

Flexible New Deal performance expectations and funding

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Outline

1. Principles
2. Analysis informing the performance expectations
 - Short job outcomes
 - Sustained job outcomes
 - Other factors to consider
3. Funding for the Flexible New Deal
 - Funding per start
 - Funding per job outcome?

Principles

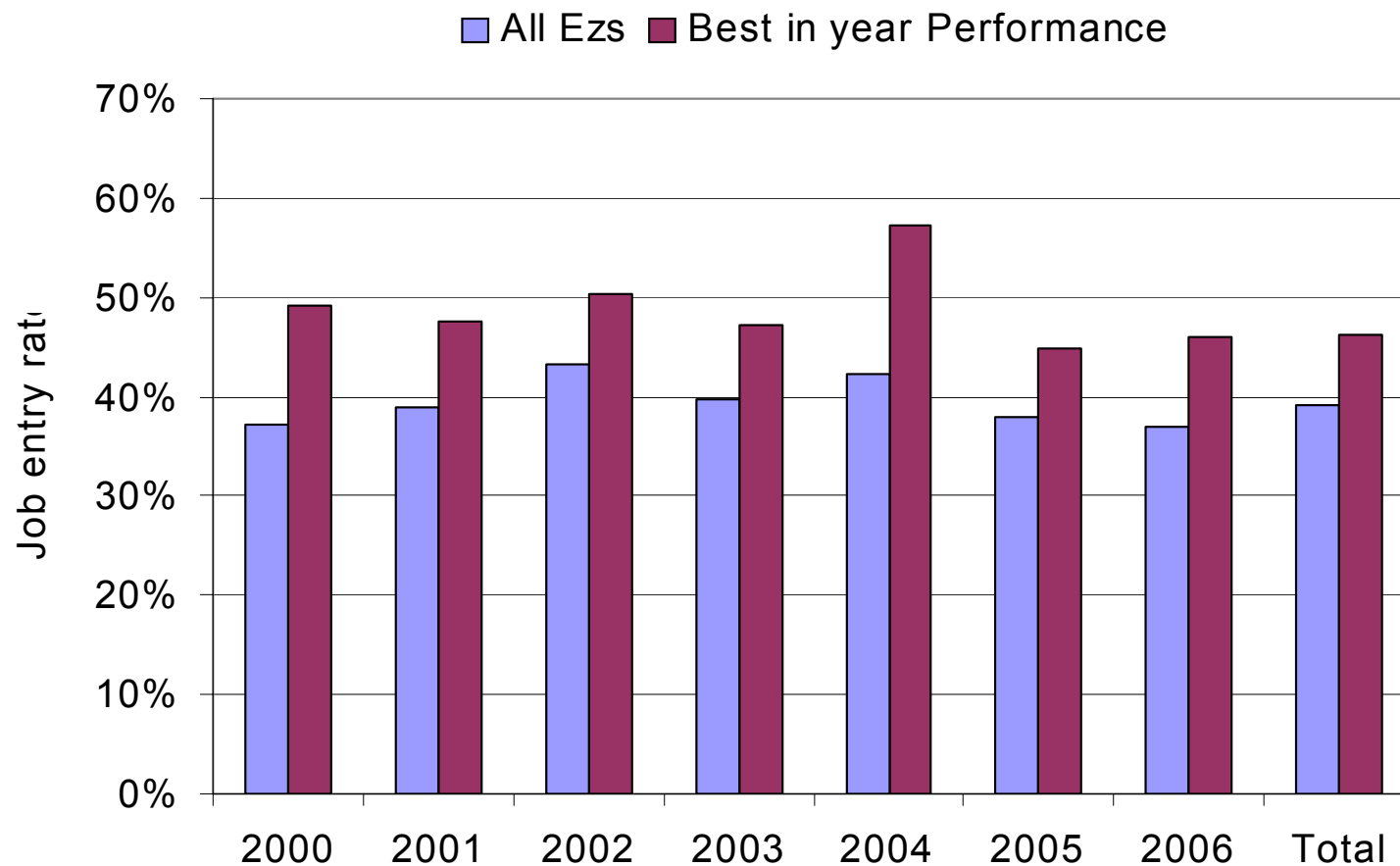
- FND is a new programme with new ambitions
 - A step change in performance.
 - Better than our best current providers

