

Benchmarking Employment programmes

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Outline

- What is benchmarking?
- UK experience of youth unemployment
- The process from the New Deal for Young People to the flexible New Deal
- Performance benchmarking the flexible New Deal
- Conclusions

Benchmarking – a tool for continual improvement

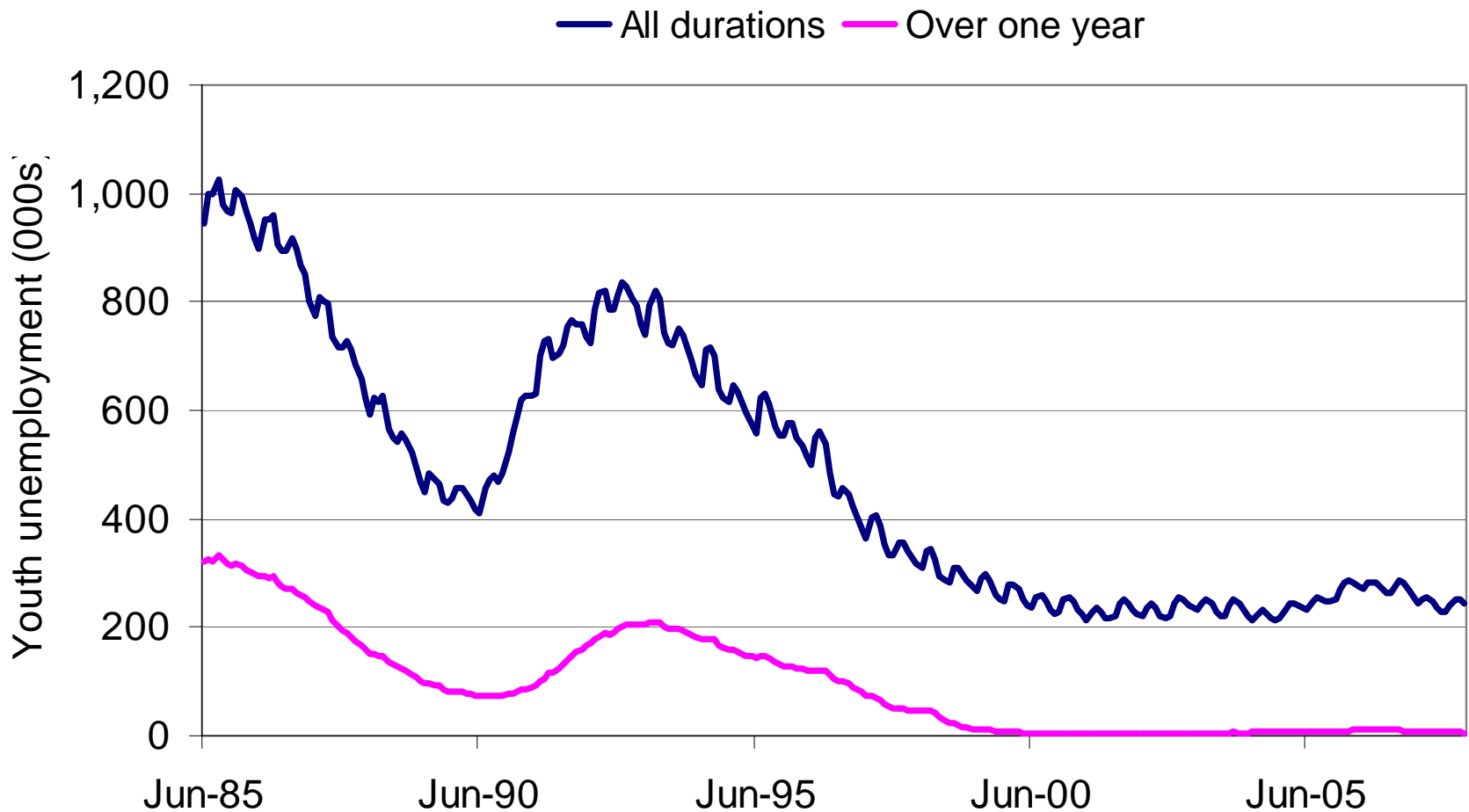
Benchmarking is the **process** of setting a point of reference with which to judge quality and value

1. ***Benchmarking performance standards*** for programmes and plans
2. ***Benchmarking policy design***, learning lessons from national and international experiences

Youth unemployment in the UK

- In 1997, youth unemployment was a key Government priority
 - Youth unemployment was over 400,000 and over 85,000 had been unemployed for more than a year (April 2007)
- The government set itself the **challenging target** of helping 250,000 young people off benefit and into work
- To achieve this, the New Deal for Young People (NDYP) was developed and introduced
 - Programme to help young people unemployed for 6 months
 - 3 stages – Gateway, Options and Follow-through
 - **Outcome** – (1) 250,000 young people helped into work, and (2) long-term youth unemployment has been virtually eradicated

