here focuses on the experiences of lone parents (most of whom are mothers) within the first two years following their entry into the study. A separate companion report<sup>1</sup> examines findings for long-term unemployed customers (most of whom are men).

An earlier evaluation report published in 2007 showed that, despite the Jobcentre Plus districts' early difficulties in operating the programme, ERA had a number of impressive positive effects on lone parents during the first year of follow-up. Across various types of people and places, it increased participants' receipt of post-employment services and training, increased their likelihood of working full-time, increased their likelihood of combining training and work, increased their average earnings and reduced their use of benefits. The new evidence presented here shows that this pattern of positive effects continued into the second year of follow-up. But while the programme has shown positive effects on several advancement-related outcomes (e.g. movement from part-time to full-time work

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<sup>1</sup> See Miller *et al.* (forthcoming, 2008).

and participation in education and training), these improvements have not yet led to 'better' jobs, as indicated, for example, by higher wages and better fringe benefits.

It is still too soon to draw firm conclusions about ERA's effectiveness. Advancement in work is a gradual process that can take several years to unfold. Furthermore, ERA customers had not completed their 33-month term of enrolment by the end of the second year of follow-up, most of them had not yet had an opportunity to take full advantage of the programme's offer of at least two years of **in-work** guidance and incentives, and many had not yet completed their training activities. Consequently, the results reported here are necessarily of an interim nature.

The Department for Work and Pensions (DWP), working with Jobcentre Plus staff in each of the study districts, managed the overall implementation of ERA and is overseeing the evaluation. The study is being conducted by a research consortium that includes the Policy Studies Institute (PSI), the Institute for Fiscal Studies, the Office for National Statistics, and MDRC (a New York City-based research organisation experienced in conducting large-scale random assignment tests of new social policies).

## What is ERA?

ERA built on Britain's New Deal welfare-to-work programme, which offers job placement help and other pre-employment assistance to out-of-work recipients of Government benefits. The New Deal programme is operated by Jobcentre Plus, a network of Government offices that administer cash benefits and employment services. To the existing pre-employment New Deal services ERA added a new set of financial incentives and job advisory services following customers' entry into work. It was aimed at three groups that have had difficulty getting and keeping full-time work or advancing to more secure and better-paid positions:

- 1** lone parents (mostly women) who receive Income Support (IS) and volunteer for the New Deal for Lone Parents (NDLP) programme;
- 2** longer-term unemployed people over the age of 25 (largely men) who receive Jobseeker's Allowance (JSA) and are mandated to enter the New Deal 25 Plus (ND25+) programme; and
- 3** lone parents who are already working part-time (between 16 and 29 hours a week) and are receiving Working Tax Credit (WTC).

For the two New Deal customer groups, ERA began with job placement and other pre-employment assistance, largely following the same procedures as the regular New Deal programme. This assistance was expected to last for up to nine months. The programme then continued into a unique post-employment or 'in-

work' phase expected to last for at least two years.<sup>2</sup> During that phase, ERA's job coaches, known as Advancement Support Advisers (ASAs), were expected to help customers avoid some of the early pitfalls that sometimes cause new jobs to be short-lived and to help them advance to positions of greater job security and better pay and conditions – at their current employer or a new one. ERA also offered special cash incentives and other resources to promote these goals, including:

- an employment retention bonus of £400 three times a year for two years for staying in full-time work (at least 30 hours per week for 13 out of every 17 weeks, which is about 75 per cent of the time);
- training tuition assistance (up to £1,000) and a bonus (also up to £1,000) for completing training while employed; and
- access to emergency payments to overcome short-term barriers to staying in work.

Members of the WTC group, who were already working when they entered ERA, began immediately with the post-employment phase. They were offered the same forms of in-work support and incentives, plus help getting re-employed if they left their jobs or their jobs ended.

## The random assignment process

Qualifying members of the three target groups were invited to volunteer for a limited number of ERA openings. After completing an informed consent process, half the volunteers were assigned randomly to the ERA programme group and the remainder to a control group. Individuals assigned to the control group could continue to receive whatever provisions they were normally entitled to receive from Jobcentre Plus. Thus, control group members in the two New Deal customer groups went on to receive regular New Deal pre-employment services and had little regular or intensive involvement with Jobcentre Plus staff after entering work. Control group members in the WTC customer group, who would not normally enter the New Deal programme because they were not receiving IS or JSA, were not offered pre- or post-employment services or incentives through Jobcentre Plus. However, as always, all groups could seek other services or training on their own.

For all three groups, ERA's success is determined by comparing the outcomes of the programme group (e.g. future average earnings) with the outcomes of the control group. Because the random assignment process created two groups with nearly

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<sup>2</sup> Although the original design of the programme envisioned that the post-employment phase would last for a maximum of two years, those who entered work sooner could receive more than two years of post-employment adviser support. In fact, WTC customers who were already working when they entered ERA could receive post-employment adviser support for their full 33 months of participation in ERA.

identical background characteristics, on average, at the beginning of the study, the only difference between them was that one was offered the programme and the other was not. Thus, any statistically significant difference in future outcomes can confidently be assumed to have been caused by ERA. Such differences are referred to here as the programme's effects or 'impacts'.

Intake into the study began in October 2003 and continued through the end of 2004 for most customers; it was completed for all by April 2005. Over 16,000 people were randomly assigned through this process, making this study one of the largest randomised social policy trials ever undertaken in Britain.

This report focuses on results for the programme's two lone parent customer groups, each of which represents lone parents who entered ERA at very different stages in their working lives. The group entering through the NDLP programme was looking to begin working, usually after an extended period of time out of the labour force; for them, job retention was a more immediate priority and advancement a more distant goal. In contrast, the WTC group, which was already employed, was more focused on improving their current position in the labour market. Viewing the effects for the NDLP and WTC lone parents in tandem may, thus, offer a rough sense of how ERA might affect outcomes for lone parents when introduced at these different points in their working lives. However, it is important to note that the WTC group, on average, was more skilled and generally more advantaged than the NDLP group when starting ERA. Consequently, differences in ERA's effects on each of these two groups reflect more than just the timing of the intervention in their lives.

The analysis relies heavily on data from two waves of a longitudinal customer survey administered at 12 months and 24 months, respectively, following each individual's date of random assignment (when they entered the study). The survey data, thus, cover the experiences of each programme and control group customer over a two-year follow-up period. Survey respondents are a representative subsample of the full sample of lone parent customers enrolled in the study. The analysis also uses data on employment, earnings and benefits receipt from administrative records for the entire sample. To provide a richer understanding of the Jobcentre Plus offices' experience of implementing ERA, lone parents' efforts to balance work and parenting, their efforts to advance and their responses to the in-work assistance that ERA offered, the analysis also uses qualitative research involving in-depth interviews with ERA staff and customers.

## ERA's implementation and delivery of in-work assistance

Perhaps the biggest challenge faced by ERA staff (principally the ASAs and their frontline managers) was learning how to help working customers meet employment and retention goals while operating within an organisational culture in which the entry of customers into jobs was the primary measure of staff and office performance. ERA thus posed a challenge to existing Jobcentre Plus delivery structures and staff skill sets.



- **ERA's implementation, which faced difficulties in the first year of operation, improved considerably over time, as staff grew more skilled and confident in delivering a post-employment intervention.**

Not surprisingly, it took considerable time and effort for ERA district staff, whose prior experience had focused on helping the unemployed find jobs, to learn to incorporate strategies that involved building a partnership with customers that extended into work and was to last for at least two years after job placement. For advisory staff, retention and advancement support meant proactively engaging customers beyond traditional Jobcentre Plus routines, anticipating the needs of working individuals and promoting job progression. In the early days of the programme, staff were unfamiliar with what was entailed in providing post-employment support and they had difficulty keeping working participants fully engaged in the programme. Moreover, there were tensions between the central job placement goals of Jobcentre Plus and the post-employment focus of ERA. Over time, the programme grew considerably stronger as technical assistance efforts were intensified, staff training was improved and DWP's oversight and accountability mechanisms were strengthened to support ERA's goals.

A new set of challenges arose in the third year of programme operations, as the operational phase of the demonstration began to wind down. As customers began to reach the end of their 33-month tenure and began to exit the programme (in July 2006) on a rolling basis, many staff were reassigned to other posts, but not necessarily at an even pace. Some staff caseloads thus grew to levels much higher than intended and many customers were assigned a new ASA. Thus, for some customers, the continuity and intensity of in-work assistance began to suffer. Several indicators suggest that ERA reached its peak performance level in most districts towards the end of 2005 and into the first half of 2006 (near the end of the two-year follow-up period covered by the impact analysis presented in this report).

Overall, the districts' implementation of the ERA model demonstrates that it was feasible to operate ERA as a Jobcentre Plus initiative, although not easy. The challenges of keeping working customers engaged in the programme and providing them with high-quality career guidance were ongoing. These challenges underscore the importance of assigning the role of ASA to staff who have the capacity to deliver a service that is more complicated than the normal job placement assistance of Jobcentre Plus. It is also critical to provide those staff with more extensive training and manager support and to motivate and recognise their accomplishments with performance assessments tailored to retention and advancement outcomes.

- **Working lone parents in ERA were much more likely than those in the control group to receive retention-related and advancement-related help or advice from Jobcentre Plus staff.**

Customers in the ERA group who worked at some point within the two-year follow-up period – about three-quarters of the NDLP customers and virtually all of the WTC customers – received a substantial post-employment intervention from Jobcentre Plus. This intervention differed in both content and intensity from what they would have experienced had ERA not existed (as evidenced by comparisons with workers in the control group). Substantial proportions of ERA lone parents received advice and guidance from staff on employment retention and advancement matters; help with personal and family problems that could interfere with work; and encouragement and assistance in accessing training while employed. For example, among NDLP customers in ERA who got jobs, 61 per cent reported on the customer survey that, while they were employed, they had received help or advice from Jobcentre Plus (meaning primarily the ERA programme) that was related to staying employed or advancing. Among working WTC customers in ERA, 75 per cent said that they had received such assistance. The rates for the control groups were much lower – only 19 per cent for NDLP and seven per cent for WTC – and such assistance was likely to have been obtained through customer-initiated, informal interactions with Jobcentre Plus staff, since it was not a funded element of the regular New Deal programme.

At the same time, qualitative data point to a number of challenges that Jobcentre Plus staff encountered in operating the ERA model in the real world. For example, although most working ERA customers had some in-work contact with their ASAs, the nature and quality of the support they received varied substantially, ranging from the simple processing of bonuses and perfunctory interactions to specialist advancement action planning. The advisers also differed in how proactive they were in reaching out to their customers, in keeping participants engaged in the programme, in their capacity to provide helpful guidance on advancement issues and even in their marketing of the financial incentives. Over time, though, advisers on the whole became more skilled in delivering in-work support and administering ERA's incentives.

- **Staff and customers saw value in the use of Emergency Discretion Funds (EDFs) to help secure participants' attachment to work.**

ERA customers who entered work could receive assistance from an EDF to take care of minor, short-term financial emergencies that might prevent them from continuing in work. Financial payment records indicate that 23 per cent and 18 per cent, respectively, of NDLP and WTC programme group customers who worked, received EDF assistance, making the EDF an important element of the in-work support provided through ERA. Most customers who received these payments received just one. The total payment amount averaged £235 per recipient for NDLP customers and £206 for WTC customers. In general, these funds were most commonly used to address minor emergencies related to childcare, transport or rent.

- **Most ERA customers were aware of ERA's financial incentives, although many did not meet the conditions for receiving them.**

When interviewed 24 months after entering the study, most lone parents in ERA (88 per cent of both NDLP and WTC customers) said that they knew about the programme's employment retention bonus. Yet, only about one-third had received any of these bonus payments – largely because they did not meet the necessary conditions for the reward (i.e. sustaining full-time work for at least four months in a given payment period). However, among those who ever worked full-time during the follow-up period, about 75 per cent received at least one bonus payment and roughly 60 per cent received two or more payments.

Awareness of the bonus for completing an ERA-approved training course while employed was also high, especially among WTC customers, many of whom were attracted to ERA precisely because of its support for training. Among the WTC group, 87 per cent knew of this bonus and 23 per cent completed training and received a payment. (Of course, not all customers participated in training and not all training participants had completed their courses by the time of the 24-month survey.) Among the NDLP group, 72 per cent were aware of the bonus, but only eight per cent received a payment. In addition, 27 per cent of the WTC group and ten per cent of the NDLP group received ERA payments to help with training fees or tuition during this period.

## ERA's impacts on employment and earnings

ERA has had a number of important positive effects on lone parents' labour market outcomes.

- **Within the first two years after beginning ERA, lone parents earned substantially more than they would have without the programme.**

When results for all districts are combined, NDLP customers in ERA earned £1,550 more, on average, than the control group. This represents a substantial and statistically significant increase of 24 per cent over the control group's average earnings of £6,498 during the two-year follow-up period (Table 1). (These findings are based on customer survey data and exclude ERA bonus payments.)<sup>3</sup> The earnings impact was somewhat smaller in the second year than in the first, but still sizeable and statistically significant.

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<sup>3</sup> Estimates of ERA's impacts on average earnings were also computed using administrative records data available for the 12 months covered by the 2005/06 tax year; these results are positive.

**Table 1 ERA's two-year impacts on selected outcome measures**

Customer group and outcome measure, years 1-2	ERA group	Control group	Difference (impact)	Percentage change
<b>A. New Deal for Lone Parents customers</b>				
Average total earnings (£)	8,049	6,498	1,550 ***	23.9
Ever worked (%)	75.7	70.1	5.6 ***	7.9
Ever worked full time (%)	37.5	27.9	9.6 ***	34.3
Worked full time for at least 4 consecutive months (%)	33.6	25.0	8.7 ***	34.6
Worked and participated in training or education courses while employed (%)	35.3	29.7	5.6 ***	18.9
Average total amount of Income Support received (£) <sup>a</sup>	4,911	5,192	-282 ***	-5.4
<b>B. Working Tax Credit customers</b>				
Average total earnings (£)	17,267	16,392	874 **	5.3
Ever worked (%)	98.3	97.4	1.0	1.0
Ever worked full time (%)	41.5	30.0	11.5 ***	38.2
Worked full time for at least 4 consecutive months (%)	39.2	28.9	10.3 ***	35.8
Worked and participated in training or education courses while employed (%)	68.5	55.6	12.9 ***	23.2
Average total amount of Income Support received (£) <sup>a</sup>	367	383	-16	-4.1

SOURCES: MDRC calculations from ERA 12- and 24-month customer surveys and Work and Pensions Longitudinal Survey benefits receipt records.

NOTES: Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

<sup>a</sup>Measures of Income Support were estimated from the Work and Pensions Longitudinal Survey; all other outcomes were estimated from ERA 12- and 24-month customer surveys.

Among NDLP customers, the ERA group's earnings were more than 11 per cent higher than the control group's earnings in five of the six districts, where the differences ranged from £476 to £3,125 (Table 2).<sup>4</sup> They were particularly large and statistically significant in two districts (North West England and Scotland).<sup>5</sup> The overall pattern of district-level impacts suggests that the programme can be effective under a variety of local conditions.

<sup>4</sup> When results are examined separately by district, rather than for all districts combined, the smaller sample sizes mean that impacts within a district must be larger in order to reach the threshold of statistical significance, a designation that implies greater certainty that the effects are not simply due to chance.

<sup>5</sup> The variation in estimated impacts across the six districts is not statistically significant.

**Table 2 ERA's two-year impacts on selected outcome measures, by district**

Customer group and district	Average total earnings, years 1-2		Worked and participated in training or education courses while employed, years 1-2	
	Difference (impact) (£)	Percentage change (%)	Percentage point difference (impact)	Percentage change (%)
<b>A. New Deal for Lone Parents customers</b>				
East Midlands	476	7.3	7.3 *	20.2
London	840	11.1	5.1	19.2
North East England	709	11.9	7.0	25.5
North West England	3,125 ***	53.7	6.7	26.1
Scotland	2,168 *	31.6	3.8	12.2
Wales	1,222	17.7	-0.7	-2.0
<b>B. Working Tax Credit customers</b>				
East Midlands	627	3.8	14.5 ***	25.4
All other districts	1,086	6.8	10.3 ***	19.1

SOURCES: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

A statistical test was performed to measure whether impacts differed significantly across districts; no statistically significant differences were found.

ERA also had positive impacts on earnings among WTC lone parents. Among these customers, ERA raised average earnings for the programme group by £874, a statistically significant gain of five per cent above the control group average of £16,392 for the two-year follow-up period (Table 1)<sup>6</sup>. Moreover, in contrast to the pattern observed for NDLP customers, the earnings effect appeared larger in the second year relative to the first year (when it was not statistically significant).

- **ERA had positive impacts on earnings largely because it increased the proportion of lone parents working full-time.**

For the NDLP group, ERA increased the rate of full-time employment (i.e. working 30 hours per week) to almost 38 per cent – a statistically significant increase of about ten percentage points over the 28 per cent rate observed for the control group (Table 1). (The impact on the proportion who worked at all was almost six percentage points.) Among WTC customers, ERA increased the likelihood of working full-time from 30 per cent to 42 per cent, a statistically significant gain of

<sup>6</sup> The small number of WTC sample members makes it difficult to produce reliable estimates of ERA's impacts for this target group for each district separately.

nearly 12 percentage points. It may be that ERA participants were more likely to take on full-time work in response to the staff's encouragement and advice to do so and especially in the hope of receiving the ERA retention bonus, which created an explicit incentive to work full-time.

### ERA's effects on retention and advancement

- **ERA increased the length of time that lone parents worked full-time, but more by accelerating entry into such jobs than by improving retention, which was already high, at least in the short term.**

For NDLP customers, ERA reduced by a month and a half the average amount of time taken to find work (not shown in Table 1). ERA also substantially increased the proportion of customers who worked full-time for at least four consecutive months, raising this rate to 34 per cent – a nine percentage point gain over the 25 per cent control group rate (Table 1). Interestingly, most NDLP customers (about 90 per cent) who began full-time jobs worked consecutively for at least four months, whether they were in the programme or the control group; thus, ERA's effect on sustained full-time employment was achieved by increasing and speeding up entry into such work in the first place, not by prolonging such jobs for people who obtained them.

ERA also increased the duration of full-time work among WTC customers, again by increasing and hastening movement into such jobs. For example, it raised their likelihood of working full-time for at least four consecutive months to 39 per cent – an improvement of ten percentage points over the 29 per cent control group rate.

- **Other than its effects on full-time employment, there is little evidence so far that ERA helped lone parents advance to 'better' jobs.**

Advancement is a complex concept whose interpretation is partly subjective in nature. The outcomes considered in this study focus on particular dimensions of job quality, including: job stability, responsibilities, fringe benefits (broadly defined), customers' own assessment of their jobs and employment costs. The evidence shows little effect of ERA on the likelihood of obtaining 'better' jobs, at least as defined by these categories, within the two-year follow-up period. This observation holds for both NDLP and WTC customers.

### ERA's effects on advancement-related efforts

ERA induced some lone parents to take steps that might improve their position in the labour market in the future.

- **ERA lone parents – especially WTC customers – were more likely than the control group to combine training or education and employment.**

ERA increased the likelihood that NDLP customers would participate in training activities relative to the control group, especially while employed (as intended by the programme). Among the NDLP customer group, 36 per cent of those in ERA combined training or education and work compared with a control group rate of 30 per cent, which is a statistically significant improvement of six percentage points (Table 1). Among WTC customers, ERA increased the likelihood of combining training or education and work by 13 percentage points above the 56 per cent control group rate.

Because such training is a potentially important form of human capital development, these effects may contribute to further earnings impacts in the future. However, there is no evidence, so far, that ERA increased the proportion of lone parents who earned formal education or training credentials.

- **ERA had small positive effects on lone parents' efforts to improve their work situation or earnings at their current job, or to look for a new job.**

ERA increased, by small but statistically significant margins, the extent to which customers in the NDLP and WTC programme groups were both in work and taking steps to advance. For example, relative to the control group rates, ERA increased the proportion of lone parents who both worked and either sought advancement with their current employers (such as by trying to increase hours of work, secure more convenient hours or shift to a different type of work) or looked for better jobs with different employers. For example, ERA increased the proportion of lone parents taking such steps by seven percentage points among the NDLP group (from a control group base of 52 per cent) and by five percentage points for the WTC group (from a control group base of 77 per cent) (not shown).

### ERA's effects on benefits receipt

- **ERA produced small savings in payments for IS for NDLP customers. It also reduced the use of Housing Benefit (HB) among both lone parent customer groups.**

All individuals who entered the study as NDLP customers were receiving IS from the start. By the end of the two-year follow-up period, the rate of benefits receipt had dropped by almost 60 per cent among both the programme and the control groups, due to factors not related to ERA. Nonetheless, ERA produced some additional savings in Government payments for IS. According to administrative records data, 42 per cent of the programme group was receiving IS in the 24th month after random assignment, which is a statistically significant two percentage points lower than the control group rate. Overall, the average total amount of IS payments over the two-year period was lower for the ERA group by £282 relative to the control group – a five per cent drop (Table 1). In addition, customer survey data suggest that ERA produced statistically significant reductions in the proportion of lone parents receiving HB at the time of the 24-month interview (for

example, by six percentage points for the NDLP group and five percentage points for the WTC group). There is no evidence that ERA has produced any changes so far for either customer group in the likelihood of receiving WTC payments or in the total amount of such payments.

## ERA's impacts by customer subgroups

- **ERA improved average earnings among many types of lone parents, including certain more disadvantaged customers, those with younger children and ethnic minorities.**

Overall, ERA's effects did not vary consistently with background characteristics of lone parents that are typically associated with the degree of success in the labour market. For example, there was no strong evidence suggesting that ERA had larger or smaller impacts for lone parents with more rather than less previous work experience, or for those with more rather than fewer barriers to employment. The programme's effects also did not vary to a statistically significant degree between lone parents with older or younger children. However, there are two important exceptions to this general observation within the NDLP group. First, ERA's positive earnings effects were notably larger for ethnic minority NDLP customers compared with those identified as white, according to the survey data (although positive for both groups). Second, the analysis suggests that ERA, so far, may be less effective for NDLP customers who have no formal educational qualifications. It will be important in the future to assess whether these trends persist.

## Conclusions

The findings on ERA's two-year effects are broadly positive. NDLP customers in ERA entered work more quickly than their control group counterparts. Among both the NDLP and the WTC customer groups, ERA increased the likelihood of working 30 or more hours per week and boosted average earnings. ERA participants were also more likely than the control group to participate in training while employed, which might contribute to additional earnings gains in the longer run. Some of these impacts were fairly large and impressive, especially in light of the limited British and international evidence of effective post-employment strategies.

So far, ERA has not shown much effect on other aspects of advancement. In part, this might reflect the fact that advancement effects require more time to materialise. It might also reflect some weaknesses in the delivery of the ERA intervention, especially during the first year of programme operations. Perhaps with better staff training and management, the intensity, quality and consistency of in-work advice and support would have been stronger and might have fostered larger impacts. However, there were hurdles that even a better administration of ERA would not have easily overcome. For example, many lone parents simply did not want to work full-time, as they gave higher priority to staying home to care for their children; for them, the employment retention bonus held little appeal. Many



also found it too difficult to manage the extra time it would take to incorporate training into their busy lives or they faced other practical obstacles that were beyond the programme's control. In addition, lone parents who were relatively new workers tended to view advancement as a longer-term goal.

For many ERA participants, progression in work was far from linear; instead, it involved halts, reversals and recovery from setbacks. At the same time, lone parents' attitudes towards work tended to evolve over time. For example, some eventually became more willing to organise care arrangements to suit the needs of their work lives, rather than seeking work that fitted around their caring responsibilities. As part of this evolution, some lone parents began to focus more on work that they would enjoy or that would provide a better standard of living, rather than, for example, simply planning for jobs that fit in with school hours.

Of course, the kinds of jobs some customers held offered limited future opportunities. For example, some lone parents found their potential to advance restricted by employers who could not offer more hours or career ladders. For them, advancement meant looking for another job – a decision that could take a fair amount of time to reach and then to achieve.

Longer-term follow-up is thus essential for understanding how ERA influences customers' journeys towards advancement, as those journeys continue to unfold after customers exit ERA. Current plans call for the evaluation to continue tracking outcomes for the programme and control groups until five years have passed from the time that customers entered the study. A benefit-cost assessment is also in progress. The next set of evaluation results is due to be published in early 2009.



# 1 Introduction

## 1.1 Introduction

This report presents the latest findings from the UK Employment Retention and Advancement (ERA) demonstration, which, using a random assignment research design, tests the effectiveness of an innovative method of improving the labour market prospects of low-paid workers and long-term unemployed people. ERA targeted three groups:

- unemployed lone parents receiving Income Support (IS) benefits and volunteering for the New Deal welfare-to-work programme;
- low-paid employed lone parents working part-time and receiving Working Tax Credit (WTC) that supplements the income of working families; and
- long-term unemployed people receiving Jobseeker's Allowance (JSA) and required to participate in the New Deal programme for recipients who are 25 years of age or older.

This report, which provides evidence of the programme's effectiveness over a two-year follow-up period, deals solely with the two lone parent groups. The outcomes for the long-term unemployed group, New Deal 25 Plus (ND25+), are reported in a separate volume.

The ERA programme, which was operated within Jobcentre Plus offices, attempted to go beyond the services that Jobcentre Plus typically offers to these groups, which are mostly focused on job placement assistance. ERA was designed to help participants enter and remain in full-time employment and then to advance in work. It included two main features: (1) job coaching to support customers for two years after entering employment; and (2) a set of financial incentives to encourage the take-up and retention of full-time work and the completion of training opportunities while employed. Participants who were not working when they entered the programme first received welfare-to-work assistance to help them find jobs. This process was expected to last nine months or less, after which participants who had entered work were entitled to two years of in-work support. As it turned out, nearly everyone was allowed to remain eligible for

ERA's support and financial incentives for 33 months. WTC participants, who were already employed when they entered the programme, began receiving ERA's in-work support from the start.

ERA was implemented as a research demonstration project in six regions across the UK between October 2003 and October 2007. Whereas labour market initiatives of this kind have tended in the past to be evaluated using comparative research designs, comparing areas where the programme was piloted with similar areas where it was not, this demonstration project relies on random assignment. ERA's effectiveness is being evaluated using a random assignment research design involving over 16,000 sample members. Over the course of a little more than a year, eligible participants in these regions were randomly assigned to a programme group, who were offered the new ERA services and incentives, or to a control group, who were not. Because they share the same average characteristics and live and work in the same places, the control group represents the counterfactual – what happens to eligible people who receive no ERA services. By comparing subsequent outcomes, such as employment, earnings and benefits receipt patterns, of the programme group with those of the control group, the evaluation will determine the extent to which ERA achieved its core goals.

The advantages of random controlled trials in testing large-scale labour market pilot schemes attracted attention from HM Treasury, which commissioned a team in the Cabinet Office to consider a demonstration project aimed at testing the effectiveness of post-employment services. This design process, including all the background and theoretical considerations, was published in detail in a previous report.<sup>7</sup>

The UK Department for Work and Pensions (DWP) managed the overall implementation of ERA and is overseeing the evaluation. A research consortium headed by MDRC (headquartered in New York City) and including the Policy Studies Institute (PSI), the Institute for Fiscal Studies and the Office for National Statistics, carried out the study in the UK.

This introductory chapter, much of which is drawn from earlier reports on ERA<sup>8</sup>, briefly recaps the earlier findings, explains the policy background of ERA, reviews the literature previously published on retention and advancement, describes the groups targeted by ERA and the service delivery model and explains the random assignment design and the various methods used to evaluate the programme.

Building on the analyses begun in the report on first-year impact findings<sup>9</sup>, this report continues the story of ERA's implementation through its third and fourth years of operation, which ended in autumn 2007. The report goes on to

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<sup>7</sup> Morris *et al.*, 2003.

<sup>8</sup> See Dorsett *et al.*, 2007; Hall *et al.*, 2004; Hoggart *et al.*, 2006; and Walker, Hoggart and Hamilton, 2006.

<sup>9</sup> Dorsett *et al.*, 2007.

examine participants' use of ERA's in-work services and financial incentives and shows the effects of the programme on participants' labour market behaviours and outcomes, including their earnings and benefits receipt within the first two years after random assignment. The report also includes analyses and first-hand accounts of participants' choices as they strived to remain employed and advance. These observations provide insight into how and why ERA may have impacted upon its customers.

The research uses data from multiple sources, including in-depth qualitative interviews with programme staff and customers; two waves of survey interviews with customers (at 12 and 24 months after random assignment); and administrative data on customers' employment, earnings and benefits receipt.

## 1.2 Summary of first-year impacts

The following summary highlights the most important effects of ERA after participants had spent their first 12 months in the programme:

- The staff assigned to ERA, called Advancement Support Advisers (ASAs), found their new jobs quite challenging because their assignments departed from the prevailing target-driven 'work-first' organisation of Jobcentre Plus. Training efforts had to be increased and renewed to reorient ASAs to focus primarily on their customers' retention and advancement.
- The majority of working ERA customers received advice and were aware of the advantages ERA offered, particularly the financial incentives attached to their retention of full-time work. They knew less of the training incentives.
- Customers beginning ERA from the New Deal for Lone Parents (NDLP) group earned substantially more than their counterparts in the control group, largely because they were more likely to work full-time, having thereby become eligible for a cash 'retention bonus' for working at least 30 hours per week.
- WTC customers in ERA were also more likely to work full-time compared with their control group counterparts, though they did not earn substantially more.
- ERA increased the proportion of customers who were more likely to combine training or education with work, especially among the WTC group.
- ERA's impacts on ND25+ customers were less certain and more mixed than those for lone parents.
- Both New Deal ERA groups showed slightly less receipt of benefits compared with their control groups.

ERA's implementation was improving during the second and third years of service delivery. Following initially high turnover, ASA teams stabilised and, in some districts, formed post-employment task force groups. In general, the focus on retention and advancement goals intensified. ERA participants assigned from the New Deal programmes who had not yet found work, and there were many of

these, now received less attention from their ASAs. This report will examine the impact of ERA on the two lone parent groups as the project gained focus and strengthened.

### 1.3 Policy background

ERA was envisioned as a next step in Britain's 'welfare-to-work' policy, which has been evolving since the early 1970s, when the Government began supplementing the wages of working families to help them overcome the cycle of unemployment and in-work poverty. Larger out-of-work benefits and falling tax thresholds had left many families with children with only a small difference between their incomes in or out of work.<sup>10</sup> Family Income Supplement (FIS), an in-work benefit available to families with children, was introduced in 1971 to increase the cash value of working. This benefit remained in place for 17 years, marking the start of a strong British commitment to wage supplementation. In 1988, Family Credit (FC) was instituted to improve upon FIS. It offered higher rates of in-work benefit and lower qualifying hours. FC remained in place for about 13 years.

Beginning its third year of office in 1999, the New Labour Party Government still faced a quarter to a third of children living in relative poverty – a rate that, even if measured by the contemporary index of the proportion of family incomes below 60 per cent of the national median, had doubled between 1979 and 1995. More than half of lone parents remained out of work. In response, the Government made two important pledges:

- to halve the child poverty rate by 2010 and to eliminate child poverty by 2020; and
- to raise the proportion of lone parents in paid work for at least some hours each week to 70 per cent by 2010.

The policies that have ensued – particularly those directed at lone parents – were largely aimed at meeting these goals.

Beginning in 1999, the Government shifted in-work financial support from the benefits system to the tax system. Tax credits are designed to 'make work pay' by providing enough incentive to work while meeting the increasing challenge of keeping low-paid workers' standards of living in sync with those of the working majority who have higher earnings. They also compensate low earners for the increasingly regressive effects of a greater use of indirect rather than direct taxation. In 1999, the Government introduced Working Families' Tax Credit (WFTC), which offered more generous wage supplements, as well as a credit to help cover most of the cost of childcare. It was also underpinned by the National Minimum Wage, which took effect in the same year. In 2003, WFTC was replaced by WTC, which

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<sup>10</sup> An administrative device called the 'wage stop' prevented families from receiving more in benefits than they had had in wages, but did not count in-work expenses such as travel.

was the first major tax credit also available to low-paid workers without children, and Child Tax Credit (CTC), which simplified support so that families with children could have a clearer idea of how much they could expect to receive in and out of work.

Tax credits remain the Government's key policy to combat child poverty by increasing parents' incentives to become and remain employed. The Labour administration's welfare-to-work policy has two other major components:

- **Active case management** delivered through the New Deal, or welfare-to-work, programmes. These programmes include mandatory requirements for long-term unemployed people to actively seek work, as well as increased access for lone parents to work-focused advice and encouragement. Lone parents with older children are now required to attend Work Focused Interviews (WFIs). These services are delivered through Jobcentre Plus, Britain's public benefits and workforce development system.
- **New services** such as Sure Start, a programme designed to improve early educational, health and well-being outcomes and the National Childcare Strategy, which focuses on improving the quality, accessibility and affordability of childcare.

Evaluative research on these aspects of the welfare-to-work strategy has reported broadly favourable outcomes. Research showed that FC drew more lone parents into work, particularly by fitting short-hours jobs around school hours. Reports of the effectiveness of FC led to a strengthening of these provisions under the new tax credit rules. One report estimated that the introduction of tax credits boosted lone parents' employment by almost five percentage points, compared with the FC regime.<sup>11</sup> There is also evidence that higher payments under the tax credit strategy met needs that FC had not successfully addressed.<sup>12</sup>

Nonetheless, there was growing concern about the sustainability of the low-wage jobs that long-term unemployed people and lone parents typically took and their potential for income growth. The New Deal programmes focus on job placement but offer no in-work support to help customers retain and advance in their work.

The ERA programme built on the successes of tax credits and the New Deal services, but shifted the focus of service delivery towards sustaining and progressing in employment, in addition to job placement. ERA offered both pre-employment and in-work support to assist low-wage and unemployed individuals to maintain full-time, steady jobs with better working conditions and at the same time help them to leave the cycle of moving between work and spells receiving Government benefits.

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<sup>11</sup> Brewer, Clark, and Myck, 2001.

<sup>12</sup> Vegeris and Perry, 2003.

ERA's policy relevance has grown since its design was conceived in 2002. A paper published in mid-2004 by DWP emphasised the continuing importance of targeting services towards lone parents and delivering case management services tailored to individual needs.<sup>13</sup> Another paper, published in October 2005, acknowledged the importance of retention and progression in work, in addition to job placement, as the next stage in welfare reform.<sup>14</sup> In October 2006, Lisa Harker was appointed by DWP to carry out an independent review of the department's child poverty strategy and to make recommendations for achieving its targets. The paper discussed the importance of both pre-employment and in-work support in combating child poverty and in reinforcing Government policy to reach the 2010 target of a 50 per cent reduction from 1999 levels. This paper explicitly recommended rolling out ERA as a national programme, should the evaluation find it to be successful.<sup>15</sup> In December 2006, the final report of the Leitch Review of Skills, which considered the UK's long-term skills needs, signaled the importance of focusing on sustainability and progression in work and called attention to the ERA project.<sup>16</sup> As part of the response to the Leitch recommendations, two new Public Service Agreement (PSA) indicators, one for retention and one for progression, have been put in place.<sup>17</sup>

A more recent Government publication, issued jointly in November 2007 by DWP and the Department for Innovation, Universities and Skills, highlighted the importance of retention and progression. The paper also cited ERA's successful 12-month impacts upon lone parents' employment. It stated that '*Based on the evidence ...*' the Government will roll out nationally elements of the ERA design.<sup>18</sup>

### 1.3.1 Lone parent policy changes – 2008

The Government's recent command paper, *Ready to Work; Full Employment in our Generation*, published in December 2007,<sup>19</sup> introduced a set of reforms that will require that lone parents who claim benefit solely on the grounds of being a lone parent and are capable of work, must look for work. Currently, lone parents can receive benefits that do not require them to look for work until their youngest child reaches 16 years old. However, this age will progressively be reduced for those lone parents with a youngest child:

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<sup>13</sup> DWP, 2004.

<sup>14</sup> DWP, 2005.

<sup>15</sup> Harker, 2006. See <http://www.dwp.gov.uk/publications/dwp/2006/harker/harker-full.pdf>

<sup>16</sup> HM Treasury, 2006.

<sup>17</sup> See [http://www.hm-treasury.gov.uk/media/A/5/pbr\\_csr07\\_psa2.pdf](http://www.hm-treasury.gov.uk/media/A/5/pbr_csr07_psa2.pdf), and [http://www.hm-treasury.gov.uk/media/5/9/pbr\\_csr07\\_psa8.pdf](http://www.hm-treasury.gov.uk/media/5/9/pbr_csr07_psa8.pdf)

<sup>18</sup> Department for Work and Pensions and Department for Innovation, Universities and Skills, 2007.

<sup>19</sup> DWP, 2007.



- aged 12 years from late 2008;
- aged ten years from October 2009; and
- aged seven years from October 2010.

This marks a substantial departure in British policy towards lone parents' entitlement to benefits and is more in line with other Organisation for Economic Co-operation and Development (OECD) countries.

These proposals are accompanied by the promise that what comprises a reasonable offer of work will be carefully assessed against lone parents' caring responsibilities, such as the availability of childcare<sup>20</sup> and the introduction of a comprehensive and flexible package of pre-employment and in-work support.

**Pre-employment support** includes:

- a guaranteed job interview for every lone parent who is looking for and ready for work;
- financial support to fund training to help lone parents secure sustainable work; and
- greater flexibility in the use of work trials, allowing work trials to be extended for up to six weeks where appropriate.

**In-work support** includes:

- national In-Work Advisory Support from Jobcentre Plus to assist lone parents with their transition in to work and career progression. This enabling them to advance to positions of greater job security and better pay and conditions;
- the national roll-out of the In-Work Emergency Discretion Fund to provide financial help to overcome unexpected barriers which crop up when a lone parent first starts work;<sup>21</sup> and
- piloting the use of In-Work Credit as an aid to retention.

The in-work support has been designed and will be developed taking full account of the evidence from the first-year impact findings of this ERA project.

In addition, the paper also announces an intention to roll out nationally In-Work Credit, which provides lone parents with payments of £40 a week (£60 in London) for 12 months, to ease the transition into work and encourage retention. This financial incentive has elements in common with ERA's employment retention bonus, but it is not contingent on full-time work of 30 or more hours a week; instead, it will be available to lone parents working 16 hours or more per week.

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<sup>20</sup> Brown, 2007.

<sup>21</sup> Lone parents moving into work of 16 or more hours per week could receive discretionary payments up to a maximum of £300 to divert minor financial emergencies that could prevent them from continuing in work.

The Government will also be increasing the disregard of child maintenance (child support) payments in calculating IS for parents with care who are out of work. Currently, parents with care, on the new child maintenance scheme only, can keep the first £10 a week of maintenance paid to them before their benefit is affected; benefit is then reduced pound for pound. A higher disregard, first of £20 a week by the end of 2008 and then of £40 a week from April 2010, will add to out-of-work incomes, reduce child poverty significantly and encourage greater compliance among non-resident parents. These changes could help reassure lone parents entering work that their income platform will remain secure. Maintenance payments are already important additions to in-work income because they are ignored in estimating the value of tax credits. The Government has also announced that there will be a full maintenance disregard in Housing Benefit (HB) and Council Tax Benefit (CTB), which will help to ensure that work continues to pay for parents with care in receipt of maintenance.

#### 1.4 Research on retention and advancement in work

A literature review conducted before the ERA demonstration began found that, although some research existed on low-wage workers' retention and advancement in work, as described in this section, there was relatively little hard evidence, especially for people recently on benefits.<sup>22</sup> Nonetheless, job retention and advancement are important concerns for a significant portion of the labour force. While about nine out of ten workers remain in work steadily, recurring unemployment and lack of advancement are common among disadvantaged and low-paid workers. Many become entrenched in a 'low-pay, no-pay cycle', in which they shift repeatedly between low-wage work and unemployment. Often these individuals seek Government benefits to supplement their income.

Individuals who struggle to retain employment and to advance in work can face a multitude of barriers to finding and keeping well-paid jobs. Many have low education levels; others may have difficulty accessing transport. Some are in poor health; studies of large samples of longer-term unemployed people have found that, although many are not disabled enough to be eligible for disability benefits, they have health conditions that make it difficult to retain steady work. Moving frequently between work and benefits may have a 'scarring' effect, because individuals who spend more than a few weeks unemployed have been shown to experience chronic difficulty in re-establishing themselves in the labour market.<sup>23</sup>

The literature on job retention indicates that low-wage workers leave employment for a variety of reasons. Some have short-term contracts, which are often accepted involuntarily when the labour market seems to offer few other opportunities. There is also evidence that many leave work voluntarily. Some low-wage workers see an unfavourable contrast between the kinds of work they feel able to do and the jobs

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<sup>22</sup> Morris *et al.*, 2003.

<sup>23</sup> Arulampalam, 2001.

they get. Many of those who return to JSA<sup>24</sup> say simply that the job did not suit them. Importantly for ERA, the literature also suggests that individuals' barriers to employment often persist after they enter work. Sometimes new barriers can arise that cause new workers to leave their jobs; over half of lone parents who return to IS<sup>25</sup> cite 'voluntary' reasons for leaving work. These reasons can include, for example, unexpected problems with the cost and reliability of childcare and transport, difficulties balancing work and childcare responsibilities and employers who are unwilling to accommodate their employees' family responsibilities.

There is also a growing concern regarding low-wage workers' prospects for advancement. Wage inequality in the UK has risen since the 1980s,<sup>26</sup> while wage mobility has declined.<sup>27</sup> These trends indicate that few low-wage workers move into better jobs. They remain instead at junior levels, in jobs which require few higher skills, which are often part-time or temporary, and which tend to offer few opportunities for training.<sup>28</sup> Conditions such as these often present barriers to advancement in work. Research also shows that employees earning the lowest wages and whose working conditions are poor are generally less able to negotiate better working conditions for themselves<sup>29</sup> and are actually more likely to return to benefits than to improve their earnings.<sup>30</sup> Poor prospects for advancement are also associated with decisions to leave work, which worsen the 'scarring' effect and have implications for such workers' future labour market participation.

More recent reviews<sup>31</sup> have confirmed that among certain low-paid and insecure workers the 'low-pay, no pay' cycle persists, even during this most recent period of high UK employment levels. Partnered mothers find difficulty in returning to work at levels of engagement, job security and pay similar to those they left, unless, it now seems clearer, they earlier qualified for maternity rights and pay.<sup>32</sup> Lone parents are far less likely to have secured that degree of progression in earlier

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<sup>24</sup> JSA is a conditional cash benefit available in Britain to unemployed individuals who are actively seeking work. Recent workers who built up entitlements while employed can receive contribution-based JSA for six months, unaffected by other household income, but other JSA recipients have their household income assessed.

<sup>25</sup> IS is an (almost) unconditional out-of-work benefit typically received by lone parents who are unemployed or working less than 16 hours a week. Entitlement to IS is assessed against other income and its value varies with family size and composition.

<sup>26</sup> Machin, 1999.

<sup>27</sup> Dickens, 2000b; Stewart and Swaffield, 1999.

<sup>28</sup> Dickens, 2000a.

<sup>29</sup> Dex and Smith, 2001.

<sup>30</sup> Dickens, 2000b.

<sup>31</sup> See, for example, Nunn *et al.*, 2007.

<sup>32</sup> Smeaton and Marsh, 2006.

work; indeed, a minority of them have never had a proper job. Women who do return *'...still routinely face the realities of "gendered" employment, problems with childcare, and occupational segregation – thus tangibly restricting their ability to progress in their careers and achieve parity with men in terms of occupational mobility'*.<sup>33</sup>

Nunn *et al.* go on to acknowledge that *'...there now appears to be a widespread consensus that progression in the labour market is as important in terms of economic competitiveness and social justice as is ending worklessness'* and cite ERA's first findings. They conclude that *'...the UK labour market severely punishes those who, at any point in their lives, sacrifice career for family'*. Among the lone parents in this study, few had had a real career to sacrifice. Establishing them as permanent full-time workers with proper terms and conditions of service was the considerable task given to the Jobcentre Plus staff that worked on the ERA project.

## 1.5 Design of the ERA programme

The ERA programme was designed to test a method to improve job retention and advancement among low-income individuals. The primary policy aims of ERA were to:

- **promote a work-based welfare policy**, building on the progress made by increased wage supplementation and the active case management of the New Deal;
- **interrupt the 'low-pay, no-pay cycle'** and so lessen the 'scarring effect' of unemployment;
- **improve 'job matching'** by placing customers in work that is likely to suit them in the longer term, which may include changing employers after beginning work;
- **provide longer-term 'treatment' for barriers to work** by continuing to provide support after customers begin working and encounter barriers, such as transport, childcare or reversals in health; and
- **reduce in-work poverty** by promoting work advancement and training opportunities.

The primary hypothesis of ERA's design is that a mix of job coaching and financial incentives, including adviser support while customers are employed as well as beforehand, can have a positive impact on individuals' job retention and advancement. Before entering employment, customers would be advised to find good jobs with prospects for advancement; once they were in work, they would be offered continuous close support as well as financial incentives to stay in work and take up training opportunities. The in-work support would also help them

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<sup>33</sup> Walby, 2006, cited by Nunn *et al.*, 2007.

to continue to resolve their barriers to work. The design envisioned that these strategies would result in higher retention and would make advancement more likely.

The development of the programme was inspired by a similar demonstration, the US ERA project, which was already being implemented in several US states. Launched in 1999, the US ERA demonstration tests a variety of retention and advancement programmes and has many features that are similar to the UK demonstration (see Box 1.1). It is directed by MDRC, which also leads the consortium conducting the UK ERA evaluation. Many of the early findings from the US project informed the implementation of the UK ERA programme.

A related demonstration project, the Work Advancement and Support Center (WASC) demonstration, was launched in the US in 2005, two years after the UK ERA programme began (see Box 1.1). MDRC designed and is evaluating WASC, and findings from both the US and UK ERA programmes have informed its implementation. Like the UK ERA programme, both US projects are being assessed through randomised control trials.

### **Box 1.1 Description of the US ERA project and the WASC demonstration**

#### **US ERA:**

Launched in 1999, the US ERA project is evaluating the effectiveness of 16 very different programme approaches located in eight US states. The programmes' aims and target populations vary, as do the services they provide. Some of them focus on advancement, i.e., helping low-income workers move into better jobs by offering services, such as career counseling, education, training and financial incentives. Others focus on both placement and retention and aim to help participants, mostly 'hard-to-employ' people (such as welfare recipients with disabilities or substance abuse problems), find and hold jobs. Finally, other programmes have mixed goals and serve a variety of populations.

#### **WASC demonstration:**

In an effort to help US workforce development and welfare systems meet the needs of low-wage workers and their families, MDRC developed the WASC demonstration. This project aims to test the feasibility and effectiveness of establishing WASC units – locations where staff would target low-wage workers for employment retention and advancement services in combination with education about, and easier access to, financial work supports – in 'one-stop' employment centers in four communities around the country. The establishment of WASC units began in 2005.

## 1.6 The lone parent target groups

The ERA programme targeted two groups of lone parents: (1) those entering NDLP; and (2) those working part-time between 16 and 29 hours a week and receiving WTC.

The programme's two lone parent customer groups represent lone parents who enter ERA at very different stages in their working lives. The group entering through the NDLP programme is looking to begin working, usually after an extended period of time out of the labour force; for them, job retention is likely to be a more immediate priority and advancement a more distant goal. In contrast, the WTC group, which is already employed, is more focused on improving their current position in the labour market. Viewing the effects for the NDLP and WTC lone parents in tandem may, thus, offer a rough sense of how ERA might affect outcomes for lone parents when introduced at these different points in their working lives.

This section describes the services regularly available to these two groups before ERA was implemented. The following section then explains how ERA expanded on these services.

### 1.6.1 New Deal for Lone Parents

NDLP is a voluntary programme whose customers are interested in finding jobs, even though some may not be ready to start immediately. NDLP customers are assigned a Personal Adviser (PA) through Jobcentre Plus to provide pre-employment job coaching services. PAs can offer job search assistance and may address any barriers customers have that challenge their search for work. They also advise customers on their likely in-work income at differing hours of work and help them access education or training.

The majority of NDLP customers are women and many face an array of labour market disadvantages, such as lack of work skills and experience, poor family health, financial disincentives to working, lack of confidence, problems with transport, lack of job opportunities and employer prejudices.<sup>34</sup> Many lone parents also struggle to balance work and care for their children, which often results in employment instability. Findings from interviews in a national survey in 1999 and 2000 showed that 17 per cent of lone parents in employment left for either unemployment or inactivity.<sup>35</sup> Research on NDLP itself found that 20 per cent of lone parents who left IS returned within about ten months<sup>36</sup> and that lone parents have higher job exit rates than parents in couples and single childless women, even after personal and job characteristics are controlled for.<sup>37</sup>

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<sup>34</sup> Millar and Ridge, 2002.

<sup>35</sup> Marsh, 2001.

<sup>36</sup> Hales *et al.*, 2000.

<sup>37</sup> Evans, Harkness, and Arigoni Ortiz, 2004.

### 1.6.2 Lone parents receiving Working Tax Credit

Low-wage working adults in the UK whose employment conditions meet certain criteria are eligible to receive WTC (similar to the Earned Income Tax Credit in the US). Those receiving WTC generally do not receive services through Jobcentre Plus.

ERA programme eligibility was open to a certain subset of those receiving WTC: lone parents working between 16 and 29 hours per week. Because Jobcentre Plus does not traditionally serve this target group, comparable data on their demographic characteristics and barriers to work were not available. However, data from the 2001 Families and Children Survey (FACS) indicate that they too are disadvantaged and face employment challenges: For example, many lack transport and live in social housing, although to a lesser extent than lone parents receiving NDLP.

## 1.7 The ERA service model

A team established by the Cabinet Office devised the ERA demonstration project to offer services beyond those already offered by the New Deal.<sup>38</sup> Table 1.1 summarises the staff and services available through ERA, compared with the services available to customers who are not in ERA. The following sections set out the full details of the ERA design. Not all of these design features were fully implemented, as explained in Chapters 2 and 3.

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<sup>38</sup> For a detailed discussion of the design process, including all the background and theoretical considerations behind the ERA design, see Morris *et al.*, 2003.

**Table 1.1 Staff and services available to ERA (programme group) and non-ERA (control group) customers**

Feature	NDLP		WTC	
	ERA (Programme)	Non-ERA (Control)	ERA (Programme)	Non-ERA (Control)
<b>Job coaching staff</b> <ul style="list-style-type: none"> <li>PA: Personal Adviser</li> <li>ASA: Advancement Support Adviser</li> </ul>	ASA	PA	ASA	
<b>Eligible for New Deal pre-employment services</b> <ul style="list-style-type: none"> <li>Job placement assistance</li> <li>Advice on training and increasing skills</li> </ul>	✓	✓		
<b>Eligible for in-work support</b> <ul style="list-style-type: none"> <li>Coaching on advancement in current position and/or finding a better job</li> <li>Rapid re-employment services when necessary</li> </ul>	✓		✓	
<b>Eligible for in-work bonuses</b> <ul style="list-style-type: none"> <li><u>Retention Bonus</u>: Up to six payments of £400 for each period when customers work 30 or more hours per week for 13 out of 17 weeks</li> <li><u>Training Bonus</u>: Tuition payment of up to £1,000 if training undertaken while working; if training is successfully completed, £8 for every hour of training, up to £1,000</li> </ul>	✓		✓	
<b>Eligible to receive Adviser Discretion Fund (ADF) money</b> <ul style="list-style-type: none"> <li>Pre-employment funds available to help customers obtain work</li> </ul>	✓	✓		
<b>Eligible to receive Emergency Discretion Fund (EDF) money</b> <ul style="list-style-type: none"> <li>In-work funds available to help customers stay employed</li> </ul>	✓		✓	

### 1.7.1 Work-related services

Customers assigned to the ERA programme each worked with an ASA for a maximum of 33 months over both pre-employment and in-work periods. The ASAs were drawn largely from the pool of PAs already working at Jobcentre Plus in the selected districts and they were provided with training on how to deliver ERA services. The design envisioned that the 33-month service period would allow out-of-work customers about nine months to find a job, followed by two years of in-work support. Customers in the WTC group, who were already working, would begin receiving in-work support immediately but would still receive support for up to 33 months.

ERA was designed so that in the pre-employment stage, ASAs coached their ERA customers to consider the advancement opportunities of a job before taking it and to try to identify work that would be a good fit with their skills and interests. (As previously documented, challenges were encountered in implementing this



strategy, and it was never fully achieved in practice.)<sup>39</sup> Once in work, coaching continued in order to help customers address any continuing or new barriers and to help them advance in their work, for example, through higher pay, more hours, a promotion, better pension provision or by finding a better job. ASAs listened carefully for any signs of difficulty in work, but also to help customers envision advancement even when they were not experiencing difficulties.

ASAs could also step in to support customers in periods of stress by rearranging childcare if necessary or advising on renewing a claim for tax credits. To guide their work with customers, ASAs developed an Advancement Action Plan for each ERA customer, which set out job search, retention, and advancement steps. The plan, reviewed at each face-to-face meeting, was individually tailored for the customer to:

- balance short-term requirements with longer-term ambitions and goals;
- incorporate local labour market opportunities;
- lay down steps to achieve goals; and
- connect to other services to address special barriers.

