
Press release

prepared by the

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Publication of DWP research report:

The Employment Retention and Advancement Scheme: The Early Months of Implementation

Today sees the publication of the first report in a series reviewing the UK's first labour market Random Assignment Demonstration. It highlights early perceptions of the random assignment process, as well as providing details on the demographics of those volunteering for the programme.

Working closely with experts from the US the Department for Work and Pensions has successfully implemented a labour market policy using random assignment. The report describes the first few months of the Employment Retention and Advancement (ERA) Scheme's implementation which tests a mixture of financial incentives and adviser support to encourage work retention and advancement.

The main findings of the published research are:

1) Customers appeared to have some understanding of the Random Assignment and viewed it as fair.

2) The Random Assignment Process has worked.
For random assignment to be successful the two groups (programme and control group) should have identical characteristics. The report shows that 16,387 people volunteered for random assignment (8,208 went into the programme group and 8,179 into the control group). Analysis of the characteristics of the control and programme group shows there are no significant differences between them and the groups are virtually identical.

3) Jobcentre Plus staff embraced the ethos of ERA.
Interviews with advisers in Jobcentre Plus found that they were generally supportive of the post-employment aspects of the ERA programme. Staff also felt that the financial support available under ERA would provide an incentive to customers. Advisers felt that each individual customer's level of motivation would be the key to them finding and keeping work.

4) Limited Evidence of Advancement Activities in Early Months.

ERA aims to assist participants with movement into work and once in a job to improve their chances of staying in and then advancing in work. Evidence from the early months showed that advancement activities were limited as the focus was on helping people find work.

Notes to editors:

1. *'The Employment Retention and Advancement Scheme: The Early Months of Implementation'* is published on 4 August 2005.
2. The research consisted of 48 in-depth interviews with both programme and control group customers four months after volunteering for random assignment. The report also contains findings from 18 in-depth interviews with staff and a postal survey with Jobcentre Plus control group Personal Advisers and Advancement Support Advisers in the six ERA districts. A 74 per cent response rate was achieved. The analysis of participant characteristics comes from data collected at the time of random allocation.
3. This random assignment demonstration assigns everyone volunteering for the programme to either:
 - A *programme group* who continue to receive existing Jobcentre Plus services as well as being offered the new ERA services being tested or;
 - A *control group* who continue to receive existing Jobcentre Plus services but are not offered the new ERA services.The Random Assignment Process was performed by a computer programme which assigned customers to the programme or control group whilst ensuring each district had an equal 50/50 split. At the heart of its design was a system that made it impossible to predict any patterns of assignment. Neither the adviser nor customer could influence the decision.
4. The research is part of a comprehensive evaluation of the ERA Demonstration, being conducted by a consortium led by MDRC (in the USA) and Policy Studies Institute (in the UK) and supported by Institute for Fiscal Studies and the Office for National Statistics.
5. The ERA scheme began in five Jobcentre Plus districts in October 2003 (in London, North East England, the East Midlands, Scotland and Wales) and in a sixth district in North West England in January 2004. Those eligible for random assignment were:
 - Customers eligible to join New Deal 25 plus;
 - Customers eligible to join New Deal for Lone Parents and Lone Parents in receipt of Working Tax Credit (WTC) working less than 30
Hours per weekThe intake period (where customers could volunteer for random assignment) lasted until the end of October 2004 for the New Deal groups and until February 2005 for the WTC group.
6. The ERA services are:
 - A one to one dedicated adviser (Advancement Support Adviser) who works with individuals, both pre and post-employment up to a maximum of 33 months.For customers in work of 16 hours or over:

Tuition fees of up to £1,000 for approved training;

A training bonus paid at a rate of £8 per hour of classroom training;

An Emergency Discretionary Fund to overcome barriers that would otherwise result in them leaving a job.

In addition, for customers who work 30 hours or more:

A retention bonus – a payment of £400 if they work 13 weeks out of a 17 week period (customers can qualify for a maximum of six payments or £2400). A central objective of ERA is to prevent breaks from occurring in an individual's work record which can impact heavily on their future employment prospects.

Therefore incentives to assist with work retention form an important part of the interventions being tested by ERA.