Youth unemployment (Great Britain)

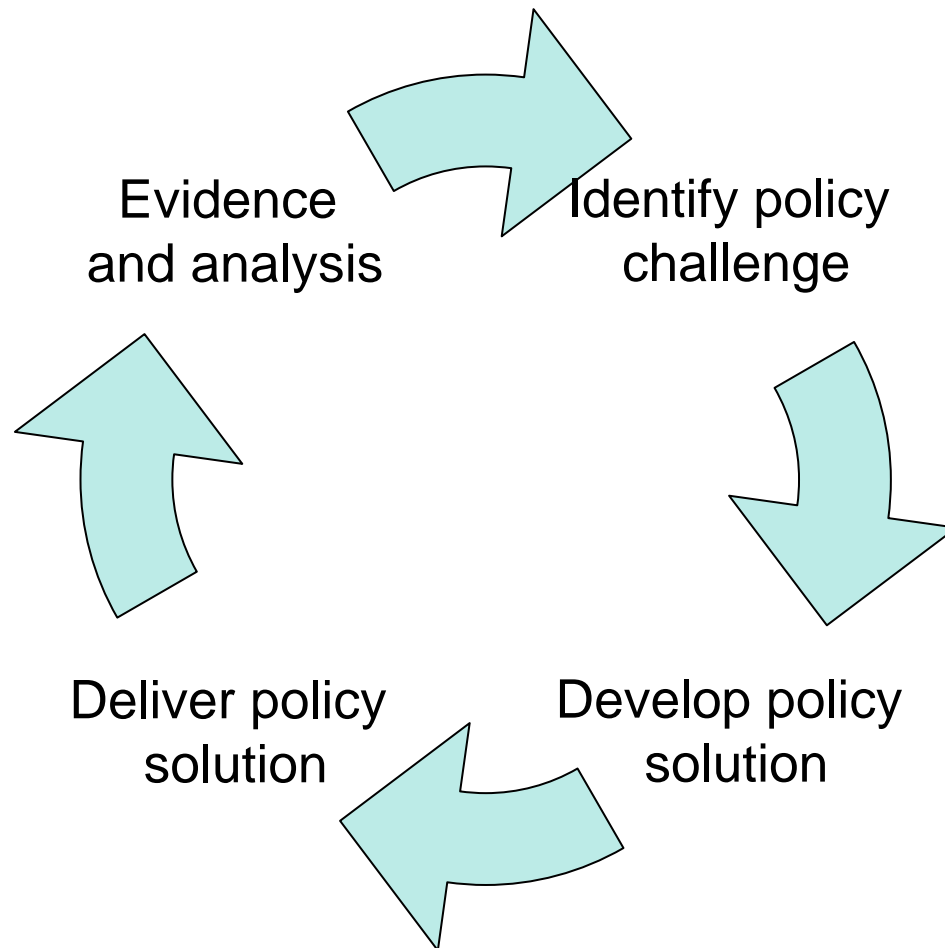


From NDYP to a flexible New Deal (1)

NDYP is more than 10 years old and new policy challenges have emerged –

- The labour market has changed
- Jobseekers increasingly have more complex barriers to employment
- The proportion of young people recorded as leaving NDYP to employment has fallen over recent years
- NDYP has been less successful with some ethnic groups, women and jobseekers with low qualifications
- NDYP has focussed on getting people quickly into work as, but job sustainability has become an increasing priority.
- Some people frequently move in and out of unemployment