ASAs also had an Emergency Discretion Fund (EDF), which was a pool of up to £300 per customer to cover minor financial emergencies that threatened to prevent a customer from continuing in work, such as the need for special clothing, new tools, car repairs or help with short-term childcare problems. It became available only when a customer was in employment of 16 hours or more per week. The EDF was separate from the pre-employment Adviser Discretion Fund (ADF), which is available to PAs as well as to ASAs (in other words, to both non-ERA and ERA advisers) to make purchases that will help out-of-work customers obtain a job or accept a job offer.

### **1.7.2 Financial incentives**

In addition, the ERA programme included financial incentives – separate from the EDF – designed to promote retention and advancement. These incentives, as well as the EDF funds, were tax-free and did not count as income against entitlement to tax credits.

#### *Retention bonus*

To motivate customers to enter full-time work or to make the transition from part-time to full-time work and to encourage them to do so earlier than they might have considered, ERA offered up to six payments of £400 for each period when

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<sup>39</sup> See Chapter 3 of Dorsett *et al.*, 2007.

customers worked 30 or more hours per week<sup>40</sup> for 13 out of 17 weeks.<sup>41</sup> This amounted to £2,400 for a customer who received all six payments.<sup>42</sup> Customers were required to provide evidence of their employment and hours by showing wage slips and to come into the office to claim their retention bonus. This contact provided another opportunity for face-to-face interaction with their ASA.

### *Training bonus*

ERA customers were also eligible for financial incentives to combine work with training. This was intended to encourage them to invest time and effort in developing skills that might promote their long-term career progression. While in work for at least 16 hours per week, customers qualified for tuition payments of up to £1,000 for approved courses that reflected the agreed goals in their own Advancement Action Plans and corresponded with local labour market needs. These payments were made directly to the training providers.

In addition, customers who successfully completed an approved course received an additional bonus of £8 for every hour of training completed, up to a maximum of £1,000 (or 125 hours). It was paid only for training within the 33-month ERA service period, so the courses must have been completed within this time for customers to receive the bonus.<sup>43</sup>

## 1.8 The random assignment design and the intake process

The ERA programme, which had a limited number of available slots, was implemented as a random assignment demonstration, meaning that customers who volunteered for the programme were assigned at random – regardless of their background characteristics – to a programme group that was enrolled in ERA or to a control group that was not enrolled in ERA. The control group continued to receive the standard NDLP services or WTC. This design resulted in two groups that were similar at the outset; the only difference was that one group was offered

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<sup>40</sup> In 1997, the OECD set 30 hours as the cut-off to delineate part-time and full-time work (OECD, 1997). In ERA, part-time work is tied to WTC eligibility rules, which set the threshold at a minimum of 16 hours per week and specify that an extra amount is to be paid for work of 30 hours or more per week.

<sup>41</sup> This provision accommodates the likelihood that many workers may lose jobs, and offers an incentive for quick re-employment.

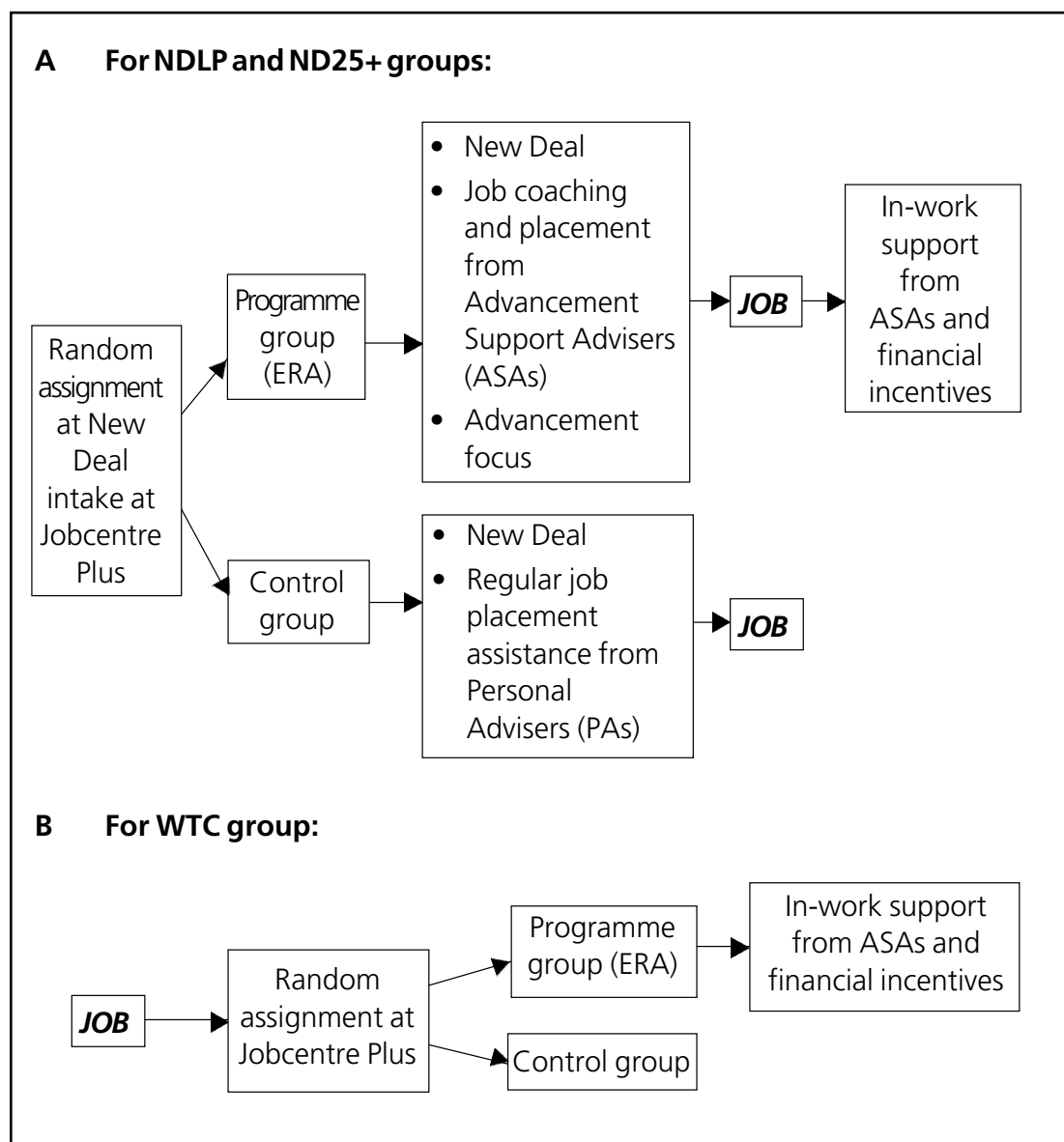
<sup>42</sup> At the currency exchange rate in effect on 11 February 2008, these retention bonus payments were equivalent to US\$780 and US\$4,680, respectively.

<sup>43</sup> Customers could claim the payment after the 33-month period as long as the training was completed within the 33 months; this was to allow for the delay in the production of certificates.

ERA services and incentives, while the other was not (the services that the control group members were eligible for are represented in the non-ERA columns in Table 1.1). Thus, in comparing the outcomes of the two groups over time, differences that emerge can most likely be attributed to ERA.

Figure 1.1 illustrates the random assignment process, which varied somewhat between the New Deal and WTC target groups. Entering into the programme was voluntary for customers. When customers came into Jobcentre Plus offices, basic demographic information was recorded, and they were told of the possible advantages of participating in the ERA programme. They were then invited to enter the demonstration and were told that they had a 50 per cent chance of being selected for ERA services.

**Figure 1.1 Random assignment process**



Some customers (about eight per cent of those to whom the offer was made) declined to undergo random assignment, but most went through an informed consent process and accepted and were assigned by a computerised algorithm to the programme group or to the control group.<sup>44</sup> Approximately 16,000 customers were randomly assigned, with about 8,000 allocated to the programme group and 8,000 to the control group. Of these, about 42 per cent were NDLP customers, 41 per cent were ND25+ customers and 17 per cent were lone parents receiving WTC.

The random assignment process was carried out successfully. As a result, programme and control group members shared similar characteristics, on average. This helps ensure that the control group will provide unbiased estimates of how programme group participants would have progressed over time had they never encountered ERA. The ERA demonstration represents the first time in the UK that a random assignment social policy evaluation has been carried out on such a large scale.

The design was influenced by random assignment evaluations done in the US. Given the pioneering nature of this initiative, a special study, published in 2006, was undertaken to describe and capture lessons from the implementation of the random assignment process itself, including staff and customers' reactions.<sup>45</sup> The study found that, although the process was not without its challenges, and although it appears, with hindsight, that some procedures could have been implemented better, the random assignment process generally proceeded well, especially considering the scale of the ERA programme. Most customers and staff viewed the process as fair. This experience shows that random assignment is practical in a UK context, which has encouraging implications, even beyond the ERA demonstration.

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<sup>44</sup> A special study, conducted by the Institute for Fiscal Studies as part of the ERA evaluation, carefully examined the issue of non-participation and its implications for interpreting the results of the main impact study. That analysis assessed how representative ERA study participants are of the full eligible population by first documenting the incidence of non-participation and then testing for the presence of any systematic differences between non-participants and participants in terms of observed characteristics and subsequent outcomes. The analysis found some differences of these kinds, especially among the ND25+ group, which had the larger proportion of non-participants overall. However, the report concluded that, especially for the NDLP group, those who participated in ERA were not so different from the non-participants such that the study's impact analysis would have produced different conclusions had the non-participants been included in the random assignment sample. (See Goodman and Sianesi, 2007.)

<sup>45</sup> Walker, Hoggart, and Hamilton, 2006.

## 1.9 Implementing ERA

DWP was responsible for managing the implementation of the ERA demonstration. It was in charge of overseeing site selection, establishing guidance on service delivery, overseeing a training strategy, selecting and overseeing the evaluators, and monitoring service delivery in the sites. It developed a special Project Team to carry out programme implementation functions and to work closely with the sites. It also assigned an Evaluation Team to work with the research contractors and monitor the evaluation.

This section describes some of the key implementation decisions made before the demonstration began, including the sites in which ERA was rolled out and the special staff that were hired to assist in ensuring that random assignment was carried out properly and that services were delivered as envisioned. It also provides a timeline of the programme's implementation and how it corresponds with that of other national policies relevant to Jobcentre Plus.

### 1.9.1 The ERA sites

The ERA demonstration was rolled out in six Jobcentre Plus districts (areas of varying sizes and populations demarcated across the UK by DWP) within six UK regions.

Figure 1.2 shows the approximate locations of these six areas. One district was in Scotland, one was in Wales and four were in England. The regions in England included the East Midlands, London, North East England and North West England.

**Figure 1.2 Map of the six ERA districts**



### 1.9.2 Technical Advisers

In order to help ensure that the implementation of random assignment and of ERA services and incentives went as planned, the evaluation consortium recruited six Technical Advisers (TAs) – one for each site – to work on the project. They were recruited largely from among Jobcentre Plus staff but were seconded to, and placed on the payroll of, the PSI, one of the research partners, for two years and worked under the authority of the evaluation consortium. Working closely with the DWP Project Team, the TAs spent most of their two years on the project in the district offices. They assisted in monitoring random assignment procedures as well as in training local staff on ERA procedures and contributing ‘good practice’ ideas. Their post outside the Jobcentre Plus management structure allowed them to contribute an additional perspective on how the project was progressing at a local level. At the same time, their experience of working in Jobcentre Plus ensured that they were able to give advice that took full account of operational realities, so enhancing their credibility with ERA staff.

### 1.9.3 Timeline of ERA implementation

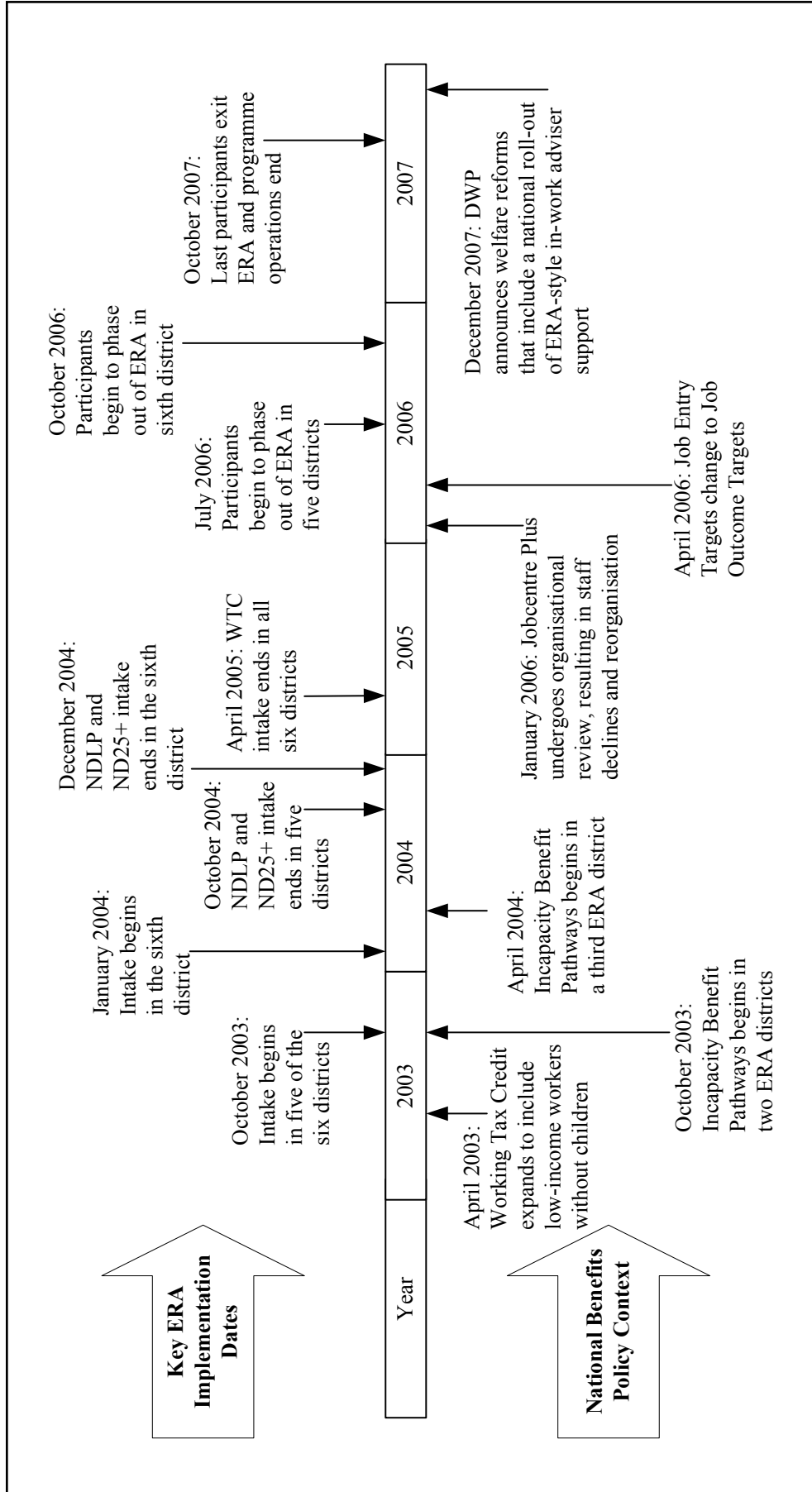
Random assignment began in October 2003 in five of the six ERA sites and in January 2004 in the sixth site (see Figure 1.3). Intake for the New Deal groups ended about a year later. Intake for the WTC group was extended until April 2005 to increase the number of customers in this group. (There were unique challenges in recruiting WTC customers into the sample, because they were not already coming into the Jobcentre Plus offices for services; additional efforts to recruit WTC customers were made in the East Midlands district and this region has by far the largest WTC sample.) Following their 33-month service period, the first customers moved off the programme beginning in July 2006, and the last customers phased out in October 2007.

Several other policies affecting Jobcentre Plus coincided with the implementation of ERA. Figure 1.3 highlights a few of these policies. In 2003 and 2004, the Pathways to Work pilot, an employment programme for recipients of Incapacity Benefit (IB) and disabled recipients of IS, began in three of the six ERA districts. Although this intervention does not directly affect ERA customers, it was a priority programme for districts and district resources and so may have affected the attention and funding dedicated to ERA during that first year before funding for ERA was ring-fenced.<sup>46</sup> In addition, DWP implemented important changes in staffing and performance goals. In January 2006, Jobcentre Plus underwent an organisational review, which resulted in staff reductions and reorganisation.

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<sup>46</sup> Ring-fencing, as the name implies, meant setting aside staff and/or resources specifically for ERA.

**Figure 1.3 Timeline and national benefits policy context of the ERA demonstration, 2003-2007**





Beginning in April 2006, Jobcentre Plus changed the focus of its performance goals from Job Entry Targets to a more varied set of Job Outcome Targets. The Job Entry Targets measured performance by the number of customers Jobcentre Plus staff helped enter work. They required that staff demonstrate that it was because of their intervention that a customer began work. The Job Outcome Targets, in contrast, measure all off-flows of customers from benefits into work, including those for whom there has been no specific intervention. The goal of this change was to allow staff to encourage customers to take their own initiative to find work and to eliminate the need for staff to 'manufacture' interventions in order to claim a job entry. The Job Outcome Targets also introduced a more varied set of 'points' that Jobcentre Plus districts receive when different groups of customers enter work and established targets for the number of points the districts are to aim for among each of these groups.

## 1.10 Scope of the ERA evaluation

The evaluation of ERA is divided into three research strands:

- **A process study:** The purpose of the process study is to understand how ERA was implemented 'on the ground' – whether it was implemented as envisioned in its design, particular implementation challenges, and differences in service delivery across the six sites. It is intended to provide insight into possible reasons for the programme's impacts or, in some aspects, its lack of impacts.
- **An impact study:** The impact study uses customer surveys as well as administrative data to compare the service receipt, employment, earnings, benefits receipt and other outcomes for ERA customers with those of the control group customers. For example, it examines whether programme group customers worked more than control group customers during the ERA service period and whether the earnings of the programme group were higher than those of the control group.
- **A cost and cost-benefit study:** The cost study examines the total cost of implementing ERA, by adding up the total expenditures associated with operating it. It will also provide a foundation for the cost-benefit study, which will seek to understand the net economic gains or losses generated by ERA by comparing the costs of the programme with the financial benefits it induces. This strand of the evaluation is not reported in this volume.

This report focuses on the first two strands: It updates the assessment of ERA's implementation provided in earlier reports and examines, in detail, ERA's impacts over the 24 months following random assignment. Longer-term impact findings and a full benefit-cost analysis will be presented in future reports.

In examining the results from the UK ERA demonstration, it is also important to consider the project within a broader context of retention and advancement programmes. Results are available from the US ERA demonstration.<sup>47</sup> Special note might be taken of the Texas US ERA programme, which is perhaps the most similar to the UK ERA programme and appears to be showing similar outcomes. It targeted low-income families applying for, or receiving, cash benefits (similar to the NDLP group). It offered pre-employment job search and job placement assistance, in-work job coaching and monthly in-work stipends for maintaining full-time employment, available after four months of employment.<sup>48</sup>

## 1.11 The remainder of this report

The remainder of this report is organised as follows:

- **Chapter 2** sets the stage for the core analyses in this report by describing the economic context within which the ERA demonstration was launched and operated. It discusses the characteristics of the two lone parent target groups and shows how key characteristics of those groups varied across the six districts. It also describes in more detail the data sources used in the report.
- **Chapter 3** discusses programme operations, updating the findings from previous reports. It highlights the continued evolution of ERA over time and also the challenges encountered as operations finally came to a conclusion in autumn 2007.
- **Chapter 4** reports on the patterns of programme participation, service receipt, and take-up of the financial incentives over the first two years after random assignment. Drawing on qualitative as well as quantitative data, it focuses on customers' experiences once employed and compares the patterns of in-work service receipt among the working customers in ERA with the experiences of workers in the control group.
- **Chapter 5** describes the impacts of ERA on employment, earnings and benefits receipt over the two years after random assignment. It focuses on the two lone parent groups, rather than district-level differences and gives special attention to ERA's effects on various measures of ERA.
- **Chapter 6** analyses the variation in ERA's effects across the six districts and across key customer subgroups. It considers whether the programme's effects are broadly based or driven by particular districts' programmes or types of customers.

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<sup>47</sup> See reports online at [www.mdrc.org](http://www.mdrc.org)

<sup>48</sup> Martinson and Hendra, 2006.

- **Chapter 7** draws heavily on in-depth interviews with a sample of customers to explore their perspectives on work and family life, their personal situations and their experiences in work to highlight their challenges and opportunities. These observations provide some insights into the magnitude of ERA's impacts presented in Chapters 5 and 6.
- **Chapter 8** outlines next steps in the ERA evaluation.



## 2 Sample and sites

### 2.1 Introduction

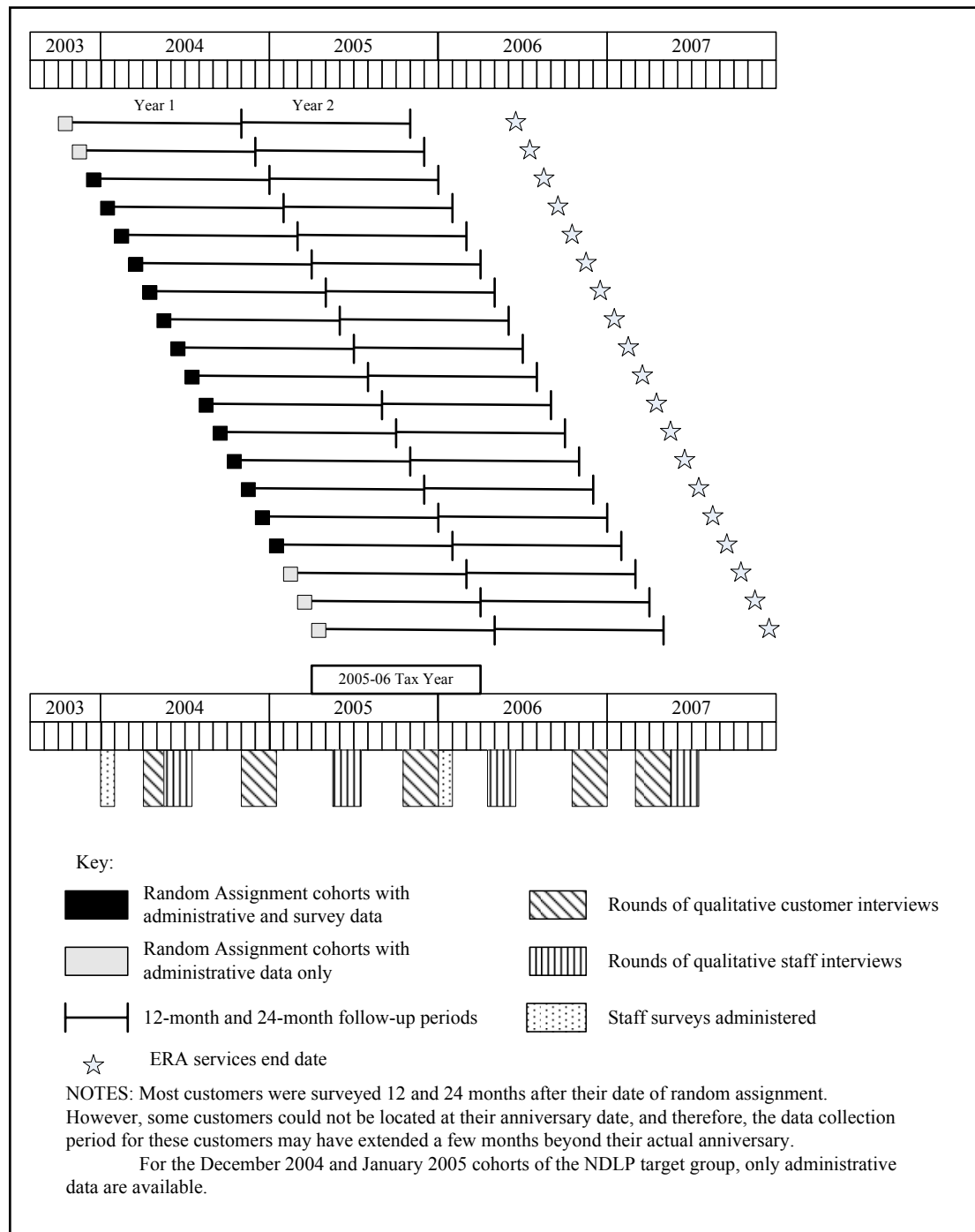
The Employment Retention and Advancement (ERA) demonstration was launched in six regions across the UK, with each having a particular set of economic circumstances and varying demographic profiles. As discussed in Chapter 1, ERA has been implemented in a political climate in which increasing employment among lone parents and making work pay for low-wage earners were important priorities. This chapter more fully describes the national and local economic context in which the demonstration was launched and operated. It begins with a brief discussion of recent national economic trends in the UK. It then discusses how the regions in which the programme was implemented were chosen. The chapter provides local economic and demographic information on each of these six regions, including data on population, racial/ethnic composition, major industries, unemployment trends and benefits receipt. These regional differences are important because a goal of the demonstration is to determine whether the programme can be effective across a variety of local environments. The chapter then turns to a discussion of the sample members in each lone parent target group, showing how selected characteristics of the two groups vary by region as well. Finally, it concludes with a discussion of the data sources used in the following chapters.

### 2.2 National economic context

In order to understand broadly the economic context in which the demonstration was tested, it is important to consider the national employment and benefits receipt trends that relate to the ERA target populations. Figure 2.1 presents a timeline of random assignment and data collection, as a reference against which these trends can be compared. As the figure shows, the follow-up period for the quantitative analysis presented in this report covers the first two years after each customer's random assignment date. The start and end dates of the two-year period vary depending on when a customer entered the study. For example, customers who were randomly assigned in November 2003 were followed through November 2005, whereas customers who entered the study in March 2005 were followed

through March 2007. As it turned out, for most New Deal for Lone Parents (NDLP) sample members, the two-year follow-up period fell sometime between the months of January 2004 and October 2006 and for Working Tax Credit (WTC) sample members, it fell largely between the months of January 2004 and March 2007. The qualitative analysis extends into October 2007 – considerably beyond the end of the two-year mark for most sample members.

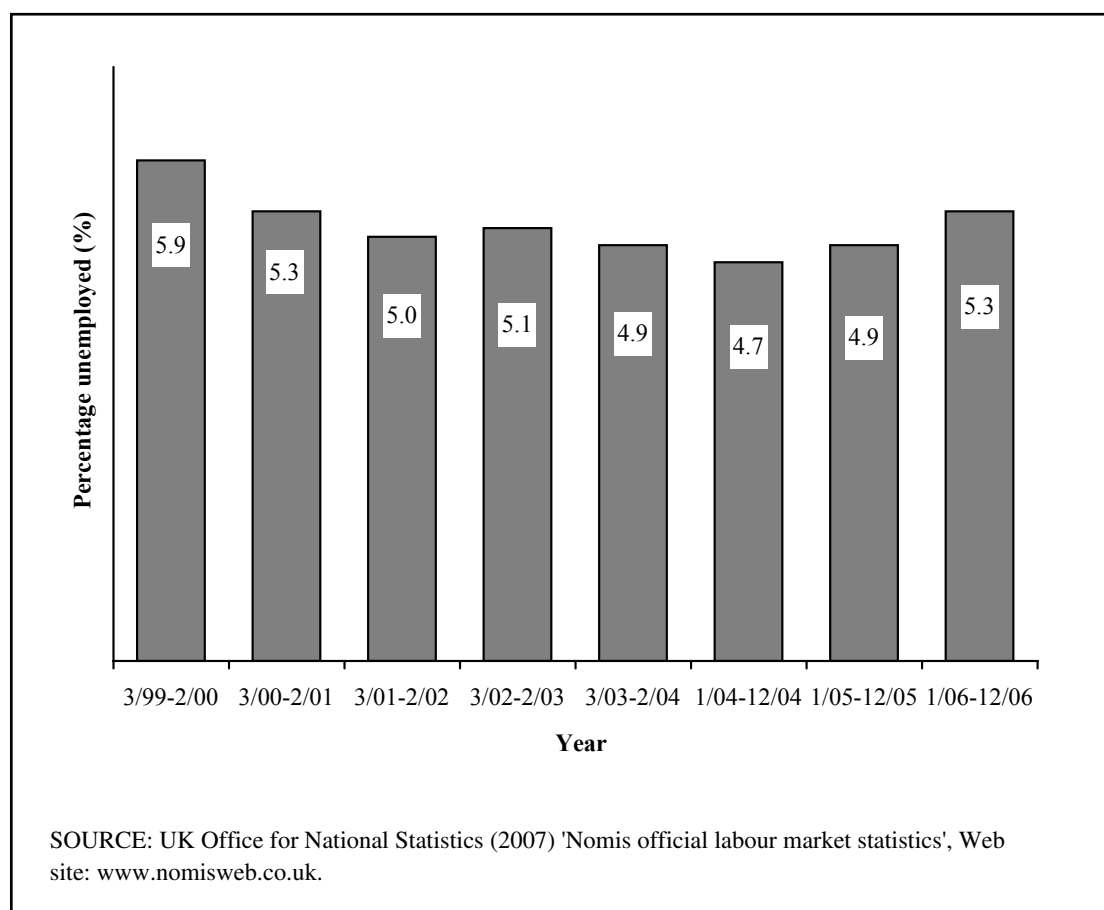
**Figure 2.1 Timeline of collection and coverage of primary data for the ERA process and impact studies**



The employment rate in Great Britain has been increasing since the early 1990s. Between 1999, when the Labour Government pledged to decrease child poverty and increase the employment rate of lone parents, and 2004, the national employment rate rose from 72.6 per cent to 74.9 per cent, an increase of about two million individuals.<sup>49</sup> It continued to increase slightly in 2005.<sup>50</sup> The employment rate of lone parents, in particular, has increased substantially since 1997.<sup>51</sup>

Similarly, the unemployment rate began a downward trend in the early 1990s. It dropped from 7.4 per cent in 1997 to 4.7 per cent in 2004, around the time that ERA was launched. This was its lowest level in almost 30 years. Since 2004, however, the unemployment rate has slightly increased, reaching 5.3 per cent in 2006. (See Figure 2.2 for the trend from 1999 to 2006.) In other words, the two-year follow-up period for the impact results presented in this report occurs during a time when the national labour market was showing signs of weakening.

**Figure 2.2 Unemployment rate in Great Britain, 1999-2006**



<sup>49</sup> Brewer and Shephard, 2005.

<sup>50</sup> Office for National Statistics.

<sup>51</sup> Brewer and Shephard, 2005.

Also relevant for understanding the economic (and policy) context in which ERA was implemented are trends of income transfer and New Deal programmes. In Great Britain, the Income Support (IS) caseload for adults under 60 has been relatively stable since 1999 at just over two million. It rose somewhat to 2.3 million in 2001, but has declined since 2002 to about 2.1 million. The proportion of the population in Great Britain claiming Jobseeker's Allowance (JSA) has also declined over time, from over six per cent in 1996 to under three per cent in 2006. (JSA benefits begin as unemployment insurance payments for people actively seeking work and can be extended beyond six months for low-income people based on a means test.) The total national caseload for JSA declined from over a million in 1999 to under 800,000 in 2004 but began to rise again in 2005.<sup>52</sup>

Both New Deal programmes involved in the ERA demonstration have served large numbers of unemployed individuals. By 2004, over 700,000 lone parents had left the NDLP programme since its inception in 1998. The NDLP caseload increased as the programme was built up and as the total number of lone parents with older children in the UK grew. By the end of 2004, the caseload had reached over 70,000,<sup>53</sup> but it subsequently declined by the end of 2006 to approximately 50,000.<sup>54</sup> The New Deal 25 Plus (ND25+) programme has served slightly more customers: 720,000 individuals had gone through the programme by the end of 2004. However, the ND25+ caseload declined until recently, dropping to approximately 50,000 in 2004.<sup>55</sup> The number then grew somewhat through 2006, to 57,000.<sup>56</sup>

### 2.3 The ERA Sites

The six Jobcentre Plus districts that were chosen to be a part of the ERA demonstration are among about 50 Jobcentre Plus districts that were operating in 2006 throughout Great Britain. Rather than rolling out the programme nationally, Department for Work and Pensions (DWP) and the research consortium selected a limited number of specified districts in which to assess the feasibility and effectiveness of the ERA model. They selected districts strategically in order to ensure that the programme would be tested across diverse local settings.

The process of selecting the districts occurred at the same time as DWP was implementing the Jobcentre Plus service delivery system. Launched in April 2002, Jobcentre Plus merged employment and benefits services that were previously located in separate agencies. This was a substantial administrative reform and it was decided that the ERA districts would be drawn from the 25 districts where

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<sup>52</sup> DWP, Tabulation Tool.

<sup>53</sup> Brewer and Shephard, 2005.

<sup>54</sup> DWP, Tabulation Tool.

<sup>55</sup> Brewer and Shephard, 2005.

<sup>56</sup> DWP, Tabulation Tool.



the new service delivery model had been operating for a minimum of six months before ERA began in October 2003. This ensured that they would be relatively stable administratively by that time. The consortium worked to identify six districts within the 25 that met the following criteria:

- all were to be districts with a large number of customers expected to enter ND25+ and NDLP;
- some were to be districts with a substantial proportion of ND25+ and NDLP entrants from an ethnic minority background;<sup>57</sup>
- the districts were to be spread across varied regions encompassing some urban, some semi-urban, and some rural, areas.

Based on these criteria, one district was chosen in each of the following areas: East Midlands, London, North East England, North West England, Scotland and Wales. The map in Chapter 1 (Figure 1.2) shows the approximate location of these six areas within Great Britain. Within each of the six districts are a number of Jobcentre Plus offices of varying sizes. In total, ERA was operated in about 60 local offices.

### **2.3.1 Local economic and demographic characteristics**

Each of the districts has distinctive economic and demographic characteristics. Considerable variation in local conditions also exists within some of the districts. Table 2.1 shows basic data on population, unemployment and number of people receiving benefits in each district during the period of the ERA evaluation. Box 2.1 provides a short narrative about each district to supplement the descriptions below. All of this information can provide useful context for understanding the implementation and effects of ERA.

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<sup>57</sup> Information on the number of ethnic minority customers by Jobcentre Plus district was obtained from the New Deal Evaluation Database.

**Table 2.1 Population, employment rates, benefits caseloads, and take-up rates in the six ERA districts**

District	East Midlands	London	North East England	North West England	Scotland	Wales
<b>Local demographic and economic characteristics</b>						
Population, 2004	980,400	858,100	341,700	436,000	782,800	317,700
Population, 2006	990,400	866,600	341,500	452,000	785,300	319,000
Population density	Semi-urban	Urban	Semi-urban	Urban	Rural	Rural
Unemployment rate, 2004 (%)	4.38	6.34	6.46	8.66	4.56	4.57
Unemployment rate, 2006 (%)	5.01	7.35	7.93	7.37	4.42	5.05
<b>Caseload trends</b>						
Income Support caseload, May 2004	31,660	39,300	19,160	37,980	30,090	13,330
Income Support caseload, May 2006	30,070	39,950	17,420	36,090	28,370	12,630
Percentage of the population receiving Income Support, 2004 (%)	3.23	4.58	5.61	8.71	3.84	4.20
Percentage of the population receiving Income Support, 2006 (%)	3.04	4.61	5.10	7.98	3.61	3.96
Jobseeker's Allowance caseload, May 2004	12,220	15,350	6,920	10,500	13,420	4,020
Jobseeker's Allowance caseload, May 2006	14,740	17,990	7,860	11,160	12,520	4,940
Percentage of the population receiving Jobseeker's Allowance, 2004 (%)	1.25	1.79	2.03	2.41	1.71	1.27
Percentage of the population receiving Jobseeker's Allowance, 2006 (%)	1.49	2.08	2.30	2.47	1.59	1.55

SOURCES: UK Office for National Statistics (2007) 'Nomis official labour market statistics', Web site: [www.nomisweb.co.uk](http://www.nomisweb.co.uk); DWP tabulation tool; interviews with DWP staff. Population and unemployment data for Scotland do not include one local authority (Eilean Siar), for which data were not available.

### **Box 2.1 Local economic and demographic trends in the six ERA districts**

**East Midlands:** This district is the largest of the six ERA districts, with a population nearing a million in 2006. The population includes large Afro-Caribbean and Eastern European communities, especially in the city-centre areas. The Eastern European population is continuing to increase, particularly from Poland. The district's manufacturing base is declining and is being replaced by a growing service industry, for example in retail and health care. The region has also seen an increase in construction jobs, as many new development projects are under way. Unemployment is relatively low, hovering between 4.0 and 5.0 per cent between 2004 and 2006. The IS and JSA caseloads are about average but the percentage of the population receiving these benefits is the lowest among the six ERA sites.

Continued

**Box 2.1 Continued**

**London:** This is one of the larger districts, with a population of around 867,000 in 2006. The district is very urban and has a relatively high proportion of ethnic minorities. Certain parts have significant proportions of Indian, Afro-Caribbean, African and Pakistani residents. There is also a growing migrant population from Eastern Europe. Much of the population is employed in the service sector. Manufacturing has been on the decline for several decades but has been relatively stable since 2003. Unemployment in this district increased from about 6.3 per cent in 2004 to over 7.4 per cent in 2006. The district has the largest IS and JSA caseloads in the study, with approximately 40,000 IS recipients and 18,000 JSA recipients in May 2006. However, the percentage of the population receiving these two benefits falls in the middle when compared with the other ERA sites.

**North East England:** This district is relatively small, at around 342,000 people in 2006. The vast majority are white and were born in England; only a small proportion of this district is made up of recent migrants, although this percentage increased somewhat around 2001. Large declines in manufacturing have resulted in a broader economic base – including a high-tech sector, service industries, health and pharmaceuticals and automotives (part of a smaller but persisting manufacturing sector) – but has left higher than average unemployment, at 7.9 per cent. North East England trails only North West England in the percentage of the population receiving IS and JSA.

**North West England:** The population in this district falls in the middle relative to the other districts, at around 452,000. The district is urban and has a relatively high proportion of ethnic minorities. The population includes a diverse migrant community of Eastern Europeans, Afro-Caribbeans, Asians, and Africans, particularly in some city-centre areas. The newer migrant population is also increasing, in particular those from Eastern Europe. The majority of the population in this region are employed in the service sector and this number continues to increase. At the same time, manufacturing has declined significantly since the 1970s. Unemployment is higher than in the other districts, fluctuating between 7.4 and 8.7 per cent between 2004 and 2006 and, similarly, the percentage of the population receiving IS and JSA is the highest among the six districts. The caseloads for these benefits are also relatively high.

Continued

**Box 2.1 Continued**

**Scotland:** This district is relatively large, with a population of about 785,000 in 2006, though the district encompasses sizeable rural areas. The proportion of the population comprised of immigrants has increased somewhat in Scotland as a whole and the ERA district has seen increases, in particular, in its recent Polish migrant community. Hospitality and tourism are major industries, while manufacturing has been on the decline, including during ERA's implementation. Unemployment is low, at 4.4 per cent in 2006. The percentage of the population claiming IS and JSA, as well as the caseloads for these benefits, are relatively low.

**Wales:** This district is the smallest of the six sites; the population in 2006 was about 319,000. Also encompassing comparatively rural areas, the vast majority of the population in this district is white British; only 2.1 per cent of the population are from other ethnic backgrounds. The service sector dominates the district's economy, with media and communications, financial and business services, public administration and manufacturing making up smaller sectors. Unemployment is low but increased from about 4.6 per cent to just over 5.1 per cent between 2004 and 2006. The district has the smallest IS and JSA caseloads, with approximately 13,000 IS recipients and 5,000 JSA recipients in 2006. The proportion of the population receiving these benefits is also relatively low.

**2.3.2 Population**

The population of the districts varies considerably, ranging from under 320,000 in the Welsh district to nearly a million in the East Midlands district.<sup>58</sup> The districts in London and Scotland are also relatively large, while those in North East England and North West England are somewhat smaller.

The population density also varies, as districts were chosen specifically based on this criterion. The districts in London and North West England are more urban; the districts in Scotland and Wales encompass sizable rural areas; and the districts in the East Midlands and North East England are comprised of a mix of urban and rural areas.

The more urban districts – those in London and North West England – also have relatively high ethnic minority populations. Comparatively, the districts in North East England and Wales have a low proportion of ethnic minorities. Despite these differences, new migrant communities across the ERA districts are generally increasing. Several have growing migrant communities from Eastern Europe.

**2.3.3 Major industries**

All of the ERA districts have seen long-standing declines in manufacturing and rises in the service sector. Manufacturing in the UK has generally been on the decline since the 1970s. In some districts, such as London, manufacturing remained

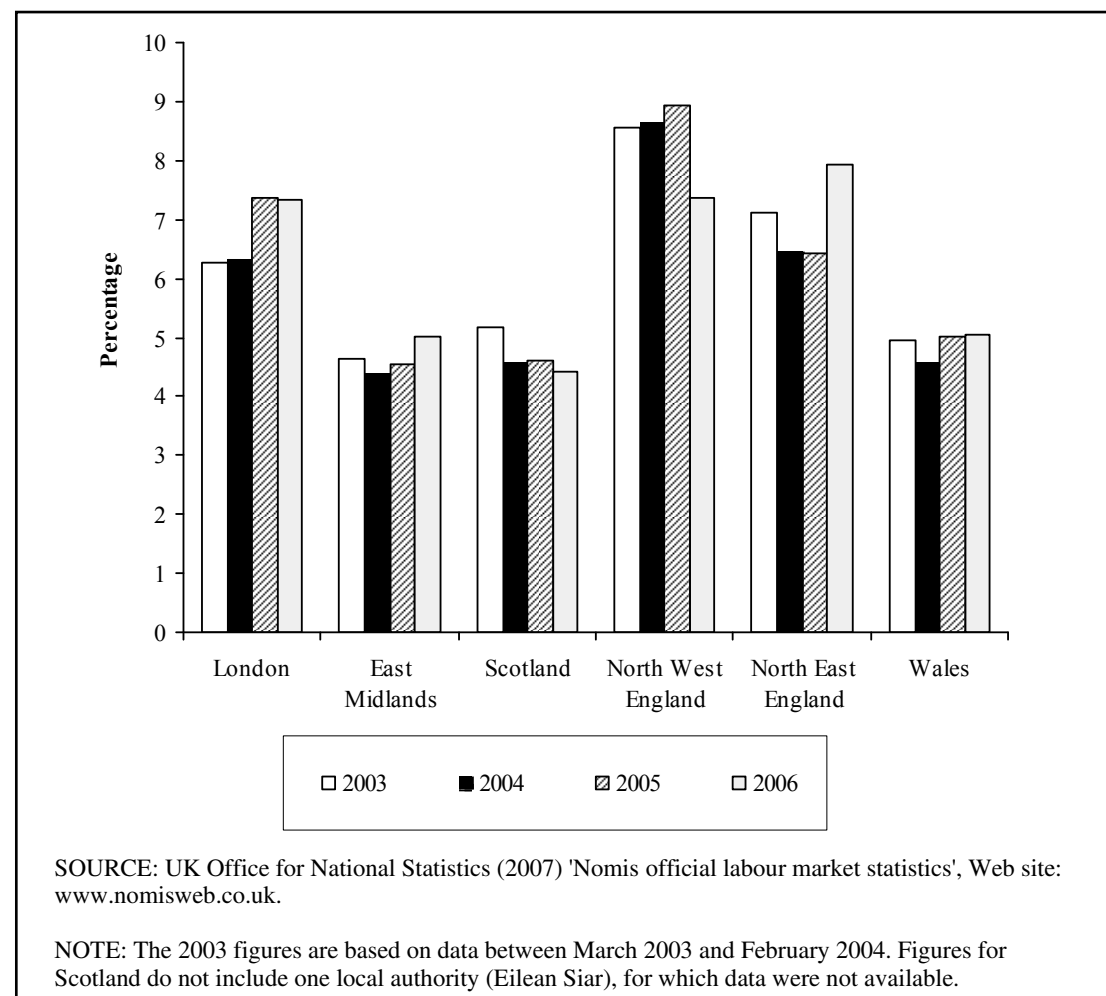
<sup>58</sup> Office for National Statistics.

steady throughout the period of ERA's implementation, while in other districts, such as Scotland, manufacturing declines continued during ERA's implementation. The majority of the population in each district generally works within the service sector, although the predominant areas of employment within this sector vary across the districts.

### 2.3.4 Unemployment levels and trends

As shown in Figure 2.3, unemployment rates in recent years varied substantially across the six districts. They were lowest in the East Midlands, Scotland and Wales (roughly four to five per cent in 2003-2006) and highest in North West England (peaking at about nine per cent in 2005).<sup>59</sup> Three of the six districts (London, East Midlands and North East England) saw unemployment rates begin to climb in 2006, following national trends. As Figure 2.1 shows, the survey and administrative records data collected for this report extend through 2006, so it is possible that some of the sample members in the ERA study may have been affected by these trends.

**Figure 2.3 Unemployment rate in the six ERA districts, 2003-2006**



### **2.3.5 Benefits receipt levels and trends**

IS caseloads for adults under 60 vary across the districts, from a low of around 13,000 in the district in Wales to a high in the London district of about 39,000.<sup>60</sup> JSA caseloads are lower than IS caseloads overall and vary from about 5,000 in the Wales district to over 18,000 in the London district (see Table 2.1). The proportion of the population in each district receiving these benefits roughly correlates with district unemployment rates. Thus, the East Midlands, Scotland and Wales districts are at the lower end of the spectrum, with less than four per cent of their populations receiving IS and less than two per cent receiving JSA in 2006. North West England is on the high end, with eight per cent of the population receiving IS and almost 2.5 per cent receiving JSA.

### **2.3.6 Summary of economic trends across the districts**

Overall, the districts in the East Midlands, Scotland and Wales generally show stronger economic trends; their unemployment rates are relatively low, smaller proportions of the population claim IS and JSA benefits and the proportion of the population receiving IS has decreased somewhat since 2004. The district in North West England, by contrast, shows weaker economic trends; it has a high unemployment rate (though an improving situation in 2006) and a large proportion of its population claims benefits. The London and North East England districts fall in the middle.

## **2.4 The research sample for this report**

Reflecting the diversity of the districts included in the evaluation, the ERA sample exhibits considerable variation in a number of important background characteristics. Important differences also distinguish the NDLP and WTC target group samples, resulting in part from the differences in eligibility criteria for ERA and the way in which those sample members were recruited. The following sections describe the sample by target group and highlight some of the main differences across the districts.

### **2.4.1 Characteristics by target group**

Between October 2003 and April 2005, 6,787 people entered the ERA sample from NDLP and 2,815 people entered the ERA sample as WTC recipients across all six districts; however, only people from the WTC target group were enrolled during the last three months of this period. These two groups have relatively different social compositions, as the profile summarised in Table 2.2 shows.

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<sup>60</sup> DWP, Tabulation Tool.

**Table 2.2 Demographic profile of all customers randomly assigned between October 2003 and April 2005**

Characteristic	New Deal for Lone Parents	Working Tax Credit
Gender (%)		
Male	5.1	2.6
Female	94.9	97.4
Age (%)		
Under 30	42.1	17.0
30-39	39.3	47.1
40 or older	18.6	35.9
Age of youngest child (%)		
No children	0.9	1.4
Under 7	58.2	36.8
7-11	25.0	31.8
12-16	15.4	25.9
17 or older	0.5	4.1
Race/ethnicity (%)		
Ethnic minority	12.7	7.8
White	87.3	92.2
Education (highest qualification obtained) <sup>a</sup> (%)		
None	23.6	12.1
GCSE	47.0	45.0
A-level	21.9	30.7
Other	7.5	12.2
Housing status <sup>b</sup> (%)		
Family	8.2	6.0
Social	66.8	37.6
Private	25.0	56.3
Number of months worked in 3 years prior to random assignment (%)		
None	48.0	1.2
1-12	24.2	11.6
13+	27.8	87.2
Cohort		
Early (October 2003 - May 2004)	53.5	19.1
Late (June 2004 - April 2005)	46.5	80.9
No driving licence or lack of access to vehicle (%)	67.6	33.1
Has barriers to work <sup>c</sup> (%)	64.3	68.0
Severely disadvantaged <sup>d</sup> (%)	22.1	n/a
Moderately disadvantaged <sup>e</sup> (%)	n/a	37.3
Sample size	6,787	2,815

**(continued)**

**Table 2.2 Continued**

SOURCE: MDRC calculations from baseline information forms completed by DWP staff.

NOTES: Rounding may cause slight discrepancies in calculating sums and differences.

Sample includes all lone parent customers randomly assigned between October 2003 and April 2005.

<sup>a</sup>Participants who have General Certificate of Secondary Education (GCSE) qualifications refers to those who have passed a series of examinations in a variety of subjects, usually taken at age 15 or 16. Participants with A-level qualifications have passed a series of more advanced examinations usually taken around age 18 or older. Those with no qualifications have completed neither series of examinations.

<sup>b</sup>Family housing refers to situations where the customer is living with his/her parents or other friends or relatives. Social housing refers to housing in which the Local Authority (local government) or a private housing association is the landlord. Private housing refers to owner-occupied housing or housing that the customer rents privately.

<sup>c</sup>Barriers to work include housing, transport, childcare, health, basic skills, or other problems.

<sup>d</sup>Severely disadvantaged refers to those NDLP participants with GCSE qualifications or lower, no work in the three years prior to random assignment, and at least one barrier to employment.

<sup>e</sup>Moderately disadvantaged refers to those WTC participants with GCSE qualifications or lower and at least one barrier to employment.

### *NDLP customers*

NDLP customers are mostly young to middle-aged women; about 95 per cent are female. Over 80 per cent are under 40 and 13 per cent are racial/ethnic minorities. This generally aligns with the demographics of NDLP entrants nationwide.

NDLP customers face significant barriers to work. About a quarter have no educational qualifications and just under half have reached General Certificate of Secondary Education (GCSE) level. Two-thirds live in social housing (housing owned by the local government or a private housing association) and only about a quarter live in privately owned or privately rented accommodation.<sup>61</sup> Over two-thirds do not have a driving licence or access to a vehicle and almost two-thirds cite barriers to work (which can include housing, transport, childcare, health, basic skills or other problems). Nearly half did not work at all in the three years before random assignment and just over a quarter worked 13 months or more during this period. The children of the NDLP sample are quite young; the youngest child of 58 per cent of the sample is under the age of seven and only 16 per cent of sample members have a youngest child over the age of 12.

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<sup>61</sup> The social housing sector now on the whole accommodates fewer than one in four British families with dependent children. Social housing provided by the Government is declining in the UK. However, housing subsidised by private housing associations is increasing, and demand for subsidised housing remains high, as the cost of private homes is rising.



### *WTC customers*

Almost all of the WTC customers in the research sample are women. The WTC sample is older than the NDLP sample, as nearly half are in their 30s and another 36 per cent are age 40 or older. As would be expected, the youngest child of members of the WTC sample is older than in the NDLP sample, with 62 per cent over the age of seven and 30 per cent over the age of 12.

The lone parents receiving WTC differ from the NDLP group in ways that underscore the differences between groups of people who have worked more steadily and those who have been out of work. Nearly 90 per cent of the WTC group reported working 13 months or more in the three years before random assignment. As they had to be working at the time of random assignment to enter ERA in the WTC group, very few reported no work experience in the three years before random assignment.

This group also reported better qualifications than the NDLP group – with only 12 per cent having no qualifications at all and a greater percentage having qualifications beyond GCSE. Over half live in privately owned or privately rented housing, a proportion much greater than among the New Deal participants. They have fewer transport barriers as well; only one-third reported no driving licence or access to a vehicle, compared with two-thirds of the NDLP sample members. However, the WTC customers were equally likely to report that they faced barriers to work; in their case, they seem to have overcome these obstacles.

It is difficult to compare the ERA evaluation's sample of lone parents working part-time and receiving WTC with their equivalents elsewhere, as Jobcentre Plus does not hold data on this customer group. However, an equivalent group interviewed for the 2001 Families and Children Survey (FACS) faced similar housing and transport barriers.

#### **2.4.2 Characteristics by target group and district**

Part of the analysis in this report is conducted at the district level. In order to understand the characteristics of sample members across the districts, Table 2.3 presents selected data regarding customers' educational experience, housing situations, previous work experience and other characteristics broken down by target group and district.