- National performance expectations

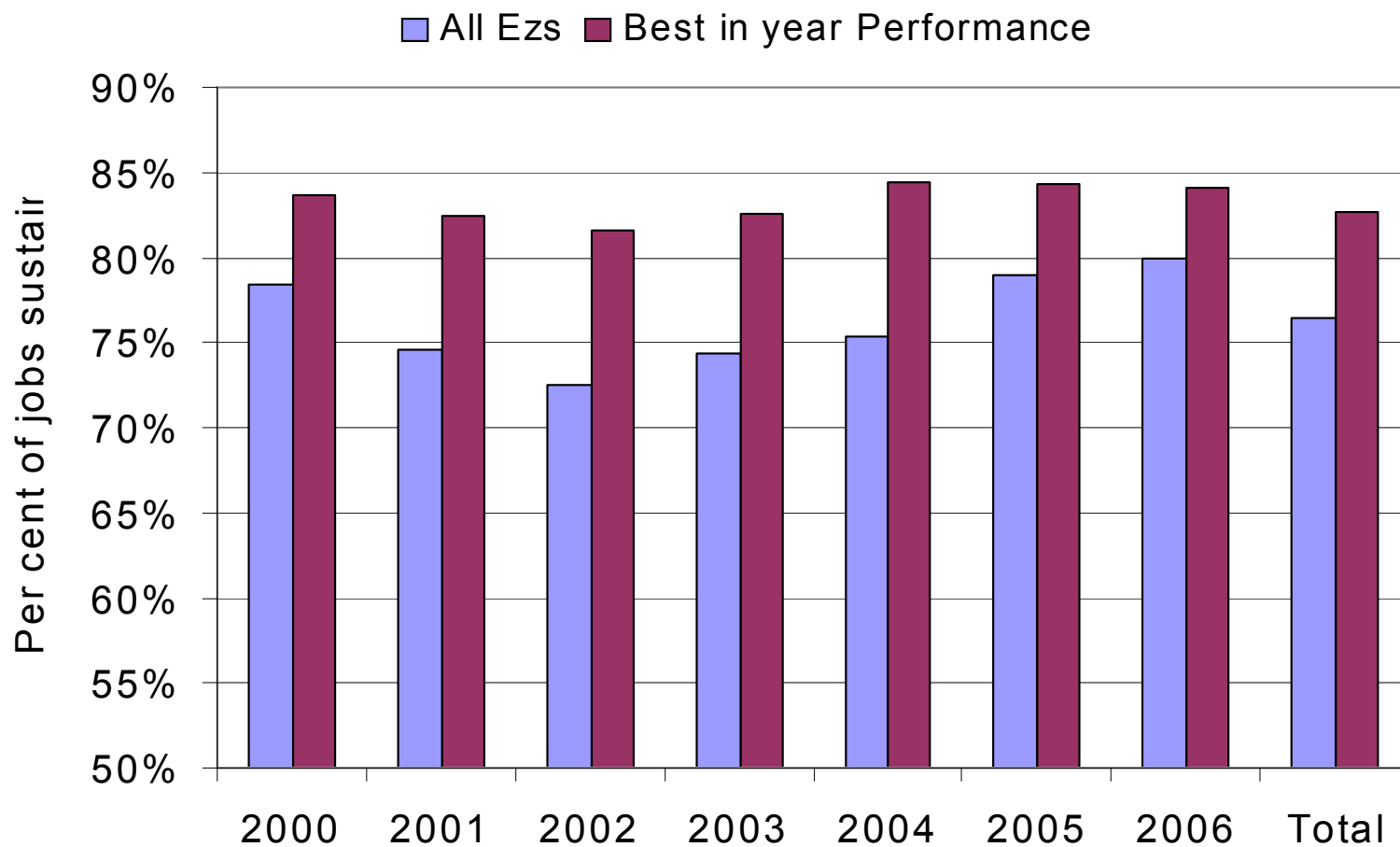
Analysis stage 1 – Short job outcomes

- o Starting point – what our best EZ25+ providers achieving
 - Job entry Rate
 - Proportion of jobs sustained
- o Adjustments for key differences between FND and EZs
 - Longer programme length
 - Earlier eligibility
 - National programme