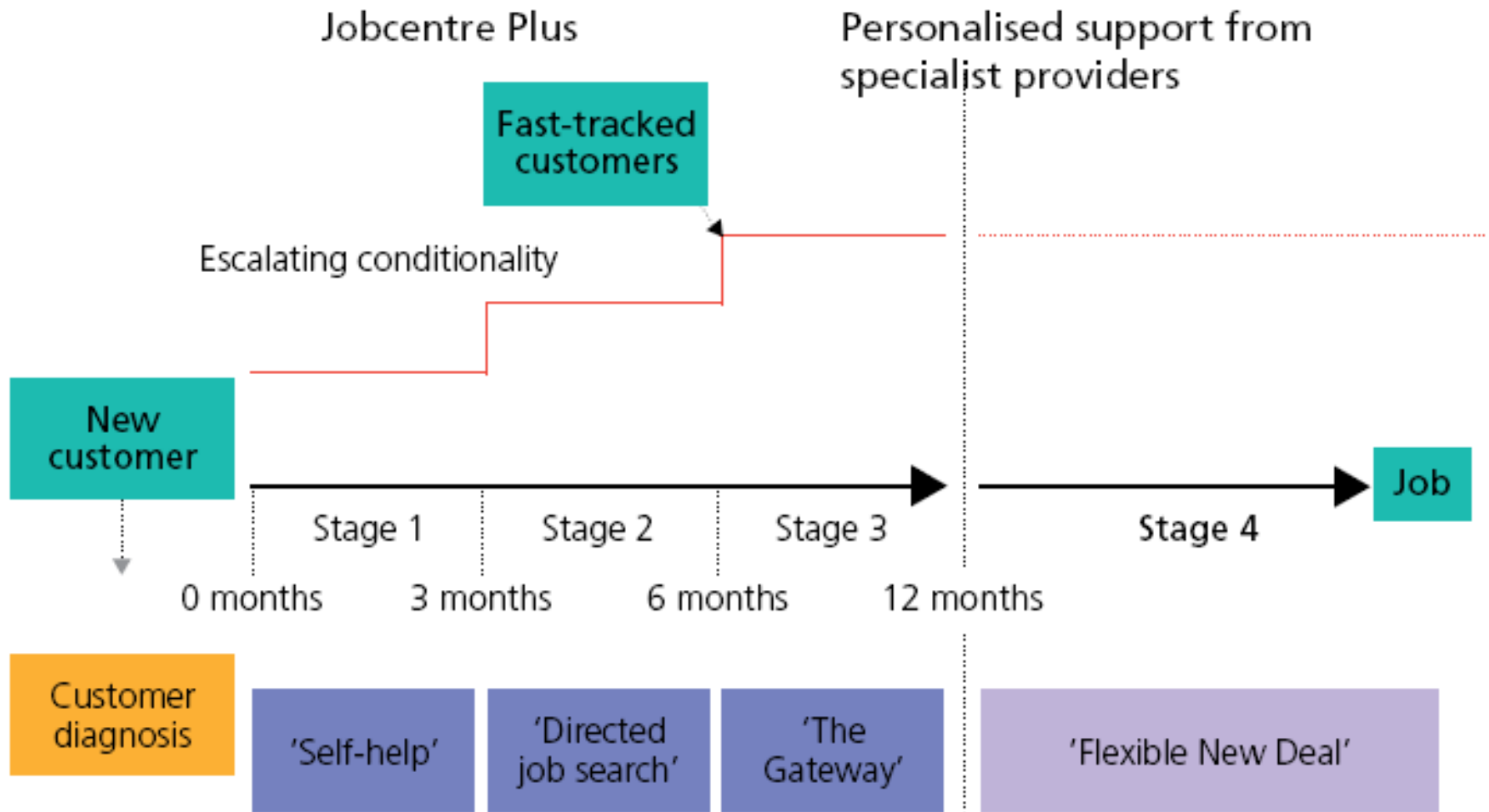
Policy development cycle



From NDYP to a flexible New Deal (2)

- Reviewed **international** experiences and lessons – from Australia, New Zealand, Holland, USA and others.
 - **Broader programmes** - rationalising the number of New Deal programmes
 - **More flexible support**, tailored to jobseeker's individual needs
 - Build on strengths of public, private and voluntary sectors
 - Bigger and longer contracts
 - **Competitive tension** – at point of contract and on an on going basis
 - A focus on **sustained employment outcomes**
- But, **with a UK flavour**, recognising the unique UK circumstances
 - High volumes – around 2.5m claims per year with 60% leaving benefit within 3 months and 80% within 6 months.
 - Central role for Jobcentre Plus as the owner of the customer journey
 - A solid foundation with the Jobseeker's Allowance intervention regime

The flexible New Deal model



Setting benchmarks for the flexible New Deal

To set performance benchmarks for FND, there are two key questions -

- What will success look like?
- How will we know if we have been successful?

What will success look like?

Indicators of success -

- More people finding jobs and achieving sustained employment
- More people in work and fewer claiming unemployment benefits
- Fewer people frequently moving between work and benefit
- Higher employment rate
- Note, focus on **outcomes**, rather than intermediate outputs

Setting benchmarks for each indicator – e.g. Helping more people into work

- **Base case – What are we achieving now?**
 - Approximately 30-40% of NDYP starts leave to employment.
- **How much more?**
 - Experience from pilots, other programmes and other countries? E.g. Employment Zones do 10-15 percentage points better than NDYP.
 - How much more is needed to be **cost effective**?
 - Help 20% more young people into work compared to now

How will we know that we have been successful?

- Monitoring
 - Have we hit our performance benchmarks?
 - Is FND more flexible and innovative than NDYP?
 - Have there been any perverse effects?
- Evaluation
 - **Impact** – how much of a difference has FND had on youth unemployment?
 - **Cost effective** – Is the FND cost effective? How does it compare to our other programmes?

Conclusions

- In 1997, long-term youth unemployment was a key Government priority and through NDYP it has been virtually eliminated.
- But, we cannot stand still as new policy challenges emerge.
- In developing the flexible New Deal we have used benchmarking to-
 - Learn lessons from national and international experiences
 - Drive up performance
- Setting effective performance benchmarks requires us to be clear about
 - What we are achieving now
 - What success would look like
 - How will we know if we have been successful