**Table 2.3 Selected characteristics of all customers by district at the time of random assignment, October 2003-April 2005**

Characteristic	East Midlands	London	North East England	North West England	Scotland	Wales
<b><u>New Deal for Lone Parents</u></b>						
No qualifications <sup>a</sup> (%)	21.9	18.8	25.0	28.2	21.3	26.7
Social housing <sup>b</sup> (%)	60.9	65.4	71.0	71.9	66.0	65.7
Ethnic minority (%)	7.4	37.8	1.2	26.4	1.1	2.3
No driving licence or lack of access to vehicle (%)	61.5	65.5	76.9	71.5	75.5	55.0
Has barriers to work <sup>c</sup> (%)	77.1	59.6	61.3	64.6	61.5	61.6
Number of months worked in 3 years prior to random assignment (%)						
None	46.4	59.0	48.9	53.7	39.7	40.4
1-12	22.3	19.0	23.0	23.1	26.6	31.2
13+	31.2	22.0	28.1	23.2	33.7	28.5
Severely disadvantaged <sup>d</sup> (%)	25.3	23.5	24.0	25.8	16.7	17.3
Sample Size	1,645	1,529	1,298	1,022	629	664
<b><u>Working Tax Credit</u></b>						
No qualifications <sup>a</sup> (%)	11.7	6.6	11.9	18.0	14.1	12.7
Social housing <sup>b</sup> (%)	30.6	42.0	46.5	61.0	52.5	32.8
Ethnic minority (%)	4.7	36.4	1.8	26.8	0.0	3.8
No driving licence or lack of access to vehicle (%)	26.0	29.6	48.9	53.0	52.0	25.0
Has barriers to work <sup>c</sup> (%)	71.0	68.1	59.7	80.3	50.7	70.8
Number of months worked in 3 years prior to random assignment (%)						
None	0.9	0.4	2.2	2.2	2.6	n/a
1-12	8.3	12.4	12.2	19.7	21.9	12.7
13+	90.8	87.2	85.6	78.1	75.5	87.3
Moderately disadvantaged <sup>e</sup> (%)	37.5	35.8	37.1	44.3	28.1	44.1
Sample Size	1,586	226	278	183	306	236

SOURCE: MDRC calculations from baseline information forms completed by DWP staff.

NOTES: Rounding may cause slight discrepancies in calculating sums and differences.

Sample includes all lone parent customers randomly assigned between October 2003 and April 2005.

<sup>a</sup>Participants with no qualifications have not earned at least an O-level qualification.

<sup>b</sup>Social housing refers to housing in which the Local Authority (local government) or a private housing association is the landlord.

<sup>c</sup>Barriers to work include housing, transport, childcare, health, basic skills, or other problems.

<sup>d</sup>Severely disadvantaged refers to those NDLP participants with General Certificate of Secondary Education (GCSE) qualifications or lower, no work in the three years prior to random assignment, and at least one barrier to employment.

<sup>e</sup>Moderately disadvantaged refers to those WTC participants with GCSE qualifications or lower and at least one barrier to employment.

### *NDLP customers*

The NDLP group varies somewhat across the districts in terms of customers' educational experience and housing situations and varies more so in terms of their previous work experience. However, none of the districts stands out as having the most or least disadvantaged NDLP customers. The Scottish district is notable for its relatively high percentage of customers with more extensive work experience, while London stands out for its high percentage of customers with little work experience. However, customers in London are generally better educated and customers in the Welsh district are the most likely not to have any educational qualifications. A higher proportion of customers in North East England and North West England live in social housing, while a lower proportion in the East Midlands live in social housing.

### *WTC customers*

The WTC sample is not balanced evenly throughout the districts. Because there were challenges in recruiting WTC sample members (this target group was not previously served by Jobcentre Plus), WTC intake into the sample was relatively low across the districts. Various marketing measures were undertaken to increase intake, particularly in the East Midlands district. This district also saw the greatest response to its outreach efforts; hence, almost half of the entire WTC sample is concentrated there.

There is wider variation in WTC customers' educational experience, housing status, and previous work experience across the districts than there is for the NDLP target group. Because the sample sizes were small in five of the districts, district-level analysis was not undertaken extensively for the WTC target group in this report. Compared with the other districts, WTC participants in the East Midlands district have somewhat more work experience and a relatively small proportion of the sample lives in social housing. The proportion of customers with no educational qualifications ranges from a low of seven per cent to a high of 18 per cent, with the East Midlands district falling in the middle when compared with the other districts.

## 2.5 Data sources

The ERA evaluation uses a rich and varied set of quantitative and qualitative data to assess ERA's implementation and effectiveness. Table A.1 provides summary descriptions of each of these data sources.

Researchers conducted multiple rounds of qualitative interviews with both staff and customers from 2004 to spring 2007. These data form the bulk of the implementation and process analysis of ERA but this analysis also relies on weekly diaries that Technical Advisers (TAs) kept from the beginning of random assignment through June 2005, as well as on data collected on site visits and observations made at various points throughout the course of ERA.

Most of the quantitative analyses rely primarily on a survey administered by phone or in person to a sample of programme and control group customers. This survey was administered to customers 12 months after their date of random assignment (between December 2004 and February 2006) and again at their 24-month anniversary (between November 2005 and March 2007). The survey provides a basis for assessing how much ERA customers used the services and incentives offered by ERA or Jobcentre Plus, how their service-use patterns differed from those of the control group and whether the ERA group's earnings, employment, and benefits receipt patterns differed from those of the control group. For the NDLP target group, 87 per cent of the fielded sample responded to the 12-month survey and 77 per cent of that same fielded sample responded to the 24-month survey.<sup>62</sup>

For the WTC target group, 93 per cent of the fielded sample responded to the 12-month survey, and of those contacted for the 24-month survey, 79 per cent responded.<sup>63</sup> However, it is important to note that the WTC sample was expanded after the 12-month survey was completed, so some respondents to the 24-month survey were not interviewed in that earlier wave.

The decision to increase the size of the WTC 24-month fielded sample was made to accommodate the fact that a large portion of this target group was not recruited into the sample until after the 12-month survey was administered, as well as to include more WTC cases from outside the East Midlands. To make this change without increasing overall survey costs, sample points were moved to the WTC target group from the ND25+ target group (which had a lower response rate than the lone parent samples) after the 12-month survey. Because of this decision, however, the WTC fielded sample is larger for the 24-month survey than for the 12-month survey.

The process study uses DWP administrative records data on bonus receipt to measure the proportion of ERA programme group customers who received the employment retention and training bonuses. These data supplement those obtained through the customer survey on the take-up of the financial incentives.

Finally, the impact analysis uses data from DWP administrative records data, although in different ways for the two lone-parent target groups. Benefits receipt data available from DWP are used to add detail to similar measures obtained from the survey for both the NDLP and WTC target groups. Unlike the survey data, the administrative records data are available for all sample members. Employment and

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<sup>62</sup> Sample members who did not respond to the 12-month survey were not contacted for the 24-month survey. The response rate on the 24-month survey for the 24-month fielded sample (not the original fielded sample) was 88 per cent.

<sup>63</sup> See Appendix B for more information on response rates. As discussed in this appendix, there is little evidence of response bias that would affect analyses based on the survey data.

earnings administrative records data were obtained from the Work and Pensions Longitudinal Survey (WPLS) maintained by Her Majesty's Revenue & Customs (HMRC) agency and used in some impacts estimates for the NDLP target group. As explained in Chapter 5, because of concerns about the quality of these data for the WTC sample, their use is limited to producing impact estimates for the NDLP target group. It should also be noted that the WPLS earnings data pertain only to the 2005-2006 tax year (which began in April 2005 and ended in March 2006). For many sample members, this roughly corresponds to the second relative year after random assignment but for some it largely covers their first relative follow-up year.

## 2.6 Summary and conclusions

ERA was launched in six regions across the UK during a period in which the British economy was relatively strong, although the economy as a whole has declined since. The districts varied considerably in size, population density and racial/ethnic composition. They also differed in their unemployment trends. The districts in the East Midlands, Scotland and Wales generally showed stronger economic trends, while the district in North West England showed relatively weak economic trends. However, all of the districts faced a similar pattern of a declining manufacturing base and a large and increasing service sector.

In general, ERA customers faced significant barriers to work, such as low educational qualifications and limited previous work experience. The majority of customers in both target groups had no educational qualifications or only a basic qualification. The NDLP group had little recent work experience; over half that group had not worked at all in the three years before random assignment. The WTC group had significantly more work experience. In addition, customers in the WTC group were far more likely than those in the NDLP group to live in privately owned or privately rented housing. By contrast, almost two-thirds of the NDLP customers lived in social housing. There were some similarities and some differences across the districts in the proportion of customers with these barriers but no district stood out, relative to the other districts, as having customers with distinctively higher or lower proportions of barriers to employment.



# 3 Implementing a post-employment intervention

## 3.1 Introduction

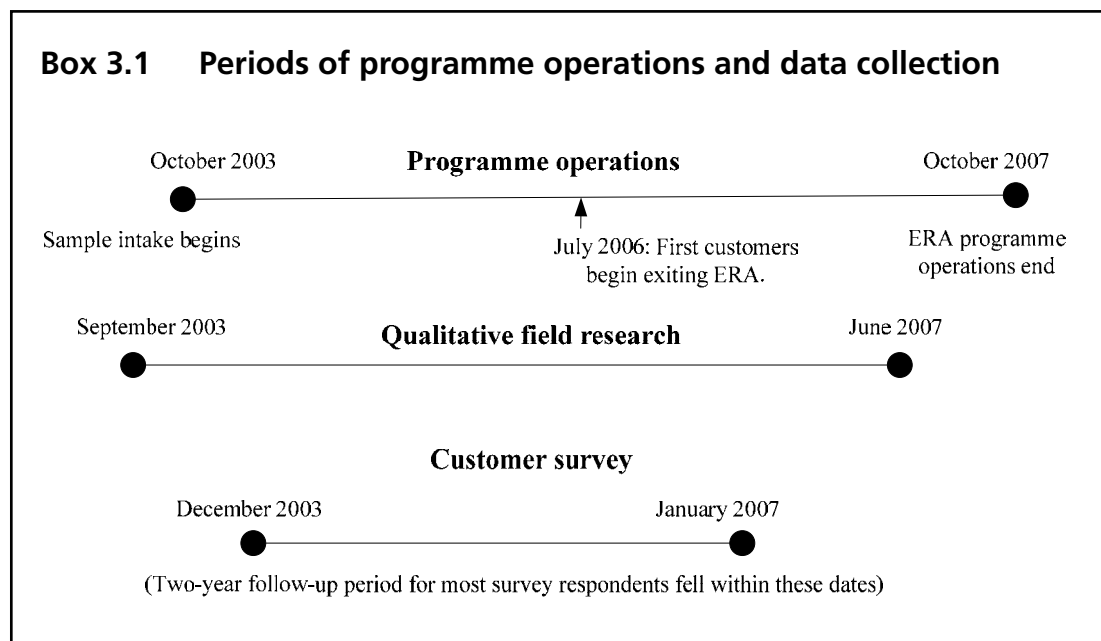
This chapter describes the implementation of Employment Retention and Advancement (ERA), updating the more detailed exploration of this topic presented in an earlier evaluation report.<sup>64</sup> It summarises the critical challenges encountered by the six Jobcentre Plus districts and highlights their key accomplishments as they learnt to operate a new post-employment service within an organisation whose central mission was helping unemployed benefit recipients enter work.

Overall, the analysis suggests that ERA was largely implemented as designed, though imperfectly and unevenly, both over time and across districts. There were inconsistencies across, and also within, districts. Implementation improved considerably between the first and second years of operation, but the districts faced new challenges in the third year as the operational phase of the demonstration began to wind down.

This chapter is mainly based on data collected in qualitative interviews with ERA management staff in Jobcentre Plus offices and in focus groups and interviews with Advancement Support Advisers (ASAs). Other sources include interviews with other Jobcentre Plus and Department for Work and Pensions (DWP) staff and observations of ERA events. It is important to note that these data extend beyond the time period covered by the two-year survey impact data presented in Chapter 5. Whereas those impact data cover the experiences of participants to November 2006 (New Deal for Lone Parents (NDLP)) and March 2007 (Working Tax Credit (WTC)), the qualitative data cover programme operations until the end of ERA, in October 2007 (see Box 3.1). The available impact findings do not yet capture the full effects of ERA's operational phase or the last ten months of customers' involvement in the programme.

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<sup>64</sup> See Dorsett *et al.*, 2007, which provides an in-depth assessment of the first two years of operating ERA.

**Box 3.1** Periods of programme operations and data collection

### 3.2 Programme implementation and delivery

Perhaps the biggest challenge ERA staff faced (principally the ASAs and their frontline managers) was learning how to help working customers meet employment retention and advancement goals while operating within an organisational culture in which the entry of customers into jobs was the primary measure of staff and office performance. It took considerable time and effort for the ERA districts to incorporate strategies that involved building a partnership with customers that extended into work.

For advisory staff, retention and advancement support meant proactively engaging with customers beyond traditional Jobcentre Plus routines, anticipating the needs of working individuals and promoting job progression. It was evident that ASAs' confidence in their ability to deliver post-employment support grew as they gained more experience in their roles. As the end of ERA grew closer, however, and the process of ending customers' involvement in the programme began, an additional set of challenges arose. The first customers ended their time on ERA in July 2006, and a number of indicators suggest that ERA reached its peak performance level in most districts towards the end of 2005 and into the first half of 2006. (For a district-by-district summary of key implementation features, problems, and accomplishments and significant events, see Table C.1.)

#### 3.2.1 Operating within the context of Jobcentre Plus

In many ways, the difficulties encountered in delivering ERA were related to the context of Jobcentre Plus: ERA was a post-employment service, and Jobcentre Plus otherwise had a nearly exclusive focus on pre-employment support. Undeniably, ERA, which required new attention to customers after they entered work, posed a challenge to existing Jobcentre Plus delivery structures and staff skill sets.



ERA's implementation was further complicated and challenged by a performance system focused on Job Entry Targets (JET) that applied to all Jobcentre Plus advisers, including ASAs. This particular target-driven system, which assessed staff performance according to job placements, detracted from the post-employment focus of ERA and undoubtedly encouraged district managers to give limited attention to ERA. The system meant that ERA staff were under pressure to contribute towards job entries, either by concentrating on ERA customers who were not yet working and/or by working with non-ERA customers.<sup>65</sup>

### 3.2.2 The structure and management of ERA

Because districts had autonomy in establishing a management structure for ERA, somewhat different models for programme delivery emerged. The extent to which ERA delivery was affected by the Jobcentre Plus context was partly determined by whether a district established a centralised or decentralised management structure for operating ERA (see Table C.1). The centralised system involved assigning to a dedicated ERA manager overall responsibility for ERA across the whole district (which included multiple Jobcentre Plus offices), with local ASA managers overseeing frontline ERA staff. This made it easier to guide staff and hold them accountable for delivering ERA's retention and advancement agenda. In contrast, under the decentralised system, districts assigned non-ERA Jobcentre Plus managers responsibility for managing ERA frontline staff at the office level. As a consequence, frontline staff were more likely to feel the pressure of conflicting demands – meeting Jobcentre Plus' job entry goals compared to delivering ERA's post-employment services to employed customers. In this environment, there was a tendency to sideline ERA's assistance to working customers.

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<sup>65</sup> The approach to rewarding job entries was modified in April 2006 with the national introduction of Job Outcome Targets (JOTs) in Jobcentre Plus. Under this system, credit is earned for benefit recipients who move off benefits on their own, even without assistance from Jobcentre Plus and for non-benefit recipients who obtained work through Jobcentre Plus self-help job search assistance. Evidence of job entry is obtained from Work and Pensions Longitudinal Study (WPLS) administrative records maintained by Her Majesty's Revenue and Customs (HMRC) (see Chapter 2). Points are awarded when someone enters a new job, with more points attached to job entries for higher-priority customers. For example, helping an unemployed lone parent into work would earn 12 points, while helping an employed person change jobs would earn one point. Early evaluation findings indicate that the introduction of JOT has contributed to changes in the culture of delivery in Jobcentre Plus, including more team working and fewer competitive practices (Nunn *et al.*, 2007). By the time these modifications took place, other changes in the delivery of ERA (outlined below) had served to strengthen the delivery of the post-employment programme.

Centralised management was applied in two districts: the East Midlands and Wales. A variant on the centralised structure involved adopting a Post-Employment Team (PET). This was designed to ring-fence staff<sup>66</sup> (so that they would work only with ERA customers) to enable them to focus on delivering in-work support to working customers. This structure was implemented in two districts: London and North West England.

Other changes in Jobcentre Plus management policies that were not directly related to ERA nonetheless had significance for ERA delivery. For example, North East England and Scotland both experienced district reorganisation during the course of ERA, meaning that some local offices were reassigned from one Jobcentre Plus district to another. In North East England, several reorganisations of the management structure for NDLP ASAs were instituted. Indeed, some ASAs spoke of having 13 different line managers over a three-year period. Changes in management structures and in staffing often disrupted ERA delivery, particularly when new managers did not embrace the post-employment ethos of ERA, when inexperienced ASAs were introduced, or when ASAs took over the caseloads of advisers who moved off ERA.<sup>67</sup> In contrast, in one district, delivery was seen to improve with the replacement of an unsympathetic district manager.

### 3.2.3 The promotion of ERA in the districts

The context of Jobcentre Plus also posed problems for the way in which the districts promoted and supported ERA. Across all districts, it was acknowledged that ERA did not have a high enough priority within the remit of Jobcentre Plus. ERA staff attributed this to low senior management buy-in, but also to the mismatch between the job entry culture of Jobcentre Plus and ERA's emphasis upon in-work support.

Over time, the situation improved, as awareness of ERA spread and in response to efforts by the DWP Project and Evaluation teams to lift the programme's profile.<sup>68</sup> In general, local Jobcentre Plus staff perceived ERA as having low governmental

<sup>66</sup> From the start of ERA, the districts were given extra resources so that the project would not undermine the work of Jobcentre Plus. However, these resources were not ring-fenced in the first year, and were often used to fund non-ERA work. After ERA funds were ring-fenced, the District Manager could not use them for any other Jobcentre Plus work. Likewise, an ERA ring-fenced ASA should not be allowed to undertake any other Jobcentre Plus activities.

<sup>67</sup> ASAs' caseloads varied across districts and although the Project Team had specified an optimum caseload of 70 customers per ASA, some ASAs reported caseloads as high as 120.

<sup>68</sup> As outlined in Chapter 1, DWP established a special Project Team to guide ERA's implementation across the participating Jobcentre Plus districts and it assigned an Evaluation Team to work with the research contractors and monitor the evaluation.

priority throughout its implementation, particularly in those districts that followed a decentralised management structure and in comparison with the Incapacity Benefit (IB) pilots that were operating at the same time in the East Midlands, North East England and Scotland.

### **3.2.4 The support given to staff**

Continuing support was critical to advisory and management staff, because ERA demanded new skills and also because powerful demands on resources were emanating from Jobcentre Plus' higher-priority job entry goals. Yet training on in-work support practices was not systematically delivered to advisory staff at each district until January 2005, when most advisers had been functioning in their ERA posts for approximately one year. ERA management and advisory staff alike identified this training as a significant turning point in programme delivery.

As explained in Chapter 1, the deployment of a team of six non-DWP Technical Advisers (TAs) who worked closely with the evaluation contractors, was an important and distinctive feature of the ERA demonstration. One TA was assigned to each district. It was their responsibility to ensure not only that the evaluation's random assignment procedures were properly implemented but also, alongside the DWP Project Team, to help train ASAs and to contribute ideas daily about good practice for delivering post-employment assistance to customers. In addition to their hands-on assistance, some TAs also supported ASAs by writing electronic newsletters and organising peer support through e-mail exchanges.

The TAs worked with the districts from the summer of 2003 until June 2005. Some staff identified the departure of the TAs as a significant juncture for ERA. As detailed in previous reports,<sup>69</sup> ASAs and local managers valued TAs not only as a key resource on programme rules and post-employment practices, but also for the support they provided to staff, particularly to ASAs in districts that followed a decentralised delivery model. In these cases, the TAs helped to compensate for the lack of standardised focus and direction that might otherwise have been provided by a centralised ERA management structure. The frequency of district-wide ASA meetings, which were often organised by the TAs, also declined in some districts after they left the demonstration.

### **3.2.5 Evolving expertise on advancement**

In the early days of the programme, ASAs were unfamiliar with what was entailed in providing post-employment support. As the programme progressed and they received specialised training, ASAs strengthened their skills and confidence in this area. A number of special guides, developed either by the TAs, the Project Team, or independently within districts, helped to improve staff delivery of advancement-focused customer support. These included a 'motivation sheet', which aimed to identify an individual customer's motivation and could be used as a 'hook' for maintaining engagement, and Advancement Action Plans, which were used to record customers' goals and plans.

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<sup>69</sup> Hall *et al.*, 2005; Dorset *et al.*, 2007.

The use of Advancement Action Plans is a good example of how the delivery of ERA improved over time. Although these plans were to be used from the outset, advisers largely ignored them during the first year of operations. They viewed them as an unnecessary administrative burden, as they duplicated the New Deal action plans already required for pre-employment customers. Advancement Action Plans were completed for customers only as they entered work. During the programme's second year of operation, the districts launched a big push to complete the plans for all customers, including those who were out of work, and to house them on a shared computer drive that was accessible to all ASAs and managers. As ERA matured, use of Advancement Action Plans grew into an essential part of its service delivery strategy. ASAs recorded decisions reached and advancement strategies agreed with customers at their meetings. They also used them to monitor their own work and to manage caseloads.

By the end of ERA, Advancement Action Plans had three main functions:

- **Monitoring ASAs' work:** Initially, TAs and, latterly, managers, were able to use the action plans as a way of monitoring the post-employment services delivered by ASAs. The extent to which the managers utilised this opportunity varied across the districts, according to management structures and resources. It was generally more effective in centralised structures where time and expertise were available. In some districts, action plans were also reviewed to identify training support needs for staff development in conjunction with case conferencing and peer mentoring.
- **Managing caseloads:** ASAs used action plans to remind themselves of customers' details and to check whether agreed activities were being undertaken (by customers and staff). The action plans allowed customers to be transferred more effectively between staff, when necessary, and also provided a means of tailoring contacts with customers to their individual circumstances.
- **Working with customers on advancement:** Some advisers also used action plans in their meetings with customers to develop advancement goals and collaboratively agree upon the steps needed to reach them. Goals and plans were then continually revisited, monitored, and revised, if necessary, at each contact. Staff felt that this built commitment and motivation among customers, and some ASAs, therefore, gave the customer a copy of the plan. ASAs also used the plans to develop creative thinking around advancement with customers and to 'think outside the box'.

### 3.2.6 When was ERA programme delivery at its best?

Over time, several steps were taken which improved ERA staff's capacity to assist their customers to meet their retention and advancement goals. In November 2004, the DWP Project Team ring-fenced the districts' ERA budgets and, in April 2005, the Project Team set up a new financial accounting system and an ERA performance-monitoring system within each ERA district. These changes helped to ensure that ERA resources were channelled onto the programme. During this

time, PETs were also established in the London and North West England districts; some of the ASAs in the North East England, Scotland and Wales districts were protected from mainstream Jobcentre Plus tasks through ring-fencing; and in the East Midlands, a tier of ASA managers was introduced to provide more effective management support for ASAs. As mentioned previously, another important step was the specialised post-employment training for ASAs that the DWP Project Team, MDRC, and an outside training expert organised in January 2005 to strengthen ASAs' capacity to engage and assist working customers.

These and other efforts seemed to pay off. In staff interviews, ASAs and ERA managers expressed the view that their delivery of ERA greatly improved over time, as they continually built on their experiences and developed a better understanding of how to help their customers, especially in relation to their advancement in work.

ERA's implementation also benefited when an increased number of ASAs were assigned to the programme. For example, higher staff levels enabled some districts to re-engage customers who had drifted away from the programme and were not taking advantage of any of the ERA services or incentives. However, some districts, notably Wales, faced continual problems with low staffing levels. This posed an obstacle to re-engagement as ASAs focused on customers who were already participating in ERA.

In many districts, changes in management structures influenced the strength of delivery over time. For example, ASAs in North West England felt that they reached a peak with their delivery in January 2006, helped by ring-fencing, a PET, and the basing of staff in one office. And in June 2007, the London PET said that the delivery of ERA in their district had constantly improved.

Overall, a number of operations, management, and advisory staff identified a period of approximately one year's duration, spanning 2005 and 2006, as a period when ERA delivery was probably at its peak in most districts. However, in districts where the loss of the TAs in June 2005 was not compensated by additional ERA management, ASAs struggled to maintain momentum into 2006.

Across all the districts, while the level of staff enthusiasm and understanding of ERA grew significantly over time, the delivery of ERA could still have been improved. Although by early 2006 staff largely understood the nature of the treatment they should be providing in ERA, they were still constrained by time. Resources being allocated to ERA had improved but these changes were fragile and varied across districts.

### 3.3 Programme delivery as ERA came to an end

The improvements observed in ERA operations extended to the months when the first customers started to flow off the programme in July 2006.<sup>70</sup> Districts found that the structures that had been put in place for the successful delivery of ERA, such as PETs and ring-fenced staff, slowly dissolved as ERA approached an end. Many ASAs felt that the delivery of ERA weakened at that time.

One notable change to the delivery of ERA was the downsizing of the DWP ERA Project Team at the beginning of 2006. This made it more difficult to maintain central communication channels and contact between the districts began to decline.

#### 3.3.1 Weaning customers off ERA

All districts followed similar procedures for communicating to customers that their time on ERA was coming to an end. This was variously referred to as a 'weaning off' or 'disengagement' period. A letter typically relayed this at six months before the end date, again at six weeks before the end and again once ERA had ended. ASAs prepared personalised letters for active customers and standardised letters for inactive customers. This was a labour-intensive task and some ASAs felt that their time preparing correspondence for customers who were not engaged in the programme could have been better spent with those who were actively participating.

Across districts, ASAs gave varying levels of information and advice to departing customers. In North West England, they distributed a 'disengagement folder' that contained frequently-asked questions about job preparation, job hunting, budgeting or direct debits for utilities. The plan was to integrate this pack into mainstream Jobcentre Plus services. Some districts invited customers in for an interview at the six-month stage and it was often the case that ASAs personally communicated with customers with whom they were in more regular contact. In North West England, ASAs also called in pre-employment customers to meet at the time of their six-month letter. During the interview, ASAs informed customers of the in-work support available through ERA to act as a work incentive.

ASAs reported that customers who responded to the letters, most frequently requested support for training. Some ASAs actively marketed the unused training allowance to their customers. Some districts also made an active decision to push the training incentives towards the end of ERA.

#### 3.3.2 Post-ERA customer contact

The districts neither encouraged nor discouraged post-ERA contact with customers. Yet ASAs in all districts mentioned having continued contact with some customers who had completed their time on ERA, which was initiated by the customers themselves. This was more prevalent among NDLP than WTC customers.

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<sup>70</sup> October 2006 in the North West England district.

Although the volume of ASAs' post-ERA contact with customers was low, advisers remarked that it was difficult to disengage, both for themselves and for the customers. The nature of the interaction varied depending upon the customer and was generally a continuation of previous support. For some customers, for example, this meant talking them through difficulties they might be having at work; for others, it might be discussing training outcomes and/or moving jobs. Often it was simply emotional support. Some advisers commented that they had spent a lot of time and effort building up relationships with customers and that it did not seem appropriate to end contact so abruptly. Most ASAs identified customers who were 'particular favourites', whom they treated more like a 'friend' and with whom they were genuinely interested in keeping in touch. Some ASAs also noted that some customers had become reliant on their relationship, and a small number were accustomed to consulting them on a regular basis. ASAs thought that such customers needed more time to disengage, for example:

*'I think it's either the ones that you've built up a long relationship...the ones that went into work early or the ones who you've had a particular lot of input with or a lot of development work has gone on, they are the ones that tend to want to keep in touch.'*

### **3.3.3 Reductions in staffing**

All districts cut staff resources on ERA as customer caseloads dropped, starting from summer 2006. This primarily affected advisory staff but in some districts, particularly those following a decentralised structure, ERA staff, including managers, were increasingly pulled off working on ERA to resume other duties in Jobcentre Plus offices. Senior management made decisions to reduce staffing and/or the percentage of time spent on ERA in order to balance their staff resources. The message was clear that ERA was 'running down'. For their own job security, ASAs also voluntarily moved to other posts (inside and outside of Jobcentre Plus) as they became available.

Because staffing was reduced, advisers had to take on the caseloads of departing ASAs. As a result, some reported that their caseloads became unmanageable. This was particularly evident in Wales, where, in March 2007, there was only one adviser peripatetically serving all 132 working ERA customers in the district. In addition, as customer caseloads dwindled, ASAs increasingly took on mainstream Jobcentre Plus tasks, which focused their attention away from programme delivery. This was more of a problem in the districts that followed a decentralised management model.

ASAs commented on how difficult it was for them to establish working relationships with their newly transferred customers and how this affected the quality of service they could provide. Some felt that the remaining time was too short for them to put a face to a name:

*'I suppose I've got 90 odd, 70 of them are new to me...I spent three years looking at my caseload and knowing everything about everybody and now I'm looking at 70 names and they're names. I don't really know them at all. ...If you take over somebody else's customers, it's much more of an administrative process rather than a relationship.'*

ASAs who specialised by ERA customer group commented that, with reductions in advisory staff, it was not always possible to assign customers to like advisers. This meant that some NDLP and WTC customers would be served by New Deal 25 Plus (ND25+) advisers. Some ASAs were uncomfortable with this arrangement and found it difficult to adapt to a different customer group or way of working.

### **3.3.4 Staff morale**

As more and more advisory staff returned to mainstream Jobcentre Plus service delivery, the remaining ASAs expressed concern about their future positions within Jobcentre Plus. Some were anxious because they were unsure about their future job prospects and others wished to preserve the 'specialness' of ERA and felt that their new skills might be wasted on mainstream approaches to support:

*'When I reflect on it and look back, I think it was a very good project that has helped a lot of people. And you know I think? "Why can't you keep it running and keep us?" [Laughs] I don't want to go.'*

## **3.4 Conclusions**

The most significant challenge in the implementation of ERA was the establishment of an essentially post-employment programme outside the usual ethos and target structure of Jobcentre Plus. This meant that the new ERA staff – the ASAs – had to learn new skills to deliver the service and had to do so in a context in which they often felt that their efforts were not generally appreciated and rewarded. In an important sense, therefore, the ERA programme suffered because it was a demonstration project.

Efforts were made, however, to improve implementation. The most important of these were to deliver specialised training to staff and to maximise the resources allocated to ERA. By mid-2005 to early 2006, to varying degrees, ERA was being delivered as planned, though still not to its full potential. The final year of ERA delivery was characterised by some problems caused by the demonstration coming to an end but also by some customers making renewed efforts to take advantage of the programme – particularly the support for training – before their time on ERA ended. This is discussed further in the next chapter, which explores patterns of customers' participation in the programme and their receipt of ERA services and financial incentives.



# 4 Use of ERA's post-employment services and financial incentives

## 4.1 Introduction

This chapter explores Employment Retention and Advancement (ERA) customers' involvement with Jobcentre Plus and, in particular, their receipt of ERA post-employment adviser services and financial incentives. In addition, through comparisons with the control group, the chapter illustrates how ERA changed the experiences that customers normally had with Jobcentre Plus once they were in work. Thus, along with Chapter 3, it provides evidence on the extent to which the ERA treatment model was delivered as envisioned.

The chapter focuses on the post-employment phase of ERA because the programme's distinctiveness is to be found largely in the services and incentives offered to customers when they are in work. As described in a previous evaluation report on ERA,<sup>71</sup> the use of pre-employment services offered through the New Deal programme, which primarily took the form of job search assistance and some access to training, was generally quite similar between the programme and control groups during the first year after sample members entered the study. This pattern continued in the second year of follow-up. (See Appendix D for further details on the delivery of pre-employment assistance.<sup>72</sup>)

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<sup>71</sup> See Dorsett *et al.*, 2007.

<sup>72</sup> It should be noted that the focus of the chapter on post-employment services excludes services received when customers were 'between jobs' (i.e. if they entered work and then left). Programme group customers, unlike those in the control group, could receive continuing support from their Advancement Support Adviser (ASA) if they were between jobs, although the ERA financial supports and incentives would not be available to them.

Most of the difference in service receipt between the programme and control groups is thus to be found among the working members of those groups. The chapter shows that, as expected, rates of in-work contact and support from Jobcentre Plus were much lower for control group customers. For the New Deal for Lone Parents (NDLP) control group, this is because the ordinary New Deal programme did not call for or fund advisers to maintain contact with participants after they secured jobs of at least 16 hours per week. Moreover, as Chapter 3 explains, adviser performance incentives were based on 'job entries', which would not encourage the offer of post-employment support in the absence of a special intervention such as ERA. Contact rates for the Working Tax Credit (WTC) control group members were also very low because, as workers holding jobs of at least 16 hours a week, they were not eligible for New Deal services and, consequently, did not have an established relationship with a Jobcentre Plus adviser.

Still, contacts between Jobcentre Plus advisers and their former customers sometimes occurred after the customers took a job, though often informally and at the customers' initiative. In addition, some working lone parents enrolled in education and training programmes in the community on their own, without assistance from Jobcentre Plus staff. This chapter shows the nature and degree of such contacts and the rates of participation in education and training that would normally occur in the absence of ERA, as reflected in the experiences of the ERA control group.

Working people, especially lone parents, have busy lives and, for a variety of reasons, some might have chosen not to respond to ERA's offer of in-work support or might not have been able to meet the conditions necessary to receive the incentive payments. Implementation problems, such as those described in Chapter 3, might have also hindered take-up. A critical evaluation question, therefore, is: How much did working members of the programme group actually use ERA's post-employment support? This chapter addresses that question, showing the extent to which the programme group received in-work job coaching and other adviser support from Jobcentre Plus. As will be seen, receipt rates are quite substantial, although far from universal, and it is clear that workers in the NDLP and WTC programme groups had very different levels of involvement with Jobcentre Plus than workers in the control groups.

The chapter begins by reporting on the extent and quality of the contact and engagement of working customers with Jobcentre Plus staff, comparing the programme and control groups to reveal the extent to which ERA generated patterns that differed from 'business as usual' for Jobcentre Plus. It then examines more closely the services working programme group members received, describing the types of help and support ERA advisers provided and the delivery, take-up, and uses of the programme's various financial incentives.

## 4.2 Patterns of engagement with Jobcentre Plus

### 4.2.1 In-work contact with Jobcentre Plus

Customer survey data (information collected in both the 12-month and 24-month surveys) show that virtually all of the WTC sample members and about three-quarters of the NDLP sample members worked at some point within the first two years after random assignment. Most of this group had some form of contact with Jobcentre Plus while employed. Among NDLP working customers, 81 per cent of those in the programme group had contact with Jobcentre Plus staff when in work, which is nearly twice the control group rate of 42 per cent (see Figure 4.1).<sup>73</sup> Among WTC workers, the differential was nearly fourfold, with 84 per cent of those in the programme group and only 22 per cent of those in the control group having had such contact. The especially low rate among the WTC control group reflects the fact that, unlike the NDLP control group, they were already working when they entered the study and most did not have an established relationship with Jobcentre Plus at that time.

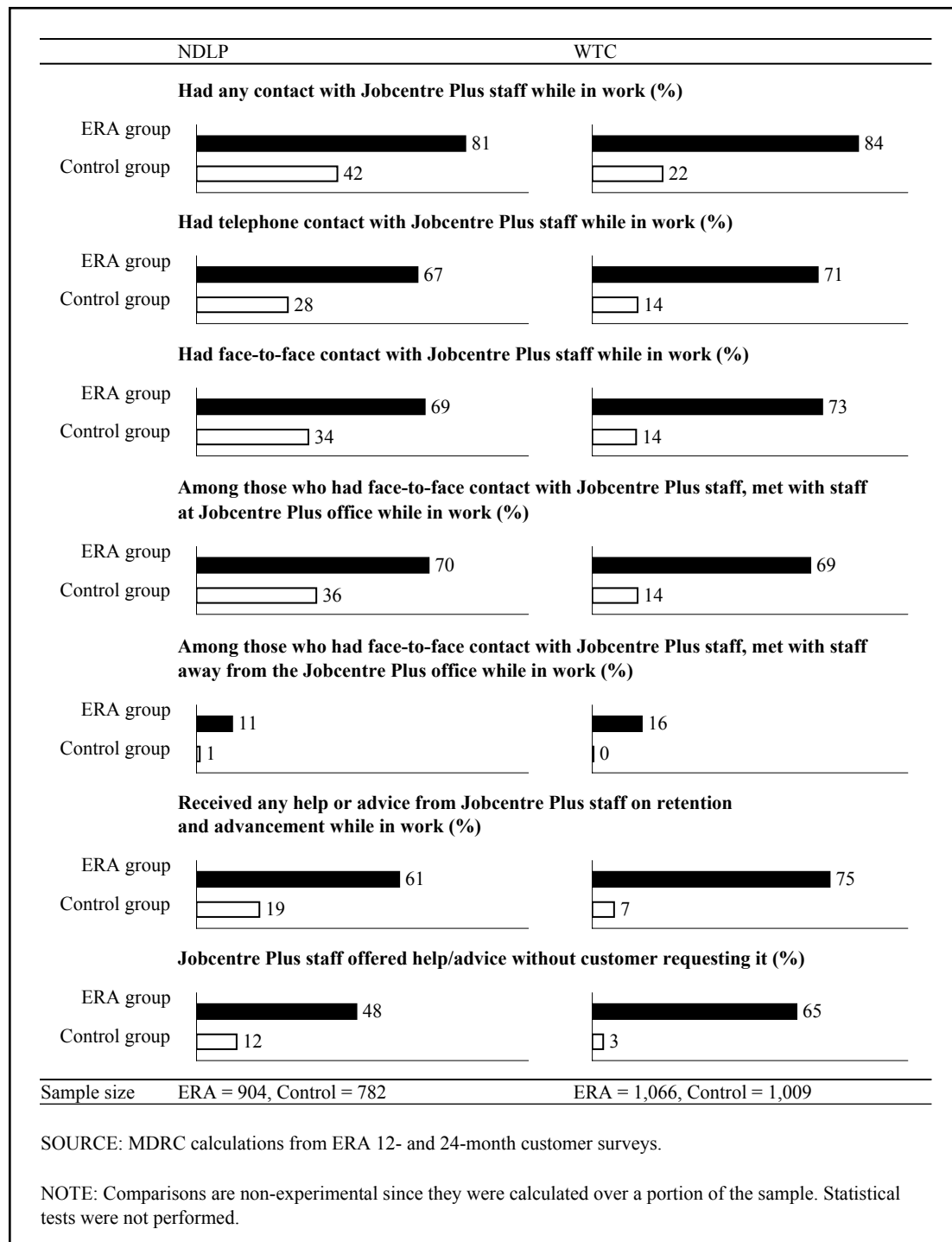
For the NDLP and WTC programme groups, the above statistics reflect a pattern of contact with Jobcentre Plus that began in the first year of follow-up and continued into the second year. In contrast, contacts with control group members dropped off substantially in the second year. In other words, as anticipated, ERA generated sustained involvement with Jobcentre Plus after customers entered jobs.

The survey also reveals other important differences in the nature and quality of the support received by programme group members while in work. Together, these findings suggest that the in-work engagement of the ERA programme group members was indeed different from 'normal' Jobcentre Plus practice. For example, while in work, programme group members were substantially more likely than those in the control group to meet with Jobcentre Plus staff face to face, as well as to speak by telephone; to meet at a place other than the Jobcentre Plus office (e.g. the customer's home or workplace or a coffee shop), as well as at those offices; and to be contacted by an adviser without having requested contact (Figure 4.1). Their frequency of face-to-face in-work contact was also much higher. For example, compared with working control group members, workers in the NDLP programme group were five times as likely to have had ten or more contacts over the two-year follow-up period, and the WTC programme group saw a 20-fold increase. (Table E.1).

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<sup>73</sup> For a small number of control group members as well as ERA customers, this in-work contact may reflect contact during participation in the New Deal programme among working participants who were employed less than 16 hours per week, rather than in-work support provided in a post-New Deal job.

**Figure 4.1 Patterns of contact with Jobcentre Plus staff among ERA customers who worked within two years after random assignment**



The **quality** of the contact also differed. Working control group members often spoke with any available adviser rather than their 'own' (for example, their previous New Deal adviser) or with receptionists or clerks. In contrast, workers in the ERA programme group almost always said that they spoke to their own ASA

and rarely to anyone else.<sup>74</sup> Most importantly, programme group members who worked were much more likely than those in the control group to report that they had received various forms of 'help and advice' from Jobcentre Plus staff to assist them with employment retention or advancement. On this measure, 61 per cent of workers in the NDLP programme group and 75 per cent of WTC programme group members said that they had received such help and advice while in work (see Figure 4.1). The rates were substantially lower among working control group members: 19 per cent of the NDLP control group and just seven per cent of the WTC control group.

#### **4.2.2 Patterns of engagement among the programme group**

Qualitative data from customers and staff reveal three basic patterns of involvement with Jobcentre Plus.<sup>75</sup> However, programme group customers also moved between these types of involvement over the course of their participation in ERA:

- those who maintained in-work contact with staff, often adviser-initiated, that was organised around receipt of the financial incentives (retention bonus, training fees, or training bonus);
- those who maintained contact with their advisers, primarily customer-initiated, because of difficulties they were having in their work or personal lives; and
- those who disengaged from the programme and had little contact.

The administration of the financial incentives provided a useful means for ASAs to organise their in-work contact with customers, as was in fact envisaged in the design of ERA. As described in Chapter 3, ASAs struggled with in-work contact, particularly in the early days of the programme. They were not sure how often to contact customers or how proactive they should be in cases where customers seemed uninterested. The administration of the financial incentives provided a convenient mechanism for them to maintain contact. The receipt of incentives required customers (in most cases) to come into the office to fill out paperwork, and (in the case of the retention bonus) this happened at regular intervals. It gave ASAs a specific 'hook' to encourage customers to come in and a specific reason to visit their ASA. For both, it was an obvious way to organise their contacts.

ASAs spoke of how contact organised around the retention bonus could be used as an opportunity to promote other retention and advancement services. They could, for example, remind customers about training incentives, find out how they were getting on at work, and talk about ways of advancing. This pattern was also reflected in customer interviews, in which they said that discussion with ASAs in

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<sup>74</sup> These patterns are suggested by the responses of a small survey subsample who were asked additional questions about their contacts with Jobcentre Plus staff. See Table E.2.

<sup>75</sup> The content of this engagement and the types of help and support received are discussed in a later section.

meetings had prompted them to look into elements of the programme, such as training, that they might not otherwise have remembered.

As will be discussed more below, survey data suggest that about three-quarters of those receiving the employment retention bonus talked with Jobcentre Plus staff about work or work prospects when visiting the office to pick up their bonus. Those who were engaged in this way recalled discussing a range of advancement-related topics with their ASAs, most commonly finding an education or training course, working out long-term career goals, getting a better job, or improving their skills or prospects in other ways.

The extent to which ASAs maintained proactive contact with customers between the scheduled bonus meetings varied considerably across advisers and customers. Resource issues (staff shortages, heavy workloads) made it difficult for ASAs to reach out proactively to all customers on their caseloads. However, as ASAs became more experienced, they felt that the pattern of in-work contact should be individually tailored to customers' needs. A benchmark of monthly contact for all working customers was set in some districts during 2005. It was quickly relaxed, however, as staff and customers developed their own routines. At the same time, though, advisers also emphasised the importance of maintaining regular in-work contact:

*'[T]here's no standard person, ... some people literally just claim the retention bonuses, ... somebody else might want a really long interview... I think the thing is to just make sure you do keep in contact regularly.'*

Another pattern of engagement was organised around helping customers who had difficulties in their work or personal lives, including those who needed help settling into work, who became interested in a new job or who needed support coping with circumstantial events or personal difficulties. This type of customer-initiated, in-work support is sometimes offered by NDLP advisers outside of ERA as part of 'normal' Jobcentre Plus business, although it is usually restricted to the early days of work. This is supported by survey data (not shown) indicating that in-work contact for NDLP control group customers was at a lower level in follow-up year two than in year one, while for the programme group it remained at the same level across the two years.

The qualitative data from customers and advisers suggest that it was primarily NDLP, rather than WTC, ERA customers who contacted advisers for help with personal difficulties. This is seen in the comments of advisers in a focus group:

- *'I think lone parents like face-to-face contact; they like a chat.'*
- *'...I find them quite needy, or if something has happened...'*
- *'They like to unburden their problems a little bit, don't they?'*
- *'They are needy and they are the most responsive as well.'*

The perceived 'neediness' of the NDLP group customers, which was commented on by many advisers, presented both a challenge and an opportunity for advisers. On the one hand, it brought some employed lone parents into the office on a regular basis but on the other hand, advisers had to think creatively in order to use these contacts as opportunities to refocus the customer on the programme's advancement goals. (This is discussed in more detail in Section 4.3.2.)

Not all lone parents remained engaged with the ERA programme once they were employed. As indicated by the survey data presented in Figure 4.1, only a minority of ERA working participants (though not a trivial one) had no in-work contact with Jobcentre Plus at all over the two-year follow-up period: 19 per cent of NDLP workers and 16 per cent of WTC workers fell into this category.

Given the heavy reliance on organising contacts with customers around the administration of the financial incentives, it is not surprising that the majority of working customers who disengaged from the programme were lone parents who were working only part-time and not undertaking training. However, ASAs were also responsible for the disengagement of some customers. Particularly in the early days of the programme, when ASAs were unfamiliar with in-work support and caseloads were sometimes higher than planned, customers who were not receiving any ERA incentives often 'dropped to the bottom of the pile' in terms of proactive outreach.

Some customers were also indifferent to continuing adviser support because they generally viewed Jobcentre Plus as an out-of-work service, not as a place they would turn to for help once they were employed. Hence, some customers expressed the view that they would not routinely contact their ASA once in work unless there was 'a problem':

*'I just thought once you've got a job and you're at work, they've helped you back to work, whatever, that's what their main like agenda is, to help you back to work. I just thought there's nothing more they could have done really, 'cos like I'm working, my money's sorted out, and everything's getting put into the bank.'*

When customers were re-engaged by their ASA, their views often changed and they became more positive about in-work support. However, ASAs found it quite difficult to re-engage customers once they had lost contact with them.

Although it was unlikely that customers would completely disengage, qualitative data suggest that large numbers of customers moved between engagement and disengagement over the course of their time in the ERA programme. Some of this movement reflected changes in customers' circumstances which rendered contact with the programme more or less useful to them. These included, for example, increasing or decreasing work hours, which resulted in customers becoming eligible or ineligible for the retention bonus; taking up or finishing training; or retention problems like a job finishing or dissatisfaction with work which might prompt a customer to make renewed contact. Other changes related to Jobcentre

Plus capacity. For example, disengagement or re-engagement often coincided with staffing changes: Some customers had regular contact with an ASA which was disrupted if the adviser left; others were re-engaged when a new ASA took over their case.

### 4.2.3 Customer attitudes towards Jobcentre Plus staff

Programme group customers generally held positive views of their relationships with Jobcentre Plus staff. For example, according to the customer surveys covering the two-year follow-up period, over 60 per cent of NDLP and WTC programme group customers who had any face-to-face or telephone contact with a particular staff member at Jobcentre Plus while employed said that they got 'a lot' of support from that person while they were working. Only about 14 per cent said they got 'little' or 'no' support. It is also noteworthy that, overall, customers who were in contact with Jobcentre Plus staff saw value in the interaction. For example, over 80 per cent of programme group customers ever in work who had face-to-face or telephone contact with Jobcentre Plus staff rated the help and advice they got from Jobcentre Plus as 'very helpful' or 'quite helpful' (see Table E.3).

Qualitative data also suggest a high degree of satisfaction among customers with the support provided by ERA advisers, although the nature of relationships between staff and customers varied considerably. Some customers relied extensively on their ASAs for help dealing with a range of issues, including personal and family problems. Such customers might develop a very close relationship, as is evident in these comments from one customer:

*'I contact [my ASA] almost every month or so, or more often than that, because I'm having a lot of problems and he was there to support, he supported through everything. He knows everything that I'm going through...just somebody to talk to, because as you know I haven't got nobody, no friends, nobody to talk to. It's only me and my children.'*

In a later interview, reflecting on the adviser's support, she stated:

*'[I]t was wonderful. I didn't know how I would have coped without talking to them, you know. It made me feel really good. It empowered me as well, knowing that somebody is there for you, you know, and you're not alone. It does feel good.'*

Other customers were much more self-sufficient and interacted with their ASA more strategically for particular kinds of support and expertise (for example, for help accessing training).

Customers generally valued the continuity of support from a single ASA who knew their circumstances and was able to provide individually tailored support. However, given the staffing difficulties referred to in Chapter 3, many customers had to change ASAs during the course of their participation in ERA. This was more difficult for those customers who had developed a very close personal relationship with an adviser, but in many cases such transitions proceeded smoothly, and



customers were more concerned about the quality of support than its continuity per se. As suggested earlier, transitions between ASAs did lead customers to disengage in some cases, but this tended to be when an overall staff shortage meant that it was difficult for them to contact any adviser for help or when they were passed between ASAs many times.

### 4.3 Types of in-work support provided by Jobcentre Plus

The types of in-work help and advice offered by Jobcentre Plus advisers can be broadly divided into retention-focused and advancement-focused support, although there is some overlap between the two. This section addresses each in turn, before examining the support provided through the Emergency Discretion Fund (EDF).

#### 4.3.1 Retention-focused support

The survey asked customers whether Jobcentre Plus staff helped them deal with any personal or family problems that made it hard for them to keep a job and whether they had received help from staff in dealing with problems at work. While the receipt of such retention-focused support was generally low, it was substantially higher for customers in the programme group relative to those in the control group. For example, among customers who worked, 21 per cent of NDLP and 13 per cent of WTC customers in the programme group received help with personal or family problems while employed, compared with only seven per cent and two per cent, respectively, of those in the control group (see Table 4.1). Additionally, 13 per cent of NDLP and eight per cent of WTC working programme group members received help dealing with problems at work, compared with four per cent and one per cent, respectively, in the control group.

**Table 4.1 Receipt of in-work help or advice from Jobcentre Plus staff within two years after random assignment among customers who worked**

Outcome	NDLP		WTC	
	ERA group	Control group	ERA group	Control group
While in work, received help or advice dealing with personal or family problems that made job retention hard (%)	21.4	6.7	12.9	1.6
While in work, received help or advice dealing with problems at work (%)	13.1	3.8	7.9	0.8
While in work, received any help or advice on (%)				
Getting job with better pay or conditions	31.8	9.5	47.7	3.4
Increasing hours of work	30.2	9.2	52.8	2.5
Negotiating a pay rise	5.0	1.2	7.4	0.4
Negotiating better job terms, e.g. more convenient hours	11.7	3.0	11.0	1.3
Getting a promotion in present work	11.8	1.6	15.0	0.9
Getting a more permanent job or contract	14.7	4.1	15.9	1.4
Working out long-term career goals	32.4	6.8	50.0	2.3
Finding an training or education course	44.4	9.7	65.1	3.1
Other type of help	11.6	3.4	19.3	1.3
Any in-work help/advice	61.1	19.0	75.2	6.9
Sample size	904	782	1,066	1,009

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Rounding may cause slight discrepancies in calculating sums and differences.

Comparisons are non-experimental since they were calculated over a portion of the sample. Statistical tests were not performed.

It is unlikely that these two survey items capture the full extent of retention-focused assistance that customers received. Qualitative data provide fuller detail on the range of support provided. (The provision of financial support for retention is addressed in a later section.) For example, retention support also included:

- supporting the transition into work by helping with in-work benefit claims, childcare arrangements and payments, rent and housing benefit issues or transport to work. While customers' need for such assistance tended to be greater when they first moved into work, it could also be continuing. For example, some customers had to renew WTC claims when their circumstances changed, to deal with overpayments and administrative errors or changes in their childcare arrangements;
- providing continuing job search assistance when customers wanted to change jobs (thus supporting both retention and advancement goals);
- providing continuing support (practical and emotional) in resolving personal problems (negative work relationships, debt, depression or domestic violence) that could undermine steady employment;
- providing one-off 'crisis' support – for example, financial assistance to cover time off work resulting from accident or injury.

Qualitative data from both staff and customers suggest that ASAs provided retention-focused assistance more commonly to NDLP rather than WTC customers. In particular, it was much more likely for NDLP customers to rely on ASAs for emotional support (either encouragement to stay in work or help with personal problems). This is supported by the survey findings cited previously. It reflects the fact that the WTC customers, owing to their previous work experience, were (generally) more settled in work when they entered the ERA programme and thus had less need for such assistance. In contrast, NDLP customers were often entering work after a lengthy period on benefits and required more help to become established in work. It also reflects greater acceptance of, and reliance upon, advisory support by NDLP customers, who were more likely to have established a relationship with an adviser while out of work, either during their participation in ERA or previously.

Qualitative data also show that, while ASAs supported customers' efforts to stay in work, they only rarely contacted employers or dealt directly with customers' problems at work. ASAs generally felt uncomfortable intervening in the relationship between customers and their employers, and customers also mostly felt that this would be inappropriate. There were only occasional instances when ASAs contacted employers on a customer's behalf. Customers did value advisers' support, however, in discussing how to deal with problems in the workplace.