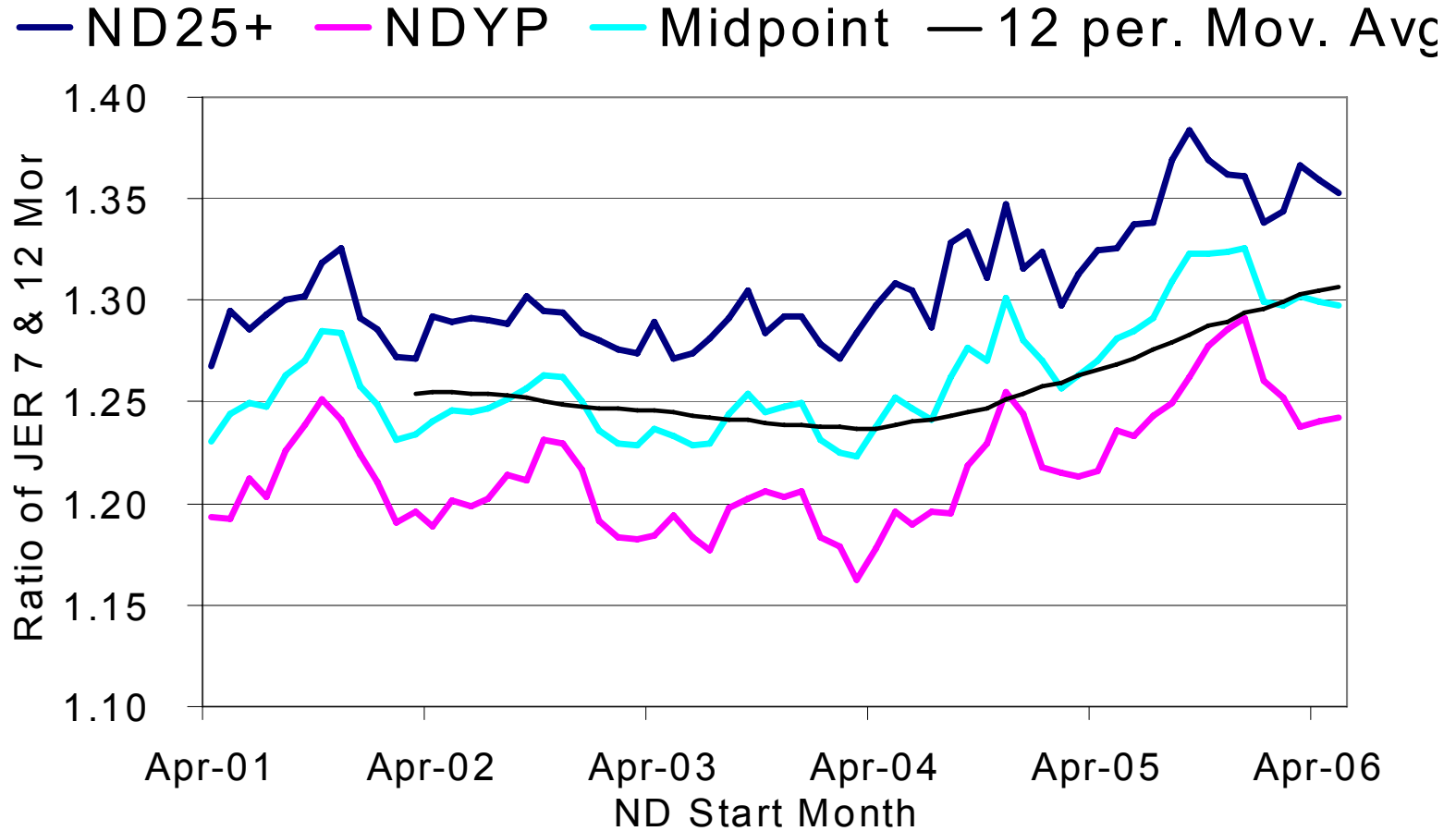
EZ25+ performance – 46 per cent



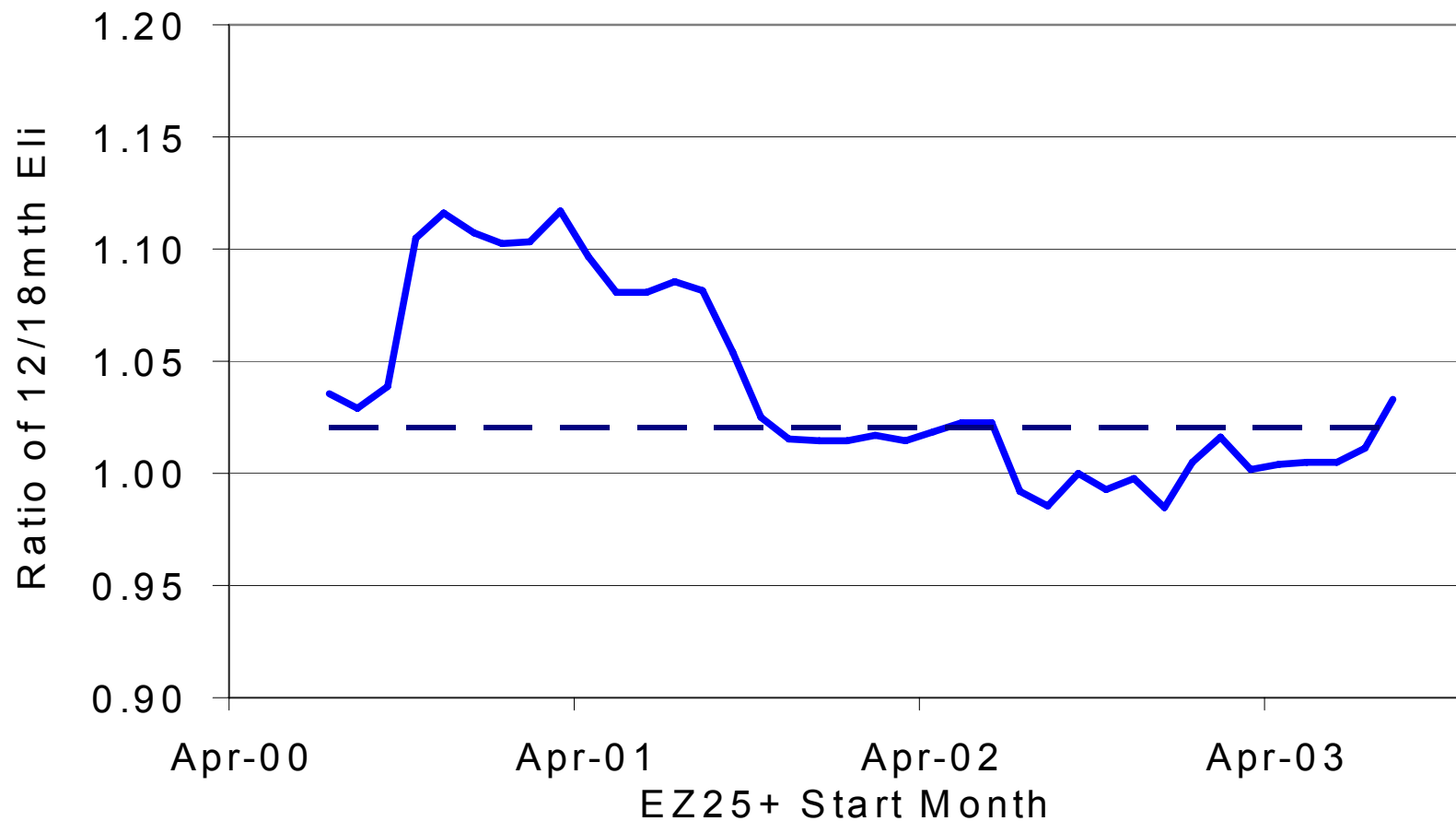
13 week sustainability – 83 per cent