### **4.3.2 Advancement-focused support**

According to the customer survey data, some NDLP and WTC control group members received various forms of in-work help and advice related to advancement from Jobcentre Plus staff. However, as expected, the rate of receipt was much higher for the programme group for almost every form of assistance specified in the survey (Table 4.1).<sup>76</sup>

The most common types of help or advice received by employed ERA programme group customers were help finding education or training, determining career goals, increasing work hours and getting a better job (Table 4.1). Least common were support in getting a promotion, negotiating better job terms and negotiating a pay rise.

Qualitative data from staff and customers further suggest that, aside from encouragement to increase hours, the advancement goals that ASAs and

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<sup>76</sup> Table E.4 presents estimates of ERA's impacts on the combined likelihood of working and of receiving each of these different forms of in-work help and advice from Jobcentre Plus staff. All survey respondents in the programme and control group are included in the estimates in Table E.4, even if they did not work. The estimates are experimental ones and show ERA's effects on sample members' likelihood of meeting both outcome conditions (i.e. working and receiving help/advice). See Box 5.1 for further information on reading the impact tables in the report.

customers were working towards usually related to moving into a different field of work. Hence, advisory support was oriented towards training, if that was required for the desired work, and/or job search. In some cases, when customers' advancement goals were less clearly defined, ASAs encouraged them to increase their confidence and skills by pursuing training. As reflected in the survey findings above, it was relatively rare for ASAs to assist customers to seek advancement in their existing workplace, such as through promotion. Both ASAs and customers generally saw this as outside advisers' area of competency. Moreover, ASAs had limited contact with employers and hence, did not feel confident negotiating with them directly about advancement opportunities for customers.

Both the survey and the qualitative data show that WTC customers in the programme group were more likely than NDLP customers to view contact with an ASA as primarily directed towards an advancement goal. Similarly, it was primarily WTC customers who were aware of having an Advancement Action Plan. This reflects the different way in which WTC customers were recruited onto the ERA programme: They were already working from the start, and their initial meetings with ASAs typically focused on advancement goals. When they maintained continuing contact, their meetings followed up on progress towards those goals. Because WTC customers were less likely to need and seek help retaining employment, their ASAs could focus more on advancement. In contrast, the first priority for NDLP customers when they entered the study was to find work.

ASAs often deferred working on advancement with NDLP customers. These customers often needed help resolving crises that threatened work retention before advisers could begin to address advancement. ASAs also felt that it was necessary for customers to 'settle' in to work first. This can be seen in comments from one adviser in a focus group:

*'[F]or most lone parents, it seems as though their priority isn't work. Their priority is the children and...about being there for the children...but once they've actually clicked in their head, "OK I can do this"...they move into the Working Tax Credit group,...they had already made that big leap... "Yes I can go into work, Yes I can get a job, Yes I can manage those circumstances around it".'*

As suggested in Chapter 3, ASAs grew more confident over time in their ability to deliver advancement support to customers. This was very evident in qualitative interviews with ASAs. In the first round of interviews (spring 2004), the majority of ASAs, when asked about how they promoted advancement with customers, mentioned only their marketing of the training incentives. In later waves of interviews, however, many ASAs had developed a more sophisticated and nuanced understanding of advancement and how to promote it among customers, including among those who were initially unreceptive. These later understandings and practices included the view that advancement could potentially mean a range of different things for different people and hence, should be individually tailored, and also that advancement coaching could be effective if approached creatively,

even among those customers who appeared initially unreceptive. As one ASA put it:

*'The majority they do want to move on and advance, but I think they were a little bit surprised by the types of advancement we're looking for. ... Often they come in with low self-esteem and little confidence in themselves, so the small things they do in the workplace to start off with builds their confidence, builds their rapport with their colleagues, with their bosses, with whoever they come into contact with, which in the future will hopefully stand them in good stead for moving on, increasing their hours, getting promotion, whatever, so start small and hopefully move on from there.'*

With greater experience, advisers also recognised that the 'right time' for advancement was unique to customers; for example, some customers expressed a 'deferred orientation' to advancement, preferring to delay advancement steps until their children were older.<sup>77</sup> Advisers recommended maintaining a line of communication so that they could discuss advancement once the time was 'right' for that customer.

### **4.3.3 EDF payments**

ERA customers who entered work could receive assistance from the EDF to take care of minor financial emergencies that might prevent them from continuing in work.

#### *Take-up of EDF payments*

Financial payment records indicate that, respectively, 23 per cent and 18 per cent of NDLP and WTC programme group customers who worked during the two-year follow-up period received EDF assistance (see Figure 4.2). Seventy per cent of those who received a payment received just one, while only 11 per cent received three or more payments (Table E.5). For those who received EDF assistance, total per-person payments averaged £235 for NDLP customers and £206 for WTC customers.

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<sup>77</sup> See Hoggart *et al.*, 2006.

**Figure 4.2 Receipt of EDF payments among ERA customers within two years after random assignment**

Work status and measure	NDLP	WTC
<b>A. All ERA customers (%)</b>		
Received EDF payments	18	17
Sample size	1,188	1,082
<b>B. All ERA customers who worked (%)</b>		
Received EDF payments	23	18
Sample size	904	1,066

SOURCE: MDRC calculations from DWP financial incentives data and ERA 12- and 24-month customer surveys.

### *Delivery of EDF payments*

At the start of ERA, ASAs were uncertain about how best to use EDF monies, and, consequently, they did not proactively promote their availability to customers as part of the ERA package. However, as ASAs grew more confident in their role and learned how to use the EDF, they came to feel more comfortable exercising discretion in distributing the funds and using them as a retention tool. In the final focus groups (May 2007), many ASAs talked about how they had used the EDF to help lone parents stay in work, especially during their first six months of employment:

*'The one thing I definitely think they should definitely do is the EDF because, in terms of keeping people in work in the first six months, the EDF was just invaluable.'*

This change over time was also evident in the qualitative customer interviews. Early interviews (conducted in autumn 2004) suggested that very few customers knew of the availability of the EDF. Their accounts confirm that ASAs did not tell them about this element of ERA as a matter of course. Customers who received those funds learned about them only after having told their ASAs that they were in financial difficulty, at which point the advisers indicated that a flexible pot of money could be used to help them. By the second wave of interviews (in autumn 2005), many more customers knew of the EDF and more had used those funds. Still, there remained a substantial group of customers who had no knowledge of the EDF, suggesting that many ASAs told customers about it only on a 'need to know' basis.

Customers' attitudes to the EDF varied. Some who had received payments expressed disbelief and gratitude at the help received, seen in the comments of one customer whose car had broken down:

*'I just couldn't believe it. I felt like crying, and I said, "No, don't be silly", as if she was lending that out of her purse, and she went, "No, you need your car for your job"...I couldn't believe it.'*

Sometimes customers who had not received EDF payments expressed reluctance to request the money, with many saying *'I didn't need it'*. Some also talked about being embarrassed or not wanting to admit that they were struggling financially.

Despite ASAs' growing confidence in using the EDF, some evidence suggests that they disbursed it unevenly and for different purposes:

*'I've not really used the EDF; I've only used it five times. ...I suppose mine [incentive payments] have been retention bonuses and training fees and bonuses, so EDF I've probably not told them about.'*

ASAs commented on some of the difficulties involved in having discretion over the payments. One ASA talked about how she had made a large payment to help a customer with her rent arrears. A few months later, the same customer once again had rent arrears and the ASA realised that what the customer really needed was help with household budgeting rather than emergency payments. Other ASAs indicated that this was not an isolated incident.

#### *Uses of the EDF*

According to interviews with staff and customers, ASAs used EDF payments for a number of purposes, including:

- childcare costs, including unexpected costs arising from problems claiming tax credits;
- moving from benefits that were received weekly to a job that paid monthly, creating difficulty managing expenses during that transition;
- moving house and having to pay two amounts of rent;
- paying for petrol when settling into a new job; and
- covering childcare expenses during unpaid sick leave.

In general, the most common uses were for childcare and housing-related expenses.

## 4.4 Customers' receipt of ERA's in-work financial incentives

In addition to in-work job coaching and financial assistance from the EDF, ERA offered a range of financial incentives designed to promote steady full-time employment and skills training while employed. Using survey and administrative records data, this section describes the extent to which ERA programme group members received those incentives. Using qualitative data, it also describes how staff marketed the incentives to customers, how customers viewed the offer and

responded to it and how those who received payments tended to use the extra money.

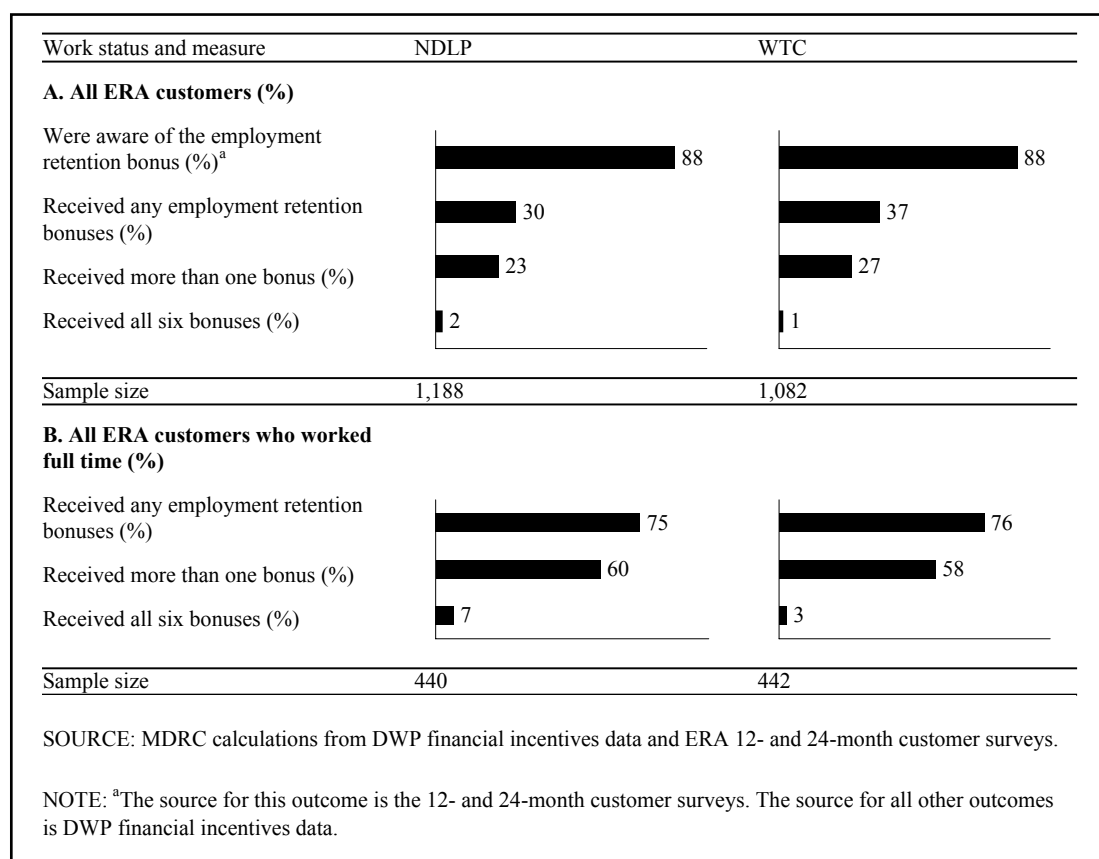
#### 4.4.1 Employment retention bonus

ERA customers could receive an employment retention bonus of £400, payable every 17 weeks, if they worked for at least 30 hours a week for 13 out of the 17 weeks. They could claim a maximum of six bonus payments.

##### *Knowledge and take-up of the employment retention bonus*

Most lone parents assigned to the programme group – 88 per cent among both NDLP and WTC customers – said that they had heard of the employment retention bonus (Figure 4.3). However, fewer actually received a bonus. For example, only 30 per cent of all NDLP ERA customers and 37 per cent of WTC ERA customers received a bonus. To an important extent, this relatively low rate reflects the fact that most ERA customers did not work full-time. Indeed, the rates of bonus receipt climbed to 75 per cent and 76 per cent, respectively, for NDLP and WTC customers who did work full-time. (Of course, not all of those who worked full-time did so for the 13 out of 17 weeks necessary to qualify for the bonus.)

**Figure 4.3 Awareness and receipt of employment retention bonuses among ERA customers within two years after random assignment**





Those who received employment retention bonuses got an average of three bonus payments during the two-year follow-up period. About 25 per cent in both target groups received just one payment, while only six per cent of NDLP and four per cent of WTC customers received all six bonuses (see Table E.6). It is important to note, however, that bonus receipt rates continued to climb after the two-year follow-up period that is the focus of this report.<sup>78</sup>

Some customers who may have been eligible for the bonus failed to claim it. According to staff interviews, among the reasons for this might have been a fear among some customers that there was a 'catch' somewhere or a misunderstanding that the payment would affect their tax credit eligibility or that they would not be entitled to the payment because they had re-partnered. Some customers may not have been aware that they were eligible. Although awareness of the retention bonus was generally high (see Figure 4.3), it was not universal. Moreover, some recipients indicated in qualitative interviews that they had not known about the incentive until their ASA had reminded them. One lone parent, for instance, said that she had increased her working hours but was unaware of the bonus until her ASA phoned her 'out of the blue'. Some customers may also not have claimed the bonus simply because they had disengaged from the programme and were no longer in touch with their advisers.

#### *How customers used the employment retention bonus*

In the qualitative interviews, customers talked about using the retention bonus in a variety of ways. For example, some relied on the bonus to help them 'get by' financially; some used it for 'treats' or 'extras'; and a few talked about using it for work-related expenditures, but this was uncommon.

#### **To get by financially**

For many lone parents, the retention bonus improved their financial well-being. This was more likely to be the case during the first few months of work and often because it helped address financial difficulties resulting from another income source drying up. For example, one WTC customer who had incorrectly received too much in tax credits (a common occurrence) used the money to pay back those overpayments: *'I was struggling and it bailed me out a bit there'*. Another WTC customer was using the incentive money to take the place of child maintenance payments that her ex-partner had stopped making. More commonly, customers used the bonus to pay off debts accumulated while out of work or sometimes while in work.

In some cases, the incentive was consciously used to supplement low-paid work. Customers who used it in this way talked about being able to accept a poorly paid job and still be better off in work.

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<sup>78</sup> For example, looking at the period of ERA operations through July 2007 reveals that 32 per cent of NDLP and 42 per cent of WTC customers received a bonus over this extended period. In addition, 17 per cent and 11 per cent, respectively, received all six bonuses over this period (see Table E.6).

### To pay for 'extras'

Some customers referred to the bonus as being used for 'extras' or 'treats', which generally revolved around family and home life – for example, going on a family holiday, taking the children out, decorating their homes or buying consumer goods, such as washing machines. Some customers started off using the payments to pay off debts and then later used them for 'treats'. While not strictly essential to staying in work, a number of ASAs emphasised that using the incentive money for these purposes could enhance customers' well-being. They felt that being able to afford such things was immensely important to lone parents and was a strong incentive to work full-time.

#### *Did the retention bonus influence customer behaviour?*

Chapter 5 provides statistical evidence on the effects of ERA on customers' experiences in the labour market within the two years after random assignment. As will be seen, it shows that ERA was effective in increasing the likelihood that customers would work full-time. However, that impact analysis cannot easily isolate the effects of the retention bonus from the other features of ERA with which it is bundled. It is possible to gain some insight into the potential influence of the bonuses by exploring ERA staff and customers' own views on the role of the incentives in influencing behaviour. In general, the findings suggest that the bonuses were a relevant influence but that that influence was also constrained by a number of competing factors.

The customer survey data reveal considerable variety in whether customers felt that the bonus influenced their decision-making. Around two-fifths to half of customers who received a retention bonus said that it influenced their decision to work 30 hours or more per week, 'a lot' (41 per cent and 49 per cent for the NDLP and WTC groups, respectively). However, about another third said that it had no influence at all on their decision to work 30 hours (37 per cent and 34 per cent for the NDLP and WTC groups, respectively) (see Table 4.2). Customers' responses followed a similar pattern when they were asked whether the bonus offer encouraged them to stay in full-time work.

**Table 4.2 ERA bonus recipients' assessments of the influence of the bonuses on their decisions concerning employment and training**

Outcome	NDLP ERA group	WTC ERA group
<b>A. Employment retention bonus</b>		
'How much did this bonus influence your decision to work 30 hours or more per week?' (%)		
A lot	41.3	49.2
A little	21.8	16.5
None	37.0	34.3
'How much did the bonus encourage you to stay in full-time work?' (%)		
A lot	42.8	47.4
A little	18.7	19.1
None	38.5	33.6
Talked with Jobcentre Plus staff about work or work prospects when claimed bonus (%)	72.1	77.6
Topic discussed, for those who talked with Jobcentre Plus staff when claimed bonus (%)		
Getting job with better pay or conditions	27.9	30.1
Increasing hours of work	11.9	24.3
How to negotiate a pay rise	5.3	4.2
How to get a promotion in present work	11.1	13.1
How to get a more permanent job or contract	13.3	4.0
Working out long-term career goals	38.9	36.4
Finding an training or education course	50.6	54.7
Other topics discussed	28.4	27.2
Sample size (bonus recipients)	354	409
<b>B. Training completion bonus</b>		
'How much did this bonus influence your decision to start the training?' (%)		
A lot	49.5	45.5
A little	25.5	27.2
None	25.0	27.4
'How much did the bonus encourage you to continue the training?' (%)		
A lot	54.7	53.6
A little	16.8	23.6
None	28.5	22.9
Sample size (bonus recipients)	91	295

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

Qualitative data indicate that how well the bonus worked as an incentive to retain work was influenced by a number of factors, such as what customers used the incentive for, how happy they were at work, how well their childcare arrangements were working and whether or not they wanted to undertake training. If the customer was happy with a job, for example, the bonus was less likely to make a difference. Some lone parents, however, talked about how the incentive gave them the impetus to work full-time, when they might otherwise have opted for part-time work:

*'I think it's a fabulous scheme. It gives people the incentive to boost their hours, because otherwise you wouldn't bother...'*

A number of lone parents who had increased their hours also found this quite a struggle and, in many such cases, looking forward to the bonus and knowing it could be spent on something that they would not otherwise be able to afford was very important. In these instances, the payment could act as an incentive to keep going:

*'I went into work and said, "You have to keep me on these 30 hours now...I put the deposit on the kids' holiday!" And it did encourage me. It can be hard because last week I was really busy and it would have been so easy to say, "Next week I only want to do 20 hours". I make sure I keep my hours even when I'm tired.'*

When customers used the incentives to repay debts accumulated while out of work, the payments also seemed to help them remain in full-time work.

Some lone parents, though, did not want to work full-time and were indifferent to the incentive. In these cases, financial calculations were outweighed by other – generally family-based – considerations. These were lone parents who had other priorities: Either they wanted to spend time training and could not combine this with full-time work or they felt that their caring responsibilities were such that they were not willing to work full-time.

In some instances, lone parents were held back by the limited availability of full-time work in their place of employment. But where they were able to, some took on a second, or sometimes a third, job in order to qualify for the bonus. Advisers confirmed that a number of their customers did this.

There was a noticeable change over time in the opinions of ERA staff about the efficacy of the bonus in moving lone parents into full-time work. Whereas many staff interviewed in the first year of the programme were sceptical about the possibilities of lone parents being 'persuaded' to increase their hours, by the end of the programme most staff said that this was the biggest change they had seen. They also talked about lone parents getting accustomed to working full-time and appreciating the lifestyle that went with it. They emphasised the role of the bonus in encouraging lone parents to take full-time work, although they also noted that they may not be ready for this when first entering work:

- *'Some didn't go straight into full-time work.'*
- *'Again they had to, you know, put their foot in the water, make sure they could balance the home life and look after their kids.'*
- *'Yes, that's it, a lot of people did get the full six [bonus payments], but I think that the majority of mine probably got three or four, because it took them a while, but once they got the confidence they then went over to 30 [hours].'*

### *Customers' reactions to the bonus ending*

The predominant staff view on the effect of the bonuses ending was that customers had become accustomed to working full-time, had adopted a different lifestyle and perhaps taken on more financial commitments and were, therefore, likely to continue working full-time.

Customers' thoughts about the payments coming to an end were clearly connected to their attitudes towards receiving the payments. Customers who were claiming the incentives but had expressed indifference to them also said that the payments coming to an end would not change their behaviour. Customers who saw the incentives as a 'treat' or an 'extra' had mixed reactions about their ending. Some said that they were dependent on the bonuses, while others said that it would not hurt financially when the payments stopped. Some of those who acknowledged that it was 'spare cash' nonetheless said that they would be disappointed when that extra money would no longer be available.

Although there were customers who said that they would be upset by the bonuses ending, they mostly did not intend to leave work when their incomes fell. For example, one customer in a second interview, reflecting on the bonuses ending, said that she would *'...really, really miss it'* but was quite resigned: *'... oh well, my treats have gone'*. Confirming the staff view, she said that when the bonuses ended, she would continue working 30 hours because she was used to it:

*'I was then in a routine. When I upped my hours I thought, "How am I going to do it?" And I am. I mean some weeks are better than others for babysitters, but you do it, you do get by.'*

In cases where customers used the bonus for daily living expenses, there were different responses. Customers talked about wanting to look for a better job once the payments finished or about having to manage in other ways. When customers had repaid debts with the bonus, their ability to manage was improved.

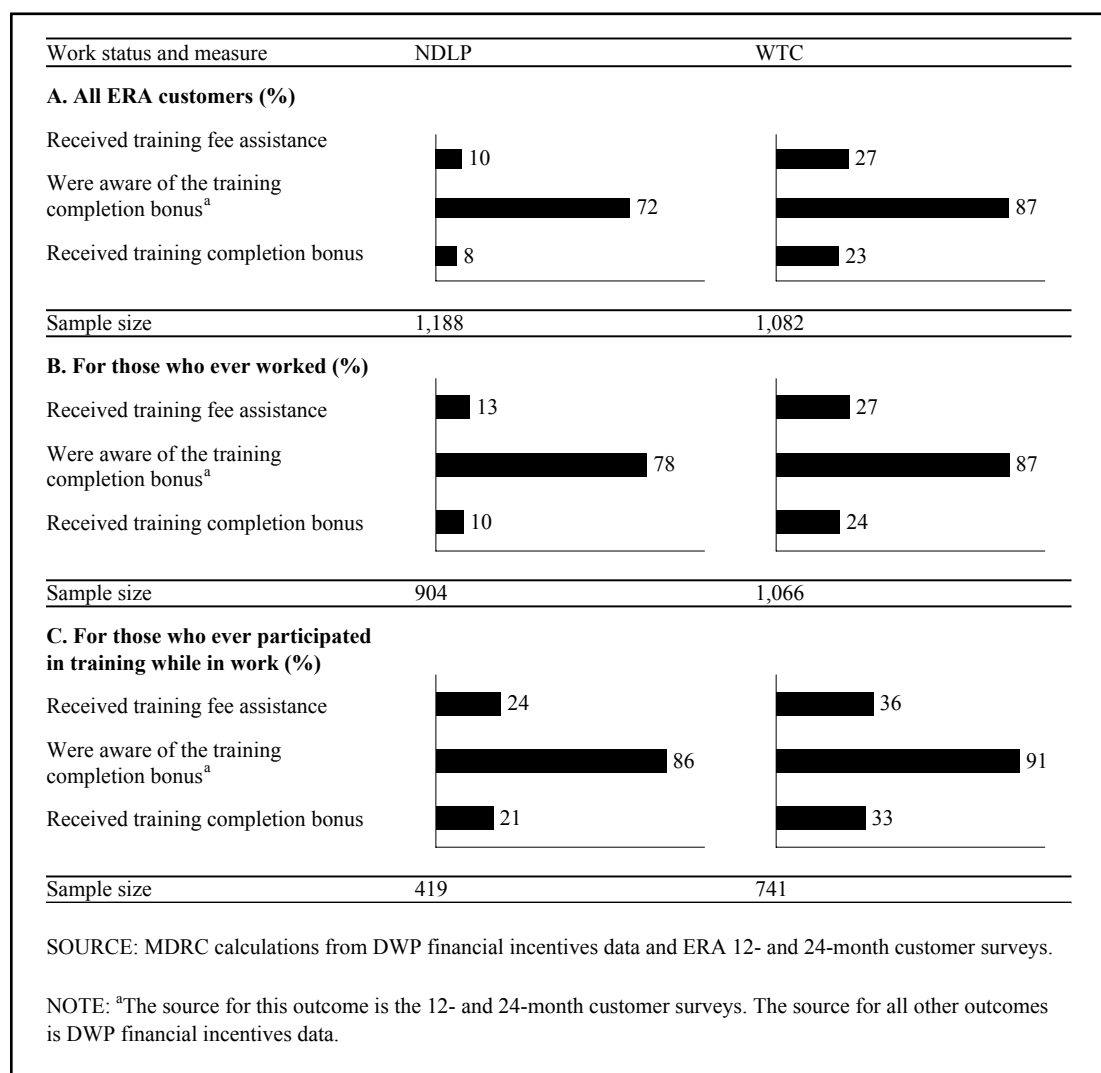
#### **4.4.2 Training fees and bonus**

Two types of incentives were available in ERA to encourage the take-up of training. To be eligible for either of these training incentives, customers had to be working 16 or more hours per week. As the first incentive, ERA staff could pay for customers' tuition for training courses, up to a maximum of £1,000 per person for all courses. As the second incentive, ERA customers could receive a training completion bonus. This incentive paid £8 for every hour of training completed, up to a maximum of £1,000 (or 125 hours of completed training). The latter was paid to customers once they had successfully completed training. Both forms of incentive payments were to be made only for courses approved by ERA staff and could not include employer-provided, on-the-job training. Customers could receive the completion bonus even for courses that did not charge a tuition fee.

### Knowledge and take-up of the training fees and bonus

Financial payment records for the programme group customer survey sample members indicate that ten per cent of all NDLP customers and 27 per cent of all WTC customers received assistance with tuition fees within a two-year follow-up period (Figure 4.4). Among those who had been in work at some point and reported that they had also participated in training while in work, 24 and 36 per cent, respectively, of the two target groups received tuition assistance. The amounts paid towards fees varied widely but, for those who received this assistance, the payments averaged £352 for NDLP programme group members and £279 for WTC programme group members (see Table E.7).

**Figure 4.4 Awareness and receipt of ERA training fee assistance and training completion bonuses among ERA customers within two years after random assignment**



Turning to the training bonus, as of the year two survey, 72 per cent and 87 per cent, respectively, of NDLP and WTC programme group members were aware of this bonus, although far fewer received it (see Figure 4.4). Data from financial payment records show that eight per cent of all NDLP customers in ERA and 23 per cent of all WTC customers received a bonus within the two years after random assignment, while 21 per cent and 33 per cent, respectively, of those who ever took up training while in work received it (see Figure 4.4). (As with the retention bonuses, receipt of the training bonuses continued to climb after the follow-up period used for this report.<sup>79</sup>)

Among those who received a training completion bonus, the majority (64 per cent of NDLP bonus recipients and 63 per cent of WTC bonus recipients) received just one training bonus during the two-year follow-up period, while just ten per cent of NDLP and 15 per cent of WTC customers received three or more bonuses. The average amount of each bonus was approximately £340 for NDLP customers and £362 for WTC customers. The average total amount of all bonuses received was £436 for NDLP customers and £491 for WTC customers within two years (see Table E.7).

Qualitative data from staff and customers suggest a variety of reasons that may help explain why more customers who worked and enrolled in training did not receive a tuition payment or bonus payment. Many of these customers enrolled in training that they had arranged themselves or that was made available through an employer rather than by Jobcentre Plus staff. In some cases, customers did not have to pay for the course and so they had no need to seek help with tuition fees. Others did not claim assistance because they had lost touch with their adviser, were unaware of the incentives or did not know that their training was eligible. A similar picture emerged for the training completion bonus. Those who had undertaken training independently were often not aware that they could claim a completion bonus. As described below, this also seemed to reflect some uncertainty on the part of staff regarding which courses were eligible for bonus payments. In addition, the training bonus could be paid only after the training

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<sup>79</sup> Looking at the entire period of ERA operations, a higher proportion of customers received training fee assistance and/or a training completion bonus, compared with just the two-year follow-up period of the survey. Fifteen per cent of NDLP and 31 per cent of WTC programme group customers received fee payments and 13 per cent of NDLP and 28 per cent WTC customers received at least one training completion bonus. Both training fees and bonuses were particularly likely to be received towards the end of an individual's eligibility. Of those who received payments, about a third in the NDLP group and a fifth in the WTC group received training fee payments for the first time in their last nine months of eligibility, while about two-fifths of NDLP bonus recipients and about a quarter of the WTC bonus recipients received the training completion bonus for the first time in the last nine months (Table E.7).

was successfully completed, and some participants may not have completed the course or may have chosen not to take an examination.

### *Delivering the training incentives*

ASAs were keen to promote the training incentives as part of their work with ERA customers. In the early days of the programme, when expertise on advancement was minimal, marketing the training incentives to customers was often the principal form of advancement support that staff offered. In early staff interviews (conducted in spring 2004), when ASAs were asked how they promoted advancement with customers, they often spoke simply of reminding them about the training incentives. This is evident also in the customer survey data presented earlier (Tables 4.1 and 4.2), which showed that 'finding an education or training course' was the most common form of advancement support received by customers in work and also the most common topic discussed when customers were collecting the retention bonus.

As ASAs' expertise on advancement grew, their delivery of the training incentives became more sophisticated. The incentives were still continuously marketed but alongside a more holistic package of advancement support. Some ASAs also reported that they improved over time in ensuring that the training was relevant to customers. In one focus group, ASAs said that in the early stages of the programme they were so keen for customers to undertake training that they did not always consider whether a customer was ready for the course or if it was the most appropriate. ASAs stressed that they would not pressure customers to undertake training; still, they felt that continuously promoting training was important so that lone parents would know that it was available when it was 'the right time' for them to advance, as suggested earlier.

As customers began to reach the end of their 33-month eligibility for ERA, staff would again encourage them to take up training before the incentives offer ran out. They usually began to remind customers of the offer six months before the end of their eligibility for the programme. Perhaps, in part, because of the strategy, between five per cent and seven per cent of all ERA customers in each of the target groups received their training fee or completion bonus for the first time within the last nine months of their enrolment in ERA (see Table E.7).

ASAs differed in the level of help they offered to customers in selecting training. Many offered a considerable amount of support in encouraging customers to take up training and assisting them to find and select appropriate courses. Customers spoke of ASAs helping them find a course or motivating them and 'giving them a push', as in these comments from a lone parent in a second interview, reflecting on the support she had received:



*'The encouragement I've had from the Jobcentre has been great. When I approached them about the course, [they were] very enthusiastic about it, very helpful. Even so much as actually phoning the university to find out where things are paid and things like that. They've been exceptionally good in doing that.'*

ASAs also reported working with customers to find ways around their barriers to taking up training, such as lack of time. For example, this could include promoting home learning, which was easier for lone parents to co-ordinate with their caring responsibilities.

In other cases, ASAs' role was restricted merely to administering payments for courses that customers had already sourced themselves. The level of support offered generally depended on the customer's needs. Nonetheless, there were some customers who felt that their ASA could have done more to help them find a course or to encourage them to take up training:

*'I think if she had said, "Well, that's the list of courses available to you that you can do in your own time, you know, open learning, ...surely you can fit six hours a week or whatever in that", ...and I think maybe push you a little bit like that.'*

This suggests that in some instances there was a mismatch between ASAs' and customers' expectations of the level of support they should receive regarding training.

There was also some evidence that ASAs differed in their interpretation of the eligibility requirements for training completion bonus payments. Many customers did not realise that they were eligible for a completion bonus if ERA did not pay for the training (e.g. employer-paid training or other training that was free of charge). Moreover, some customers reported that they had initially been told that they would receive the bonus, only to be told later that they would not.

#### *Did the training incentives influence customer behaviour?*

Chapter 5 will show that ERA increased the extent to which the programme group combined work and training (relative to the control group rate), especially for the WTC group. As is true for the employment retention bonus, it is difficult to isolate the influence of the training bonuses themselves on these effects. However, data from the customer survey and from the qualitative interviews offer some insights.

As with their views on the retention bonus, customers varied in their responses when they were asked whether the training completion bonus had made a difference to their behaviour. Overall, though, in comparison with attitudes towards the retention bonus, greater numbers claimed that the training bonus had an influence and fewer reported that it had no influence. About half the customer survey respondents who had received the training bonus said that the bonus offer had 'a lot' of influence on their decision to start training (50 per cent

of NDLP bonus recipients and 46 per cent of WTC bonus recipients) (see Table 4.2). Around a quarter, however, said that it had no influence at all on their decision (25 per cent and 27 per cent for the NDLP and WTC groups, respectively). Responses were similar when customers were asked whether the bonus had any influence on their **remaining** in training.

Qualitative data similarly suggest that a substantial number of customers would not have undertaken training had it not been for the financial incentives, although this included the payment of training course fees as well as the completion bonus. As one customer explained:

*'That's what's made me do it, having the money there to do it. I've wanted to do it for a long time.'*

The financial incentives can be seen to have acted as an enabler, either by providing the money to take a course that had previously been seen as financially inaccessible or by enabling lone parents to reduce their hours or take time off work to complete the training but still allowing them to be paid for this time via the training bonus. For others, the financial incentives were more of a motivator and inspired the lone parent to consider training. Indeed, some lone parents joined ERA with specific training in mind or very quickly came to a decision about undertaking training, while others took more time to make that choice.

Qualitative data also suggest that, as important as the incentives may have been, adviser support was also key. The ASAs ensured that customers knew about the financial incentives and in many cases helped to motivate and facilitate the movement into training. Some training participants stressed that their ASA had been pivotal in motivating them to begin a training course. In some cases, ASAs also provided continuing encouragement and support while participants were enrolled in their courses.

Sometimes customers did not actually attend or complete a course they had enrolled in. Some attributed this to a lack of ongoing support and their need for more continued encouragement. However, some also felt that their ASA (and the incentives) had at least helped 'plant a seed' in making them think about the possibility of training, which they might pursue in the future.

Of course, for lone parents who were working, lack of time was a major barrier to taking up training. Many simply could not fit it into their daily routine. One customer in a third interview, reflecting on her use of the programme, stated:

*'I just couldn't fit everything in, and keeping my house how I like it and look after my children the way I want to and go to college and change my career, I just couldn't do it.'*

Another issue was the stage in the customer's life course, with some customers expressing a wish to defer advancement through training.<sup>80</sup> In many instances, this

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<sup>80</sup> See Hoggart *et al.*, 2006, for further discussion of this issue.

was because they had caring responsibilities but some customers also commented on the need to build up their experience in work before undertaking training. ASAs also noticed this. In the earlier interviews, they noted that many lone parents (particularly in the NDLP group) did not appear interested in training, but in later interviews said that this had changed over time:

*'So it might take them a bit longer to access the training, because at the time it's juggling the job with the kids, increasing the hours and then, I don't know, don't know, and then all of a sudden, maybe 18 months down the line, I want training! They can see a bigger picture, they can see that they can do that.'*

Financial concerns were another factor that limited training uptake, despite the availability of the financial incentives. Some customers talked about the difficulty of undertaking training as it meant forgoing income and in some cases also resulted in extra costs. A small number of customers felt that the incentives offered were not sufficient to make up for these costs. A related problem was that the training bonus was not paid until the end of the course, so if extra costs had to be paid, such as childcare during training, they would have to find a way of meeting those costs up front.

Other customers who chose not to pursue training felt that their employer had not been supportive or would not allow them the time off from their jobs to attend courses. Sometimes practical issues, such as the course schedule conflicting with the customer's work hours, made the desired training unfeasible. Some customers also believed that they did not need additional training in order to reach their desired job or goals.

## 4.5 Conclusions

This chapter has explored ERA customers' receipt of in-work job coaching and support, as well as their use of the programme's financial incentives for full-time work and for combining work and training. Along with Chapter 3, it provides a basis for assessing the 'strength' of the ERA 'treatment' delivered to lone parents.

In general, the findings in this chapter suggest that customers in the ERA group who entered work within the two-year follow-up period received a substantial post-employment intervention through Jobcentre Plus. It differed in both content and intensity from what those customers would have experienced had ERA not existed (as evidenced by comparisons with workers in the control group). A substantial proportion of ERA customers received advice and guidance from staff on employment retention and advancement goals; help with personal and family problems that could interfere with work; and encouragement and assistance in accessing training while employed. Most customers were aware of the financial incentives the programme offered and many took advantage of them. Workers in the control group received much less assistance from Jobcentre Plus staff on retention and advancement issues and, of course, they were not eligible for ERA's

financial incentives. Together these findings suggest that the implementation of ERA created a substantial post-employment 'treatment contrast' between the programme and control groups for the NDLP and WTC target groups alike. Chapters 5 and 6 show whether, as delivered, ERA improved both target groups' success in the labour market.

At the same time, the chapter points to a number of challenges that Jobcentre Plus staff encountered in operating the ERA model in the real world. For example, although most working ERA customers had some in-work contact with ASAs, the nature and quality of the support they received varied substantially, ranging from the simple processing of bonuses and perfunctory interactions to specialist advancement action planning. ASAs also varied in the extent to which they were proactive in reaching out to their customers; in keeping participants engaged in the programme and convincing them that they had something of value to offer; in their level of expertise and confidence in providing guidance to customers on advancement issues; and even in their marketing of the financial incentives offer. Over time, though, ASAs became more comfortable and skilled in delivering in-work support and in administering the incentives.

These observations suggest that perhaps with better staff training and management, customers' receipt of in-work advice and support and take-up of the financial incentives might have been even higher. At the same time, there were hurdles that a better administration of ERA would not easily have overcome. For example, many participants simply did not want to work full-time, often because of their caring responsibilities, and so the employment retention bonus held no appeal for them. Many also found it too difficult to manage the extra time it would take to incorporate training into their busy lives or faced other practical obstacles that were beyond the programme's control. Still others were new to work and understandably viewed advancement as a longer-term goal. (Chapter 7 takes a closer look at some of these issues.)

The findings in this chapter thus provide reasons to expect that ERA will indeed have positive impacts on customers' labour market outcomes, but also reasons to expect that some of those effects may be modest. A number of findings, including the investment in training activities and the continuing increase in incentives take-up rates after the end of the two-year follow-up period, also suggest that the full benefits of ERA will take more than two years to accrue.

# 5 Impacts of ERA on labour market and other outcomes

## 5.1 Introduction

The report on the Employment Retention and Advancement (ERA) programme's first-year impacts<sup>81</sup> provided the first evidence of the effects of ERA on a range of outcomes that included employment, earnings, welfare benefits and training. The findings presented in this chapter build on those early results but go further, covering the first two years after random assignment and a broader set of outcome measures.<sup>82</sup> The two-year focus allows more time for the effects of retention and advancement to be observed, these being intrinsically longer term in nature. It also makes it possible to capture ERA's effects as it evolved into a more mature programme and overcame some of the start-up problems encountered during its first year of operations. However, it is important to remember that participation in ERA can last for up to 33 months – nine months beyond the two-year point. Consequently, the analysis in this chapter is not a post-programme assessment; rather, it provides an account of progress to date. Answering questions about what happens to individuals **after** ERA requires that outcomes be observed over a still longer period, which will be essential for determining more accurately whether ERA was successful in helping lone parents break the 'low-pay, no-pay' cycle.

The impact estimates in the remainder of this chapter are presented separately for the New Deal for Lone Parents (NDLP) group as a whole and the Working Tax Credit (WTC) group as a whole. For the NDLP group, the estimates are calculated

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<sup>81</sup> Dorsett *et al.*, 2007.

<sup>82</sup> For some individuals in the WTC booster sample (see Appendix B), the 'year 2' survey in fact took place up to four months before the end of the second year. Such individuals accounted for only a small proportion – about 14 per cent – of the WTC group as a whole.

as a simple average of the six district-level results, each of which provides a separate test of ERA under particular circumstances. The results for each district are given the same weight when calculating the overall summary effect, which can therefore be seen to represent the average effect of six separate tests of ERA. Variations across districts are considered in Chapter 6.

For the WTC group, the small sample size for some of the districts reduces the extent to which each district-level result can be viewed as a separate valid test of ERA. Consequently, the results for the WTC group as a whole weight the district-level results according to the size of the districts. This means that the results for larger districts (which should be more reliable tests of ERA) contribute more to the overall average than the results for smaller districts (which will be less reliable).

The chapter begins by examining ERA's overall effects on a broad set of labour force and benefits outcome measures. It then takes a closer look at the programme's effects on customers' employment dynamics and advancement-related behaviours and achievements. Finally, it briefly examines ERA's effects on selected measures of children's well-being.

Throughout the chapter, the presentation focuses first on the NDLP group and then on the WTC group. Intuitively, there is some appeal to viewing the NDLP and WTC customers as related, in the sense that one could envisage a particular trajectory for a lone parent that would encompass both NDLP and WTC. That is, lone parents at the stage of taking the first step towards re-entering the labour market may participate in NDLP and from there find part-time work that fits well with their childcare requirements and allows them to begin to receive tax credit. Seen in this way, the WTC group can be viewed as the NDLP group slightly further down the line. This is far from being a precise interpretation, of course, since many in the WTC group would never have participated in NDLP and some in the NDLP group may never work. Nevertheless, viewing the effect on the NDLP and WTC lone parents in tandem may offer a rough feel for how ERA might affect outcomes for lone parents after they become more established in work.

## 5.2 The expected effects of ERA

Before presenting the impact estimates themselves, it is helpful to consider what effects one might expect ERA to have. There is an important distinction here between NDLP customers and WTC customers. Specifically, NDLP customers were out of work or working fewer than 16 hours per week at the time of random assignment, while WTC customers were already working from 16 to 29 hours per week at this time. This fact alters the ERA experience for the two groups.

NDLP customers are first exposed to the pre-employment component of ERA. This may influence job search behaviour in two ways, relative to the services routinely provided as part of the New Deal. First, advisers may encourage customers to seek longer-lasting jobs that offer more potential for advancement. Restricting potential jobs in this way may have the effect of extending the period of job search. As explained in Chapter 3, however, there is little evidence that advisers

systematically offered such advice. More important is the fact that simply offering the ERA retention bonus alters the financial inducement to look for work. Because that bonus rewards any type of full-time work, it may encourage individuals to consider jobs that they might otherwise have regarded as too poorly paid. This may expand the pool of jobs deemed acceptable and thereby speed up the job search process. At the same time, because the retention bonus is payable only for full-time work (defined as 30 or more hours per week), ERA should prompt individuals to favour such jobs over part-time positions.

An important consideration is the extent to which any change in employment caused by ERA might affect earnings. For individuals who start working as a result of ERA, the earnings impact will clearly be positive. The same is also true for those who increase their hours but keep the same hourly rate. However, there are two more complicated scenarios: First, ERA may cause some individuals to work more hours but at a lower wage than they would have otherwise. This may be because the combination of earnings and the retention bonus leaves them better off, such that they may be willing to accept lower-paying full-time positions or because the lower-paying jobs have attractive characteristics – perhaps they are more conveniently located or offer better employment benefits. For such individuals, the effect on earnings may be small or even negative. Second, for individuals who would otherwise work in excess of 30 hours per week, the availability of the retention bonus under ERA may allow them to achieve the same level of income while working fewer hours (although still more than 30). Should they choose to reduce their hours to a level closer to the retention bonus threshold, the effect on earnings is likely to be negative. Overall, it is not necessarily the case that ERA will increase earnings.

As mentioned above, this report also considers the effects of ERA on children's well-being. This is an area of clear concern but economic theory provides little guidance regarding what impact to expect.<sup>83</sup> However, in policy debates over welfare-to-work programmes, concern is often expressed that increasing parents' involvement in work may come at the expense of their caring responsibilities and, in turn, their children's welfare. Past evaluations of North American welfare-to-work programmes that include wage supplements suggest that such programmes can have positive effects for young children but not necessarily for adolescents.<sup>84</sup> In the case of ERA, it may still be too soon to judge whether altering

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<sup>83</sup> Grogger and Karoly, 2007.

<sup>84</sup> Morris *et al.* (2001), in their synthesis of five evaluations, found some evidence that programmes that offered working parents financial incentives to work and subsequently increased their employment and incomes were associated with improved school achievement for younger children. By contrast, mandatory employment services that increased parents' employment but had no effect on income had few effects on younger children, positive or negative. At the same time, findings from the Canadian Self-Sufficiency Project and Florida's Family Transition Program point to the potential for small negative effects on some aspects of adolescents' behaviour and school achievement.

the employment pattern of lone parents has positive or negative effects on their children. Nevertheless, the results presented in this chapter offer an empirical contribution to the debate on the interaction between parental employment and child welfare in the UK.<sup>85</sup>

Box 5.1 summarises both the main findings from the earlier report on first-year impacts and those from this report on second-year impacts.

### **Box 5.1 Summary of main year 1 and year 2 findings**

The report on first-year impacts shows that, for the NDLP group, ERA:

- increased employment – 66.2 per cent of the ERA group worked at some point in the first year, compared with 61.7 per cent of the control group (an increase of 4.5 percentage points). The employment effect was not significant at the end of the first year;
- increased the hours worked – 22.3 per cent of the ERA group worked full-time at the end of the first year, compared with 14.9 per cent of the control group (an increase of 7.4 percentage points);
- increased earnings – average earnings in the first year were £3,594 for the ERA group, compared with £2,783 for the control group (an increase of £811);
- reduced reliance on Income Support (IS) – 45.6 per cent of the ERA group received IS at the end of year 1, compared with 49.5 per cent of the control group (a reduction of 4.0 percentage points).

For the WTC group, small sample sizes meant that it was possible to achieve a robust estimate only for the East Midlands, where ERA:

- did not affect employment (nearly all members of this target group worked steadily);
- did not affect total earnings;
- increased hours worked – 27.8 per cent of the ERA group worked full-time at the end of the first year, compared with 17.8 per cent of the control group (an increase of 10.1 percentage points).

Continued

<sup>85</sup> For a recent contribution to this literature in the UK, see Dex and Ward (2007).



**Box 5.1 Continued**

The current report on second-year impacts finds that, for the NDLP group, ERA:

- increased employment – 67.5 per cent of the ERA group worked at some point in the second year, compared with 62.9 per cent of the control group (an increase of 4.6 percentage points). The employment effect was not significant at the end of the second year;
- increased the hours worked – 25.4 per cent of the ERA group worked full-time at the end of the second year, compared with 18.7 per cent of the control group (an increase of 6.6 percentage points);
- increased earnings – average earnings in the second year were £4,781 for the ERA group, compared with £4,108 for the control group (an increase of £673);
- reduced reliance on IS, based on analysis of administrative data – for IS at month 24, the survey data showed a statistically insignificant effect. With the larger number of observations available using administrative data, a small reduction of 2.2 percentage points was found (41.9 per cent of the ERA group received IS, compared with 44.1 per cent of the control group).

For the WTC group, in the second-year report, sample sizes were sufficient to achieve a robust pooled estimate for all six districts. ERA:

- increased the hours worked – 39.0 per cent of the ERA group worked full-time at the end of the second year, compared with 26.4 per cent of the control group (an increase of 12.6 percentage points);
- increased earnings – average earnings in the second year were £8,962 for the ERA group, compared with £8,458 for the control group (an increase of £503).

This report also considers additional outcomes. The results suggest that individuals altered their behaviour in response to ERA: Relative to the control group, those in the ERA group found work more quickly, their first employment lasted longer, and their probability of working full-time for at least four months was higher. This matches very closely to the retention bonus criterion of being employed at least 30 hours a week for 13 out of 17 weeks. However, the fact that there was no significant employment effect two years after random assignment suggests that, while ERA may have prolonged employment, this has not been substantial enough to affect outcomes in the long run for the NDLP group. For the WTC group, retention is not such a pressing issue, given the high levels of employment in both the ERA group and the control group. For both the NDLP and WTC groups, it is the move from part-time to full-time work that most clearly demonstrates the extent to which ERA increased advancement. Related to this, ERA increased training and also resulted in individuals in work taking steps to improve their employment position.

Continued

**Box 5.1 Continued**

Lastly, the results do not provide any compelling evidence that ERA reduced children's well-being as a side effect of its impacts on parents' hours worked. It should be borne in mind that children are likely to share in the improved financial circumstances of the household that result from increased earnings.

**5.3 ERA's impacts on work and earnings****5.3.1 NDLP**

Outcomes for the control group are the benchmark used to judge the effects of ERA because they represent what would have happened to the ERA group in the absence of the programme. Figure 5.1 shows the proportion of those in the NDLP control group who were employed in each month of the two years following random assignment. The proportion employed rose fairly rapidly over the first three months, from 24.0 per cent to 37.3 per cent. However, from around the fourth month, growth became more gradual, eventually reaching 53.4 per cent. Therefore, without ERA, just over half of the NDLP programme group would have been employed two years after random assignment. The fact that the proportion employed at any time during the follow-up period – 70.5 per cent – is considerably higher than the proportion in work in any given month indicates that many individuals enter work but do not work consistently. In fact, about a quarter of those who had worked at some point were not employed in month 24.<sup>86</sup> This evidence is suggestive of the degree of employment retention within the NDLP customer group.

Table 5.1 summarises the impact of ERA on employment, based on responses to the surveys carried out at 12 and 24 months after random assignment. It shows that ERA increased the proportion of lone parents ever employed during each of the two years after random assignment. (For guidance on how to read the impact tables in this report, see Box 5.2.) The size of the effect was fairly similar in both years. Over the two-year period as a whole, ERA increased the probability of having worked from 70.1 per cent for the control group to 75.7 per cent for the ERA group, for a statistically significant impact of 5.6 percentage points. This translated to an additional 1.1 months in employment on average.

<sup>86</sup> Using the information from Figure 5.1:  $(.705 - .534) / .705 = .243$ .

**Figure 5.1 Control group employment rates over the first two years after random assignment**

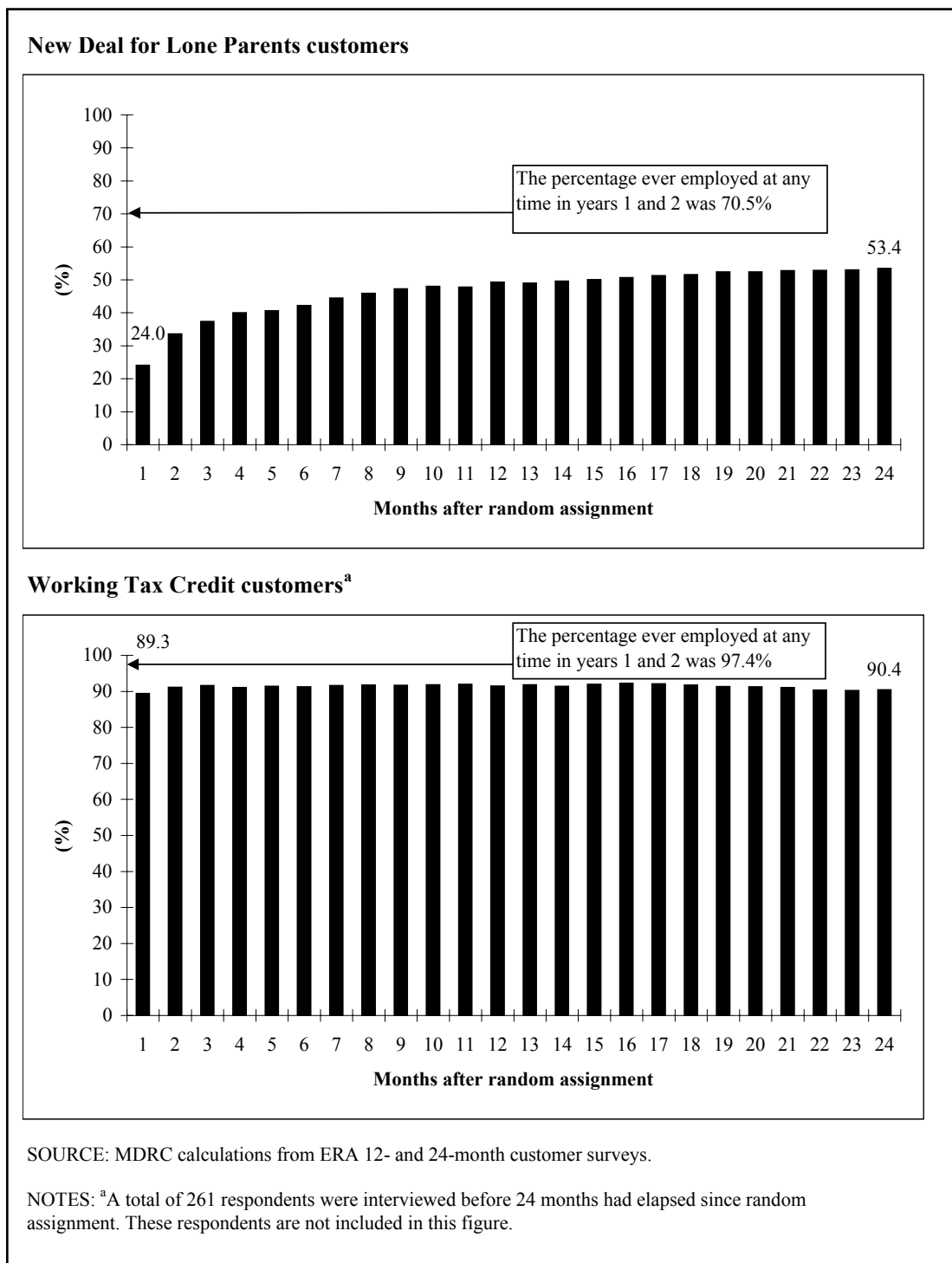


Table 5.1 Effects of ERA on employment within two years after random assignment

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value
Ever worked during (%)						
Year 1	65.3	59.7	5.7 *** 0.004	97.6	95.9	1.7 ** 0.026
Year 2	67.5	62.9	4.6 ** 0.016	95.8	94.6	1.2 0.180
Years 1-2	75.7	70.1	5.6 *** 0.002	98.3	97.4	1.0 0.126
Average number of months worked						
In years 1-2	12.3	11.1	1.1 *** 0.003	22.0	21.7	0.3 0.174
Full time in years 1-2	5.2	3.5	1.7 *** 0.000	7.3	5.1	2.2 *** 0.000
Part time in years 1-2	7.0	7.5	-0.5 0.138	14.5	16.5	-2.0 *** 0.000
Working at month 24 <sup>a</sup> (%)	55.4	52.7	2.6 0.191	89.3	89.4	-0.1 0.960
Sample size	1,188	1,109		1,082	1,037	

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

<sup>a</sup>Refers to employment status at the time of the two-year survey, which took place earlier or later than month 24 for some respondents.

**Box 5.2 How to read the impact tables in this report**

Most impact tables in this report use a similar format, illustrated below. The example below shows a series of employment outcomes for the ERA group and the control group for the NDLP customer group. It shows how many hours members of both the ERA group and the control group worked at month 24. For example, about 25 (25.4) per cent of ERA group members and about 19 (18.7) per cent of control group members worked 30 or more hours per week at month 24.

Because individuals were assigned randomly either to the ERA programme or to the control group, the effects of the programme can be estimated by the difference in outcomes between the two groups. The 'Difference' column in the table shows the difference between the two groups on several outcomes. These differences represent the programme's **impact** on various outcomes. For example, the impact on working 30 or more hours per week at month 24 can be calculated by subtracting 18.7 from 25.4, yielding 6.6 percentage points. Thus, ERA increased the likelihood that people would work 30 or more hours per week.

Differences marked with asterisks are 'statistically significant', meaning that it is quite unlikely that the differences arose by chance. The number of asterisks indicates whether the impact is statistically significant at the one per cent, five per cent, or ten per cent level (the lower the level, the less likely that the impact is due to chance). For example, as shown below, the ERA programme had a statistically significant impact of 6.6 percentage points at the one per cent level on customers working 30 hours or more. (One asterisk corresponds to the ten per cent level; two asterisks, the five per cent level; and three asterisks, the one per cent level.) The P-value indicates the probability that the difference arose by chance.

Some measures in Chapter 5 are shown in italics and are considered 'non-experimental' because they include only a subset of the full report sample. For example, because workers in the ERA group may have different characteristics than workers in the control group, differences in these outcomes between those workers may not be attributable to the ERA programme. Statistical significance tests are not conducted for these measures.

Continued

**Box 5.2 Continued**

<b>Outcome</b>	<b>ERA group</b>	<b>Control group</b>	<b>Difference (impact)</b>	<b>P-value</b>
Hours worked per week at month 24 (%)				
Did not work	44.6	47.3	-2.6	0.191
1 to 15 hours	4.3	4.9	-0.6	0.453
16 to 29 hours	25.6	28.9	-3.3 *	0.072
30 or more hours	25.4	18.7	6.6 ***	0.000
<i>Average weekly hours among workers at month 24</i>	26.3	24.8		

ERA's effect on full-time employment was more pronounced. The ERA group worked full-time for an average of 5.2 months over the two years, compared with only 3.5 months for the control group. This is a statistically significant difference of 1.7 months. It is not surprising that much, if not all, of ERA's employment effect appears to be driven by the effect on full-time employment, since working 30 hours or more is a criterion for the retention bonus. There was no significant difference between the ERA group and the control group in the amount of time spent in part-time employment over this two-year period.

Figure 5.2 allows a more detailed insight into the evolution of the employment effect. The top panel plots the proportion in employment each month for the two years following random assignment. The solid line represents the ERA NDLP group, while the broken line represents the control group. The monthly impact is shown by the dashed line and a diamond marks the x-axis at those months for which the impact is statistically significant. The figure shows a small but statistically significantly positive employment effect for most of the first 18 months following random assignment but effects beyond this point were mostly not significant.

Table 5.2 shows that by the end of the follow-up period (month 24), those in the ERA group were working, on average, 1.6 more hours per week than those in the control group. This was due largely to the shift from part-time to full-time work. ERA increased the proportion working 30 or more hours per week by 6.6 percentage points. This represents a 35 per cent increase over the control group rate of 18.7 per cent.

**Figure 5.2 ERA group and control group employment rate trends over the first two years after random assignment**

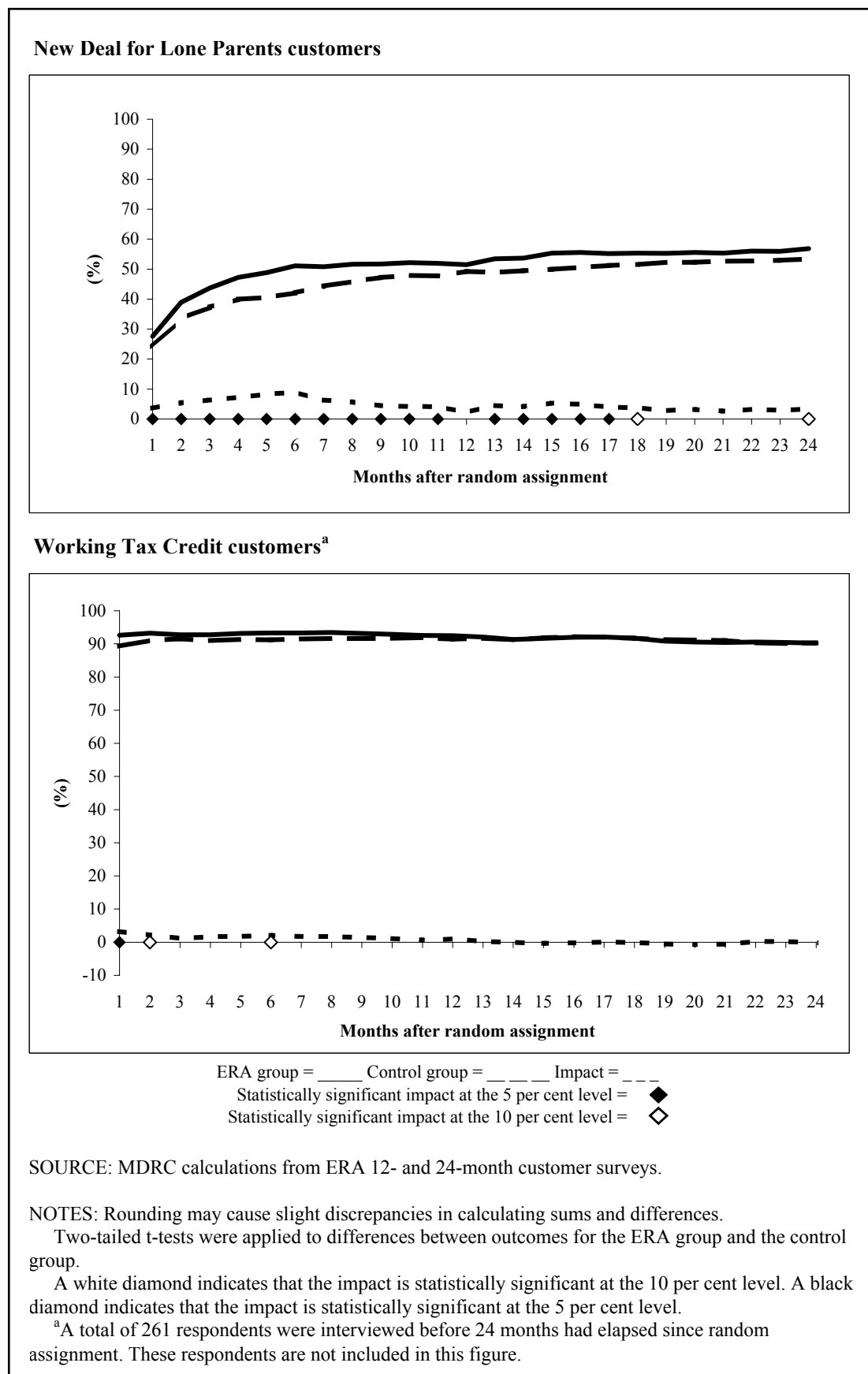


Table 5.2 Effects of ERA on hours worked and earnings within two years after random assignment

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value
<b>Hours</b>						
Average hours worked per week at month 24 <sup>a</sup>	14.6	13.0	1.6 ** 0.011	23.6	22.0	1.6 *** 0.001
Hours worked per week at month 24 <sup>a</sup> (%)						
Did not work	44.6	47.3	-2.6 0.191	10.7	10.6	0.1 0.960
1 to 15 hours	4.3	4.9	-0.6 0.453	1.8	2.6	-0.8 0.183
16 to 29 hours	25.6	28.9	-3.3 * 0.072	48.5	60.3	-11.8 *** 0.000
30 or more hours	25.4	18.7	6.6 *** 0.000	39.0	26.4	12.6 *** 0.000
<i>Average weekly hours among workers at month 24<sup>a</sup></i>	26.3	24.8		26.4	24.7	
<i>Percentage of workers at month 24<sup>a</sup> who worked 30 hours or more</i>	45.5	35.9		43.6	29.6	
Ever worked full time (%)						
Year 1	27.4	18.9	8.5 *** 0.000	31.3	20.9	10.4 *** 0.000
Year 2	32.9	23.7	9.2 *** 0.000	39.7	28.6	11.0 *** 0.000
Years 1-2	37.5	27.9	9.6 *** 0.000	41.5	30.0	11.5 *** 0.000
<b>Earnings</b>						
Total earnings (£)						
In year 1	3,612	2,764	849 *** 0.000	8,255	7,916	339 0.105
In year 2	4,781	4,108	673 *** 0.006	8,962	8,458	503 ** 0.037
In years 1-2	8,049	6,498	1,550 *** 0.000	17,267	16,392	874 ** 0.042

(continued)



Table 5.2 Continued

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value
Hourly earnings at month 24 <sup>a</sup> (%)						
Did not work	44.6	47.3	-2.6 0.191	10.7	10.6	0.1 0.960
£5 or less	12.3	9.9	2.5 * 0.068	8.7	11.4	-2.6 * 0.055
£5.01 to 6.99	23.5	24.8	-1.3 0.487	38.1	34.7	3.4 0.112
£7.00 or more	16.0	14.4	1.6 0.287	40.9	41.9	-1.1 0.601
<i>Average hourly wage among workers (£)</i>	6.6	6.6		7.4	7.4	
Average weekly earnings at month 24 <sup>a</sup> (£)	94.4	81.3	13.1 *** 0.009	172.2	164.5	7.7 0.118
Sample size	1,188	1,109		1,082	1,037	

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

Italics indicate comparisons that are non-experimental since they were calculated over a portion of the sample. Statistical tests were not performed.

<sup>a</sup>Refers to employment status at the time of the two-year survey, which took place earlier or later than month 24 for some respondents.

By encouraging employment and, in particular, full-time employment, ERA increased earnings. These impacts were sizeable, averaging £1,550 over the two years. Excluding bonus payments, the ERA group earned an average of £8,049 over this period, compared with £6,498 for the control group. These effects represent large increases in percentage terms. In the first year, the earnings impact was 31 per cent of control group earnings. Put another way, the ERA group's earnings were 31 per cent higher than they would have been in the absence of the programme. In the second year, their earnings gain relative to the control group was smaller but still sizeable at 16 per cent. For the entire two-year follow-up period, the ERA group's earnings were 24 per cent higher than they would have been without ERA.

The earnings impacts persisted through the end of the two-year follow-up period. In month 24, the increase in weekly earnings of £13.10 is 16 per cent higher than the control group's earnings (£81.30).<sup>87</sup> This pattern of earnings effects appears to fit well with the observed employment effects. As shown above, ERA increased the proportion of people in work in nearly all months in the first year and, furthermore, encouraged a move from part-time to full-time employment. In the second year, the effect on the proportion employed became statistically insignificant halfway through the year and thereafter most of the earnings effect was a result of increased hours alone. Because the employment effect faded in the second year, a reduction in the earnings effect is not surprising.

#### *Alternative results using administrative data*

The results discussed so far are based on survey data. Estimates have also been made using administrative data. Administrative data have the advantage of being available for the entire NDLP customer group, which was randomly assigned between October 2003 and April 2005. Maximising the size of the estimation sample in this way allows the most statistically precise impact estimates possible.

The advantage of administrative data relative to survey data is that they do not suffer from either survey non-response or respondent recall error. However, there are also important limitations: First, the range of employment outcomes available is much narrower than in survey data. Second, and more important in some regards, administrative data do not capture all employment spells and sometimes not all relevant details are available for those spells that are captured (see Box 5.3).

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<sup>87</sup> The national minimum wage for adult workers (age 22 or over) was £4.50 per hour from 1 October 2003; it increased to £4.85 per hour on 1 October 2004, to £5.05 on 1 October 2005 and to £5.35 on 1 October 2006 ([www.lowpay.gov.uk](http://www.lowpay.gov.uk)). On 1 October 2007, it rose to £5.52.

**Box 5.3 A note on administrative employment data**

There are two caveats relating to the use of administrative employment data in the UK: First, these data cover only individuals whose employers participate in the Pay-As-You-Earn (PAYE) system (a method of paying income tax whereby the employee receives wages with the tax already deducted by the employer). This means that self-employment spells are not captured and that there is only partial coverage of employees who earn less than the PAYE threshold (currently £100 per week). Second, the employment data require extensive cleaning to be suitable for evaluation purposes. In a significant number of cases, the start and/or end dates of employment are unknown.

The extent to which employment is recorded differently in the survey and administrative data is best seen by considering employment at month 24 among survey respondents. Since this equates to roughly the time of the wave 2 survey, month 24 outcomes in the survey data are free from the recall error that might be relevant when considering retrospective outcomes. This means that the survey data can be viewed as providing a reliable indicator of the true level of employment at month 24. This can be compared with employment at month 24 as suggested by the administrative data. Doing so, sizeable differences are evident. Employment as indicated by the survey data (53.4 per cent for the control group in Figure 5.1) is considerably higher than that indicated by the administrative data (39.5 per cent for the control group in Table 5.3). This difference can arise from two sources: First, part of the difference may be attributable to the fact that the administrative data exclude low earners, the self-employed and, indeed, those working informally. Second, it may be that the inconsistencies in the administrative data and the prevalence of unknown start and end dates mean that the indicators of employment at a point in time are subject to error. In any event, the fact that there is a difference calls for caution with regard to estimates based on the administrative data.

In line with this, impacts on employment estimated from the administrative data tend to be smaller, showing little effect. Similarly, when the administrative data analysis was extended to include all NDLP customers who were randomly assigned, not just the survey respondents, no statistically significant effects were found in any given month over the two years following random assignment (Table 5.3).

**Table 5.3 Effects of ERA on employment and earnings within two years after random assignment for NDLP customers, estimated using administrative records**

Outcome	ERA group	Control group	Difference (impact)	P-value
Ever employed during (%)				
Year 1	56.2	55.3	0.9	0.451
Year 2	55.6	53.8	1.8	0.125
Years 1-2	66.1	64.6	1.5	0.179
Average number of months employed during				
Year 1	4.5	4.4	0.1	0.377
Year 2	4.9	4.9	0.0	0.989
Years 1-2	9.4	9.3	0.1	0.648
Employed during month 24 (%)	39.7	39.5	0.2	0.844
Average earnings during 2005-2006 tax year (£)	3,676	3,315	361 ***	0.005
Time to first employment (%)				
Employed in month of RA <sup>a</sup>	24.9	24.6	0.4	0.732
1 to 6 months	24.8	22.3	2.5 **	0.018
7 to 12 months	7.5	9.3	-1.8 ***	0.009
13 to 23 months	8.8	8.4	0.5	0.509
Never employed in first 24 months	33.9	35.4	-1.5	0.179
Length of first employment spell (%)				
0 months	33.9	35.4	-1.5	0.179
1 to 6 months	23.1	21.3	1.8 *	0.076
7 to 12 months	12.2	12.3	0.0	0.970
13 to 23 months	20.5	20.4	0.0	0.968
24 months	10.3	10.6	-0.3	0.672
Worked in year 1 and worked consecutively for (%)				
Less than 6 months	9.8	9.3	0.6	0.409
6 to 12 months	12.7	12.2	0.5	0.510
12 or more months	33.6	33.9	-0.3	0.825
Sample size = 6,787	3,365	3,422		

SOURCE: MDRC calculations from Work and Pensions Longitudinal Survey employment records.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

Includes all customers randomly assigned between October 2003 and April 2005.

<sup>a</sup>RA refers to random assignment.

The administrative and survey data were more consistent in revealing a positive impact on earnings. Figure 5.3 allows for a side-by-side comparison of survey-based and administratively recorded earnings impacts for NDLP customers. It shows that, according to the administrative data, ERA increased average earnings for **survey respondents** in the 2005-2006 tax year by £615.<sup>88</sup> Reassuringly, this administrative data-based impact estimate is very close to the £673 impact in the second year after random assignment that is estimated from survey data collected for the same sample.<sup>89</sup> Figure 5.3 also shows the earnings impact based on administrative data for the full NDLP sample (i.e. all those randomly assigned between October 2003 and April 2005). Like the other earnings impact estimates, this one is also positive and statistically significant, providing further assurance of ERA's success in increasing earnings. However, at £361, it is somewhat smaller than the two estimates for the survey sample. This may partly reflect differences between the types of people in the survey sample relative to the full random assignment sample;<sup>90</sup> or it may reflect the fact that for many people in the full sample the 2005/06 tax year fell relatively soon after their date of random assignment – or a combination of both factors. (See Table 5.3 for estimates of ERA's effects on other outcomes measured by administrative data.)

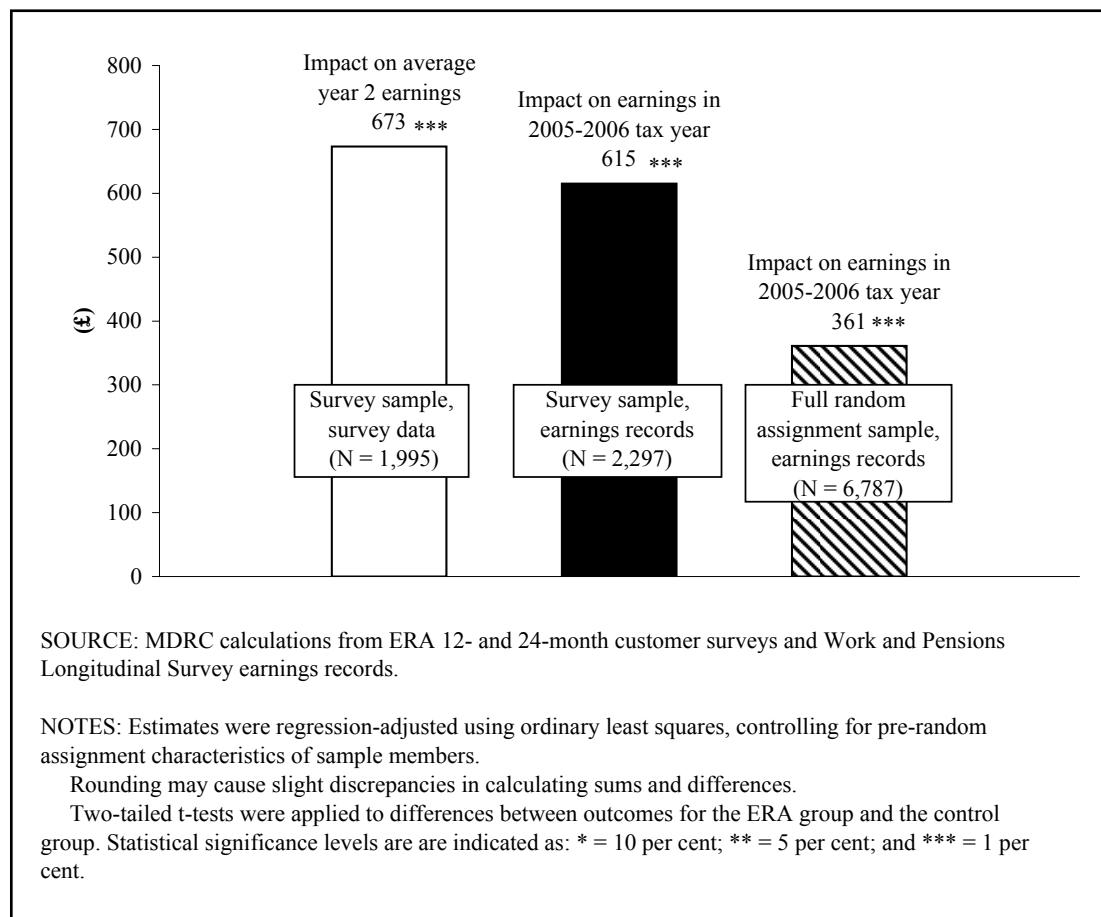
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<sup>88</sup> Administrative data on earnings relate to the UK tax year, which runs from April through March.

<sup>89</sup> The degree to which the 2005-2006 tax year matches the second follow-up year after random assignment for any particular sample member depends on her date of random assignment (see Chapter 2). For those randomly assigned in March 2004, this corresponds to the second year following random assignment. For those randomly assigned earlier (or later) than this, the 2005-2006 tax year relates to a later (or earlier) period relative to their date of random assignment.

<sup>90</sup> Due perhaps to survey non-response or that the survey cohort differs in some way from the full randomly assigned population.

**Figure 5.3 Earnings impact estimates for NDLP customers, by sample and data source**



### 5.3.2 WTC

Monthly employment among the WTC control group is shown in the bottom panel of Figure 5.1.<sup>91</sup> Nearly all members of the control group worked at some point over the two-year period, which reflects the fact that only those who are in work receive WTC. Furthermore, the proportion in work remained fairly stable, suggesting that advancement may be a more important concern than retention for individuals in the WTC group.

Because all WTC customers should have been employed at the time of random assignment, it is not surprising that ERA did not increase the proportion ever employed during the follow-up period. For this group, it is much more important to focus on the amount of time employed. As Table 5.1 shows, both the ERA group and the control group worked about 22 months over the 24-month follow-up period, leaving little room for improvement. However, ERA caused a significant

<sup>91</sup> The analysis of employment and earnings effects for the WTC group is based entirely on survey data. This is because Work and Pensions Longitudinal Study (WPLS) administrative data are available only for WTC customers who at some stage received benefits payments and not for the full WTC sample.

shift from part-time to full-time work. In particular, it caused a reduction of two months in the amount of time spent in part-time employment and this was fully accounted for by a similar-sized increase in the number of months spent in full-time employment (Table 5.1).

Table 5.2 shows that, for the programme group, ERA increased by 1.6 the average number of hours worked at month 24. This impact is identical to that produced for the NDLP programme group. However, this was from a higher base: Whereas the NDLP control group worked an average of 13 hours per week at this time, the corresponding level for the WTC control group was 22 hours. The higher base for the WTC group, in turn, reflects their higher rates of employment relative to those in the NDLP group. Considering the distribution of hours for the WTC group, a strong move from part-time to full-time work is clearly visible. The increase of 12.6 percentage points in the proportion working full-time at month 24 is almost entirely accounted for by the reduction of 11.8 percentage points in working part-time.

As seems most likely with an increase in full-time work, ERA also raised earnings for WTC customers in ERA. Over the two-year period, earnings were greater by £874 as a result of ERA, reflecting a gain of 5.3 per cent over the control group's earnings of £16,392.

## 5.4 ERA's impacts on benefits receipt

The aim of this section is to demonstrate the effect of ERA on benefits receipt. In designing ERA, the expectation was that by encouraging lone parents to stay in work, to work full-time and to advance, over the long-term they would have less need to claim benefits. This section assesses whether, in the two years following random assignment, ERA did indeed reduce the proportion of lone parents claiming benefits or the amount of benefits received.

### 5.4.1 NDLP

Lone parents in the NDLP group were all claiming IS at the time of random assignment. Table 5.4 shows that, according to the responses given by NDLP customers, ERA had no impact on the proportion receiving IS two years after random assignment. This is consistent with the finding that ERA had little effect on customers' employment rate at this point. The fact that ERA caused a shift from part-time work (16-29 hours per week) to full-time work (30 plus hours per week) should not have any effect on receipt of IS, since it is payable only for those who are out of work or who are working fewer than 16 hours per week. It is also interesting to note that for both the ERA and the control groups, receipt of IS had fallen dramatically to a level of just over 40 per cent within two years.

**Table 5.4 Effects of ERA on benefits receipt within two years after random assignment**

Outcome	NDLP			WTC				
	ERA group	Control group	Difference (impact)	P-value	ERA group	Control group	Difference (impact)	P-value
Receiving JSA at month 24 (%)	2.4	2.9	-0.5	0.446	0.8	0.9	-0.1	0.885
JSA average amount per week (£)	1	1	0	0.974	0	0	0	0.726
Receiving WTC at month 24 (%)	44.3	42.6	1.7	0.405	73.4	72.0	1.4	0.471
WTC average amount per week (£)	22	20	2	0.186	29	31	-2	0.286
Receiving CTC at month 24 (%)	73.0	73.0	0.0	0.982	85.1	85.7	-0.6	0.703
CTC average amount per week (£)	40	42	-2	0.359	41	44	-2	0.260
Receiving IS at month 24 (%)	40.1	41.8	-1.7	0.385	6.5	7.0	-0.5	0.671
IS average amount per week (£)	31	31	0	0.981	3	3	0	0.453
Receiving Housing Benefit at month 24 (%)	50.4	56.5	-6.1 ***	0.003	16.3	20.9	-4.6 ***	0.005
Receiving other state benefit at month 24 (%)	7.1	7.5	-0.4	0.713	8.6	8.4	0.2	0.876
Other state benefit average amount per week (£)	3	4	0	0.467	6	5	1	0.387
Sample size	1,188	1,109			1,082	1,037		

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

JSA = Jobseeker's Allowance; WTC = Working Tax Credit; CTC = Child Tax Credit; IS = Income Support.



Table 5.4 shows that ERA had little effect on other benefits, with the exception of Housing Benefit (HB). ERA reduced the proportion claiming HB at month 24 from 56.5 per cent to 50.4 per cent. This reduction of 6.1 percentage points is very similar to the reduction of 6.8 percentage points after 12 months found in the report on first-year impacts.<sup>92</sup> This reduction may be due to the increased earnings caused by ERA.

#### **5.4.2 WTC**

The results in Table 5.4 for the WTC group are quite similar to those for the NDLP group. Again, the only significant effect relates to HB. ERA caused a reduction of 4.6 percentage points in the probability of claiming HB at month 24. As with the NDLP group, the effect appears stable over time; the report on first-year impacts showed a reduction of 4.9 percentage points at month 12.<sup>93</sup> Again, this may reflect the higher earnings brought about by ERA.

#### **5.4.3 Alternative tests using administrative data**

As in the case of the employment and earnings outcomes, it is possible to observe benefits information (other than HB) using administrative data. Benefits information taken from administrative data is of high quality and can reliably be used to observe benefit status over time. The results below pertain to the full random assignment sample.

Table 5.5 shows that, using administrative data, the effect of ERA on IS receipt in month 24 is estimated to be a reduction of 2.2 percentage points. This is similar in size to the estimate based on survey data (1.7 percentage points), although the result based on administrative data achieves statistical significance, perhaps due to the larger number of observations available for estimation. With regard to outcomes calculated over a longer period of time, ERA reduced the number of months NDLP customers spent on IS in both the first and second years following random assignment. It also reduced IS payments by around five per cent, or £282, over this period. However, it had no statistically significant effects on receipt of Jobseeker's Allowance (JSA) or Incapacity Benefit (IB), benefits received by very few NDLP customers in the follow-up period.

Table 5.5 also shows a consistency with the survey-based results in the estimated effect on benefit receipt in month 24. Both datasets suggest a statistically insignificant effect in month 24. In fact, there were almost no significant effects for any benefit outcomes. The exception is a marginally statistically significant reduction in the likelihood of receiving IB for the WTC group.

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<sup>92</sup> Dorsett *et al.*, 2007.

<sup>93</sup> Dorsett *et al.*, 2007.

**Table 5.5 Effects of ERA on benefits receipt within two years after random assignment, estimated from administrative records**

Outcome	NDLP				WTC			
	ERA group	Control group	Difference (impact)	P-value	ERA group	Control group	Difference (impact)	P-value
Average number of months receiving benefits <sup>a</sup> in								
Year 1	7.4	7.8	-0.4 ***	0.001	0.9	0.9	0.0	0.797
Year 2	5.4	5.7	-0.3 **	0.018	1.0	1.0	0.0	0.941
Years 1-2	12.8	13.5	-0.7 ***	0.002	1.9	1.9	0.0	0.931
Receiving benefits <sup>a</sup> in month 24 (%)	41.9	44.1	-2.2 *	0.061	8.1	8.0	0.1	0.949
Average total amount of benefits <sup>a</sup> (£) received in								
Year 1	2,909	3,063	-155 ***	0.004	186	198	-12	0.543
Year 2	2,002	2,129	-127 **	0.028	220	222	-2	0.945
Years 1-2	4,911	5,192	-282 ***	0.007	406	420	-14	0.726
Number of months received JSA in years 1-2	0.4	0.4	0.0	0.987	0.2	0.2	0.0	0.880
Average total JSA received in years 1-2 (£)	84	83	1	0.952	39	37	2	0.858
Number of months received IS in years 1-2	12.8	13.5	-0.7 ***	0.002	1.7	1.7	0.0	0.889
Average total IS received in years 1-2 (£)	4,911	5,192	-282 ***	0.007	367	383	-16	0.688
Number of months received IB in years 1-2	0.8	0.7	0.1	0.522	0.4	0.5	-0.1	0.241
Ever received IB in years 1-2 (%)	8.4	7.7	0.7	0.317	4.0	5.4	-1.4 *	0.077
Sample size	3,365	3,422			1,415	1,400		

SOURCE: MDRC calculations from Work and Pensions Longitudinal Survey benefits receipt records.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group.

Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

Includes all customers randomly assigned between October 2003 and April 2005.

JSA = Jobseeker's Allowance; IS = Income Support; IB = Incapacity Benefit.

<sup>a</sup>Benefits refers to Income Support for New Deal for Lone Parents customers, and a combination of Income Support and Jobseeker's Allowance for Working Tax Credit customers.

## 5.5 Retention and advancement

The preceding analysis has shown the overall effect of ERA over the two years following random assignment. As noted already, it is not possible to examine directly the effect of ERA on retention or advancement for the NDLP group, since differences between the ERA group and the control group may partly reflect an effect of ERA on job entry. However, considering other outcomes may provide clues as to the extent of any retention effect:

- the **number of employment spells** gives an indication of the amount of movement from job to job. This could be indicative of advancement if changing jobs is motivated by progression but could also indicate employment instability;
- the **number of non-employment spells** gives a further indication of the success of ERA in reducing lone parents' likelihood of returning to benefits after having found work;
- the amount of **time taken to find employment** could demonstrate ERA's success in assisting lone parents to find work quickly or the motivating effects of the retention bonus. As mentioned earlier in this chapter, it is also possible that ERA might increase the time taken to enter work;
- the **duration of the first employment** could suggest which of these scenarios was more likely, as a longer first employment would be consistent with seeking out a better job match, while a shorter period of initial employment might indicate that the first job was regarded as a stepping stone to employment with better prospects;
- the amount of **time spent in continuous employment** shows whether the retention bonus and/or other assistance from ERA had an impact on encouraging lone parents to stay in work;
- the **characteristics of jobs** are examined, since these can provide a clue as to whether individuals are progressing into 'better' jobs. Grading the quality of jobs is challenging, not least because jobs may score differently for different measures, but examining the characteristics directly can help give some understanding of advancement.

### 5.5.1 NDLP

Table 5.6 shows that ERA caused a slight increase in the number of employment spells experienced among the NDLP group but the average number of spells over the two years following random assignment was slightly less than one. In view of this small number, it is possible that this result is simply capturing the effect on employment that has already been discussed. There were no statistically significant differences between the ERA group and the control group in the number of spells out of employment.

Table 5.6 Effects of ERA on employment dynamics within two years after random assignment

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value
Average number of employment spells	0.9	0.8	0.1 *** 0.001	1.1	1.0	0.0 * 0.084
Average number of non-employment spells	1.1	1.0	0.0 0.599	0.2	0.2	0.0 0.543
Average number of months to first employment	9.0	10.4	-1.5 *** 0.000	0.7	1.1	-0.4 ** 0.013
Time to first employment (%)						
Employed in the month of random assignment	27.6	24.0	3.6 ** 0.039	93.1	89.6	3.4 *** 0.002
1 to 6 months	30.1	25.7	4.4 ** 0.019	3.4	4.6	-1.2 0.149
7 to 12 months	9.5	11.2	-1.8 0.166	1.1	1.9	-0.8 0.135
13 to 23 months	8.4	9.1	-0.7 0.545	0.8	1.3	-0.6 0.202
Never employed	24.5	30.0	-5.5 *** 0.002	1.7	2.6	-0.9 0.132
Average duration of first employment (months)	11.3	10.3	1.0 ** 0.011	21.3	21.0	0.3 0.247
Average duration of first employment among workers (months)	15.0	14.8		21.7	21.6	
Duration of first employment (%)						
Never employed	24.5	30.0	-5.5 *** 0.002	1.7	2.6	-0.9 0.138
1 to 6 months	18.3	17.1	1.2 0.469	4.6	5.2	-0.6 0.539
7 to 12 months	13.3	11.7	1.7 0.235	4.1	4.2	-0.1 0.875
13 to 23 months	26.1	26.6	-0.5 0.782	19.9	19.0	0.9 0.608
Employed continuously	17.8	14.6	3.2 ** 0.030	69.7	69.0	0.8 0.693
Worked full time for at least 4 consecutive months (%)	33.6	25.0	8.7 *** 0.000	39.2	28.9	10.3 *** 0.000
Percentage of full-time workers who worked for at least 4 consecutive months	89.8	90.4		94.7	96.1	

(continued)

Table 5.6 Continued

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value
Employed in year 1 and worked consecutively for (%)						
Less than 6 months	7.1	6.4	0.6 0.561	1.9	1.4	0.5 0.406
6 to 12 months	12.4	9.6	2.8 ** 0.036	4.3	4.0	0.3 0.713
More than 12 months	45.6	43.4	2.2 0.285	91.3	90.4	0.9 0.470
Employed in year 1 and worked consecutively for 6 months or more (%)	58.0	53.0	4.9 ** 0.014	95.6	94.4	1.2 0.190
<i>Of all customers who worked in year 1, percentage who worked consecutively for 6 months or more</i>	88.1	87.6		97.4	97.9	
<i>Of all customers who worked in year 1, percentage who worked consecutively for 12 months or more</i>	69.3	71.6		91.9	92.8	
Sample size	1,188	1,109		1,082	1,037	

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

Italics indicate comparisons that are non-experimental since they were calculated over a portion of the sample. Statistical tests were not performed.

ERA reduced by a month and a half the average amount of time taken to find work by those in the NDLP group. It also increased the likelihood that they found work within the first six months following random assignment. This suggests that ERA did not lead its participants to take more time searching for jobs (in the hope of finding a 'better' job), a concern that was raised at the beginning of this chapter. Instead, it appears that ERA accelerated job entry.

Table 5.6 also shows that the first employment lasted 11.3 months for the ERA group, which is a month longer than for the control group. ERA also raised the likelihood of being employed continuously for the entire two-year period following random assignment from 14.6 per cent to 17.8 per cent. This suggests that ERA may have encouraged lone parents to find work quickly, without having a detrimental effect on the quality of the job match.

Reflecting the impact of ERA on increasing the amount of time spent in full-time employment, the ERA group was substantially more likely than the control group to have worked full-time for at least four consecutive months. This was important, as respondents were eligible for the retention bonus only if they worked at least 30 hours a week for 13 out of every 17 weeks. In the ERA group, 33.6 per cent had worked continuously for at least four consecutive months, compared with 25.0 per cent among the control group. This 8.7 percentage point gain represents an increase for the ERA group of 35 per cent over the control group rate. Interestingly, most customers (about 90 per cent) who began full-time jobs worked consecutively for at least four months, whether they were in the ERA group or the control group; thus, ERA's effect here was on increasing the likelihood of taking on such work in the first place.<sup>94</sup>

Advancement is a more complex concept whose interpretation is partly subjective.<sup>95</sup> The outcomes considered in Table 5.7 focus on particular dimensions of job quality, including job stability, responsibilities, fringe benefits (broadly defined), customers' own assessment of their jobs and employment costs. The overriding impression from the results is that there was little effect on these dimensions of advancement.

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<sup>94</sup> Other data in Table 5.6 show that consecutive employment begins to fall noticeably between six and 12 months after starting work for the NDLP group.

<sup>95</sup> Hoggart *et al.*, 2006.

**Table 5.7 Effects of ERA on characteristics of the current or most recent job held within two years after random assignment**

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value
<b>Stability of customer's work</b>						
Worked and...						
Has/had permanent job (%)	49.4	47.1	2.4 0.243	83.7	84.5	-0.9 0.582
Job consists/consisted of shift work most of the time (%)	11.5	10.8	0.6 0.632	14.0	14.8	-0.8 0.619
Job includes/included daytime hours (%)	52.2	49.0	3.2 0.112	85.8	84.5	1.3 0.390
Worked at month 24 <sup>a</sup> and...						
Had days absent in the last month (%)						
No days off	40.4	36.3	4.1 ** 0.042	70.0	70.7	-0.7 0.718
1 day off	4.4	7.2	-2.8 *** 0.004	5.0	5.7	-0.6 0.514
2 or more days off	10.7	9.2	1.5 0.234	14.3	12.9	1.4 0.366
<b>Customer's responsibilities at work</b>						
Worked and...						
Is/was self-employed (%)	3.1	2.0	1.1 0.109	5.0	6.3	-1.2 0.212
Worked at month 24 <sup>a</sup> and...						
Has formal responsibility for supervising others (%)	6.8	5.9	0.9 0.373	16.4	16.7	-0.3 0.848

(continued)

Table 5.7 Continued

Outcome	NDLP			WTC				
	ERA group	Control group	Difference (impact)	P-value	ERA group	Control group	Difference (impact)	P-value
<b>Positive characteristics of customer's job</b>								
Worked at month 24 <sup>a</sup> and...								
Has fringe benefits offered by employer (%)								
Pension	26.8	26.1	0.7	0.701	58.2	57.0	1.2	0.554
Paid holidays	46.1	43.7	2.4	0.234	79.9	77.8	2.1	0.227
Flexible working hours	27.4	28.0	-0.6	0.736	50.3	48.2	2.2	0.312
Paid or unpaid time off for family reasons	33.8	32.8	1.0	0.619	65.0	63.9	1.1	0.604
Sick pay	35.6	34.1	1.5	0.444	69.3	66.3	3.0	0.134
Car or van for own private use	1.3	1.8	-0.5	0.292	3.6	3.0	0.5	0.498
Creche or nursery at workplace	3.1	3.4	-0.3	0.665	5.6	5.6	0.0	0.998
Trade union membership	17.3	15.6	1.7	0.265	40.3	39.0	1.3	0.535
Is a trade union member (%)	7.7	6.2	1.5	0.162	21.0	21.6	-0.7	0.698
Received promotions or increases in responsibility (%)	9.6	8.7	0.9	0.452	17.4	15.3	2.1	0.190
Foresees further opportunities for promotion or increases in responsibility (%)	25.8	24.0	1.8	0.314	40.7	36.0	4.6 **	0.030
Received a pay rise (%)	26.8	26.9	-0.2	0.927	62.4	62.5	-0.1	0.955
<b>Customer's attitudes towards his/her job</b>								
Worked at month 24 <sup>a</sup> and...								
Agrees/strongly agrees about having some say over the way she/he works (%)	37.2	36.2	1.1	0.583	62.1	64.3	-2.2	0.289
Likes job a great deal (%)	41.0	39.0	2.0	0.318	61.4	60.9	0.5	0.806
Job is very/extremely stressful (%)	9.3	7.5	1.7	0.139	17.3	14.0	3.4 **	0.034
Often/always has unrealistic time pressures at work (%)	7.3	6.4	0.9	0.398	14.5	15.3	-0.8	0.623

(continued)



Table 5.7 Continued

Outcome	NDLP			WTC				
	ERA group	Control group	Difference (impact)	P-value	ERA group	Control group	Difference (impact)	P-value
While currently working								
<i>Often/always has unrealistic time pressures at work (%)</i>	13.0	12.4			16.3	17.0		
<i>Agrees/strongly agrees about having some say over the way she/he works (%)</i>	66.9	68.9			69.5	71.8		
<i>Job is very/extremely stressful (%)</i>	16.5	14.4			19.5	15.5		
<i>Likes job (5 is a great deal, 1 is not at all)</i>	4.0	4.0			3.9	3.9		
<i>Likes job a great deal (%)</i>	73.7	73.9			68.8	68.1		
<b>Cost of working at customer's present job</b>								
Worked at month 24 <sup>a</sup> and...								
Average cost of travel to work per week (£)	6	11	-5	0.280	19	10	9	0.117
Cost of travel to work per week (%)								
No cost of travel	15.6	16.6	-1.1	0.491	21.0	21.6	-0.6	0.734
£10 or less	20.5	19.8	0.7	0.666	37.2	39.1	-1.9	0.363
More than £10	19.0	15.8	3.2 **	0.040	30.3	27.4	2.9	0.137
Costs vary by week	0.3	0.3	0.1	0.808	0.8	1.1	-0.3	0.443
Sample size	1,188	1,109			1,082	1,037		

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

Italics indicate comparisons that are non-experimental since they were calculated over a portion of the sample. Statistical tests were not performed.

<sup>a</sup>Refers to employment status at the time of the two-year survey, which took place earlier or later than month 24 for some respondents.

Overall, while individuals appear to have reacted to ERA by favouring full-time work over part-time work, there is little evidence as yet of a substantial effect on employment retention. This is consistent with the fact that the differences between the ERA group and the control group in their rates of employment were not significant at the end of the two-year period. The move to full-time employment represents a form of advancement. However, other outcomes related to advancement showed little effect of ERA. Possibly, it is unrealistic to expect a substantial effect on advancement within two years for the NDLP population. Many of them will have been out of work for some years and may want to re-acquaint themselves with the practice of working before focusing on progression in employment. Alternatively, it may be that the dimensions of job quality covered in the questionnaire, while thorough, miss those qualities that are most important to the NDLP population.<sup>96</sup>

### 5.5.2 WTC

As previously noted, retention is a less important issue than advancement for the WTC group. In view of this, the most important result in Table 5.6 is the finding that ERA raised the probability of working full-time for at least four months by 10.3 percentage points – a 36 per cent improvement over the control group rate of 28.9 per cent.

Table 5.7 shows that there were few statistically significant impacts on the types of jobs ERA customers held. (In general, the WTC group held better-quality jobs than did NDLP customers, probably reflecting their higher skill levels and stronger attachment to the labour force.)

## 5.6 ERA's impacts on training

This section assesses whether ERA had an impact on the amount of training undertaken by lone parents and on the qualifications that they acquired. The ability of ERA to influence training activity is important as a potential mechanism for enhancing the prospects of lone parents advancing in work by developing their human capital. ERA was expected to induce training through two types of incentives: First, ERA staff could pay for customers' tuition for training courses, up to a maximum of £1,000 per person for all courses, provided that customers took the courses while they were working 16 or more hours per week. Second, ERA customers could receive a training completion bonus. This incentive paid £8 for every hour of training completed, up to a maximum of £1,000 (or 125 hours of completed training). Again, customers had to be working 16 or more hours per week to be eligible for the training completion bonus.

### 5.6.1 NDLP

Table 5.8 shows that ERA increased the likelihood that NDLP customers would participate in training or education by 4.7 percentage points. This was from a

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<sup>96</sup> These issues are returned to in Chapter 7.

high base: 55.8 per cent of the control group participated in training or education at some point during the two years, even without ERA's assistance. This was not confined to training while out of work, since the results show an increase in the probability of combining work and training of 5.6 percentage points above a control group rate of 29.7 per cent.<sup>97</sup>

Table 5.8 also shows that training was often arranged by Jobcentre Plus. ERA increased participation in such training by 7.1 percentage points. There is no evidence yet of an effect of this increased training on qualifications gained over the two-year period.

When the first and second years after random assignment are considered separately, it emerges that ERA increased the proportion of the NDLP group participating in education or training over the first 12-month period but there were no statistically significant impacts in the second year. While this appears to suggest that the training and education activity induced by ERA diminished over time, the effect on the proportion that combined employment and training was positive in both years (not shown in the table). Together, these results suggest that ERA may have reduced the proportion receiving training while out of work in the second year. A possible interpretation of this might be that those in the ERA group received the training they desired in the first year and so became less likely to undergo further training in the second year, relative to the control group. Alternatively, out-of-work lone parents in the ERA group may defer training until they find employment, perhaps in the knowledge that this might entitle them to compensation for their studies.

Table 5.8 also shows that ERA increased, by 6.8 percentage points, the probability that an individual worked full-time at some point in the two years since random assignment and undertook training while employed. There was no effect on the probability of an individual working part-time at some point and undertaking training while employed. Overall, it is striking that of those in the programme group who worked full-time at some point, half undertook training while employed (the corresponding level among the control group was 43.4 per cent). Also impressive are the high rates of training among employed control group members.<sup>98</sup>

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<sup>97</sup> This does not imply directly that ERA increased training for those in work. It could equally be the case that employees are more likely to participate in training and that the observed increase in training while in work is simply capturing the increase in employment due to ERA. However, the same pattern is observed for the WTC group, for which there was no employment effect, thus supporting a conclusion that ERA did directly increase training among those in work.

<sup>98</sup> Because the types of people who worked full time in the programme group may differ in systematic ways from those who worked full time in the control group, comparing these two groups of workers does not yield a pure experimental impact estimate. For this reason, the difference in training between these two groups is not presented as an impact in Table 5.8.

**Table 5.8 Effects of ERA on customers' participation in training or education classes within two years after random assignment**

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value
Participated in training or education (%)						
Year 1	46.4	41.4	5.0 ** 0.016	60.1	46.8	13.3 *** 0.000
Year 2	41.2	39.6	1.5 0.447	58.6	47.0	11.7 *** 0.000
Years 1-2	60.5	55.8	4.7 ** 0.021	72.2	59.6	12.6 *** 0.000
Participated in training or education arranged by Jobcentre Plus staff, years 1-2 (%)	21.6	14.5	7.1 *** 0.000	22.4	2.6	19.8 *** 0.000
Obtained any training or education qualifications, years 1-2 (%)						
GCSE	6.7	7.1	-0.4 0.733	7.1	6.7	0.4 0.711
A-level or above	2.9	3.9	-1.0 0.181	5.5	5.4	0.1 0.927
Other	17.3	15.5	1.8 0.234	21.8	19.0	2.9 0.103
Worked and participated in training or education while working, years 1-2 (%)	35.3	29.7	5.6 *** 0.003	68.5	55.6	12.9 *** 0.000
Worked full time at some point and participated in training or education while working, years 1-2 (%)	18.7	12.0	6.8 *** 0.000	30.5	16.3	14.2 *** 0.000
<i>Percentage of full-time workers who participated in training or education while working, years 1-2</i>	50.5	43.4		74.6	54.6	
Worked part time at some point and participated in training or education while working, years 1-2 (%)	21.3	21.6	-0.4 0.831	48.7	44.9	3.7 * 0.087
<i>Percentage of part-time workers who participated in training or education while working, years 1-2</i>	40.2	39.4		65.0	55.2	
Sample Size	1,188	1,109		1,082	1,037	

(continued)

**Table 5.8 Continued**

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

Italics indicate comparisons that are non-experimental since they were calculated over a portion of the sample. Statistical tests were not performed.

Some individuals worked both full time and part time during the follow-up period. They are considered to be both full-time and part-time workers in the measures in this table. In addition, note that the available data indicate only whether an individual was in work when he/she participated in training or education, and not whether the individual was in part-time or full-time work during this participation.

The results in Table 5.9 show that ERA caused a small but significant increase in the number of courses taken. Those in the ERA group who did participate in some training courses took an average of just under three courses over the two years, amounting to almost 270 hours. Among the control group, those who participated in training took a similar number of courses but spent an average of 304 hours in training. This suggests that those in the NDLP group responded to ERA by taking more and shorter courses.

**Table 5.9 Effects of ERA on number and duration of training or education courses taken by customers within two years after random assignment**

Outcome	NDLP				WTC			
	ERA group	Control group	Difference (impact)	P-value	ERA group	Control group	Difference (impact)	P-value
Average number of training or education courses taken								
All customers	1.7	1.5	0.2 **	0.023	2.1	1.8	0.3 ***	0.001
<i>Those who participated in any training or education</i>	<i>2.8</i>	<i>2.7</i>			<i>2.9</i>	<i>3.0</i>		
Average number of hours spent in training or education courses								
All customers	158	167	-9	0.556	161	137	24	0.132
<i>Those who participated in any training or education</i>	<i>268</i>	<i>304</i>			<i>230</i>	<i>232</i>		
Average number of weeks spent in training or education courses								
All customers	16.9	16.5	0.3	0.776	23.5	16.7	6.8 ***	0.000
<i>Those who participated in any training or education</i>	<i>28.5</i>	<i>29.9</i>			<i>33.1</i>	<i>28.4</i>		
Sample size	1,188	1,109			1,082	1,037		

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group.

Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

Italics indicate comparisons that are non-experimental since they were calculated over a portion of the sample. Statistical tests were not performed.

## 5.6.2 WTC

For the WTC group, ERA's effect on training was stronger. Table 5.8 shows that, while the WTC control group's participation in training or education over the

two years was only somewhat higher (at 59.6 per cent) than the rate among the NDLP control group (55.8 per cent), ERA's impact of 12.6 percentage points was considerably larger. A similarly sized effect was evident when considering the effect of ERA on combining training and employment. Furthermore, these effects were sizeable and statistically significant in each of the two years after random assignment (13.3 percentage points in year 1 and 11.7 percentage points in year 2). The role of Jobcentre Plus is very strongly evident. Participation in training arranged by Jobcentre Plus was almost non-existent among the control group. ERA increased such training by nearly 20 percentage points. As with the NDLP group, there is no strong evidence yet of improved training or educational qualifications as a result of ERA.

Those in the ERA group who undertook training enrolled in an average of three courses over the two-year period considered and spent an average of around 230 hours in courses. ERA increased the number of courses taken but not the number of hours spent on them (Table 5.9). At the same time, ERA resulted in an additional 6.8 weeks in which customers participated in training. Again, the results appear to suggest that those in the WTC group reacted to ERA by taking more and shorter courses.

Table 5.8 also shows that ERA increased, by 14.2 percentage points, the proportion of WTC customers who worked full-time at some point in the two years since random assignment and undertook training while employed. In addition, in contrast to the findings for the NDLP customers, there was also a statistically significant, though small, impact (3.7 percentage points) on the proportion that worked part-time at some point in the two years since random assignment and undertook training while employed. The fact that this impact is found despite the marked shift away from part-time work that was brought about by ERA, strongly suggests that ERA acted to encourage training among those in work. Further supporting this inference is the finding among those in the programme group who worked full-time at some point: 74.6 per cent undertook training while employed, compared with 54.6 per cent for the control group. For those who worked part-time at some point, the corresponding levels are 65.0 per cent and 55.2 per cent.

## 5.7 ERA's impacts on taking steps towards advancement

In addition to assessing how much advancement customers have already achieved, it is useful to consider whether ERA has influenced the particular **steps** individuals have taken so far to try to advance. These might include, for example, negotiating a pay rise or looking elsewhere for better employment. It has been suggested already that advancement is likely to be a more immediate concern for the WTC group than for the NDLP group. NDLP customers might be expected to have a stronger focus on achieving sustained employment (something already achieved, for the most part, by the WTC group). However, one might also expect NDLP customers to become more interested in advancement once they overcome the initial employment retention hurdle.

Chapter 4 shows that for both the NDLP and WTC lone parents, those in the ERA group who worked were much more likely to receive in-work help or advice from Jobcentre Plus than those in the control group who worked and that this advice was typically more frequent and provided by more specialised staff. The following sections examine whether, because of this assistance or any other programme features, ERA increased the likelihood that programme group members would take advancement steps (in addition to pursuing full-time work) to improve their jobs or earnings.

### 5.7.1 NDLP

The top panel of Table 5.10 presents some descriptive statistics showing that, among customers in the ERA group who ever worked within the two years following random assignment, 77 per cent reported taking at least one of a variety of steps to improve their work situation or earnings. Moreover, 38 per cent actively looked for another job while working. These rates were higher than the rates observed for workers in the control group but not by much.