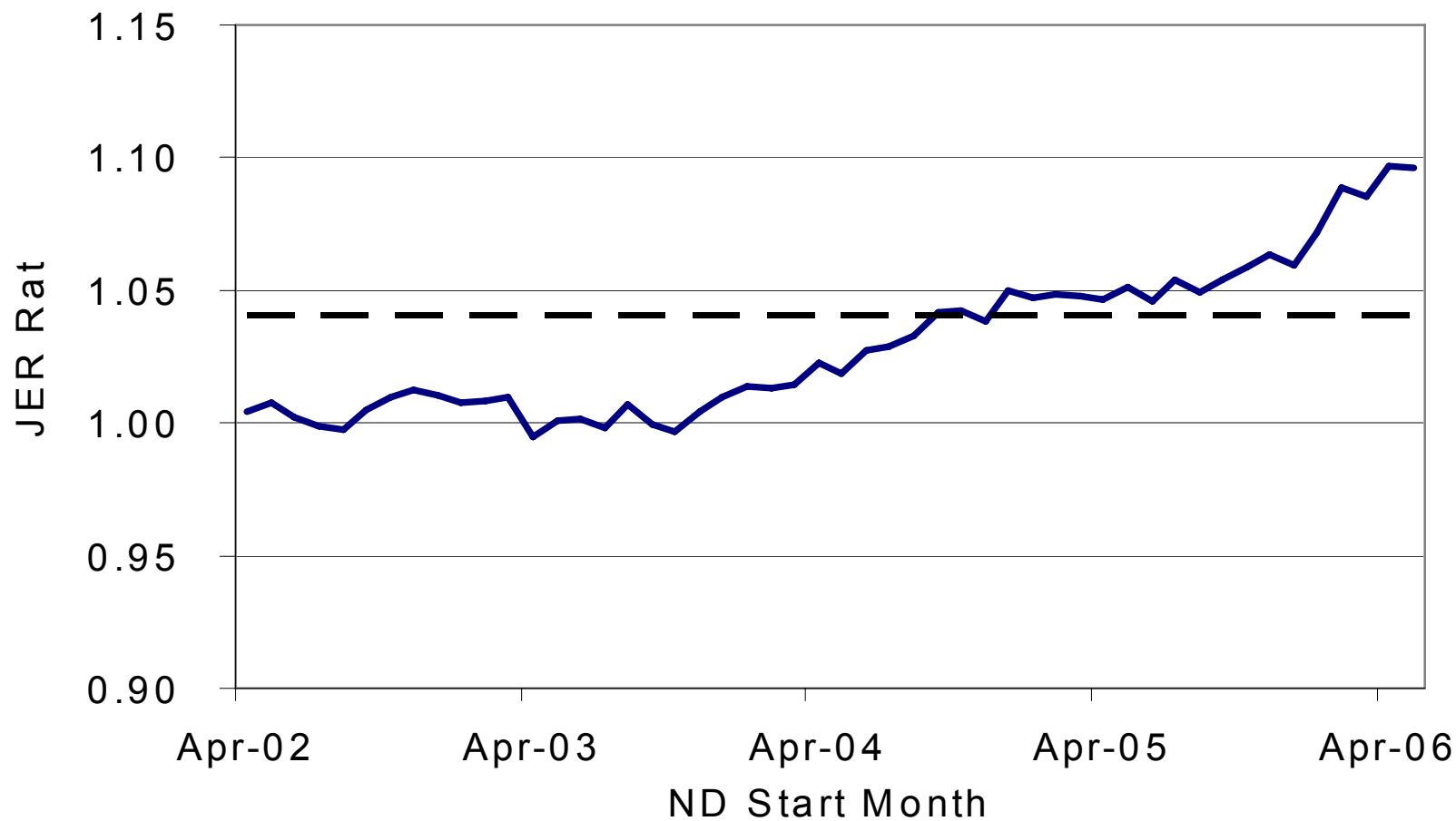
Longer programme – factor 1.27



Earlier eligibility – factor 1.02



National programme – factor 1.04