The bottom panel of Table 5.10 shows ERA's impacts on whether customers in the programme group both worked and took steps to advance. It shows that ERA increased the likelihood of both working and taking steps to advance by a statistically significant 6.6 percentage points over the control group rate of 52.1 per cent (a gain of nearly 13 per cent). It also increased the likelihood of working and actively looking for another job by 4.5 percentage points over the control group rate (an 18 per cent gain).

The increased level of help and advice provided by Jobcentre Plus as a result of ERA covered a wide range of advancement topics. It is perhaps most informative to consider how this translated into specific actions. The main effects of ERA in this regard were to increase efforts to work more hours, to negotiate better terms, to find a different type of employment with the same employer or to look for a better job with another employer. Those individuals looking for a better job elsewhere accounted for 30 per cent of the ERA group. They used a range of methods in their job search. Most commonly, individuals looked for another job on their own. ERA increased the proportion who worked and searched elsewhere for another job on their own from 24.4 per cent to 28.6 per cent. ERA also had small but statistically significant effects on a number of less common job search channels. The proportions working and looking for a better job by using a private recruitment agency, by going to a careers office and by some other method, were all increased slightly by ERA.



Table 5.10 Effects of ERA on customers' efforts to advance in work within two years after random assignment

Outcome	NDLP			WTC			
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)	P-value
<b>Working customers</b>							
<i>Took steps while working to help improve work situation or earnings (%)</i>	77.0	74.1	n/a	82.8	79.0	n/a	n/a
<i>Tried to increase hours of work</i>	46.1	43.1	n/a	55.1	47.5	n/a	n/a
<i>Tried to get pay rise</i>	21.8	22.1	n/a	30.4	28.6	n/a	n/a
<i>Tried to negotiate better terms, e.g. more convenient hours</i>	38.4	36.5	n/a	33.2	32.2	n/a	n/a
<i>Tried to change to different sort of work with same employer</i>	21.4	19.5	n/a	24.4	22.9	n/a	n/a
<i>Tried to get better job with different employer</i>	39.8	36.6	n/a	42.2	37.5	n/a	n/a
<i>Took steps while working to find another job (%)</i>	38.4	35.0	n/a	41.0	36.2	n/a	n/a
<i>Put name on books of private recruitment agency</i>	10.8	8.8	n/a	7.9	5.0	n/a	n/a
<i>Went to career office, career advice department, or used Connexions service</i>	6.2	4.5	n/a	7.6	4.2	n/a	n/a
<i>Looked for another job on own</i>	37.6	34.6	n/a	40.4	35.8	n/a	n/a
<i>Did something else to find another job</i>	9.4	7.0	n/a	9.3	8.3	n/a	n/a
Sample size	904	782		1,066	1,009		

(continued)

Table 5.10 Continued

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value
<b>All customers</b>						
Worked and took steps to help improve work situation or earnings (%)	58.7	52.1	6.6 *** 0.001	81.4	77.0	4.5 ** 0.011
Tried to increase hours of work	35.2	30.2	5.0 *** 0.009	54.1	46.3	7.8 *** 0.000
Tried to get pay rise	16.7	15.5	1.2 0.446	29.9	27.9	2.0 0.300
Tried to negotiate better terms, e.g. more convenient hours	29.2	25.7	3.5 * 0.062	32.7	31.4	1.2 0.541
Tried to change to different sort of work with same employer	16.3	13.6	2.7 * 0.069	24.0	22.3	1.8 0.339
Tried to get better job with different employer	30.3	25.8	4.5 ** 0.016	41.5	36.5	5.0 ** 0.018
Worked and took steps to find another job while working (%)	29.2	24.7	4.5 ** 0.013	40.4	35.2	5.2 ** 0.014
Put name on books of private recruitment agency	8.2	6.2	2.0 * 0.062	7.8	4.8	2.9 *** 0.006
Went to career office, career advice department or used Connexions service	4.7	3.2	1.5 * 0.060	7.5	4.1	3.4 *** 0.001
Looked for another job on own	28.6	24.4	4.3 ** 0.019	39.8	34.8	4.9 ** 0.019
Did something else to find another job	7.2	4.8	2.4 ** 0.016	9.2	8.1	1.1 0.371
Sample size	1,188	1,109		1,082	1,037	

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

Italics indicate comparisons that are non-experimental since they were calculated over a portion of the sample. Statistical tests were not performed.

### 5.7.2 WTC

Workers in the WTC programme group were slightly more likely than those in the NDLP programme group to try to improve their employment circumstances. And, since more WTC customers overall were working, a higher proportion of the entire WTC group was focused on advancement. Table 5.10 (top panel) shows that almost 83 per cent of workers in the WTC ERA group took steps to improve their work situation or earnings while they were employed, and 41 per cent took steps to find another job. The bottom panel shows that ERA increased by a statistically significant 4.5 percentage points the proportion that took steps to improve their work situation or earnings. This is from a high starting point – more than three-quarters of the control group reported taking such steps.

ERA spurred WTC customers' efforts to increase their working hours and to find work with a different employer. It also increased the use of a range of job search channels, at least by a small amount. However, it did not increase efforts to negotiate better terms or to find different work with the same employer.

## 5.8 ERA's impacts on children's well-being

Children share in the improved financial circumstances resulting from their parent's increased earnings and, in this regard, their welfare is closely linked to that of their parent. The non-financial aspect of children's welfare is also important. It is perhaps unrealistic to expect ERA to have had any effect on children's well-being so soon after its introduction. However, it is clear that encouraging lone parents to participate more fully in the labour market may have consequences for their children. As discussed previously, there is little theoretical or empirical evidence to inform expectations here. The most relevant studies – evaluations of welfare-to-work programmes in the US and Canada offering financial incentives to work – do appear to find some positive impacts on young children's school performance. However, it does not necessarily follow that such findings will apply in the UK.

Although positive effects on children would be welcome, it is also important to assess any detrimental effects associated with encouraging lone parents to increase their hours of work. Seen in this light, the absence of any effects on children's welfare in the current study may be regarded positively, since it would indicate that children were not harmed, especially as a consequence of ERA's positive effects on the take-up of full-time employment.

The analysis, thus, considers a range of outcomes relating to children's general well-being, social activities, academic performance and behaviour.<sup>99</sup>

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<sup>99</sup> It should be borne in mind that these indicators of child well-being are based on the responses of the child's parent.

### 5.8.1 NDLP

Overall, there were very few statistically significant effects of ERA for the children of NDLP customers (Table F.2). It is important to treat the handful of significant findings with caution, given the large number of measures considered and the small magnitude of the effects observed. It is still possible, of course, that more substantial effects of ERA could emerge in the longer term.

### 5.8.2 WTC

As with the NDLP group, there were few statistically significant effects for the children of those in the WTC group (Table F.2). Again, it may be that effects will emerge with time.

## 5.9 Conclusions

In attempting to draw conclusions from the results presented in this chapter, an important point to bear in mind is that they do not capture the full effects of ERA. In total, an individual's ERA experience could span a full 33 months, so participants were still eligible to participate in the programme after this report's follow-up period ended. Thus, it is not possible yet to say whether ERA's effects will grow stronger in the longer term or whether they will fade quickly after the in-work job coaching, support and financial incentives are withdrawn.

Summarising the main results, the impression is of an intervention that has had considerable success in influencing the labour market behaviour of lone parents. Among those on NDLP, ERA increased the chances of being in work and this positive effect was sustained for a year and a half. Importantly, ERA increased the take-up of full-time work. This is a particularly noteworthy result, since it appears so far to have been a sustained increase – it remained visible at the latest period for which information is available. It was also the increase in hours that was the most notable ERA effect among the WTC group. Greater labour market engagement resulted in positive earnings impacts for both groups. There was a reduction in IS receipt for the NDLP group over the 24 months but this was close to zero by the end of the two years.

It is interesting to note how the effects appear to have altered over time. ERA increased employment among the NDLP group in the first year following random assignment to a greater extent than in the second year. Correspondingly, the effect on earnings was greater in the first than in the second year. However, the main impact was to increase the proportion working full-time. This effect was, if anything, greater in the second year than in the first. The impact on earnings over time reflected these opposing influences – the impact on earnings in the second year was slightly lower than in the first year. For the WTC group, the effect on employment is of less interest since all individuals should have been working when randomly assigned. As with the NDLP customers, it is the move from part-time to full-time work that is most impressive. Interestingly, the size of the ERA effect

for each of the two years was very close to that for the NDLP group. Importantly, the positive effect was visible in both years. Furthermore, the positive effect on earnings was statistically significant in the second year, unlike the first year where the effect was positive but not significant. To summarise, ERA appears to have had a positive effect on hours and earnings that has been sustained across the two years considered.

The question of how these effects arose is central to understanding whether ERA might achieve its core aims of promoting employment retention and advancement. This is a complicated issue to unravel. Disentangling the effect on job entry from the effect on retention for the NDLP group is far from straightforward. (Retention is not a significant issue for the WTC group.) Most telling is the fact that there was no difference in the probability of being employed two years after random assignment. This suggests any positive effect on retention that ERA might have had (and note that some results are at least consistent with the possibility that it had such an effect – for example, those in the ERA group had longer employment spells than those in the control group) was not substantial enough to alter longer-term employment rates.

There is little evidence so far of ERA having had a direct effect on customers' advancement in ways other than their moving from part-time to full-time work. However, there is some evidence that ERA encouraged individuals to take steps to improve their position in work. In both the NDLP group and, especially, the WTC group, those in work were more likely to participate in education or training and were also more likely to try to improve their work situation in other ways. It may be that these efforts in time will translate into more concrete evidence of advancement.

Overall, the results point towards an intervention that has so far been successful in encouraging greater labour market participation among lone parents. The key question is whether and for how long the results will persist, a question the evaluation will continue to study over the next few years.



# 6 ERA's impacts across districts and subgroups

## 6.1 Introduction

The purpose of this chapter is to consider whether the impact of the Employment Retention and Advancement (ERA) programme varies across districts and across different subgroups of lone parents. The possibility that there might be district-level variation arises because differences in local labour market conditions, staffing patterns and implementation practices could be expected to have an impact on the effectiveness of the programme. Chapter 5 presented impacts for the New Deal for Lone Parents (NDLP) group as a whole, with a weighting scheme that provided the average effect of ERA as if six separate tests (one for each district) had been carried out. This chapter considers whether ERA had a positive impact on NDLP customers across all districts regardless of local circumstances or whether its effects were highly dependent on local circumstances.

Because of smaller sample sizes, reliable impacts for the Working Tax Credit (WTC) group cannot be computed separately for each district. Consequently, the district-level analysis in this chapter concentrates on differences between the East Midlands region, which had the largest sample size, and all other districts combined. Such a comparison, rather than identifying variation in impacts across specific districts, provides an indication of the extent to which the effects for the East Midlands might hold more broadly.

The chapter begins by considering variation in effects across districts for a range of economic outcomes, including employment, earnings and benefits receipt, followed by impacts on selected programme outcomes, such as the receipt of in-work advice and the training and retention bonuses. Subsequent sections assess variation in these effects across a range of subgroups of lone parents. Although the chapter makes use of both survey and administrative data, as already described in Chapter 5, administrative data on employment and earnings are not used for the WTC group.

## 6.2 ERA's economic impacts across districts

When the effects of ERA are considered for individual districts, it is apparent that the programme had different impacts in some districts compared with others. However, smaller sample sizes at the district level mean that a given impact is more uncertain and less likely to be statistically significant. For this reason, the primary focus in the following analysis is not whether the impact in a given district is statistically significant but whether the variation in effects across districts is statistically significant. If this variation is not statistically significant, then there is no evidence to conclude that the effects of ERA differed across districts.

### 6.2.1 NDLP

Table 6.1 presents impacts by district for the NDLP group based on customer survey data. Overall, the effects of ERA look strongest in North West England, Scotland, and Wales. Effects on earnings over the first two years, for example, are £3,125 in North West England, more than a 50 per cent increase over the control group's earnings of £5,816. Effects in North West England also seem qualitatively different from those in the other districts, in that ERA led to a substantial increase in employment rates.

At the same time, however, it is not possible to infer from these data that the effects are different across districts from a statistical standpoint. None of the cross-district differences for these outcomes is statistically significant, as indicated by the final column in the top panel of the table. Although North West England seems to stand out, it is not possible to conclude that ERA 'worked' in some districts and 'did not work' in others. A glance at the effects in the table supports this conclusion. In each district, there is some positive effect on earnings, although many of these differences are not statistically significant (in part owing to small sample sizes). Most districts also saw an increase in the fraction of NDLP customers working full-time in month 24, from 3.6 percentage points in North East England to 12.1 percentage points in Scotland.

Turning to the administrative data for all NDLP customers randomly assigned, Figure 6.1 shows that ERA increased the number of months spent in employment over the two years following random assignment in North West England but did not have a statistically significant impact in any of the other districts. This is consistent with the survey data showing that ERA's main effect in most other districts was not to increase employment rates, but to increase hours worked. This difference in effects across districts is statistically significant. In contrast, ERA's effects on average earnings in the 2005-2006 tax year did not significantly vary across districts. The two data sources taken together suggest that North West England stands out, in terms of increasing employment rates. Overall, however, the findings do not support a conclusion that ERA worked in some districts but not in others.



**Table 6.1 Effects of ERA on employment, earnings, and benefits receipt within two years after random assignment for NDLP customers, by district**

Outcome	ERA group	Control group	Difference (impact)	P-value	P-value for differences across districts
<b><u>East Midlands</u></b>					
<b>Employment and earnings</b>					
Ever worked during years 1-2 (%)	72.9	73.9	-1.0	0.811	0.163
Working at month 24 (%)	53.4	58.0	-4.6	0.320	0.519
Average hours worked per week at month 24	13.8	14.0	-0.2	0.895	0.628
Working 30+ hours per week at month 24 (%)	24.5	19.7	4.8	0.228	0.611
Number of months worked full time in years 1-2	4.2	3.6	0.6	0.368	0.216
Total average earnings in years 1-2 (£)	6,965	6,489	476	0.617	0.440
<b>Benefits</b>					
Receiving IS at month 24 (%)	43.2	37.4	5.7	0.215	0.212
IS amount amount per week (£)	33	28	4	0.324	0.290
Receiving WTC at month 24 (%)	38.6	46.2	-7.5	0.110	0.172
WTC average amount per week (£)	20	20	0	0.924	0.882
Sample size = 428	221	207			
<b><u>London</u></b>					
<b>Employment and earnings</b>					
Ever worked during years 1-2 (%)	67.1	63.0	4.1	0.403	
Working at month 24 (%)	50.6	48.8	1.8	0.729	
Average hours worked per week at month 24	13.9	11.9	2.0	0.212	
Working 30+ hours per week at month 24 (%)	24.6	18.1	6.5	0.121	
Number of months worked full time in years 1-2	4.7	3.2	1.5 **	0.037	
Total average earnings in years 1-2 (£)	8,435	7,595	840	0.485	
<b>Benefits</b>					
Receiving IS at month 24 (%)	47.2	48.5	-1.3	0.796	
IS amount amount per week (£)	34	36	-2	0.701	
Receiving WTC at month 24 (%)	35.1	31.9	3.2	0.531	
WTC average amount per week (£)	15	13	2	0.569	
Sample size = 370	194	176			

(continued)

Table 6.1 Continued

Outcome	ERA group	Control group	Difference (impact)	P-value	P-value for differences across districts
<b>North East England</b>					
<b>Employment and earnings</b>					
Ever worked during years 1-2 (%)	74.9	67.4	7.4 *	0.086	
Working at month 24 (%)	57.5	51.0	6.4	0.186	
Average hours worked per week at month 24	14.1	12.8	1.3	0.372	
Working 30+ hours per week at month 24 (%)	22.5	19.0	3.6	0.380	
Number of months worked full time in years 1-2	4.3	3.7	0.6	0.425	
Total average earnings in years 1-2 (£)	6,670	5,960	709	0.419	
<b>Benefits</b>					
Receiving IS at month 24 (%)	34.0	43.3	-9.2 **	0.049	
IS amount amount per week (£)	28	32	-3	0.456	
Receiving WTC at month 24 (%)	49.7	41.5	8.2 *	0.095	
WTC average amount per week (£)	24	20	4	0.371	
Sample size = 408	214	194			
<b>North West England</b>					
<b>Employment and earnings</b>					
Ever worked during years 1-2 (%)	78.0	63.8	14.2 ***	0.002	
Working at month 24 (%)	56.5	49.8	6.7	0.186	
Average hours worked per week at month 24	15.4	12.7	2.7 *	0.071	
Working 30+ hours per week at month 24 (%)	29.5	20.6	8.9 **	0.041	
Number of months worked full time in years 1-2	6.5	3.9	2.7 ***	0.001	
Total average earnings in years 1-2 (£)	8,940	5,816	3,125 ***	0.004	
<b>Benefits</b>					
Receiving IS at month 24 (%)	41.0	46.4	-5.4	0.283	
IS amount amount per week (£)	32	38	-6	0.227	
Receiving WTC at month 24 (%)	45.5	39.2	6.3	0.214	
WTC average amount per week (£)	23	18	5	0.192	
Sample size = 385	200	185			

(continued)

Table 6.1 Continued

Outcome	ERA group	Control group	Difference (impact)	P-value	P-value for differences across districts
<b>Scotland</b>					
<b>Employment and earnings</b>					
Ever worked during years 1-2 (%)	79.9	75.9	3.9	0.374	
Working at month 24 (%)	53.8	51.1	2.7	0.618	
Average hours worked per week at month 24	15.3	12.8	2.5	0.135	
Working 30+ hours per week at month 24 (%)	27.7	15.5	12.1 ***	0.006	
Number of months worked full time in years 1-2	5.8	3.4	2.4 ***	0.002	
Total average earnings in years 1-2 (£)	9,028	6,860	2,168 *	0.054	
<b>Benefits</b>					
Receiving IS at month 24 (%)	41.2	37.8	3.5	0.512	
IS amount amount per week (£)	27	24	2	0.570	
Receiving WTC at month 24 (%)	47.2	47.9	-0.7	0.898	
WTC average amount per week (£)	24	25	-1	0.764	
Sample size = 349	178	171			
<b>Wales</b>					
<b>Employment and earnings</b>					
Ever worked during years 1-2 (%)	79.9	79.7	0.2	0.961	
Working at month 24 (%)	58.3	60.0	-1.7	0.753	
Average hours worked per week at month 24	14.5	14.6	0.0	0.984	
Working 30+ hours per week at month 24 (%)	22.8	20.5	2.3	0.601	
Number of months worked full time in years 1-2	5.4	3.7	1.8 **	0.030	
Total average earnings in years 1-2 (£)	8,135	6,913	1,222	0.261	
<b>Benefits</b>					
Receiving IS at month 24 (%)	36.5	34.2	2.3	0.659	
IS amount amount per week (£)	31	23	8 *	0.092	
Receiving WTC at month 24 (%)	47.5	51.7	-4.2	0.441	
WTC average amount per week (£)	26	23	3	0.463	
Sample size = 357	181	176			

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

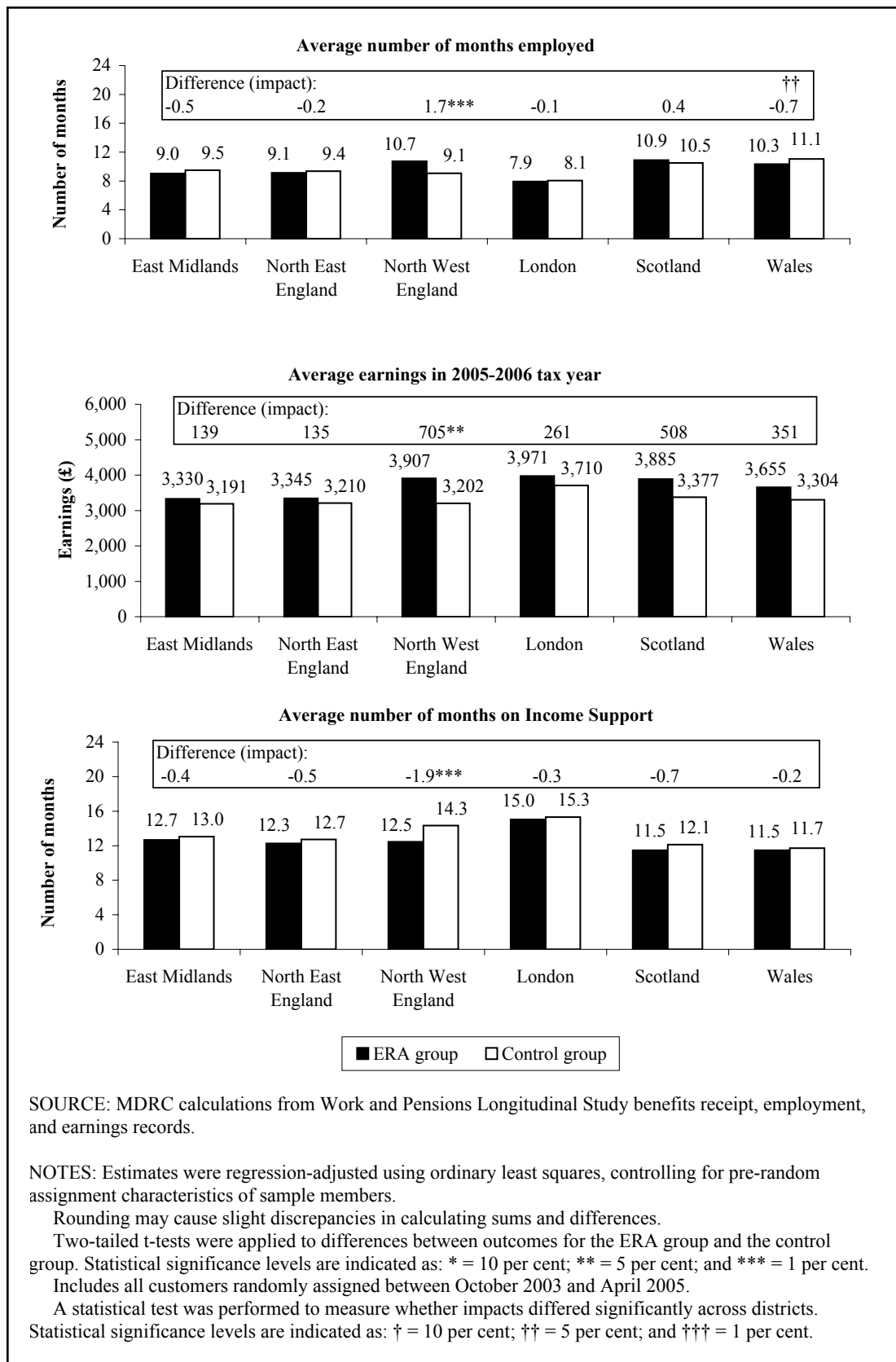
Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group.

Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

A statistical test was conducted to measure whether impacts differed significantly across districts. Statistical significance levels are indicated as: † = 10 per cent; †† = 5 per cent; and ††† = 1 per cent.

IS = Income Support; WTC = Working Tax Credit.

**Figure 6.1 Employment, earnings and benefits receipt within two years after random assignment for NDLP customers, estimated from administrative records, by district**



One concern with analyses by district is that positive effects in one district may stem from any number of factors that vary across districts, some having to do with the types of people served, implementation practices or local economic conditions. For example, the large, positive effects on employment seen for North West England may not be related to the programme's performance in the district *per se*, but to the fact that this district's sample included a higher representation of a certain type of NDLP customer who, in general, benefited greatly from ERA. As a hypothetical example, consider NDLP customers with higher education levels. If ERA had larger effects for these lone parents and if North West England contained a disproportionate share of this group, the larger effects observed for this district relative to the others would simply be due to compositional variation across the districts. It is possible to address this issue to some extent with analyses that account for this variation.<sup>100</sup> Although not shown here, the results suggest that the relatively strong performance in North West England is not due to differences across districts in customers' characteristics, circumstances or previous work experience. However, there is also no strong evidence from the implementation research that North West England stood out in terms of programme implementation. The lack of a strong hypothesis about why the effects on months worked should differ in North West England, coupled with the finding that district-level impacts do not vary significantly for most other labour market outcomes, reinforce the conclusion that there is no evidence of cross-district variation in ERA's effect.

Figure 6.1 shows ERA's impacts on the average number of months receiving benefits, either Income Support (IS) or Jobseeker's Allowance (JSA), by district, based on administrative data. The cross-district difference in impacts is not statistically significant. Survey data, reported in Table 6.1, also suggest little cross-district variation in impacts on benefits receipt across several different benefits outcome measures.

### 6.2.2 WTC

Table 6.2 presents results for the WTC group. With the exception of the modest increase in employment rates in the other districts, as compared with the East Midlands, the overall story is similar. In the East Midlands, ERA was associated with WTC customers working longer hours on average during the two years after random assignment and this was also the case in the other districts. ERA significantly raised the proportion of respondents working full-time at month 24 by 13.7 percentage points in the East Midlands and by 10.6 percentage points in the other districts combined. Effects on earnings over the two-year period are also roughly similar, although the independent effects are not statistically significant (in contrast to the statistically significant earnings effect observed for the pooled

<sup>100</sup> Technically, accounting for this variation (in what is sometimes referred to as a 'conditional' impact analysis) involves regressing the outcome of interest on treatment status interacted with district and interacted with a range of demographic variables that define various subgroups of interest.

sample, as shown in Chapter 5). In general, the labour market effects for the East Midlands generalise more broadly to the other districts. This finding provides support for the results in Chapter 5, which are based on a sample that gives relatively more weight to the East Midlands.

Effects on benefits receipt are shown in the bottom panel of Table 6.2 (for survey data) and Table 6.3 (for administrative data). Both sources tell a similar story and illustrate a divergence in effects. As shown in Table 6.3, ERA raised the likelihood that WTC customers in the East Midlands received benefits (either JSA or IS) 24 months after random assignment by 2.4 percentage points over a very low control group rate of only 5.0 per cent. (It is not clear why ERA would increase benefits receipt for this group, although this effect does match the slight reduction in employment rates at month 24.) By contrast, ERA appeared to reduce, somewhat, the likelihood of claiming these benefits in the other districts. These differences between the East Midlands and the other districts are statistically significant.

In sum, there is no evidence to suggest that ERA's effects differed across districts. For the NDLP group, North West England stood out with respect to ERA's effect of increasing employment rates. However, this district did not appear to stand out from the others in terms of implementation. The difference in North West England should not be overemphasised, given that ERA's effects on earnings and other labour market outcomes did not vary significantly across districts. For the WTC group, the employment effects presented for the East Midlands, although not the benefits receipt effects, were found to generalise broadly to the other districts.

**Table 6.2 Effects of ERA on employment, earnings, and benefits receipt within two years after random assignment for WTC customers, by district**

Outcome	East Midlands			All other districts, pooled and unweighted			P-value for differences across districts		
	ERA group	Control group	Difference (impact)	P-value	ERA group	Control group		Difference (impact)	P-value
<b>Employment and earnings</b>									
Ever worked during years 1-2 (%)	98.5	99.1	-0.6	0.385	98.1	95.1	3.0 **	0.013	†††
Working at month 24 (%)	90.6	92.9	-2.3	0.144	87.4	84.5	2.9	0.199	†
Average hours worked per week at month 24	23.8	22.7	1.1 *	0.074	23.3	21.1	2.1 ***	0.007	0.297
Working 30+ hours per week at month 24 (%)	39.3	25.6	13.7 ***	0.000	38.4	27.8	10.6 ***	0.001	0.454
Average number of months worked full time in years 1-2	7.4	5.0	2.4 ***	0.000	7.1	5.3	1.8 ***	0.004	0.440
Average total earnings in years 1-2 (£)	17,311	16,684	627	0.261	17,127	16,041	1,086	0.113	0.603
<b>Benefits</b>									
Receiving IS at month 24 (%)	6.2	3.8	2.4 *	0.056	7.1	11.2	-4.1 **	0.028	†††
IS average amount per week (£)	3	2	1 *	0.063	3	6	-2 ***	0.008	†††
Receiving WTC at month 24 (%)	74.1	74.4	-0.4	0.882	72.6	68.6	4.0	0.184	0.262
WTC average amount per week (£)	27	34	-7 **	0.017	32	28	3	0.249	††
Sample Size	616	607			466	430			

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

A statistical test was performed to measure whether impacts differed significantly across districts. Statistical significance levels are indicated as: † = 10 per cent; †† = 5 per cent; and ††† = 1 per cent.

IS = Income Support; WTC = Working Tax Credit.

**Table 6.3 Effects of ERA on benefits receipt within two years after random assignment for WTC customers, estimated from administrative records, by district**

Outcome	East Midlands			All other districts, pooled and unweighted			P-value for differences across districts		
	ERA group	Control group	Difference (impact)	P-value	ERA group	Control group		Difference (impact)	P-value
Number of months receiving benefits in									
Year 1	0.7	0.5	0.2	0.112	1.2	1.4	-0.2	0.117	††
Year 2	0.8	0.6	0.2 *	0.096	1.2	1.4	-0.2	0.223	†
Years 1-2	1.5	1.2	0.4 *	0.067	2.3	2.8	-0.5	0.126	††
Receiving benefits in month 24 (%)	7.4	5.1	2.3 *	0.055	9.1	11.7	-2.6	0.124	††
Amount received in (£)									
Year 1	144	113	31	0.167	243	307	-65 *	0.077	††
Year 2	175	133	41	0.133	281	337	-56	0.208	†
Years 1-2	319	247	72	0.103	524	644	-121 *	0.095	††
Sample size	786	800			629	600			

SOURCE: MDRC calculations from Work and Pensions Longitudinal Survey benefits receipt records.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

Includes all customers randomly assigned between October 2003 and April 2005.

A statistical test was performed to measure whether impacts differed significantly across districts. Statistical significance levels are indicated as: † = 10 per cent; †† = 5 per cent; and ††† = 1 per cent.

Benefits refers to a combination of Jobseeker's Allowance and Income Support.



## 6.3 ERA's impacts on receipt of services and incentives across districts

The evaluation report on ERA's first-year impacts documented a fair amount of variability in programme implementation across districts. Although it was not possible to rank the districts according to one composite measure of implementation, the participation analysis also showed some variation in effects on key measures of customers' interaction with the programme and Jobcentre Plus. This section considers district variation in effects over two years for several summary participation outcome measures: receipt of in-work help and advice on employment-related issues, combining work and training and receipt of the training and employment bonuses.<sup>101</sup>

### 6.3.1 NDLP

The top panel of Table 6.4 shows ERA's effects by district on the likelihood that NDLP customers would both work and receive help and advice from Jobcentre Plus while employed and on their likelihood of both working and taking on training while in work. ERA's effects on the first of these measures are statistically significantly different within, as well as across, districts (as indicated by the daggers). In other words, the programme substantially increased the receipt of in-work help and advice for NDLP customers in all districts, but by a larger degree in some districts than in others. It is important to note that these in-work outcomes are calculated over all customers, regardless of whether they worked during the two-year period. Since the outcome measure is a combination of having worked and having received help or advice, some differences in impacts across districts might be driven by variation in the rates of having worked. However, a look at employment rates across districts from the earlier section shows that these rates do not vary enough or in ways that account for the differences in the combined measure. For example, the impact of 36 percentage points in the East Midlands, relative to the impact of 25.4 percentage points in Scotland, is not due to a difference in employment rates, since employment was slightly higher in Scotland.

ERA produced a positive impact on the likelihood of combining work and training. However, the variation in this effect across districts was not statistically significant.

The top panel of Figure 6.2 presents rates of bonus receipt for the NDLP programme group. (The control group had no access to bonuses). This analysis uses administrative data for the full sample. Results are very similar to those based on responses to the survey for the survey sample.

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<sup>101</sup> See Chapter 4 for a fuller discussion of these participation measures.

**Table 6.4 Effects of ERA on receipt of in-work help or advice from Jobcentre Plus staff and on participation in training or education, by district**

	In work and received help/advice from Jobcentre Plus staff (%)			In work and participated in training or education (%)			Sample size
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value	
<b>A. NDLP</b>							
<b>All participants</b>	46.5	13.3	33.3 *** 0.000	35.3	29.7	5.6 *** 0.003	2,297
<b>District</b>			††				
East Midlands	53.2	17.2	36.0 *** 0.000	43.4	36.1	7.3 * 0.098	428
London	35.8	11.8	24.0 *** 0.000	31.6	26.5	5.1 0.268	370
North East England	51.1	12.7	38.5 *** 0.000	34.5	27.5	7.0 0.124	408
North West England	49.2	9.5	39.7 *** 0.000	32.6	25.9	6.7 0.136	385
Scotland	38.8	13.3	25.4 *** 0.000	34.5	30.8	3.8 0.453	349
Wales	48.3	15.7	32.6 *** 0.000	31.9	32.5	-0.7 0.895	357
<b>B. WTC</b>							
<b>All participants</b>	74.0	6.8	67.2 *** 0.000	68.5	55.6	12.9 *** 0.000	2,119
<b>District</b>			†††				
East Midlands	79.0	6.0	73.1 *** 0.000	71.6	57.1	14.5 *** 0.000	1,223
All other districts	67.4	8.0	59.4 *** 0.000	64.2	53.9	10.3 *** 0.001	896

(continued)

**Table 6.4 Continued**

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

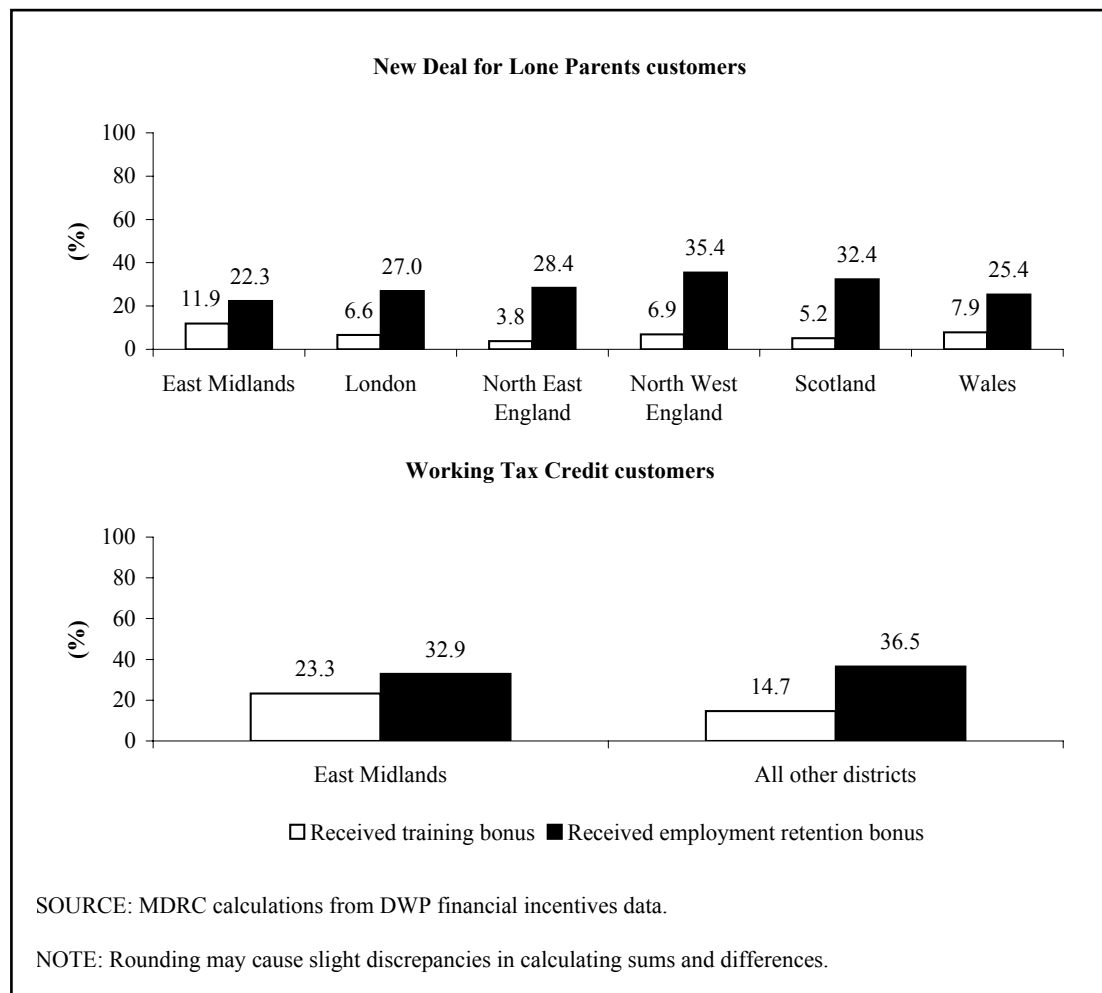
NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

A statistical test was performed to measure whether impacts differed significantly across districts. Statistical significance levels are indicated as: † = 10 per cent; †† = 5 per cent; and ††† = 1 per cent.

**Figure 6.2 Receipt of ERA work and training bonuses within two years after random assignment, estimated from administrative records, by district (ERA group only)**



As Figure 6.2 shows, receipt of the employment retention bonus is much higher than receipt of the training bonus and the two rates do not seem to be positively correlated across districts. (In fact, there seems to be a slight inverse relationship between the two rates, in that districts with a higher rate of receipt of the retention bonus tend to have a lower rate of receipt of the training bonus.) Receipt rates for the retention bonus range from a high of 35 per cent in North West England to a low of 22 per cent in the East Midlands and this variation in receipt rates, which is statistically significant, does not appear to be due to variation in employment rates across districts (see Table 6.1). The average individual who received retention bonuses received about three over the two-year period (not shown). There is less district variation in the receipt of the training bonus.

### 6.3.2 WTC

Results on participation-related measures for the WTC group are shown in the bottom panel of Table 6.4. As in earlier sections, results here are shown only for the East Midlands compared to all other districts combined, given the small sample

sizes across the other five districts. Not surprisingly, rates of in-work support are much higher for the WTC group than for the NDLP group, given the former group's much higher employment rates. Across all districts, ERA produced substantial impacts on receiving in-work help or advice. However, the East Midlands appears to stand out: The receipt of in-work help or advice increased by 73 percentage points relative to the control group, compared with about 59 percentage points in the other districts combined (ranging from 39.8 per cent in London to 70.7 per cent in Scotland). (The difference in impacts between the East Midlands and the other districts is statistically significant.) London also had the lowest rate on this outcome for the NDLP group.

The results show no significant difference across districts in the rate of combining work and training. Large and statistically significant impacts on this measure were observed in the East Midlands as well as the other districts combined.

The bottom panel of Figure 6.2 presents findings on bonus receipt for the WTC programme group. Receipt of the retention bonus is fairly similar – 33 per cent in the East Midlands compared to 37 per cent in all other districts. As found for the NDLP sample, the East Midlands seems to have somewhat higher rates of training bonus receipt: 23 per cent in that district, compared with 15 per cent for all other districts, a difference that is statistically significant.

## 6.4 ERA's economic impacts across subgroups

The subgroup analysis seeks to explore whether ERA had different effects for particular groups of lone parents. Evaluations of employment and training programmes in the US have found that some programmes work better for particular types of individuals. The Texas site in the US ERA evaluation, for example, has shown larger effects for individuals with recent work experience.<sup>102</sup> In contrast, the effects of a welfare-to-work programme with financial work incentives for welfare recipients in Minnesota were larger and more lasting for relatively disadvantaged parents.<sup>103</sup> Aside from the empirical evidence, it is easy to imagine that ERA's effects might vary across subgroups of customers who have, for example, different skills, views of work or family circumstances that might affect their prospects in the labour market, even in the absence of ERA.

For example, earlier work as part of the ERA evaluation examined work and care orientations for a subsample of participants and found that some lone parents prioritised care for their children and were not focused on advancement issues.<sup>104</sup> Thus, lone parents with young children and a care orientation may be less likely to take up ERA's offer than those with older children. Similarly, those with higher education levels may be more likely to take up training in response to the training

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<sup>102</sup> Martinson and Hendra, 2006.

<sup>103</sup> Gennetian, Miller, and Smith, 2005.

<sup>104</sup> Hoggart *et al.*, 2006.

bonus. In other cases, those who are expected to have a more difficult time in the labour market, such as ethnic minorities, those who have little work experience, and those who face other employment barriers, might respond differently to ERA. Should the findings suggest that the programme is more effective for certain subgroups of customers, policymakers might consider giving those types of individuals priority for post-employment services and incentives like those offered by ERA. On the other hand, finding little variation across subgroups would also be encouraging, since this would indicate that ERA works for a wide range of people.

Where possible, the analysis is based on administrative data for the full random assignment population, in order to maximise the available sample size. In the case of the WTC group, concerns about the reliability of the administrative employment and earnings data mean that it is necessary to restrict the subgroup analysis to survey respondents and the items available from the survey interviews. The disadvantage of this approach is that the smaller number of cases available for analysis reduces the likelihood of identifying statistically significant differences between subgroups.

As with the district-level analyses, the primary focus in this section is on subgroups for whom differences in impacts are statistically significant, denoted by daggers in the tables.<sup>105</sup> In addition, one difficulty in interpreting subgroup differences is that individuals fall into multiple groups. For example, the number of months worked before random assignment is likely to be correlated with the age of the youngest child, in that those with children under the age of seven might be expected to have spent less time in employment over recent months than those with older children. Therefore, if the impact of ERA appears to differ depending on the age of the lone parent's youngest child, this may be partly because the parent had less work experience before random assignment, rather than solely because of the age of the youngest child. Where appropriate, conditional impact analyses are used to address this issue (see the first footnote in this chapter).

#### 6.4.1 NDLP

Table 6.5 and the top panel of Table 6.6 present the results for the NDLP group. Table 6.5 presents results based on Work and Pensions Longitudinal Study (WPLS) administrative data for the full sample, while Table 6.6 presents results using survey data for the survey sample.<sup>106</sup> In addition to the subgroups mentioned above, also included are a cohort subgroup to capture improvements in programme implementation over time and two subgroups measuring employment barriers or

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<sup>105</sup> These tests for differences in impacts across subgroups do not account for the fact that when multiple subgroup differences are tested, a few will be statistically significant simply by chance. These results should be interpreted with this caution in mind.

<sup>106</sup> No equivalent to Table 6.5 is provided for the WTC group, given that administrative data are not used for this group.

labour market disadvantage. The barriers to employment include problems with access to transport or childcare and problems with health, housing, basic skills, or anything else identified as important by the respondent. NDLP customers were regarded as being severely disadvantaged if their educational qualifications were at General Certificate of Secondary Education (GCSE) level or lower, they had not worked in the three years before random assignment and they faced at least one barrier to employment.

The tables show a few differences across groups. For example, ERA increased the average numbers of months employed during the two-year follow-up period for ethnic minority<sup>107</sup> NDLP customers by 1.2 months over this two-year period but had no significant impact on the amount of time that white<sup>108</sup> lone parents spent in employment (Table 6.5). The analysis using survey data to estimate impacts on months in full-time work tells a similar story (Table 6.6). In contrast, the analysis of earnings effects based on survey data shows a large difference in impacts by ethnicity, while the administrative data analysis does not.<sup>109</sup>

Another difference in effects occurs across subgroups defined by educational qualifications. For NDLP customers with higher qualifications, relative to those with lower qualifications or none, ERA had larger effects on the average number of months worked during the follow-up period (although not on full-time work) and on earnings. Finally, despite improvement in the ERA programme over time, there is no evidence to date that it has been more effective for the later-entering cohort.

Overall, aside from these few noteworthy differences in impacts across subgroups, the results suggest that ERA had positive effects across a wide range of NDLP customers, including those who, by various measures, could be considered more disadvantaged or less disadvantaged when they entered the programme.

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<sup>107</sup> Ethnic minority lone parents included the following groups: Asian or Asian British-Bangladeshi; Asian or Asian British-Indian; Asian or Asian British-Other Asian; Asian or Asian British-Pakistani; Black or Black British-African; Black or Black British-Caribbean; Black or Black British-Other Black; Chinese or Other Ethnic Group-Other Ethnic Group; Mixed-Other Mixed; Mixed-White and Asian; Mixed-White and Black African; Mixed-White and Black Caribbean.

<sup>108</sup> The definition of white lone parents included the following groups: White-British; White Irish; White other.

<sup>109</sup> Separate analyses suggest that the effects of ethnic minority status are not accounted for by its correlation with other factors, such as district, qualifications, work history, etc.

**Table 6.5 Effects of ERA on employment and earnings within two years after random assignment for NDLP customers, estimated from administrative records, by subgroup**

	Average number of months employed during months 1-24			Average earnings during 2005-2006 tax year			Sample size
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value	
<b>All participants</b>	9.4	9.3	0.1 0.648	3,676	3,315	361 *** 0.005	6,787
<b>Race/ethnicity</b>			††				
White	9.6	9.6	-0.1 0.824	3,636	3,294	342 ** 0.011	5,764
Ethnic minority	8.5	7.3	1.2 ** 0.025	3,914	3,450	465 0.252	1,000
<b>Age of youngest child</b>							
Under 7 years	8.8	8.9	-0.1 0.742	3,246	2,928	318 * 0.050	3,742
7 to 11 years old	9.8	9.8	-0.1 0.842	3,766	3,490	276 0.295	1,648
12 to 16 years old	11.0	10.0	0.9 0.107	4,906	4,269	637 * 0.096	992
<b>Number of months worked in 3 years prior to random assignment</b>							
None	8.0	7.7	0.2 0.436	3,160	2,609	550 *** 0.001	3,368
1-12	9.9	9.6	0.4 0.447	3,458	3,117	342 0.170	1,566
13+	11.7	11.7	-0.1 0.893	4,875	4,695	180 0.526	1,853

(continued)



Table 6.5 Continued

	Average number of months employed during months 1-24			Average earnings during 2005-2006 tax year			Sample size
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value	
<b>Housing status</b>							
Family	9.6	10.4	-0.8 0.316	3,256	3,497	-241 0.611	509
Social	9.1	9.1	0.0 0.926	3,477	3,046	431 *** 0.004	4,458
Private	10.2	9.7	0.4 0.327	4,268	4,016	253 0.375	1,741
<b>Qualifications</b>			†				
None	8.0	8.3	-0.2 0.586	2,616	2,354	261 0.226	1,572
GCSE	9.2	9.4	-0.2 0.545	3,336	3,178	158 0.374	3,237
A-Level or above	11.5	10.4	1.1 ** 0.024	5,573	4,772	801 ** 0.022	1,465
<b>Cohort</b>							
Early (October 2003 - May 2004)	9.0	9.1	-0.2 0.565	3,735	3,396	339 * 0.060	3,537
Late (June 2004 - April 2005)	9.9	9.5	0.4 0.193	3,630	3,208	422 ** 0.021	3,250
<b>Number of barriers to employment</b>			††				
None	10.4	10.6	-0.2 0.689	4,225	4,078	146 0.532	2,355
One	9.0	9.2	-0.3 0.397	3,433	3,054	380 ** 0.046	2,644
Two or more	8.7	7.6	1.0 ** 0.012	3,276	2,736	540 ** 0.030	1,788
<b>Severely disadvantaged</b>							
Yes	6.8	6.7	0.1 0.757	2,250	1,886	364 * 0.079	1,570
No	10.2	10.0	0.2 0.525	4,120	3,730	390 ** 0.012	5,217
<b>Child under 7 and no work in 3 years prior to random assignment</b>							
Yes	7.4	7.4	0.0 0.946	2,786	2,195	591 *** 0.006	1,806
No	10.2	10.0	0.2 0.494	3,996	3,694	302 * 0.062	4,672

(continued)

### Table 6.5 Continued

SOURCE: MDRC calculations from Work and Pensions Longitudinal Survey employment and earnings records and baseline information forms completed by DWP staff.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

Includes all customers randomly assigned between October 2003 and April 2005.

A statistical test was performed to measure whether impacts differed significantly across subgroup categories. Statistical significance levels are indicated as: † = 10 per cent; †† = 5 per cent; and ††† = 1 per cent.

Family housing refers to situations where the customer is living with his/her parents or other friends or relatives. Social housing refers to housing in which the Local Authority (local government) or a private housing association is the landlord. Private housing refers to owner-occupied housing or housing that the customer rents privately.

Barriers to employment include transport, childcare, health, housing, basic skills, or other self-identified problems.

Severely disadvantaged refers to those participants with General Certificate of Secondary Education (GCSE) qualifications or lower, no work in the three years prior to random assignment, and at least one barrier to employment.

**Table 6.6 Effects of ERA on working full time and on average earnings within two years after random assignment, by subgroup (survey respondents only)**

A. New Deal for Lone Parents customers							
	Average number of months employed full time			Average earnings, years 1-2			
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value	Sample size
<b>All participants</b>	5.2	3.5	1.7 *** 0.000	8,049	6,498	1,551 *** 0.000	2,297
<b>Race/ethnicity</b>			††			†††	
White	5.0	3.6	1.3 *** 0.000	7,865	6,835	1,030 ** 0.020	2,003
Ethnic minority	6.6	3.1	3.6 *** 0.000	9,349	4,545	4,805 *** 0.001	289
<b>Age of youngest child</b>							
Under 7 years	4.5	2.7	1.8 *** 0.000	7,252	5,386	1,866 *** 0.000	1,317
7 to 11 years old	5.1	3.9	1.2 * 0.076	8,449	6,904	1,546 * 0.095	533
12 to 16 years old	8.0	5.2	2.8 *** 0.003	10,777	8,647	2,130 * 0.099	338
<b>Number of months worked in 3 years prior to random assignment</b>							
None	4.0	2.9	1.2 *** 0.005	6,354	5,298	1,055 * 0.078	1,128
1-12	5.5	3.6	1.9 *** 0.004	8,297	6,255	2,042 ** 0.016	522
13+	7.0	4.5	2.5 *** 0.000	11,218	8,887	2,331 *** 0.008	647
<b>Housing status</b>							
Family	5.4	3.6	1.8 0.108	7,171	7,996	-824 0.583	191
Social	4.7	3.3	1.4 *** 0.000	7,305	5,976	1,329 *** 0.007	1,535
Private	6.1	4.4	1.7 ** 0.012	10,002	8,154	1,847 * 0.071	546

(continued)

Table 6.6 Continued

	Average number of months employed full time			Average earnings, years 1-2			Sample size
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value	
<b>Qualifications</b>			††				
None	2.9	2.7	0.2 0.698	4,516	4,705	-189 0.771	510
GCSE	4.9	2.8	2.1 *** 0.000	7,243	5,876	1,367 ** 0.012	1,076
A-Level or above	7.5	5.3	2.2 *** 0.003	13,083	9,290	3,794 *** 0.002	540
<b>Cohort</b>							
Early (October 2003 - May 2004)	4.9	3.5	1.5 *** 0.000	7,838	6,217	1,621 *** 0.005	1,244
Late (June 2004 - April 2005)	5.5	3.6	1.9 *** 0.000	8,244	6,901	1,343 ** 0.038	1,053
<b>Number of barriers to employment</b>							
None	6.2	4.3	1.9 *** 0.001	9,101	8,108	992 0.220	785
One	4.7	3.2	1.6 *** 0.001	8,044	6,069	1,974 *** 0.003	929
Two or more	4.5	3.0	1.5 *** 0.007	6,832	4,965	1,867 ** 0.014	583
<b>Severely disadvantaged</b>			††				
Yes	2.7	2.0	0.7 0.183	4,311	4,100	212 0.743	527
No	5.9	4.0	1.9 *** 0.000	9,237	7,343	1,894 *** 0.000	1,770
<b>Child under 7 and no work in 3 years prior to random assignment</b>							
Yes	3.4	1.7	1.7 *** 0.001	5,538	4,029	1,508 ** 0.028	642
No	5.9	4.0	1.8 *** 0.000	9,204	7,327	1,877 *** 0.001	1,578

(continued)

Table 6.6 Continued

B. Working Tax Credit customers									
	Average number of months employed full time			Average earnings, years 1-2			Sample size		
	ERA group	Control group	Difference (impact)	P-value	ERA group	Control group		Difference (impact)	P-value
<b>All participants</b>	7.3	5.1	2.2 ***	0.000	17,258	16,401	857 **	0.047	2,119
<b>Race/ethnicity</b>									
White	7.3	5.1	2.2 ***	0.000	17,159	16,429	731	0.104	1,962
Ethnic minority	6.9	5.4	1.5	0.360	18,239	16,607	1,632	0.375	154
<b>Age of youngest child</b>									
Under 7 years	6.1	3.7	2.4 ***	0.000	16,435	15,408	1,027	0.199	720
7 to 11 years old	7.7	4.8	2.8 ***	0.000	17,817	16,508	1,309 *	0.076	673
12 to 16 years old	8.5	6.9	1.6 *	0.055	17,784	16,893	891	0.259	551
<b>Number of months worked in 3 years prior to random assignment</b>									
None	6.7	1.3	5.3	0.471	11,995	14,067	-2,072	0.489	22
1-12	6.7	3.3	3.4 ***	0.002	14,023	12,890	1,133	0.386	233
13+	7.4	5.3	2.1 ***	0.000	17,744	16,833	911 *	0.095	1,864
<b>Housing status</b>									
Family	5.7	5.4	0.2	0.891	14,256	17,347	-3,092	0.146	114
Social	7.0	4.6	2.5 ***	0.000	14,398	13,285	1,113 *	0.073	783
Private	7.5	5.4	2.1 ***	0.000	19,174	18,223	951	0.121	1,201

(continued)

Table 6.6 Continued

	Average number of months employed full time			Average earnings, years 1-2			Sample size
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value	
<b>Qualifications</b>							
None	5.8	4.1	1.7 0.138	11,838	11,520	318 0.763	251
GCSE	7.6	5.1	2.4 *** 0.000	16,455	15,211	1,244 ** 0.028	926
A-Level or above	7.3	5.5	1.8 ** 0.018	20,104	20,304	-200 0.824	674
<b>Cohort</b>							
Early (October 2003 - May 2004)	7.6	5.2	2.3 *** 0.007	17,354	15,425	1,928 ** 0.035	435
Late (June 2004 - April 2005)	7.2	5.1	2.2 *** 0.000	17,271	16,618	653 0.184	1,684
<b>Number of barriers to employment</b>							
None	8.0	5.3	2.6 *** 0.000	17,650	16,682	968 0.245	680
One	7.0	4.8	2.2 *** 0.000	17,368	16,126	1,242 ** 0.046	956
Two or more	7.2	5.1	2.0 ** 0.016	16,997	16,004	993 0.254	483
<b>Moderately disadvantaged</b>							
Yes	6.8	4.9	2.0 *** 0.003	15,268	14,071	1,197 ** 0.049	766
No	7.6	5.2	2.4 *** 0.000	18,246	17,782	464 0.426	1,353

(continued)

**Table 6.6 Continued**

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys and baseline information forms completed by DWP staff.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

A statistical test was performed to measure whether impacts differed significantly across subgroup categories. Statistical significance levels are indicated as: † = 10 per cent; †† = 5 per cent; and ††† = 1 per cent.

Family housing refers to situations where the customer is living with his/her parents or other friends or relatives. Social housing refers to housing in which the Local Authority (local government) or a private housing association is the landlord. Private housing refers to owner-occupied housing or housing that the customer rents privately.

Barriers to employment include transport, childcare, health, housing, basic skills, or other self-identified problems.

Severely disadvantaged refers to those participants with General Certificate of Secondary Education (GCSE) qualifications or lower, no work in the three years prior to random assignment, and at least one barrier to employment.

Moderately disadvantaged refers to those participants with GCSE qualifications or lower and at least one barrier to employment.

### 6.4.2 WTC

The second panel of Table 6.6 presents results from the survey for the WTC group. In contrast to the NDLP findings, the WTC data suggest no differences in effects across subgroups. In other words, none of the subgroup differences is statistically significant. Even the pattern of (non-significant) effects is, in some cases, quite different from that for the NDLP group. For the NDLP group, for example, ethnic minorities showed consistently more positive impacts. For the WTC group, although the effect on earnings is larger for ethnic minority customers, the effect on months employed full-time is higher for white customers. Similarly, ERA did not have larger effects for WTC customers with higher qualifications, as it did for the NDLP group.

## 6.5 ERA's impacts on receipt of services and incentives across subgroups

It is easy to imagine that different demographic groups might have more or less interaction with the programme. Women with young children, for example, might be less interested in advancement in the short term and less willing to participate in services. This section presents effects for subgroups on several key measures of programme involvement.

### 6.5.1 NDLP

Table 6.7 presents impacts by subgroup for NDLP customers. It shows some subgroup differences in impacts on receipt of in-work help and advice and fewer subgroup differences in impacts on combining work and training. For many of the differences on these two measures, the story seems to be one of larger effects for subgroups that are less disadvantaged or more work-ready. However, it appears that the variation in impacts on the two measures is driven more by variation in employment rates than by differences in levels of engagement with the programme among customers who are employed. For example, ERA led to larger effects on in-work help and advice for more educated individuals. For those with fewer employment barriers, there were also large effects on in-work help and advice, as well as on the likelihood of combining work and training.<sup>110</sup> But these results are driven mostly by higher rates of work during the two-year period among those with more education and fewer employment barriers. In contrast, the larger effects for women with older children do not seem to be related to higher employment rates. These women may simply be at a stage in their lives when they are more likely to take up the programme's offer of advice and training.

<sup>110</sup> The size of the impacts on these outcomes will depend on the level of employment among the programme group and also on the size of the impacts on employment. For a given percentage effect on combining work and training, for example, the size of the impact will be larger for a programme group with a 70 per cent employment rate than for a programme group with a 30 per cent employment rate.



**Table 6.7 Effects of ERA on receipt of in-work help or advice from Jobcentre Plus staff and on participation in training or education among NDLP customers, by subgroup (survey respondents only)**

	In work and received help/advice from Jobcentre Plus staff			In work and participated in training or education			Sample size		
	ERA group	Control group	Difference (impact)	P-value	ERA group	Control group		Difference (impact)	P-value
<b>All participants</b>	46.5	13.3	33.3 ***	0.000	35.3	29.7	5.6 ***	0.003	2,297
<b>Race/ethnicity</b>									
White	46.8	14.6	32.2 ***	0.000	35.3	31.0	4.3 **	0.033	2,003
Ethnic minority	46.7	2.9	43.8 ***	0.000	36.0	20.2	15.9 ***	0.002	289
<b>Age of youngest child</b>									
Under 7 years	42.3	13.0	29.3 ***	0.000	32.3	27.6	4.7 *	0.054	1,317
7 to 11 years old	47.9	13.6	34.4 ***	0.000	37.3	34.1	3.2	0.433	533
12 to 16 years old	60.4	11.8	48.6 ***	0.000	44.0	26.5	17.5 ***	0.001	338
<b>Number of months worked in 3 years prior to random assignment</b>									
None	39.8	9.1	30.8 ***	0.000	29.7	21.9	7.9 ***	0.002	1,128
1-12	47.0	17.7	29.3 ***	0.000	36.9	29.5	7.4 *	0.067	522
13+	57.8	17.0	40.8 ***	0.000	44.8	42.2	2.6	0.492	647
<b>Housing status</b>									
Family	50.2	16.3	33.9 ***	0.000	40.1	25.1	15.0 **	0.029	191
Social	44.6	12.6	32.0 ***	0.000	32.8	27.0	5.8 **	0.012	1,535
Private	49.4	14.6	34.7 ***	0.000	38.9	40.2	-1.3	0.751	546

(continued)

Table 6.7 Continued

	In work and received help/advice from Jobcentre Plus staff			In work and participated in training or education			Sample size	
	ERA group	Control group	Difference (impact)	P-value	ERA group	Control group		Difference (impact)
				†††				
	34.5	11.3	23.3 ***	0.000	23.1	19.0	4.1	0.257
	50.1	13.8	36.3 ***	0.000	34.1	27.2	6.9 **	0.012
	52.6	14.7	37.9 ***	0.000	50.1	45.3	4.8	0.266
			†				†	
3 - May 2004)	43.8	13.4	30.3 ***	0.000	31.7	29.0	2.7	0.289
April 2005)	49.8	13.1	36.7 ***	0.000	39.5	30.3	9.2 ***	0.001
<b>As to employment</b>			††				†	
	49.4	10.3	39.1 ***	0.000	39.4	28.2	11.2 ***	0.001
	45.8	14.5	31.3 ***	0.000	34.2	32.7	1.5	0.625
	43.5	15.6	27.9 ***	0.000	31.6	26.0	5.6	0.122
<b>16-19 year aged</b>			††					
	36.3	10.7	25.6 ***	0.000	21.5	15.9	5.6	0.104
	49.8	13.9	35.9 ***	0.000	39.4	33.8	5.6 **	0.013
<b>20-24 year aged</b>			†††					
	34.5	10.0	24.5 ***	0.000	27.3	19.6	7.7 **	0.020
	51.4	14.3	37.1 ***	0.000	38.5	33.1	5.4 **	0.022

(continued)

**Table 6.7 Continued**

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys and baseline information forms completed by DWP staff.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

A statistical test was performed to measure whether impacts differed significantly across subgroup categories. Statistical significance levels are indicated as: † = 10 per cent; †† = 5 per cent; and ††† = 1 per cent.

Family housing refers to situations where the customer is living with his/her parents or other friends or relatives. Social housing refers to housing in which the Local Authority (local government) or a private housing association is the landlord. Private housing refers to owner-occupied housing or housing that the customer rents privately.

Barriers to employment include transport, childcare, health, housing, basic skills, or other self-identified problems.

Severely disadvantaged refers to those participants with General Certificate of Secondary Education (GCSE) qualifications or lower, no work in the three years prior to random assignment, and at least one barrier to employment.

Another subgroup difference of note is that ERA had larger effects on the two participation measures for ethnic minority NDLP customers. This difference is not a result of employment differences but may be due to the very low rate of service receipt for the control group. The data suggest that, in the absence of ERA, ethnic minority customers in the NDLP group have very low rates of contact with Jobcentre Plus advisors while in work and fairly low rates of training. Finally, the later cohort tends to show larger effects on both outcomes, a result that supports the earlier findings that programme implementation improved over time.

Table 6.8 presents results for bonus receipt. Rates of receipt of the retention bonus are somewhat higher for the less disadvantaged groups, including NDLP customers with higher education levels, fewer work barriers and older children. At the same time, as with receipt of in-work advice, retention bonus receipt is higher for ethnic minorities. Variation in the receipt of the training bonus follows a similar pattern.

**Table 6.8 Bonus receipt rates among NDLP customers, estimated from administrative records, by subgroup**

	Ever received work retention bonus within 24 months follow-up	Ever received training bonus within 24 months follow-up	Sample size
<b>All participants</b>	28.1	7.2	3,365
<b>Race/ethnicity</b>	†††		
White	27.0	7.3	2,833
Ethnic minority	34.7	6.5	519
<b>Age of youngest child</b>	†††	†††	
Under 7 years	23.6	5.9	1,905
7 to 11 years old	28.0	8.8	805
12 to 16 years old	44.0	9.7	476
<b>Number of months worked in 3 years prior to random assignment</b>	†††	†††	
None	22.3	4.9	1,656
1-12	31.0	7.0	774
13+	36.2	11.7	935
<b>Housing status</b>	†	†††	
Family	25.3	5.3	251
Social	27.4	6.1	2,220
Private	31.1	10.8	854
<b>Qualifications</b>	†††	†††	
None	20.0	3.5	778
GCSE	26.3	6.6	1,602
A-Level or above	41.4	12.0	738
<b>Cohort</b>	††	†††	
Early (October 2003 - May 2004)	26.5	5.8	1,756
Late (June 2004 - April 2005)	29.9	8.9	1,609
<b>Number of barriers to employment</b>	†††		
None	32.0	7.3	1,197
One	26.9	7.0	1,269
Two or more	24.3	7.5	899

(continued)

**Table 6.8 Continued**

	Ever received work retention bonus within 24 months follow-up	Ever received training bonus within 24 months follow-up	Sample size
<b>Severely disadvantaged</b>	†††	†††	
Yes	15.4	2.8	769
No	31.9	8.6	2,596
<b>Child under 7 and no work in 3 years prior to random assignment</b>	†††	†††	
Yes	18.9	4.1	923
No	31.4	8.5	2,299

SOURCE: MDRC calculations from DWP financial incentives data and baseline information forms completed by DWP staff.

NOTES: Rounding may cause slight discrepancies in calculating sums and differences.

Includes all customers randomly assigned between October 2003 and April 2005.

A statistical test was performed to measure whether impacts differed significantly across subgroup categories. Statistical significance levels are indicated as: † = 10 per cent; †† = 5 per cent; and ††† = 1 per cent.

Family housing refers to situations where the customer is living with his/her parents or other friends or relatives. Social housing refers to housing in which the Local Authority (local government) or a private housing association is the landlord. Private housing refers to owner-occupied housing or housing that the customer rents privately.

Barriers to employment include transport, childcare, health, housing, basic skills, or other self-identified problems.

Severely disadvantaged refers to those participants with General Certificate of Secondary Education (GCSE) qualifications or lower, no work in the three years prior to random assignment, and at least one barrier to employment.

## 6.5.2 WTC

Table 6.9 presents results for the WTC group, showing relatively few significant differences across groups. For the receipt of in-work advice, ERA led to larger effects for WTC customers with older children and those in private housing. These effects do not seem to be due to differences in employment rates over the follow-up period.

For combining work and training, only the difference across cohorts is statistically significant, with the earlier cohort showing larger effects. This finding is counterintuitive, given the implementation findings pointing to the programme's improvement over time. However, the earlier section also showed somewhat larger effects on earnings for the early cohort, although this difference was not statistically significant.

**Table 6.9 Effects of ERA on receipt of in-work help or advice from Jobcentre Plus staff and on participation in training or education among WTC customers, by subgroup (survey respondents only)**

	In work and received help/advice from Jobcentre Plus staff (%)			In work and participated in training or education (%)			Sample size
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value	
<b>All participants</b>	74.0	6.8	67.2 *** 0.000	68.5	55.6	12.9 *** 0.000	2,119
<b>Race/ethnicity</b>							
White	74.4	6.7	67.8 *** 0.000	68.1	55.4	12.7 *** 0.000	1,962
Ethnic minority	68.1	10.0	58.1 *** 0.000	73.1	59.8	13.3 * 0.096	154
<b>Age of youngest child</b>			†				
Under 7 years	70.1	7.4	62.7 *** 0.000	64.6	53.2	11.4 *** 0.002	720
7 to 11 years old	75.6	6.4	69.3 *** 0.000	68.7	58.3	10.4 *** 0.005	673
12 to 16 years old	79.6	7.7	71.9 *** 0.000	70.9	58.2	12.7 *** 0.001	551
<b>Number of months worked in 3 years prior to random assignment</b>							
None	79.8	0.0	79.8 *** 0.008	75.0	16.0	59.0 0.164	22
1-12	72.9	9.8	63.1 *** 0.000	63.9	48.3	15.6 ** 0.018	233
13+	74.3	6.4	67.9 *** 0.000	69.4	56.6	12.8 *** 0.000	1,864
<b>Housing status</b>			†††				
Family	65.8	8.2	57.6 *** 0.000	54.2	58.5	-4.3 0.676	114
Social	69.4	9.3	60.0 *** 0.000	62.4	48.8	13.6 *** 0.000	783
Private	77.7	5.4	72.4 *** 0.000	74.1	59.8	14.3 *** 0.000	1,201

(continued)

Table 6.9 Continued

	In work and received help/advice from Jobcentre Plus staff (%)			In work and participated in training or education (%)			Sample size		
	ERA group	Control group	Difference (impact)	P-value	ERA group	Control group		Difference (impact)	P-value
<b>Qualifications</b>									
None	65.1	4.1	61.0 ***	0.000	48.8	37.8	10.9 *	0.089	251
GCSE	75.9	8.3	67.6 ***	0.000	68.7	51.5	17.2 ***	0.000	926
A-Level or above	75.7	5.9	69.8 ***	0.000	77.2	67.5	9.7 ***	0.005	674
<b>Cohort</b>									
Early (October 2003 - May 2004)	78.6	9.0	69.6 ***	0.000	73.5	50.6	22.8 ***	0.000	435
Late (June 2004 - April 2005)	72.9	6.3	66.6 ***	0.000	67.3	56.9	10.4 ***	0.000	1,684
<b>Number of barriers to employment</b>									
None	76.9	6.2	70.6 ***	0.000	67.8	54.1	13.7 ***	0.000	680
One	71.4	7.9	63.5 ***	0.000	69.2	56.1	13.1 ***	0.000	956
Two or more	75.3	5.6	69.7 ***	0.000	68.2	56.8	11.5 **	0.010	483
<b>Moderately disadvantaged</b>									
Yes	72.3	7.4	64.9 ***	0.000	65.2	48.5	16.7 ***	0.000	766
No	74.9	6.6	68.3 ***	0.000	70.1	60.1	10.0 ***	0.000	1,353

(continued)



**Table 6.9 Continued**

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys and baseline information forms completed by DWP staff.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

A statistical test was performed to measure whether impacts differed significantly across subgroup categories. Statistical significance levels are indicated as: † = 10 per cent; †† = 5 per cent; and ††† = 1 per cent.

Family housing refers to situations where the customer is living with his/her parents or other friends or relatives. Social housing refers to housing in which the Local Authority (local government) or a private housing association is the landlord. Private housing refers to owner-occupied housing or housing that the customer rents privately.

Barriers to employment include transport, childcare, health, housing, basic skills, or other self-identified problems.

Moderately disadvantaged refers to those participants with General Certificate of Secondary Education (GCSE) qualifications or lower and at least one barrier to employment.

Table 6.10 presents results for bonus receipt. There is less significant variation in receipt of the retention bonus than for the NDLP group, probably because nearly all of the members of the WTC sample worked at some point during the follow-up period. Key differences are that women with older children were more likely to receive the retention bonus, as were those who were not moderately disadvantaged. The early cohort again shows a more positive effect on retention bonus receipt. Rates of training bonus receipt vary more often across the subgroups, with less disadvantaged individuals more likely to receive a bonus. For example, rates of receipt are higher for women with older children, those with more recent work experience and those with more education (a particularly large difference).

**Table 6.10 Bonus receipt rates among WTC customers, estimated from administrative records, by subgroup**

	Ever received work retention bonus within 24 months follow-up (%)	Ever received training bonus within 24 months follow-up (%)	Sample size
<b>All participants</b>	34.5	19.5	1,415
<b>Race/ethnicity</b>			
White	34.4	19.8	1,295
Ethnic minority	36.1	16.0	119
<b>Age of youngest child</b>	†††	†††	
Under 7 years	29.2	15.0	498
7 to 11 years old	32.2	20.3	427
12 to 16 years old	44.0	23.3	379
<b>Number of months worked in 3 years prior to random assignment</b>		†††	
None	29.4	13.9	18
1-12	33.6	10.7	150
13+	34.6	20.7	1,247
<b>Housing status</b>		†††	
Family	25.4	12.2	88
Social	35.7	16.1	532
Private	34.2	22.7	781
<b>Qualifications</b>		†††	
None	29.4	13.8	172
GCSE	35.5	16.6	645
A-Level or above	34.7	24.9	424
<b>Cohort</b>	††		
Early (October 2003 - May 2004)	40.4	16.4	271
Late (June 2004 - April 2005)	33.1	20.2	1,144
<b>Number of barriers to employment</b>			
None	37.3	16.8	470
One	33.2	21.1	638
Two or more	33.1	20.6	307

(continued)

**Table 6.10 Continued**

	Ever received work retention bonus within 24 months follow-up (%)	Ever received training bonus within 24 months follow-up (%)	Sample size
<b>Moderately disadvantaged</b>	†		
Yes	31.3	18.0	518
No	36.4	20.4	897

SOURCE: MDRC calculations from DWP financial incentives data and baseline information forms completed by DWP staff.

NOTES: Rounding may cause slight discrepancies in calculating sums and differences.

Includes all customers randomly assigned between October 2003 and April 2005.

A statistical test was performed to measure whether impacts differed significantly across subgroup categories. Statistical significance levels are indicated as: † = 10 per cent; †† = 5 per cent; and ††† = 1 per cent.

Family housing refers to situations where the customer is living with his/her parents or other friends or relatives. Social housing refers to housing in which the Local Authority (local government) or a private housing association is the landlord. Private housing refers to owner-occupied housing or housing that the customer rents privately.

Barriers to employment include transport, childcare, health, housing, basic skills, or other self-identified problems.

Moderately disadvantaged refers to those participants with General Certificate of Secondary Education (GCSE) qualifications or lower and at least one barrier to employment.

## 6.6 Conclusions

The results suggest that ERA's effects, documented in Chapter 5, were fairly consistently spread across districts and across a range of subgroups. For the NDLP group, ERA appears to have had effects across all districts, although North West England stood out as having increased employment rates. However, this district did not stand out in terms of programme implementation. For the WTC group, the results suggest that ERA's effects in the East Midlands were generally similar to those in the other districts. Although rates of in-work contact were higher in the East Midlands, the economic impacts were no larger in that district.

In terms of variation across subgroups, the overall conclusion is that the programme's effects did not vary substantially by the characteristics of the lone parents. The exceptions to this rule for the NDLP group were larger effects for ethnic minority lone parents and for more educated lone parents. In addition, for both the NDLP and WTC groups, there was no pattern suggesting that ERA had larger effects for either more or less disadvantaged parents.

Effects on interaction with the programme did seem to be larger for less disadvantaged groups but this pattern appears to be due to their already higher employment rates. Higher rates of programme interaction for these groups did not translate into larger economic impacts.

There were two exceptions to these broad patterns: First, ERA had larger effects on programme interaction for women with older children, for both groups of lone parents. These effects did not seem to be due to their higher employment rates, but may be the results of their desire and readiness to move into work and advance. There is no evidence so far, however, that they benefited more from the programme in terms of employment and earnings.

Finally, the most intriguing result is for the ethnic minority customers in the NDLP group. ERA had quite large effects for this group, on both interaction with the programme and subsequent labour market outcomes, especially as captured by the survey data. It is not clear what particular barriers ERA may have addressed for this group to help them improve their employment and earnings but the results to date are encouraging and warrant further investigation.

# 7 Lone parents' work journeys and ERA's effectiveness

## 7.1 Introduction

The findings on the Employment Retention and Advancement's (ERA's) programme two-year effects presented in Chapters 5 and 6 are broadly positive. Compared with their control group counterparts, New Deal for Lone Parents (NDLP) participants more quickly entered work and both NDLP and Working Tax Credit (WTC) participants were more likely to work 30 or more hours per week, with a corresponding increase in average earnings. They were also more likely to participate in training while employed, which might contribute to additional earnings gains in the longer run. Some impacts are fairly large and, therefore, impressive, especially given the limited British and international knowledge base on effective post-employment strategies. At the same time, ERA has yet to show much effect on other aspects of advancement and its impacts on employment retention are not particularly large or clear-cut. As many participants were still in the programme when the two-year follow-up period for this report ended, it is too soon to draw final conclusions about the programme's overall effectiveness. However, it is worth considering at this time why ERA had the effects it did and why some of its effects so far have not been larger.

This chapter explores those questions. To do so, it draws heavily upon the process study's intensive longitudinal qualitative research with a number of NDLP and WTC customers in the ERA programme group. These individuals have been followed over a two- to three-year period (see Table A.1). By examining their attitudes towards and experiences in work over an extended time – for example, how they manage their transitions to work, how they view full-time work and how they think about other aspects of advancement – the analysis reveals some of the special challenges that lone parents faced in striving to remain employed and progress in work and

what these imply for ERA's ability to help them succeed. The chapter includes numerous brief vignettes to 'get behind the numbers' and convey more of a 'real-life' flavour of participants' experiences in the labour market and their interactions with the ERA programme.

The exploration starts by considering how customers responded to some of ERA's primary goals of promoting sustained employment, full-time work, and skills building through training or education while employed. The next few sections discuss these topics. The chapter then presents a broader framework for understanding customers' pathways towards advancement, with some illustrations of ERA's role in those work journeys.<sup>111</sup>

## 7.2 ERA's goals and participants' experiences in work

### 7.2.1 Retaining employment

As Chapter 5 shows (Table 5.1), a majority (76 per cent) of the NDLP customers in ERA worked at some point within the two years after random assignment. However, many of these workers did not remain employed. For example, only 55 per cent were employed at the time of the 24-month interview.

Previous qualitative research on ERA explored reasons for work exits among NDLP customers.<sup>112</sup> It observed that common obstacles to retaining work included temporary contracts, redundancy, inability to coordinate childcare with work, breakdown of childcare arrangements, dissatisfaction with working conditions, poor family health, problems with budgeting and debts and difficulties with transport to work. The research suggested that work retention is a process that individuals move through at different rates and it is not uncommon for customers to experience spells out of work before achieving steady employment. In addition, obstacles to work entry could recur as threats to work retention.

The qualitative longitudinal research undertaken for this report confirms these earlier observations but it also suggests that issues that may threaten work retention can, and do, occur even later when lone parents may have been in work for two or more years. One NDLP customer, followed over three interviews, is a case in point. Shortly after beginning ERA, she started working part-time at a local shop with a schedule that was compatible with her children's school hours. The work suited her and her three primary and secondary school-age children. After two years, however, she was made redundant when the shop changed hands. She received Income Support (IS) until she found another job in a different shop. By then, however, her time on ERA had ended. At the third interview, she was working in yet another job, this time at a local school. While this job was

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<sup>111</sup> Other research tracking lone parents in work has identified similar patterns characterised by spells in work and out of work. See, for example, Millar, 2006; Ray *et al.*, 2007; and Stewart, 2007.

<sup>112</sup> Hoggart *et al.*, 2006.

also compatible with her caring responsibilities, a drawback was that she would not receive a work income during school holidays and was concerned about the viability of this during the summer break. While she enjoyed working, she wished to work only part-time within school hours and was resistant to the idea of using formal childcare. As this case illustrates, retention can be a continuing issue that extends well beyond the first few years in employment.

Some lone parents managed to retain their work despite events in their lives that may have posed a threat to their employment. It was also evident that some working lone parents were able to overcome personal circumstances to maintain their work at a steady rate. However, these circumstances could make their progression in work more challenging. One NDLP customer found that holding onto her job working weekly shifts of 16 to 20 hours at a call centre was not easy. Her child was diagnosed with a disability during the course of ERA and she required additional time off for hospital appointments. Her employer was not sympathetic to her taking time off from work, so she needed to restrict her work hours in order to attend to her child's needs:

*'I suppose everything does go around work. Everything revolves around work, so you have to make sure anything that you've got planned doesn't go in your working hours.'*

### **7.2.2 Taking on full-time work**

ERA was designed to improve employment outcomes in part by encouraging full-time work. The ERA retention bonus, conditional on work of 30 hours or more per week, was intended to act as an incentive to work full-time for those who may not otherwise choose to do so. Advisory staff had a responsibility to encourage consideration of full-time work and remind customers of the financial incentives.

By the time of the second customer survey, participation in work of 30 or more hours per week was close to seven percentage points higher for the NDLP programme group and 13 percentage points higher for the WTC programme group, compared with their control counterparts. Many lone parents started out working part-time (16 to 29 hours per week), so advancement could also be construed as increased work hours, specifically to 30-plus hours per week. The qualitative evidence, along with the impact findings in Chapter 5, identified moving into full-time work as the most common form of advancement. Most of these customers were able to increase their hours in their current job. Some workplaces offered limited opportunities for full-time work and, in these cases, customers moved to a different employer or took on additional hours elsewhere.

Still, despite ERA's success at increasing rates of full-time employment, only 25 per cent of all NDLP customers (and about 46 per cent of those employed in month 24) were working full-time (Table 5.2). Among WTC customers, only 39 per cent (about 44 per cent of those employed in month 24) were working full-time. Why were these rates not higher?

To address this question, the qualitative data point to certain patterns among those who remained in work and did not increase their work hours. These individuals were more likely to lack one or more of the following conditions that can facilitate full-time employment:

- stable childcare;
- a work environment that enabled increased hours;
- a strong interest in working more at this time;
- some qualifications;
- other support mechanisms facilitating informal childcare; and
- growth in confidence through their work experience.

Three factors in particular were seen to set the parameters for work advancement of this type: the nature of employment, the point of time in the family life course and personal circumstances.

The type of job was significant for advancement opportunities. There were instances where lone parents felt that their potential to advance was restricted by employers who could not offer more hours or posed conditions on added hours. In one instance, a WTC customer who worked as a home care worker was told she could work more hours only if she took on a night shift, something she did not wish to do. The nature of the job could also pose restrictions on progression. Many lone parents in the qualitative sample worked in part-time, low-skilled jobs (e.g. domestics, care workers, retail, school assistants) that are characterised by poor working conditions and limited opportunities for advancement.<sup>113</sup> Others worked for smaller employers that offered few positions and no real career path.

The point at which ERA was introduced into a lone parent's life was also significant. Limitations were often tied to the age of the children. Some parents said that they wanted to wait until their children were older before they increased their work hours. One NDLP customer, with a preschool-age child, had taken extended maternity leave with a spell on IS before starting ERA. She re-entered work as a part-time administrator. As a new mother, it was important to her to provide a working role model for her child but with work hours that suited her family. This balance was important and contributed to her ability to continue working. She preferred to wait until her child was in school before increasing her work hours.

Earlier qualitative research on ERA<sup>114</sup> found that lone parents' attitudes towards work advancement were influenced by how they identified themselves in the roles of carer and worker and how they envisioned combining these roles. Understandably, those with a stronger orientation towards care were more inclined to defer their aspirations for advancement to a future time. In these cases (as also explained

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<sup>113</sup> Millar *et al.*, 2006, discuss the limited opportunities offered by such jobs.

<sup>114</sup> Hoggart *et al.*, 2006.



in Chapter 4), financial incentives and advisory support were unlikely to sway parents from their decision to work part-time hours. Orientations to family care set boundaries on the amount of time lone parents wished to spend away from their children. Generally speaking, although lone parents with younger families often chose to balance their time in favour of their children, there were notable exceptions to this pattern. Some lone parents with younger children increased their work hours, while others insisted on being available for their teenagers. Indeed, Chapter 6 showed that for parents of younger children and older children alike, ERA had positive impacts on the average number of months spent working full-time (see Table 6.6).

### 7.2.3 Combining training with work

ERA also aimed to improve employment outcomes by supporting the acquisition of new qualifications and skills. Financial support for training fees and a training completion bonus were intended to encourage the take-up of training and many customers looked to their ERA advisers to help them arrange appropriate training courses. Results reported in Chapter 5 suggest that ERA substantially increased the likelihood that lone parents would combine work and training, particularly among WTC customers.

The survey findings also suggest that programme group parents were more likely to have participated in training **and** to have worked an average of 30 or more hours over an employment spell. As shown in Table 5.8, among full-time ERA workers, 51 per cent of NDLP customers and 75 per cent of WTC customers participated in a training or education course while working. In contrast, among part-time ERA workers, 40 per cent of NDLP customers and 65 per cent of WTC customers took on training or education while employed. (The corresponding rates among the control groups were lower for these working groups.) Some of this training was offered by employers and affirms differences between the development opportunities offered in part-time and full-time employment.<sup>115</sup> Yet, the results show that support from ERA had a positive impact.

Training may be viewed as a step towards advancement and it is notable that such high proportions of lone parents made efforts in this regard, especially those working full-time. Still, the qualitative evidence suggests that some lone parents found it difficult to participate in education or training in addition to (and outside of) full-time work; they simply could not find the time to fit both activities into their busy lives, despite ERA's incentives and support. In these cases, they had to choose between devoting extra time to work or to training but not to both. One WTC customer illustrates this challenge. Before entering the ERA programme, she had been working part-time in a local supermarket. With help from her ERA adviser and financial support for equipment from the Emergency Discretion Fund (EDF), she established a business of her own on a casual basis (in addition to her supermarket work), which supplied enough extra hours to allow her to draw the

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<sup>115</sup> Millar *et al.*, 2006.

ERA retention bonus as well as increase her earnings. She eventually decided to grow her business but realised she needed more qualifications to do so. She found a suitable training course at the local college but decided her work arrangement would be too difficult for her to manage. She then stopped her business and used the extra time to focus on her training while she continued to work part-time at the supermarket:

*'I thought, I wouldn't be able to manage it all. I wasn't sure how much work was involved in the course. It was quite a lot of learning as well. Homework and everything.'*

This customer also justified her approach to combining work and training on a financial basis. She reasoned that the training bonus would compensate for most of her lost wages and foregone income from the retention bonus, which she would no longer receive. After completing her college course she was keen to work full-time again but was undecided whether to resurrect her business or to find similar work with an employer.

The research also shows that many individuals had not completed their ERA-funded training during the study observation period or, if they had completed it, they had not yet applied their new skills or qualifications in the work world. Some were awaiting qualifications before moving on. Others had taken steps to improve their work through training but it was not known if they had carried through any plans to apply their new skills in their current jobs or in a new vocation. This finding is also apparent in the relatively low numbers who received the training completion bonus, as reported in the customer survey (see Chapter 4). This may be an artefact of the study's time frame and, arguably, had the observation period been longer, there may have been greater opportunities for lone parents to apply their training and improve their employment position. The qualitative data also show that some customers had difficulty converting training into advancement at work. For example, one NDLP customer talked about how she had not completed all her training until after her time on ERA had finished. At that point she was very disappointed that she did not get any help converting the training into work advancement, which in her case would have meant becoming self-employed. All these findings underscore the importance of time needed for work changes to occur. Two or three years may not be sufficient for people to enact change, especially those with low skills or limited work experience.

### 7.3 Work journeys and ERA support

A more summary way to understand the myriad pathways towards advancement represented by ERA customers' experiences, is through the framework of 'work journeys'. This concept is offered here as an heuristic device for conceptualising, in broader terms, the diversity of customers' employment trajectories and changes in work patterns over time. People who travel on different work journeys experience very different kinds of struggles in the work world and, thus, present different sets of challenges to programmes like ERA that aim to help them advance. These journeys can be categorised into three general groups:

- **Steady:** Customers entered work, remained in work throughout the follow-up period, and finished ERA holding a job with hours and conditions similar to those of the job in which they started;
- **Broken:** Customers entered work but also experienced at least one spell out of work while on ERA; and
- **Advanced:** Customers entered work, remained in work, and furthered their work position (in any one of a variety of ways) while participating in ERA.

The analysis presented here uses this framework to understand the evolving work experiences and interactions with ERA of 36 NDLP and WTC programme group working customers who participated in the qualitative longitudinal study. Some of these individuals had completed the ERA programme by the time of their last interview, and all had at least some experience working since they had entered the study. Of course, the reality of lone parents' working lives is more complicated than the classification scheme implies. Thus, although these categories are useful as an analytical tool, it is important to recognise that considerable diversity exists within each of the groups, and individual journeys overlap categories. A boxed case study is used to illustrate each of these journeys.<sup>116</sup>

### 7.3.1 Steady work journeys

Steady journeys were the most common type of work pattern found in the sample. The WTC customers in this category were working when they entered ERA and remained with the same employer throughout the study (see Box 7.1). NDLP steady workers frequently returned to the type of employment that they had been previously undertaking, reasserting their qualifications and experience. Common work patterns in this group were:

- same employer and hours;
- changed employer, same hours;
- increased part-time hours;
- increased, then decreased, work hours.

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<sup>116</sup> Aliases are used in these case studies.

**Box 7.1 Steady work journey: Leah**

Leah illustrates a steady-journey pattern. Before entering the ERA programme, she had trained and worked as a nurse but took time out to raise her family after her marriage failed. On ERA, she returned to nursing and also worked part-time as an assessor for social care students. Her children were now older, the youngest a teenager. She remained with the same employer during the research observation period.

She received the retention bonus while on ERA and found it useful to keep her motivated in a job that, at times, she found difficult. Leah's employer paid her fees to undertake a degree course that she had identified. She also received an EDF payment to help her with finances when she entered work.

Leah wanted to advance and took steps towards that goal through her training but she felt that her place of employment created a barrier to further progress. She attributed this to a lack of senior jobs and some difficulties with her manager. She felt that the continuing support she received from her ERA adviser kept her motivated and enabled her to talk through her work problems:

*'I contact [adviser] almost every month or so, or more often than that because I'm having a lot of problems and he was there to support. He supported me through everything. He knows everything that I'm going through.'*

This emotional support was very important to her, especially because her social networks were limited.

**7.3.2 Broken work journeys**

Broken journeys were less common in the qualitative sample and were observed only among the NDLP group. Some of these cases were women returning to work who had spent a number of years out of the labour market raising their children before joining ERA. Others were trying to break into a different line of work. While all had a spell out of work while on ERA, the work journeys of the individuals in this group were diverse:

- single job exit followed by steady employment;
- single long-term job exit;
- multiple spells in and out of work;
- work advancement followed by a job exit.

The case presented in Box 7.2 provides an example of a broken work journey that was shaped by limited work skills, family circumstances and parental decisions about combining work with care.

**Box 7.2 Broken work journey: Fiona**

Fiona experienced numerous starts and stops in three different lines of work and at the end of the ERA study period, she was no longer in employment, due to personal circumstances. She had a history of unskilled work and personal illness that rendered her unable to work. When she started on ERA, she had two pre-school-age children and had not worked since becoming a parent.

On ERA, Fiona started her own business in the leisure industry. She reasoned that self-employment would allow her the flexibility she needed to care for her children. But business was poor and she had to stop after three months. She then found a job as a home carer, working half days around her childcare arrangements. She left this job after a few weeks because she was struggling financially and found she was not better off compared to when she was not working. She returned to IS.

Ultimately, Fiona wished to organise her work around her children. She enjoyed the autonomy she had had with her own business and decided to go back to it:

*'I am enjoying doing it, but the financial thing does come into it, obviously. I think, I'm like a lot of people, that I would be able to live a life of luxury and spend all my time bringing up the kids, but I've got to work...I am doing something that I enjoy doing, so it's making it easier to actually go and work.'*

Because her business income was unreliable, she took on a part-time job with a media company and with the extra hours, she was able to receive two retention bonuses. She primarily wanted to earn enough income to 'get by' in a job that would enable her to personally care for her children. Fiona continued to combine the two jobs until she left employment to have another baby.

This customer reported that she had little contact with her ERA adviser apart from meetings around the retention bonuses. She was not interested in training and any plans for advancement were long term.

**7.3.3 Advanced work journeys**

Advanced journeys were more common among WTC customers, confirming how those lone parents who were relatively established in employment were more receptive or prepared to advance. Within these journeys there was also diversity, incorporating different ways of progressing in work:

- higher earnings through increased hours or a job promotion (same or different employer);
- extra responsibilities;

- increased job satisfaction;
- improved work-care balance;
- self-employment.

There was considerable overlap among the work journeys. Some of the respondents with broken journeys also advanced by eventually moving to better jobs or they advanced before losing their jobs. Some of those with steady journeys either advanced subjectively through training or advanced in terms of increasing their hours before dropping back. Box 7.3 illustrates a case in which a lone parent with a history of broken employment (before ERA) succeeded in finding a job which represented advancement in more than one way.

### **Box 7.3    Advanced work journey: Emily**

Emily was the mother of three children aged 17, 15, and 13. Before starting on ERA, she had had a history of low-paid, low-skilled jobs that she formed no attachment to and tended to leave because they paid the minimum wage. After starting ERA, she moved to a better job as a train guard, which she enjoyed. Along with better pay, she had more responsibilities, greater security, and an employer-supported pension:

*'It was nice to be able to have a secure job which pays well, knowing I got a pension with this job which I didn't with the other jobs.'*

The security that she valued was put to the test when she became ill and needed to go on sick leave for six months. At the time of the third interview, she was able to return to work. It is very unlikely that this would have been possible in her previous jobs.

The primary drivers pushing her into better work included her desire to find a job with pension rights, and financial considerations that encouraged her to pursue work full-time. She was ready to move into full-time work when she started ERA because her children were older and no longer needed childcare. In the third interview, she talked about how she had moved from organising work around her children, to trying to fit her family responsibilities around work. Interestingly, she attributed this change to the nature of her work rather than changing attitudes towards her caring responsibilities. She enjoyed her job more, had more responsibilities and felt more committed to it. She also noted that her parents lived in the local community and were therefore able to provide back-up support. She was very positive about the way ERA had helped her with work matters and noted that support from her Advancement Support Adviser (ASA) was especially important.

Continued

**Box 7.3 Continued**

Emily is a good example of a lone parent who benefited from her involvement in the ERA programme, for whom it came along at 'the right time' and expedited her journey. Her advancement journey incorporates multiple elements of advancement: more pay, a 'better' job and improved personal satisfaction. Her own personal definition of advancement focused on doing a job she enjoyed, and she thought ERA had helped her achieve this:

*'Well, I just wanted a good job, to do a job that I actually enjoy doing while I was doing it, because I wasn't enjoying my other job ... ERA gave me the confidence and the boost to go and get a different job. I think I might still have been in my other job, not happy, wondering what I am going to do for money. They gave me the confidence to make me think about things, and helped me look for things ... they show you what you could do.'*

Classified this way, the journeys can be seen as processes that the ERA intervention would be expected to have an impact upon. For example, the retention support offered through ERA is designed to prevent broken journeys and assist in moving individuals out of 'the low pay, no pay cycle'; while the advancement support offered through ERA is designed to promote advanced journeys. Steady journeys might be seen as an intermediate stage between broken and advanced; as discussed in Chapter 4, advisers often found it easier to promote advancement with customers once they had become established in work.

Respondents differed both in the extent of ERA support they utilised and the extent to which it made a difference to their work journeys. There were some customers who did not receive any of the financial support; others had not maintained much contact with an adviser. Some expressed a sense of self-reliance and did not want to be dependent on advisory support; others felt that ERA had little to offer them, either because they were working part-time or did not feel ready to progress. In the case of those with broken journeys, the majority of job exits were involuntary (dismissal, redundancy, temporary contracts). Hence, there was little ERA or advisers could do to prevent these situations but they could play a role in helping customers find new jobs. In some cases, as for example in the case of one NDLP customer, advisers helped ensure that customers did not revert to benefits but ultimately advanced into a better job. By the same token, some lone parents who advanced in their work may have done so of their own accord, relying on their past experience and qualifications. Others, such as Emily, were clearly aided by the ERA intervention.

In some of these cases, therefore, it is possible that continuing support might have made a difference in customers' work trajectories: by facilitating movements back into work after work exits, by supporting customers to find new employment where they were not happy in their work or by starting discussions on advancement that

customers could act upon when they were ready. Consistent and flexible adviser support over time was important and, as the longitudinal analysis illustrates, the directions customers take in work are liable to change. A three-way categorisation of work patterns can oversimplify a complex story.

#### **7.3.4 Changes over time**

Evidence from the longitudinal in-depth interviews with customers underscores the importance of the temporal dimension – that retention and advancement are dynamic processes that unfold and change over time. While the research respondents recounted their experiences between the interviews, it was clear that the final interviews were occurring at one point in work journeys that were still unfolding. These journeys involved pauses, halts and reversals and they rarely flowed in a linear progression. Some work achievements were unstable and were undermined by unexpected changes in work or family situations, resulting in reduced work hours or a job exit. In time, though, individuals often recovered and moved beyond such setbacks. It, thus, stands to reason that more individuals in the qualitative study might have shown evidence of advancement had they been observed over a longer period of time. A longer-term view would also accommodate the fact that a substantial number of lone parents were still undertaking training within the first two years after random assignment, as captured in the survey data, and might eventually see a payoff from that investment.

The longitudinal study of lone parents in work enabled the researchers to observe changes that occurred within individuals as well as to compare and contrast across different individuals. Two work behaviour patterns that emerged from this analysis warrant discussion because they hold implications for the future delivery of in-work support to the lone parent population. These changes correspond to the ageing of the family and exposure to work over time.

Lone parents' concerns about their children's well-being were always paramount. With the passage of time, many lone parents stated that it became easier for them to establish themselves in work as their children became older, became more independent and assumed responsibility for themselves and sometimes for their siblings. Many lone parents in the sample had youngest children who were teenagers or became teenagers as the study progressed and this placed fewer immediate time pressures on the parent. Correspondingly, the relationship between lone parents' care and work orientations changed over time, often becoming more congruent with efforts to advance in work. In fact, over time, it was common for lone parents to switch from trying to construct their work lives to accommodate their caring responsibilities, to organising care arrangements to suit the needs of their working lives. As part of this evolution in perspectives, lone parents began to prioritise moving into work they enjoyed or that would provide a better standard of living, rather than, for example, planning for jobs that fitted in with school hours.

Another distinct pattern noted among working lone parents (primarily among those who had re-entered work through ERA) was increased dissatisfaction with



their jobs or a desire to change jobs after an extended time in work. This mainly occurred once they had settled their families into a stable work routine and had proved to themselves they could do it. The analysis has shown that it was common for lone parents to experience what could be termed a 'honeymoon' period during the early stages of work and this tended to positively influence their attitudes towards the job. It was not uncommon for NDLP customers to begin work with low expectations of the types of jobs they could perform, particularly if they had few skills and little experience to offer. Stable employment provided a sense of achievement and an initial high level of satisfaction with a job that actually might have been poorly paid or unsatisfactory in other ways. Over time and with growth in self-confidence, customers' expectations in work tended to rise and they became more critical of their jobs.

There were a number of reasons why the longer customers had been at their jobs, the more anxious they were to move on, including being unhappy at work, feeling unfulfilled, wanting to move in another direction and the realisation that they could progress. Dissatisfaction with work could act as a catalyst for change – and for seeking new help from ERA. An example of this was provided by a lone parent customer who started a full-time job in retail after devoting some years to caring for her children. At first, she enjoyed her new job, but then became frustrated, partly because she was required to work anti-social hours, but also because she felt she was being treated unfairly. In addition, she was dissatisfied with the amount of pay she was getting, given her responsibilities. By the second interview she had moved to another job as a day carer which she enjoyed and the hours were more suitable for her family.

These behavioural changes observed among ERA lone parents complement the advancement ethos of the programme. As stated in previous findings on ERA,<sup>117</sup> lone parents assert different preferences for how they balance their working and caring roles. The current research has found that individuals can shift their priorities on care and work over time, and this will affect the desired balance. Time spent as a worker, alongside the ageing of the family, enabled lone parents to concentrate on developing their working roles. These findings provide further insights into the psychology of deferred work advancement. They suggest that lone parents and their families need time to adapt and adjust to the life changes brought on by work, perhaps more time than was offered in the design of the ERA programme. The implication for an in-work intervention like ERA is that tools that support progress in work need to be flexible enough to accommodate these changing needs and perspectives.

## 7.4 Conclusions

The in-depth longitudinal interviews with working lone parents offer a reminder that work advancement is often a lengthy and evolving process, commonly

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<sup>117</sup> Hoggart *et al.*, 2006.

involving a change in employer and requiring time for a person to learn a new skill or acquire a qualification. The two-year time available to date for the ERA impact evaluation may not be sufficient to fully capture the effects of these changes.

Other processes may also have tempered the impacts of ERA, including experiences relating to changes in lone parents' views of themselves as capable workers. There is every reason to believe that these same individual processes were occurring among control group NDLP and WTC lone parents, so that as time passed in work, these individuals were also taking steps to improve their employment outcomes. Indeed, Table 5.10 shows high proportions of working control group members 'taking steps' on their own to advance.

A heightened self-esteem among lone parents was one of the outcomes reported by both customers and advisory staff. This often came about as lone parents and their families bedded into a working routine and began to realise their potential. As they spent time in work, developed heightened confidence in their capabilities as a worker, established routines as a working family and as their children aged, lone parents began to demand more from their jobs. The 'honeymoon period' was over.

When the conditions were right, employers might have recognised their employees' potential with added responsibilities and a possible pay rise. But it was more often the case that lone parents took steps to improve their work and pay independent of their employers, such as by looking for a new job. Some were helped by their ERA advisers in this process.

One might also argue that the passage through a 'honeymoon period' in work, an attendant shift to a working-carer identity and movements towards sustainable employment, are processes that occur in many work trajectories among mothers. These changes may act as drivers for progression in work. The research has shown that by identifying and then capitalising on such drivers, a post-employment programme such as ERA can play an important part in helping lone parents advance towards better and sustainable employment.

## 8 Next steps in the ERA evaluation

This latest report on the implementation and effects of the Employment Retention and Advancement (ERA) programme offers further promising evidence that Jobcentre Plus can effectively deliver a post-employment intervention that combines substantial in-work adviser support and financial incentives. Although building the capacity of staff and managers to implement ERA proved very challenging, the six pilot districts showed that it could be done: They delivered the core features of the ERA model, with practices that improved over time. Their experiences thus offer important lessons on operational approaches, both pointing to some approaches that are worth emulating in future programmes like ERA and others that should be avoided.

Is ERA achieving its ultimate objectives? The results so far are encouraging. Lone parents in the ERA group worked more than they would have in the absence of the programme – especially in full-time jobs – and this led to substantial improvements in their average earnings during the two years after they entered the programme. Moreover, these effects are larger than most of those observed within a similar time frame among pilot retention and advancement programmes in the US. There is little evidence so far that ERA has helped participants succeed any more than they would have without the programme in obtaining or advancing to higher-wage or ‘better’ jobs (according to other criteria). However, ERA did increase their participation in training or education while employed. That effect, along with the continuing career advice and assistance that participants received while in work during the second follow-up year, might help them achieve better jobs in the future.

All participants were still enrolled in ERA at the end of the two-year period covered by this report’s impact analysis and would remain enrolled for another nine months. Some were still in training programmes. Therefore, the findings available so far are necessarily of an interim nature. This fact, plus the recognition that retention and advancement can take a long time to unfold, makes a longer-term perspective essential for producing a full and fair assessment of ERA’s potential.

Fortunately, the evaluation of ERA will continue for several more years. Administrative data on employment, earnings and benefits receipt will be collected for three additional years, allowing researchers the opportunity to estimate ERA's impacts on those outcomes for a total of five years after sample members entered the study. This will show whether ERA's early positive impacts grow, remain the same or decline over time. In addition, a fifth-year customer survey will be administered, allowing for an assessment of the programme's longer-term effects on a broader range of advancement outcomes, as well as on child poverty and family quality-of-life indicators. Efforts will also be made to learn more about the relative influence that particular ERA components, such as its financial incentives, may have had on ERA's impacts.

The continuing evaluation will include a full benefit-cost analysis. Interim benefit-cost estimates, showing the return on the Government's investment in ERA, along with the overall economic gain or loss experienced by ERA's participating families, will be issued beginning in early 2009. These estimates will be updated and refined as more data become available. In addition, special analyses may attempt to estimate the costs and benefits likely to be observed in a national roll-out of ERA. The final results from the impact and benefit-cost analyses will be available in early 2011.

As mentioned in Chapter 1, ERA's two-year impact findings for the New Deal 25 Plus (ND25+) target group are presented in a separate report. Those findings are less positive than the results for the lone parent customer groups. Overall, there is less reason at this time to expect that ERA will turn out to be a worthwhile strategy for assisting that customer group, although the interim results do include some indications that effects might grow stronger over time. For the ND25+ customers, as for the two lone parent groups, a more definitive assessment will be made after longer-term follow-up data are collected.

# Appendix A

## Data sources

**Table A.1 Data sources used for the ERA process and impact studies**

Data source	Sample	Time period and coverage
<b><u>Qualitative data</u></b>		
Four rounds of in-depth staff interviews (87 interviews in total)	<p><i>Round 1</i> : 3 staff interviewed per site.</p> <p><i>Round 2</i> : 6 staff interviewed per site; plus ERA manager interviews (one per site)</p> <p><i>Round 3</i> : One small focus group of 3-4 staff per site.</p> <p><i>Round 4</i> : One small focus group of 3-4 staff per site; plus interviews with 8 ERA managers.</p>	<p><i>Round 1</i> : May/June 2004.</p> <p><i>Round 2</i> : May/June 2005.</p> <p><i>Round 3</i> : May/June 2006.</p> <p><i>Round 4</i> : May/June 2007.</p>
Interviews with key informants	<p><i>Technical Advisers</i> : Two rounds of interviews and a two-day debriefing.</p> <p><i>DWP Project Team</i> : Two rounds with 6 interviews each.</p>	<p><i>Technical Advisers</i> : March 2004 and June 2005.</p> <p><i>DWP Project Team</i>: March 2004 and May 2006.</p>
Technical Adviser diaries	Weekly diaries detailing ERA implementation issues.	September 2003 to June 2005.
Site visits and observations	Several rounds of site visits conducted in conjunction with the staff in-depth interviews and on an ad-hoc basis. The qualitative team also observed managers' meetings and continuous improvement workshops.	Visits to each site in March 2004, May 2004, May 2005, and June 2006. Several other visits to individual sites occurred throughout programme implementation.
Five rounds of in-depth customer interviews (301 interviews in total)	<p><i>Round 1</i> : 8 customers interviewed per site.</p> <p><i>Round 2</i> : 15 customers interviewed per site.</p> <p><i>Round 3</i> : 22 customers interviewed per site.</p> <p><i>Round 4</i> : 6 customers interviewed per site.</p> <p><i>Round 5</i> : Follow-up interviews with some customers.</p>	<p><i>Round 1</i>: March 2004.</p> <p><i>Round 2</i>: November 2004.</p> <p><i>Round 3</i>: Autumn 2005.</p> <p><i>Round 4</i>: Autumn 2006.</p> <p><i>Round 5</i>: Spring 2007.</p>
<b><u>Staff surveys</u></b>		
Two rounds of staff surveys	<p><i>Round 1</i> : 74 Advancement Support Advisers (ASAs) and 165 Personal Advisers replied to the survey. Response rate across both groups of 70 per cent.</p> <p><i>Round 2</i> : 90 ASAs replied to the survey. Response rate of 81 per cent.</p>	<p><i>Round 1</i> : January 2004.</p> <p><i>Round 2</i> : January 2006.</p>

(continued)

Table A.1 Continued

Data source	Sample	Time period and coverage
<b><u>Customer surveys</u></b>		
Surveys administered to programme and control group customers 12 months after random assignment	A randomly selected subsample of programme and control group sample members randomly assigned between December 2003 and November 2004. <i>NDLP group</i> : 2,604 respondents, representing a response rate of 87 per cent. <i>WTC group</i> : 1,344 respondents, representing a response rate of 93 per cent.	Surveys were administered between December 2004 and February 2006 and covered one year following each customer's random assignment date.
Surveys administered to programme and control group customers 24 months after random assignment	A subsample of programme and control group sample members randomly assigned between December 2003 and November 2004 that responded to the 12-month customer survey. <i>NDLP group</i> : 2,297 respondents, representing a response rate of 76.7 per cent. <i>WTC group</i> : 2,119 respondents, representing a response rate of 78.9 per cent.	Surveys were administered between November 2005 and March 2007 and covered the two years following each customer's random assignment date.
<b><u>Administrative records</u></b>		
DWP benefits receipt data from the Master Index database, the Generalised Matching Service (GMS) database, and the Joint Unemployment and Vacancies Operating System (JUVOS).	All NDLP and WTC sample members.	<i>Benefits receipt records</i> : October 2001 to March 2007.
DWP employment data from the Work and Pensions Longitudinal Study (WPLS).	All NDLP sample members.	<i>Employment records</i> : October 2003 to March 2007.
DWP earnings data from the WPLS.	All NDLP sample members.	<i>Earnings records</i> : April 2005 to March 2006.
<b><u>Bonus receipt data</u></b>		
DWP data on ERA customers' receipt of the retention and training bonuses	All NDLP and WTC programme group members.	October 2003 to July 2007.
<b><u>Baseline data</u></b>		
Baseline characteristics collected at intake	All sample members.	October 2003 to April 2005





# Appendix B

## Non-response analysis for the two-year customer survey

The analysis in this report focuses on the 9,602 Jobcentre Plus customers who were randomly assigned to the programme or control group in the UK Employment Retention and Advancement (ERA) study between October 2003 and April 2005. This group is referred to as the **full sample** in the following tables. Many of the impacts presented in this report come from responses to a customer survey. The first wave of the survey covered the first 12 months since random assignment and the second wave covered the second 12 months. Due to the time and resources required to conduct the survey, not every customer was selected to participate. Instead, a subset of the full sample was randomly selected to participate in the survey and represent the larger group. This subset came from the pool of customers randomly assigned between December 2003 and November 2004. This group is referred to as the **fielded sample**. However, several customers selected to participate in the survey could not be located, refused to participate or could not be interviewed. Sample members who were unable to participate in the survey are referred to as **non-respondents**, while those members who completed the survey are referred to as **respondents**. Those customers who did not respond to the first wave of the survey were not approached in the second wave. Since a large proportion of Working Tax Credit (WTC) customers were not recruited into the sample until after the 12-month survey was administered, the first wave survey sample was relatively small; therefore, a second sample was fielded from the WTC group customers who were randomly assigned between December 2004 and January 2005 and added to the original fielded sample for the 24-month survey. These customers were asked about their experiences during the first two years since random assignment and were included in most of the survey outcomes presented in this report<sup>118</sup>.