Analysis stage 2 – Sustained job outcomes

- o Ratio of 13 week jobs and 26 week jobs
- o How many more outcomes because 26/30 weeks, rather than 26/26 weeks.

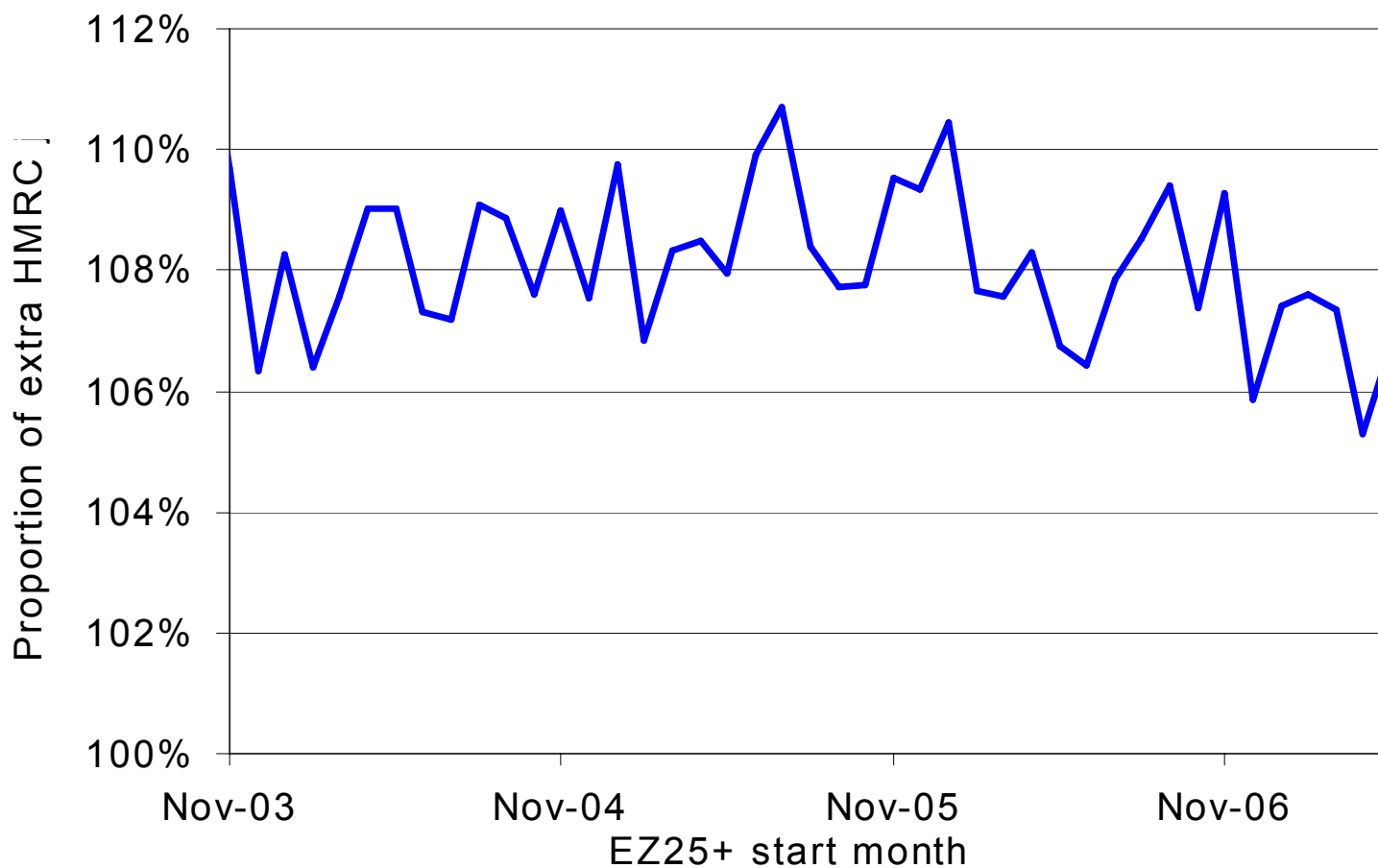
Sustained job outcomes are 26/30 weeks rather than 26/26 weeks – factor 1.12