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<sup>118</sup> These survey respondents are omitted from estimates of participation in activities or services that examine the first and second years of follow-up separately since these customers were only asked about their experiences over the full two-year period.

This appendix assesses the extent to which the respondent sample is representative of the full sample and whether the impacts estimated using the responses to the survey can be regarded as applying equally to the full sample. To preview the key results, the level of survey response was very high and tended to be particularly associated with certain characteristics. However, there was no evidence of bias resulting from basing estimates on the respondents sample; on the contrary, the available evidence suggests that estimates based on the respondent sample agree with estimates based on the full sample.

## B.1 Response rates

Response rates are very high by conventional standards, especially considering that those who did not respond to the first wave of the survey were not contacted for the second wave. This increases confidence that the results estimated for respondents will hold for the full sample. Table B.1 shows that there are 6,787 New Deal for Lone Parents (NDLP) customers in the full sample. Of those, 2,995 were selected to be in the fielded sample and 2,297 of these responded to the second-year survey, yielding a 77 per cent response rate. The WTC group has a full sample of 2,815, a fielded sample of 2,686, a respondent sample of 2,119 and a response rate of 79 per cent. (Survey sample sizes by target group, research group, and district are presented in Table B.2.)

**Table B.1 Survey response rates for the 24-month customer survey**

	NDLP			WTC		
	Total	ERA group	Control group	Total	ERA group	Control group
Full sample size	6,787	3,365	3,422	2,815	1,415	1,400
Fielded sample size	2,995	1,482	1,513	2,686	1,342	1,344
Respondent sample size	2,297	1,188	1,109	2,119	1,082	1,037
Non-respondent sample size	698	294	404	567	260	307
Response rate (%)	76.7	80.2	73.3 ***	78.9	80.6	77.2 **

SOURCE: MDRC calculations from the ERA 24-month customer survey.

NOTE: Rounding may cause slight discrepancies in calculating sums and differences.

**Table B.2 Survey respondent sample size, by customer group and district**

District	NDLP		WTC	
	ERA group	Control group	ERA group	Control group
East Midlands	221	207	616	607
London	194	176	79	74
North East England	214	194	102	98
North West England	200	185	69	61
Scotland	178	171	121	109
Wales	181	176	95	88
<b>Total</b>	<b>1,188</b>	<b>1,109</b>	<b>1,082</b>	<b>1,037</b>

SOURCE: MDRC calculations from the ERA 12-month customer survey.

## B.2 Comparison of impact estimates from administrative records

Despite these high response rates, it is still possible that impact estimates for the group for which survey data are available may not agree with impact estimates based on the full sample. Although survey data are not available for the full sample, employment, earnings and benefits data from administrative records are. Using these administrative records, estimates based on the full and fielded samples can be compared with estimates based on the respondent sample. This provides an insight into whether estimates based on the smaller (respondent) sample can be regarded as unbiased estimates for the full sample. Should this be the case for the outcomes held in administrative records, we can be more confident that the impact estimates for the outcomes available only in the survey data also apply to the full sample.

Table B.3 contains impact estimates from the administrative records data for the number of months receiving benefits and the number of months employed in the first and second years after random assignment, as well as average earnings for the 2005-2006 tax year for the full and respondent samples. The NDLP group shows negative impacts on benefits for all time periods and sample groups. While all three time periods show statistically significant impacts for the full and respondent samples, only the first-year outcome is statistically significant for the fielded sample<sup>119</sup>. The three samples show statistically significant impacts on earnings, though the magnitude of the impact is slightly larger for the respondent sample.

<sup>119</sup> However, the impact on the number of months employed in the two years of follow-up for the fielded sample is nearly significant with a p-value of .128.

This is due to a higher level of earnings in the programme group but also a lower level of earnings in the control group for the respondent sample when compared to the other samples. There are no impacts on employment for any sample. The WTC group shows consistently statistically insignificant impacts on benefits across samples. Employment and earnings data from administrative records were not available for the WTC group, due to reasons mentioned in Chapter 2. Overall, the comparison of administrative records shows very similar impact estimates for the full sample and the respondent sample for both customer groups. This is the best available test of whether the respondent sample is capable of delivering unbiased impact estimates and the strong suggestion is that it is reasonable to generalise the survey response findings to the full sample.

**Table B.3 Comparison of impacts on the benefits receipt and employment of the full sample and the respondent sample, estimated using administrative records**

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
<b>Full Sample</b>						
Number of months on benefits						
1-12 months post-RA <sup>a</sup>	7.4	7.8	-0.4 ***	0.9	0.9	0.0
13-24 months post-RA	5.4	5.7	-0.3 **	1.0	1.0	0.0
1-24 months post-RA	12.8	13.5	-0.7 ***	1.9	1.9	0.0
Number of months employed						
1-12 months post-RA	4.5	4.4	0.1	n/a	n/a	
13-24 months post-RA	4.9	4.9	0.0	n/a	n/a	
1-24 months post-RA	9.4	9.3	0.1	n/a	n/a	
Earnings in the 2005-2006 tax year (£)	3,676	3,315	361 ***	n/a	n/a	
Sample size	3,365	3,422		1,415	1,400	
<b>Fielded Sample</b>						
Number of months on benefits						
1-12 months post-RA	7.4	7.7	-0.3 **	0.9	0.9	0.0
13-24 months post-RA	5.5	5.7	-0.2	1.0	1.0	0.0
1-24 months post-RA	12.9	13.3	-0.5	1.9	1.9	0.0
Number of months employed						
1-12 months post-RA	4.5	4.5	0.0	n/a	n/a	
13-24 months post-RA	4.9	5.1	-0.2	n/a	n/a	
1-24 months post-RA	9.3	9.5	-0.2	n/a	n/a	
Earnings in the 2005-2006 tax year (£)	3,649	3,219	431 **	n/a	n/a	
Sample size	1,482	1,513		1,342	1,344	

(continued)

**Table B.3 Continued**

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact)	ERA group	Control group	Difference (impact)
<b>Respondents' Sample</b>						
Number of months on benefits						
Year 1	7.3	7.8	-0.5 ***	0.9	0.9	0.0
Year 2	5.4	5.9	-0.5 **	0.9	1.0	0.0
Years 1-2	12.7	13.7	-1.0 ***	1.8	1.9	0.0
Number of months employed						
Year 1	4.6	4.4	0.2	n/a	n/a	
Year 2	5.0	5.1	0.0	n/a	n/a	
Years 1-2	9.6	9.4	0.2	n/a	n/a	
Earnings in the 2005-2006 tax year (£)	3,799	3,185	615 ***	n/a	n/a	
Sample size	1,188	1,109		1,082	1,037	

SOURCE: MDRC calculations from Work and Pensions Longitudinal Survey employment, earnings, and benefits data and the ERA 24-month customer survey.

NOTES: Benefits refers to Income Support for New Deal for Lone Parents customers and a combination of Jobseeker's Allowance and Income Support for Working Tax Credit customers.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group.

Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

<sup>a</sup>RA refers to random assignment.

### B.3 Comparison of baseline characteristics

It is of interest to understand the factors influencing whether an individual in the fielded sample responds to the survey. To some extent, this can be explored by comparing the characteristics of respondents with those of non-respondents.

Tables B.4 and B.5 present means of selected baseline characteristics by customer group for the full sample, the fielded sample and for respondents and non-respondents to the survey. Statistically significant differences between the characteristics of respondents and non-respondents are denoted by asterisks in the table. Overall, respondents and non-respondents are statistically significantly different in a number of regards. This is common in surveys and may have a variety of explanations. For example, members of the fielded sample who have ties to a community through family are easier to locate for survey participation than those who do not, so it is not surprising that response rates are higher among those who are married or who have more than one child.

**Table B.4 Comparison of the baseline characteristics of the full sample and the survey sample for NDLP customers**

Characteristic	Full sample	Fielded sample	Respondents to 24-month survey	Non-respondents to 24-month survey
District (%)				
East Midlands	16.7	16.7	18.5	10.5 ***
London	16.7	16.6	15.4	20.9 ***
North East England	16.6	16.7	17.1	15.5
North West England	16.7	16.7	16.7	16.7
Scotland	16.7	16.7	15.7	19.8 **
Wales	16.6	16.7	16.7	16.6
Date of random assignment (RA) (%)				
October 2003 - December 2003	9.9	3.7	3.8	3.5
January 2004 - March 2004	30.4	34.5	34.9	33.1
April 2004 - June 2004	21.3	24.5	24.6	24.1
July 2004 - September 2004	23.6	25.8	25.3	27.4
October 2004 - December 2004	12.7	11.5	11.4	12.0
January 2005 - April 2005	2.2	0.0	0.0	0.0
Female (%)	94.9	94.5	95.2	92.1 ***
Single (%)	72.6	72.9	71.3	78.4 ***
Number of children (%)				
None	1.0	1.1	1.1	1.2
One	53.5	54.2	53.4	57.0 *
More than one	45.5	44.7	45.5	41.9 *
Education (%)				
O-level	47.0	47.2	46.7	48.6
A-level or above	21.9	22.1	23.5	17.2 ***
Other	7.5	7.2	7.5	6.4
None	23.7	23.6	22.3	27.9 ***
Number of months worked in three years prior to RA (%)				
12 or fewer	72.2	71.9	71.8	72.2
13 - 24	13.2	13.0	12.8	13.9
More than 24	14.6	15.1	15.5	13.9
Worked in the past year (%)	30.4	29.3	29.8	27.6
Age (%)				
Under 30	42.1	42.7	41.6	46.3 **
30 - 39	39.3	39.3	39.9	37.5
40 or older	18.6	18.0	18.5	16.3
Age of youngest child (%)				
Under 8	64.4	65.2	65.0	65.8
8-12	22.9	22.1	22.2	21.8
13-16	11.4	11.4	11.4	11.3

(continued)

**Table B.4 Continued**

Characteristic	Full sample	Fielded sample	Respondents to 24-month survey	Non-respondents to 24-month survey
Ethnic minority (%)	12.7	12.7	12.3	13.8
Weekly earnings in the past year for current/most recent job (£)	28.8	27.7	27.6	27.8
Average number of months on benefits in the two years prior to RA (%)	17.2	17.1	17.1	17.4
Sample size	6,787	2,995	2,297	698

SOURCE: MDRC calculations from baseline information forms completed by DWP staff, ERA 24-month customer survey, and Work and Pensions Longitudinal Survey benefits receipt records.

NOTES: Benefits refers to Income Support.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the respondent group and the non-respondent group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

**Table B.5 Comparison of the baseline characteristics of the full sample and the survey sample for WTC customers**

Characteristic	Full sample	Fielded sample	Respondents to 24-month survey	Non-respondents to 24-month survey
District (%)				
East Midlands	56.3	58.9	57.7	63.3 **
London	8.0	7.3	7.2	7.4
North East England	9.9	9.2	9.4	8.3
North West England	6.5	6.7	6.1	8.6 **
Scotland	10.9	9.9	10.9	6.4 ***
Wales	8.4	8.1	8.6	6.0 **
Date of random assignment (RA) (%)				
October 2003 - December 2003	2.7	1.1	1.3	0.5
January 2004 - March 2004	10.7	11.0	12.6	5.3 ***
April 2004 - June 2004	9.2	9.6	10.6	6.2 ***
July 2004 - September 2004	14.1	14.7	15.6	11.3 ***
October 2004 - December 2004	37.1	38.6	39.6	34.9 **
January 2005 - April 2005	26.2	24.9	20.4	41.8 ***
Female (%)	97.4	97.3	97.6	96.5
Single (%)	45.1	44.3	42.7	50.3 ***
Number of children (%)				
None	1.6	1.5	1.2	2.4 **
One	50.0	49.5	48.9	51.7
More than one	48.4	49.1	49.9	46.0 *
Education (%)				
O-level	45.0	44.3	43.7	46.7
A-level or above	30.7	30.7	31.8	26.6 **
Other	12.2	12.4	12.7	11.6
None	12.1	12.5	11.9	15.0 **
Number of months worked in three years prior to RA (%)				
12 or fewer	12.8	12.0	12.0	12.0
13 - 24	12.9	12.7	12.6	13.1
More than 24	74.4	75.3	75.4	75.0
Worked in the past year (%)	97.4	97.7	97.5	98.4
Age (%)				
Under 30	17.0	16.9	15.2	23.2 ***
30 - 39	47.1	47.0	47.3	45.9
40 or older	35.9	36.1	37.5	30.9 ***
Age of youngest child (%)				
Under 8	43.8	43.7	42.2	49.3 ***
8-12	30.6	30.9	31.9	27.4 **
13-16	20.1	20.0	20.8	17.3 *

(continued)



**Table B.5 Continued**

Characteristic	Full sample	Fielded sample	Respondents to 24-month survey	Non-respondents to 24-month survey
Ethnic minority (%)	7.8	7.5	7.3	8.3
Weekly earnings in the past year for current/most recent job (£)	116.7	117.1	117.3	116.1
Average number of months on benefits in the two years prior to RA (%)	3.0	3.0	3.0	3.0
Sample size	2,815	2,686	2,119	567

SOURCE: MDRC calculations from baseline information forms completed by DWP staff, ERA 24-month customer survey, and Work and Pensions Longitudinal Survey benefits receipt records.

NOTES: Benefits refers to a combination of Jobseeker's Allowance and Income Support.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the respondent group and the non-respondent group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

Since some of these characteristics may be correlated – for example, education and weekly earnings – multiple regression is used to determine which characteristics differ statistically significantly across respondents and non-respondents while taking all other characteristics into account. Table B.6 shows the results of regressing an indicator of response status on the characteristics shown in Tables B.4 and B.5, as well as an indicator of research group, in order to better understand the process governing response. The 'parameter estimate' column captures the effect of each characteristic on the probability of responding to the survey; asterisks denote the significance level of this effect.

**Table B.6 Treatment/control status as a predictor of survey response**

Characteristic	NDLP		WTC	
	Parameter estimate	(Standard error)	Parameter estimate	(Standard error)
Treatment status	0.068	0.015 ***	0.033	0.015 **
District (%)				
East Midlands	0.142	0.028 ***	0.017	0.032
North East England	0.085	0.028 ***	0.009	0.040
North West England	0.072	0.027 ***	0.010	0.042
Scotland	0.020	0.028	0.062	0.040
Wales	0.064	0.028 **	0.044	0.042
Date of random assignment (RA) (%)				
January 2004 - March 2004	-0.001	0.042	0.005	0.076
April 2004 - June 2004	-0.005	0.043	-0.029	0.077
July 2004 - September 2004	-0.026	0.042	-0.051	0.076
October 2004 - December 2004	-0.028	0.046	-0.082	0.074
January 2005 - April 2005	n/a	n/a	-0.249	0.075 ***
Female (%)	0.120	0.035 ***	0.092	0.048 *
Single (%)	-0.056	0.019 ***	-0.032	0.018 *
Number of children (%)				
One	-0.029	0.075	0.154	0.066 **
More than one	-0.017	0.075	0.172	0.066 ***
Education (%)				
O-level	0.042	0.020 **	0.032	0.025
A-level or above	0.107	0.023 ***	0.069	0.027 ***
Other	0.081	0.033 **	0.072	0.031 **
Number of months worked in three years prior to RA (%)				
12 or fewer	0.007	0.026	-0.016	0.029
13 - 24	-0.020	0.029	-0.003	0.025
Worked in the past year (%)	0.038	0.027	-0.051	0.055
Age (%)				
30 - 39	0.017	0.020	0.057	0.025 **
40 or older	0.025	0.027	0.077	0.029 ***
Age of youngest child under 8 years (%)	0.004	0.020	-0.020	0.018
Ethnic minority (%)	-0.008	0.026	0.010	0.031
Weekly earnings in the past year for current/most recent job (£)	0.000	0.000	0.000	0.000
Number of months on benefits in the two years prior to RA	0.000	0.001	0.000	0.002
Sample size	2,995		2,686	

SOURCE: MDRC calculations from baseline information forms completed by DWP staff, ERA 12- and 24-ninth customer surveys, and Work and Pensions Longitudinal Survey benefits receipt records.

NOTES: Data include only the fielded sample.

Benefits refers to Income Support for New Deal for Lone Parents customers and a combination of Jobseeker's Allowance and Income Support for Working Tax Credit customers.

Rounding may cause slight discrepancies in calculating sums and differences.

Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

The results show that many of the characteristics that differed by response status in Tables B.4 and B.5 were not statistically significant predictors of response status in the multiple regression analysis. Still, several characteristics remained statistically significant predictors for both groups, including treatment status, cohort, gender, marital status and education. Overall, although some differences in characteristics between the respondents and non-respondents still exist, the similarities of the earnings, employment, and benefits impacts from administrative records across samples suggests that response bias is unlikely.

## B.4 Conclusion

The survey achieved a remarkably high response rate and the available evidence suggests that the impact estimates based on the respondents sample hold for the full sample. As expected, there are some characteristics that differ between respondents and non-respondents, but this does not necessarily indicate bias. Taken as a whole, the assessments presented in this appendix support the interpretation of the impact estimates presented in this report as representative of the full sample.



# Appendix C

## Implementation features of ERA districts

**Table C.1 Implementation features of the six ERA districts**

East Midlands	
Structure	Centralised management through Employment Retention and Advancement (ERA) District Manager. Three regional Advancement Support Adviser (ASA) Managers phased in between 2004 and 2005, covering 19 offices among them. Three District Adviser Managers were in place from April 2005 to March 2007, running three teams of ASAs (north, central, and south). This structure remained until April 2007, when it was reduced to two teams (north and south).
Staffing	Initially, ASAs were specialists for ERA customer groups but increasingly served all customer groups. A single ASA worked in smaller offices. Some peripatetic advisers experienced downtime travelling between multiple offices. Central management assured the ring-fencing of adviser resources, although in smaller offices advisers performed occasional mainstream adviser duties.
Intake	Mainstream New Deal advisers performed random assignment and passed on programme group customers to ASAs. Intake of Working Tax Credit (WTC) customer group was the largest of all districts, concentrated at end-of-intake period.
Targets	Little pressure on ASAs to contribute to Job Entry Targets (JET) meant more time could be devoted to delivering ERA. ASA benchmarks for post-employment contact introduced in early 2005 but were quickly relaxed and a flexible approach assumed. Key Work Objectives for ASAs introduced in 2005 and a post-employment Quality Assurance Framework (QAF) for post-employment interviews in early 2006.
ERA profile	ERA considered to have lower profile than Incapacity Benefit (IB) Pathways pilot. Given centralised management, less understanding of, and support for, ERA from Business Managers.

Continued

**Table C.1 Continued**

Events	Closure of pensions centre in district in summer 2004 led to redeployment of staff to ERA. From end 2004, pressures on office space meant some ASAs lost customer-facing desks. Regional ASA managers phased in between 2004 and 2005 due to large size of district. New ERA manager assigned in autumn 2004. New District Manager appointed in early 2005.
Issues	Large geographical district made staffing and management difficult. Large customer caseloads in bigger offices detracted from ERA delivery, with major pressure on staffing during summer 2004. Large proportion of ASAs had no previous advisory experience because they were redeployed from other parts of the organisation following restructuring. Pressures on office space had mixed impacts: In larger city offices ASAs relocated to separate premises as 'ERA unit'; in some smaller offices ASAs had to 'hot desk'.
Achievements	Centralised ERA management structure effective for maintaining and protecting programme resources. Innovative marketing to attract sufficient numbers to the WTC customer group. Promoted work retention and advancement concepts early in implementation. System of regional ASA managers facilitated contact between ASAs and the development of mechanisms for monitoring and supporting ASAs' post-employment work.
Change over time	Most effective period of ERA delivery from spring 2005 to end 2006. Adequate management structure and staffing in place by then, plus intake had finished. Through training and peer support, more effective strategies for engaging and working with post-employed customers had developed. From end 2006, the transfer of caseloads between advisers as ASAs left meant that the quality of contact was diminished; also ASAs anxious about their post-ERA employment opportunities.
ERA ending	Due to centralised structure and specialist ASAs, difficult to manage reducing caseloads. ERA manager consulted individual ASAs on when they wanted to leave and drew up a plan for passing caseloads to those advisers staying the longest so that customers would not have a succession of advisers. ASAs experienced this as unsettled period when having to take on new customers with minimal time left to build a relationship. Six-month and three-month ERA ending letters sent out to customers, with three-month letters eliciting the most interest from customers.
<b>London</b>	
Structure	Until the formation of a Post-Employment Team (PET), management structure differed depending on the New Deal customer group. The New Deal for Lone Parents (NDLP) and WTC ASAs were coordinated and managed centrally. The New Deal 25 Plus (ND25+) ASAs were coordinated at the district level but line-managed at the office level.
Staffing	Initially, some resistance to staffing ERA. ASAs were specialists by ERA customer groups. NDLP ASAs served both control and programme group. Ring-fencing of the PET started in early 2005. Non-working ERA customers were then served by a pre-employment team.
Intake	Lone parents randomly assigned by NDLP advisers (who also delivered ERA). ND25+ randomly assigned by mix of ASAs and support staff.

Continued

**Table C.1 Continued**

Targets	Same JET applied to ASAs, which detracted from ERA delivery. Once the PET was formed, ASAs were assigned benchmarks and key work objectives.
ERA profile	Perceived to be low because post-employment delivery of ERA did not contribute to JET.
Events	New District Manager in spring 2004. PET formed in early 2005.
Issues	Tension with JET. Large customer caseloads and mainstream Jobcentre Plus work. These reduced when the PET was set up, when advisers had manageable caseloads and no mainstream Jobcentre Plus work.
Achievements	In spring 2005, District Manager agreed to commit more resources to ERA. Established PET in 2005. Developed innovative customer re-engagement publicity materials.
Change over time	Setting up the PET was a major breakthrough. The first few months were taken up with processing retention payments that had fallen behind. In May 2005 more advisers joined the team, the backlog had been cleared, and ASAs thought that from this time ERA delivery improved continuously right until the end. This was especially evident with training take-up.
ERA ending	In March 2007, caseloads again became an issue when ERA customers moved off the project. ASAs talked about the difficulty of taking on new customers as they were nearing the end of ERA. ERA ending letters sent out to customers. 'Rush' of customers wanted to take advantage of the training.
<b>North East England</b>	
Structure	Centralised ERA District Manager but without line management responsibility for ASAs. ASAs line-managed locally and remained part of office ND25+ or NDLP teams. A number of reorganisations of NDLP management took place over course of ERA, shifted from local to district level management and back again. NDLP ASAs report having 13 different line managers over a three-year period.
Staffing	ASAs were specialists by ERA customer group. The district experienced problems generating interest in the ASA posts and had to undertake a number of awareness sessions for advisers highlighting the role of the ASA. The district staffing situation up to 2006 caused problems, as if the full ERA allocation was used, then the district would have been left with no ND25+ advisers and very few NDLP advisers. A management decision was made on the resource allocation and after discussions with advisers, agreement was made to give staff ASA roles alongside other duties (especially in the smaller offices where full posts were not possible). Although no ASAs dealt with programme as well as control group customers, all ASAs had at times served customers who were not involved in ERA at all.
Intake	Random assignment performed by both New Deal and ERA advisers.
Targets	ASAs expected to contribute to district JET, but their targets were half those of New Deal advisers.
ERA profile	Perceived to be low; IB Pathways pilot given more priority. Priority in the district dipped after Technical Adviser (TA) left, reflected in a winding down of district ASA meetings.

Continued

**Table C.1 Continued**

Events	District without TA support during spring 2004. Reorganisation in spring 2006 split the district in half.
Issues	Concentration on ERA work suffered due to tension with JET, large customer caseloads, and mainstream Jobcentre Plus work. Contact between ASAs diminished after TA finished in mid-2005. Perceived to be ineffective support for ASAs by line managers, exacerbated by numerous management reorganisations for NDLP.
Achievements	Most ASAs ring-fenced during 2005, some for longer. Individual ASAs developed innovative ways of working with employed customers but not always shared or co-ordinated throughout the district.
Change over time	ERA delivery most effective during 2005: Majority of ASAs ring-fenced; regular networking meetings between ASAs and TA provided district-wide support for ASAs. Visit of ASAs to New York in 2004 also stimulated development of tactics for post-employment customer engagement. From end 2005, network meetings dwindled and some ASAs lost ring-fencing. TA remained as line manager in one office for another year, where consequently ASAs felt better supported.
ERA ending	ASAs remained part of mainstream ND25+ and NDLP teams and so simply took on additional mainstream customers as ERA caseloads diminished. However, ASAs in some teams concerned about overstaffing and being surplus to requirements. Six-month, six-week and final ERA ending letters sent. Some customers responded to six-week letter with requests for training payments.
<b>North West England</b>	
Structure	Centralised ERA District Manager but ASAs locally line-managed at the office level.
Staffing	ASAs were generalists and served all customer groups. Ring-fencing of a PET started in 2005 when working customer caseloads were assigned to ASAs, while non-working customers were assigned to administrative staff who performed job search activities.
Intake	Random assignment performed by mix of New Deal and ERA advisers. All ASAs and New Deal advisers were given full intake training.
Targets	Same JET applied to ASAs, which detracted from ERA delivery. Once the PET was formed, ASAs were assigned benchmarks and key work objectives.
ERA profile	Perceived to be low because post-employment delivery of ERA did not contribute to JET.
Events	Delayed start, three months later than other districts. Was a priority district from the start of ERA until March 2007. District reorganisation in April 2005. New District Manager in mid-2005. PET started in July 2005. Started to take on pre-employment caseloads in January 2006. Less securely ring-fenced spring 2006.
Issues	Decentralised line management detracted from ERA delivery. Tensions with JET.
Achievements	Established PET in 2005. Developed innovative customer re-engagement publicity materials. 'End of an ERA' information pack distributed to customers nearing the end of their 33 months of support.

Continued



**Table C.1 Continued**

Change over time	District felt it reached a peak in its delivery in January 2006, which was maintained for approximately nine months. Delivery started to tail off when staff started to exit from ERA and ring-fencing slowly dissolved from about March 2007.
ERA ending	Customers had contact letters at eight months, six months and three months to go; and then (as appropriate) a final letter and disengagement folder.
<b>Scotland</b>	
Structure	Management and budget decentralised to office level. No ERA District Manager.
Staffing	Some mixed, some specialist ASAs. Most offices had only one ASA. ASAs ring-fenced in two offices in spring 2005, while those remaining served non-ERA as well as ERA customers.
Intake	Random assignment performed by various New Deal, ASA and support staff.
Targets	Same JET applied to ASAs, which detracted from ERA delivery. No ERA-specific benchmarks.
ERA profile	Perceived to be low. Upper and some local managers tended to favour IB Pathways pilot.
Events	District reorganised in 2004. New District Manager in spring 2004. Change in ERA District Co-ordinator autumn 2005, then dissolution of role in autumn 2006 when office Business Managers asked to co-ordinate ERA management for office clusters. November 2005 held customer Town Hall events to encourage re-engagement.
Issues	Decentralised line management detracted from ERA delivery. Office geographical distribution awkward for support and meetings. Tensions with JET. Large customer caseloads and mainstream Jobcentre Plus work. Other pilot given more priority.
Achievements	ASAs in some offices ring-fenced during 2005.
Change over time	Ongoing changes to district Jobcentre Plus structure brought in new senior management who needed to be apprised of ERA. Dissolution of TA and ERA District Co-ordinator roles put strain on support and communications across offices. By 2005, ASAs concentrated contact with working customers and felt that between spring 2005 and spring 2006 programme delivery was at its strongest.
ERA ending	Disengagement letters at six months and one month prior to customers ending ERA. Preferential treatment was given to those who were engaged with the programme. ASAs increasingly absorbed into mainstream activity as ERA customers flowed off the programme.

Continued

Table C.1 Continued

Wales	
Structure	Centralised management. ERA District Manager also responsible for delivery of NDLP across the district.
Staffing	ASAs were specialists by ERA customer groups. A single ASA worked in smaller offices. Some peripatetic advisers experienced down time travelling between multiple offices. ASA staffing levels affected by long-term sick leave. Continual problems with staff being pulled onto mainstream Jobcentre Plus activities.
Intake	Mainstream New Deal advisers performed random assignment and passed on programme group customers to ASAs.
Targets	Same JET applied to ASAs, which detracted from ERA delivery. Benchmarks for post-employment contact and key work objectives around advancement and retention from April 2004.
ERA profile	ERA perceived to be supported at office level but devalued at upper management level due to tensions with JET.
Events	Intake of New Deal customer groups ended in summer 2004. From March 2006 tended to work with only engaged customers as did not have the resources to re-engage customers. From August 2006 ASAs worked with only post-employment customers, with pre-employment going back to mainstream Jobcentre Plus.
Issues	Tension with JET. Limited number of ND25+ ASAs. Understaffing, large customer caseloads and mainstream Jobcentre Plus work.
Achievements	Promoted work retention and advancement concepts early in the implementation. In spring 2004 established innovative advancement materials for use with non-working customers and set benchmarks for contacting working customers.
Change over time	Staff thought there had never been enough ASAs in the district. The most effective period of ERA delivery was from spring 2004 to spring 2005. From May to September 2005 there was a big push on job entries in the district and ASAs struggled to do ERA work. From September 2005 ASAs were supposed to be ring-fenced but they were still being asked to do other work and still did not have enough staff on ERA. In January 2006 an ERA 'team' was formed but in March the team lost staff, the ASAs had a big caseload and worked only with 'active' customers.
ERA ending	Staffing reduced to just one ASA in spring 2007. Six-month, six-week and final ERA ending letters sent. Had responses to six-week letter, with some customers requesting retention payments backdated. Struggled with transferring caseloads and losing continuity with customers.

# Appendix D

## Patterns of pre-employment assistance

Employment Retention and Advancement's (ERA's) primary focus was on post-employment services and activities but New Deal for Lone Parents (NDLP) customers began the programme with New Deal pre-employment services. Since most Working Tax Credit (WTC) sample members were already employed at random assignment, they did not generally participate in New Deal activities. However, members of both target groups could receive assistance from ERA in finding new employment if they lost a job during their involvement in the programme.

Advancement Support Advisers (ASAs) were instructed to prompt customers to think about retention and advancement even before they started work. Nevertheless, the majority of ASAs initially saw ERA as an in-work programme and did little to promote ERA's goals in the pre-employment phase. They reported that it felt premature to ask customers to start thinking about advancement until they were settled into a job. Therefore, while they did remind out-of-work customers of ERA's financial incentives, they tended early on in the programme not to encourage customers to be selective in searching for a job and tended not to focus on long-term goals when creating the customers' Advancement Action Plans. But by 2005, because of staff training and organisational changes, pre-employment programme services had changed substantially, as described in Chapter 3. ASAs used a wider and more nuanced definition of advancement, and they more often proactively encouraged customers to think about their long-term goals, including plans for advancement, before they entered work.

The customer survey data give some indication of how well this message was getting through to customers. About three quarters of the customers in the NDLP group<sup>120</sup> who never worked during the first two years of follow-up were aware

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<sup>120</sup> Only a very small number of WTC customers were never in work during the two-year follow-up period, so measures of awareness of the bonuses during the pre-employment phase are not reported.

of the work retention bonus, while half were aware of the training bonus. This suggests that ASAs were relatively successful in building awareness during the pre-employment phase of ERA's in-work incentives.

The customer survey data also measure the receipt of help and advice while not in work and participation in activities to help customers find jobs or prepare for work. Table D.1 (top panel) shows that the level of help received and steps taken to prepare for work while unemployed is much higher overall for the NDLP group than for the WTC group. However, it is important to remember that almost all of the NDLP customers were not in work at some point during the first two years of follow-up, but that only a quarter of the WTC members were ever not in work during this period.

Table D.1 (bottom panel) also makes it clear that ERA generally did not increase the likelihood that the programme group would make more pre-employment efforts to prepare for, or seek, work relative to the control group. In fact, among NDLP customers, the likelihood of being out of work and making such efforts were comparably high (71 per cent of the ERA group versus 69 per cent of the control group). Similarly, these rates were comparably low among WTC customers in the programme and control groups (15 per cent and 14 per cent, respectively), only a small portion of whom were actually out of work during the follow-up period.

At the same time, ERA did appear to increase, by a small margin, the likelihood of individuals receiving some types of help or advice from Jobcentre Plus on matters pertaining to future work. In particular, they were more likely to receive help in looking for training courses, working out long-term goals and advice regarding ways to retain and advance in future jobs. Overall, among NDLP customers, 70 per cent of the ERA group was out of work and received these and/or other forms of pre-employment assistance, compared with 65 per cent of the control group. Among WTC customers, the corresponding rates are 15 per cent and 12 per cent, respectively.<sup>121</sup>

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<sup>121</sup> There is no evidence that ERA increased the likelihood that programme group members relative to controls would not work or spend more time out of work during the follow-up period. Therefore, the differences between the programme and control groups presented in Table D.1 are driven by differences in their work statuses.

**Table D.1 Effects of ERA on job search advice or help received and on participation in job search activities within two years after random assignment**

	NDLP			WTC				
	ERA group	Control group	Difference (Impact)	P-value	ERA group	Control group	Difference (Impact)	P-value
work and received help or advice from Jobcentre Plus								
Percentage (%)								
Looking at job vacancies	57.7	52.6	5.1 **	0.014	11.6	9.0	2.6 **	0.042
Looking for a job	38.9	35.5	3.4 *	0.097	6.0	4.5	1.5	0.123
Looking out long-term career goals	37.0	28.8	8.2 ***	0.000	8.3	3.7	4.6 ***	0.000
Wanting to stay in or advance in future jobs	32.4	20.2	12.2 ***	0.000	7.1	3.0	4.1 ***	0.000
Wanting to find out about or arrange childcare	42.4	39.4	3.0	0.143	4.9	4.2	0.6	0.474
Wanting for training or education courses	47.4	39.0	8.4 ***	0.000	11.0	5.3	5.7 ***	0.000
Wanting for volunteer work	10.4	10.3	0.1	0.929	2.1	1.0	1.2 **	0.032
Wanting to set up own business	7.9	6.9	1.1	0.344	1.9	1.4	0.6	0.301
Wanting for type of help	9.2	10.6	-1.4	0.274	2.9	2.0	0.9	0.174
Wanting for type of help or advice	70.4	65.3	5.1 ***	0.008	14.7	12.2	2.5 *	0.072
work and participated in activities to help find a job								
Percentage (%)								
Attended job club/programme centre classes	10.5	11.1	-0.6	0.647	1.1	0.9	0.3	0.513
Attended group meetings	18.7	16.2	2.5	0.125	4.5	2.9	1.6 *	0.051
Attended to career office, career advice department, Connexions service	15.8	14.5	1.3	0.393	3.1	2.7	0.5	0.515
Attended for job on own	66.2	63.8	2.4	0.236	14.4	13.1	1.3	0.360
Attended unpaid job arranged through a government programme	3.7	3.1	0.6	0.422	0.9	0.8	0.1	0.779
Attended voluntary work	10.5	10.2	0.3	0.838	2.7	2.3	0.4	0.577
Attended an training or education course	32.0	29.7	2.2	0.250	7.0	4.9	2.2 **	0.030
Attended something to set up own business	6.4	6.7	-0.3	0.768	2.2	1.8	0.4	0.561
Attended something else to help find a job	9.4	8.3	1.1	0.375	1.7	1.6	0.1	0.854
Attended participated in any activities to help find a job or prepare for work	71.0	69.0	1.9	0.313	15.3	14.0	1.3	0.386
Sample size	1,188	1,109			1,082	1,037		

(continued)

**Table D.1 Continued**

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

# Appendix E

## Customers' contacts with Jobcentre Plus, receipt of help and advice and receipt of Emergency Discretion Fund and bonuses

**Table E.1 Frequency of various types of in-work contact with Jobcentre Plus staff among customers who worked within two years after random assignment**

Outcome	NDLP		WTC	
	ERA group	Control group	ERA group	Control group
Frequency of face-to-face contact with Jobcentre Plus staff (%)				
None	31.2	66.3	27.1	86.1
Once or twice	20.7	17.7	17.5	9.4
3-9 times	32.8	12.7	39.3	3.7
10 or more times	15.2	3.2	16.0	0.8
Frequency of telephone contact with Jobcentre Plus staff (%)				
None	33.4	72.5	28.5	85.6
Once or twice	20.5	14.9	17.1	8.3
3-9 times	31.1	9.2	34.3	5.0
10 or more times	14.9	3.4	20.0	1.0
Sample size	904	782	1,066	1,009

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

**Table E.2 Nature of most recent in-work contact with Jobcentre Plus staff among customers who had contact while working during the second year after random assignment**

Outcome	NDLP		WTC	
	ERA Group	Control Group	ERA Group	Control Group
Most recent contact <sup>a</sup> was with (%)				
Respondent's adviser	89.0	46.6	89.7	18.5
An adviser other than respondent's	8.1	27.9	4.9	37.4
A receptionist	0.0	15.9	3.3	19.3
A clerk	0.0	0.0	0.9	10.7
An intake worker	0.0	0.0	0.0	0.0
Someone else	3.6	9.5	1.3	14.1
Average length of most recent conversation (minutes)	18.1	17.5	19.0	11.5
Length of last contact was typical (%)	69.3	85.5	74.9	75.5
Average length of longest conversation (minutes)	29.6	6.9	32.0	18.2
Sample Size	82	18	461	76

SOURCE: MDRC calculations from ERA 24-month customer survey.

NOTES: Only customers who were interviewed after 26 September 2006 were included in this analysis.

<sup>a</sup>Most recent contact refers to most recent contact in the second year of follow-up only.



**Table E.3 Customers’ experiences with Jobcentre Plus staff among customers who worked within two years after random assignment**

Outcome	NDLP		WTC	
	ERA group	Control group	ERA group	Control group
Customer worked and had a particular Jobcentre Plus staff person that she/he sought out (%)	68.7	29.9	69.7	6.8
For customers who worked and had a particular Jobcentre Plus staff person they sought out:				
Degree of effort staff person has made to get to know customer (%)				
A lot	71.0	60.0	67.9	60.0
Some	17.3	23.9	22.3	19.9
Little or none	11.7	16.1	9.7	20.1
Degree of support staff person has given to customer when customer is working (%)				
A lot	62.6	49.5	61.0	39.5
Some	22.6	24.2	25.0	22.0
Little or none	14.8	26.3	14.0	38.5
Among those who had contact with Jobcentre Plus staff, overall assessment of help and advice given by the staff (%)				
Very helpful	48.4	31.8	49.1	25.8
Quite helpful	37.5	44.6	36.9	37.6
Not very helpful	7.7	12.4	8.3	12.0
Not at all helpful	4.2	8.1	4.1	16.7
No advice received	2.2	3.1	1.6	8.0
Sample size	904	782	1,066	1,009

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTE: A cohort of 869 Working Tax Credit customers were randomly assigned after December 2004 and only interviewed at the time of the 24-month customer survey. These survey respondents are omitted from estimates drawn from data taken at 12 and 24 months since random assignment.

**Table E.4 Effects of ERA on customers' receipt of help or advice from Jobcentre Plus staff within two years after random assignment**

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value
In work and received the following types of help or advice from Jobcentre Plus staff (%)						
Getting job with better pay or conditions	24.2	6.7	17.6 *** 0.000	47.0	3.4	43.6 *** 0.000
Increasing hours of work	22.9	6.5	16.4 *** 0.000	51.9	2.6	49.4 *** 0.000
Negotiating a pay rise	3.8	0.8	3.0 *** 0.000	7.3	0.4	6.9 *** 0.000
Negotiating better job terms, e.g. more convenient hours	8.8	2.1	6.7 *** 0.000	10.8	1.3	9.6 *** 0.000
Getting a promotion in present work	9.0	1.0	8.0 *** 0.000	14.8	0.9	13.9 *** 0.000
Getting a more permanent job or contract	11.1	2.9	8.2 *** 0.000	15.7	1.4	14.3 *** 0.000
Working out long-term career goals	24.6	4.9	19.7 *** 0.000	49.2	2.3	46.8 *** 0.000
Finding an training or education course	33.8	6.8	27.1 *** 0.000	64.0	3.1	61.0 *** 0.000
Other type of help	8.9	2.4	6.5 *** 0.000	19.0	1.3	17.7 *** 0.000
Any in-work help or advice	46.5	13.3	33.3 *** 0.000	74.0	6.8	67.2 *** 0.000
Not in work and received help or advice from Jobcentre Plus staff (%)	70.4	65.3	5.1 *** 0.008	14.7	12.2	2.5 * 0.072
Not in work and participated in activities to help find a job or prepare for work (%)	71.0	69.0	1.9 0.313	15.3	14.0	1.3 0.386
Sample size	1,188	1,109		1,082	1,037	

SOURCE: MDRC calculations from ERA 12- and 24-month customer surveys.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

**Table E.5 Receipt of ERA Emergency Discretion Fund payments**

Outcome	NDLP	WTC
<b>Within two years after random assignment</b>		
Received EDF payments (%)	15.9	16.0
Average number of payments received among customers with any payments	1.5	1.4
Number of payments received among customers with any payments (%)		
One	69.0	72.1
Two	20.1	17.3
Three	6.0	7.1
Four or more	4.9	3.5
Average amount of each EDF payment among customers with any payments (£)	179	168
Average total amount of EDF payments among customers with any payments (£)	235	206
<b>Through July 2007<sup>a</sup></b>		
Ever received EDF payments (%)	20.5	20.5
Average number of payments received among customers with any payments	1.6	1.5
Number of payments received among customers with any payments		
One	65.2	68.9
Two	23.6	18.7
Three	6.1	7.3
Four or more	5.1	5.2
Average amount of each EDF payment among customers with any payments (£)	185	177
Average total amount of EDF payments among customers with any payments (£)	250	226
Received EDF assistance for first time in last 9 months of eligibility (%)	3.9	3.4
Sample Size	3,365	1,415

SOURCE: MDRC calculations primarily from DWP financial incentives data.

NOTES: The sample for this table consists of all those randomly assigned from October 2003 and April 2005, not just those who responded to the customer survey.

<sup>a</sup>ERA group customers were eligible to receive payments until December 2007. At present, financial incentives data are only available through July 2007.

**Table E.6 Receipt of ERA employment retention bonuses**

Outcome	NDLP	WTC
<b>Within two years after random assignment</b>		
Received bonus (%)	27.8	34.5
Average number of bonuses received among customers with any bonuses	2.9	2.8
Number of bonuses received among customers with any bonuses (%)		
One	24.3	26.2
Two	20.5	20.2
Three	18.7	22.3
Four	16.9	16.4
Five	13.3	10.8
Six	6.3	4.1
<b>Through July 2007<sup>a</sup></b>		
Ever received bonus (%)	32.1	41.5
Average number of bonuses received among customers with any bonuses	3.5	3.4
Number of bonuses received among customers with any bonuses (%)		
One	17.8	16.5
Two	15.9	19.6
Three	17.3	16.9
Four	15.1	17.4
Five	17.4	18.6
Six	16.6	11.1
Received bonus for first time in last 9 months of eligibility (%)	3.8	5.9
Sample Size	3,365	1,415

SOURCE: MDRC calculations primarily from DWP financial incentives data.

NOTES: The sample for this table consists of all those randomly assigned from October 2003 and April 2005, not just those who responded to the customer survey.

<sup>a</sup>ERA group customers were eligible to receive payments until December 2007; at present financial incentives data are only available through July 2007.

**Table E.7 ERA customers’ receipt of ERA training fee assistance  
and training completion bonuses**

Outcome	NDLP	WTC
<b>Training/tuition fee assistance</b>		
Received tuition fee assistance within two years after random assignment (%)	9.4	23.3
Average amount paid towards fees (£)	352	279
Ever received tuition fee assistance through July 2007 (%) <sup>a</sup>	14.9	31.1
Average amount paid towards fees (£)	387	296
Received tuition fee assistance for first time in last 9 months of eligibility (%)	5.3	6.4
<b>Training completion bonus</b>		
<b>Within two years after random assignment</b>		
Received bonus (%)	7.4	19.5
Average number of bonuses received among customers with any bonuses	1.5	1.6
Number of bonuses received among customers with any bonuses (%)		
One	64.1	63.4
Two	26.3	21.4
Three	5.2	8.0
Four or more	4.4	7.2
Average amount of each bonus among customers with any bonuses (£)	340	362
Average total amount of bonuses among customers with any bonuses (£)	436	491
<b>Through July 2007<sup>a</sup></b>		
Ever received bonus (%)	12.7	27.6
Average number of bonuses received among customers with any bonuses	1.8	1.9
Number of bonuses received among customers with any bonuses (%)		
One	60.4	57.9
Two	23.8	21.5
Three	8.6	11.0
Four or more	7.2	9.5
Average amount of each bonus among customers with any bonuses (£)	392	379
Average total amount of bonuses among customers with any bonuses (£)	527	540
Received bonus for first time in last 9 months of eligibility (%)	5.1	6.9
Sample Size	3,365	1,415

SOURCE: MDRC calculations primarily from DWP financial incentives data.

NOTES: The sample for this table consists of all those randomly assigned from October 2003 and April 2005, not just those who responded to the customer survey.

<sup>a</sup>ERA group customers were eligible to receive payments until December 2007; at present financial incentives data are only available through July 2007.



# Appendix F

## Effects of ERA on childcare use and child well-being

**Table F.1 Effects of ERA on childcare use during the second year after random assignment**

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value
Worked and used childcare while working (%)	50.2	43.7	6.5 *** 0.002	63.4	66.0	-2.6 0.373
Average amount paid for childcare during the school term per week (£)	13.6	13.4	0.2 0.901	13.3	10.6	2.7 0.228
Average amount paid for childcare during the school term per week for those who used it (%)	28.7	26.3	2.4 0.223	40.7	48.0	-7.3 ** 0.019
Never paid for childcare	9.6	6.8	2.8 ** 0.020	10.4	10.1	0.2 0.902
£1 to 40	11.7	10.4	1.3 0.358	11.7	8.0	3.7 ** 0.045
£41 or more						
Childcare arrangements are very convenient (%)	32.5	30.9	1.6 0.443	46.7	46.5	0.3 0.935
Childcare arrangements are very stable (%)	41.1	37.0	4.1 * 0.053	56.8	57.9	-1.1 0.732
Sample size	1,089	992		880	868	

SOURCE: MDRC calculations from the ERA 24-month customer survey.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

Childcare survey questions were only asked if the customer was responsible for a child under 16 at month 24.

Working Tax Credit customers randomly assigned after November 2004 were interviewed only at the 24-month customer survey. Estimates were drawn from over the two-year period since random assignment, rather than from months 13 through 24; therefore, these respondents are not included in the table.



**Table F.2 Effects of ERA on parent-reported measures of child well-being at the second year after random assignment**

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value
Parent rating of child’s overall situation (4=life is going well, 1= not well at all)	3.4	3.4	0.0 0.523	3.4	3.5	0.0 0.433
<b>Child's activities in prior week (%)</b>						
Watching TV, using computers, or playing computer games	94.4	93.2	1.2 0.354	94.3	95.5	-1.2 0.262
Football, netball, or any team games	54.3	53.3	0.9 0.720	53.3	52.3	1.0 0.686
Tennis, squash, or badminton	10.4	9.6	0.8 0.635	12.4	10.9	1.5 0.336
Swimming, gymnastics, or dance lessons	45.4	51.5	-6.1 ** 0.019	40.1	44.9	-4.8 ** 0.047
Reading, writing, or drawing	80.9	81.9	-1.0 0.639	84.4	83.8	0.6 0.728
Riding a bike, kicking a ball around, or running about	75.8	75.1	0.8 0.736	68.1	67.2	0.9 0.696
Playing or learning an instrument	27.9	28.5	-0.6 0.816	27.7	26.6	1.1 0.616
Going out with friends/relatives	88.5	91.5	-3.0 * 0.056	94.2	92.6	1.6 0.181
Other social activities	35.1	39.2	-4.1 0.108	42.9	42.8	0.1 0.961
<b>School progress</b>						
Focal child not in school (%)	2.8	3.4	-0.6 0.527	3.5	2.3	1.2 0.146
Focal child’s performance in school (5 is well above average, 1 is well below average)	3.5	3.5	0.0 0.553	3.7	3.6	0.1 0.193
Focal child's score in English (5 is well above average, 1 is well below average)	3.5	3.5	0.0 0.506	3.7	3.6	0.1 * 0.078
Time respondent or partner spends helping focal child with homework per week (%)						
Child does not have homework	9.2	9.1	0.1 0.958	6.0	6.9	-0.9 0.486
Spends less than 2.5 hours helping child with homework	62.1	60.5	1.6 0.549	69.4	67.7	1.7 0.474
Spends more than 2.5 hours helping child with homework	28.7	30.3	-1.6 0.505	24.6	25.4	-0.8 0.713

(continued)

Table F.2 Continued

Outcome	NDLP			WTC		
	ERA group	Control group	Difference (impact) P-value	ERA group	Control group	Difference (impact) P-value
Focal child's qualifications (%)						
No qualifications	30.8	30.8	-0.1 0.991	15.1	15.8	-0.7 0.846
GCSE, any grades A-G or Scottish National Qualifications, up to and including Intermediate 2 level	65.8	66.6	-0.8 0.884	84.1	82.1	2.0 0.585
A Level/AS Level/SCE/SLC/SUPE Higher Grade	7.0	10.8	-3.8 0.245	15.3	18.5	-3.2 0.392
NVQ/SVQ	10.2	8.4	1.9 0.588	9.7	11.6	-2.0 0.527
Respondent contacted by child's school regarding missing classes (%)	12.6	11.0	1.6 0.352	9.8	8.5	1.3 0.367
<b>Behaviour</b>						
Respondent contacted by child's school regarding child's behaviour (%)	23.0	23.9	-0.9 0.679	20.9	17.9	3.0 0.128
Focal child's risky behaviour (%)						
Smokes cigarettes	11.2	12.6	-1.4 0.411	9.7	10.0	-0.2 0.867
Drinks alcohol	15.6	17.6	-2.0 0.299	21.3	23.5	-2.2 0.280
Uses drugs	0.1	1.9	-1.7 *** 0.001	0.2	1.0	-0.8 ** 0.038
Sample size	766	708		831	822	

SOURCE: MDRC calculations from the ERA 24-month customer survey.

NOTES: Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

Two-tailed t-tests were applied to differences between outcomes for the ERA group and the control group. Statistical significance levels are indicated as: \* = 10 per cent; \*\* = 5 per cent; and \*\*\* = 1 per cent.

Childcare survey questions were only asked if the focal child was between the ages of 8 and 18 at month 24.

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