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
EZ25+	14%	16%	14%	15%	18%	15%
12 month JSA	10%	11%	12%	13%	11%	13%
ND25+	11%	12%	12%	14%	12%	12%
NDYP	19%	19%	19%	18%	17%	17%

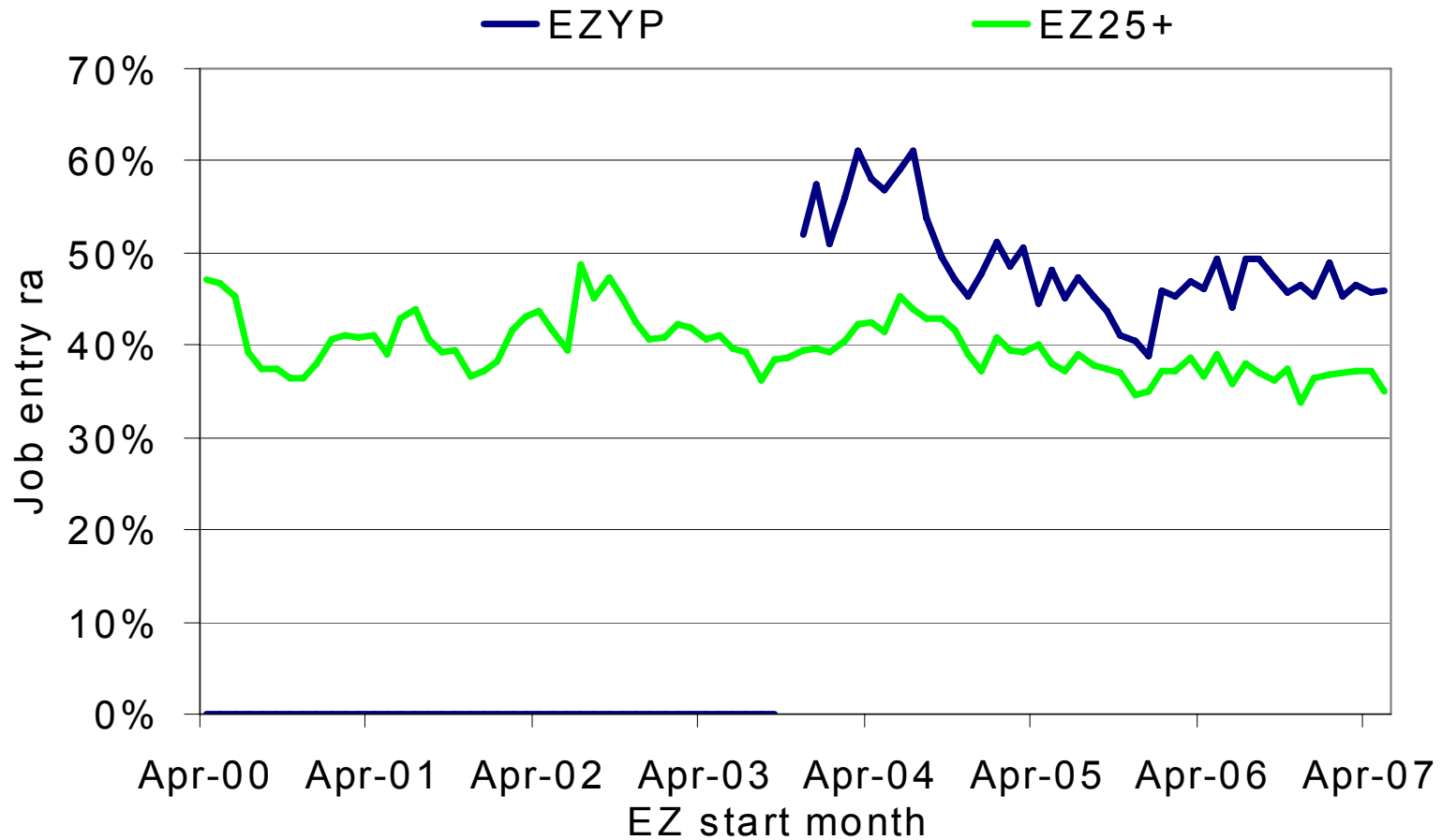
Other factors to consider

- Shift from employer evidence to off benefit checks
- Young people
- Local labour market factors
- Widening client base of jobseekers

Changing evidence requirements



YP are more likely to enter employment?



Summary

Job Entry Rate	46%
13 week sustained conversion	0.83
Eligibility	1.02
Length of programme	1.27
National programme	1.04
<i>Indicative short job outcome</i>	51%
26 week sustained conversion	0.66
26 out of 30 weeks	1.12
<i>Indicative sustained job outcome</i>	46%
Performance boost	4 pp
Short Job Outcome expectation	55%
Sustained Job Outcome expectation	50%

Flexible New Deal Funding

What is the unit cost of FND?

- o Average annual indicative evaluation £236m
- o Average expected starts 154,660
- o So, average $\text{£}236\text{m} / 154,600 \approx \text{£}1,530$ per start

How does £1,530 compare per person?

FND	£1,530
NDYP	£900 to £1,100
ND25+	£1,000 to £1,200
NDYP provision	£850
ND25+ provision	£1,000
PSL ND	£2,000
EZ25+	£1,850
EZYP	£2,200
PL Pathways	£1,100

Note: These are approximate costs and they have varied over time

Cost per job?

	Cost per person	JER	Cost per job
FND	£1530	66%??	£2,320??
NDYP	£900 to £1,100	35% to 50%	£1,800 to £3,000
ND25+	£1,000 to £1,200	30% to 35%	£2,850 to £4,000
NDYP provision	£850	30%	£2,750
ND25+ provision	£1,000	23%	£4,350
PSL ND	£2,000	56%	£3,600
EZ25+	£1,850	42%	£4,400
EZYP	£2,230	56%	£3,950
PL Pathways	£1,100		£2,000

Note: These are approximate costs and they have varied over time

Conclusions

- FND is not the New Deals, nor Employment Zones
- FND has been designed to more effectively, and more cost effectively, support more people into sustained employment
- The FND cost per person is greater than the New Deals, but less than Employment Zones
- By helping more people into work the potential cost per job of FND should be less than some existing programmes. (Note, it is more than PL Pathways).