Evaluation of Derbyshire Mandatory Youth Activity Programme

Preliminary analysis of Jobseeker's Allowance benefit impacts

August 2014

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Summary

1. DMYAP has had a significant impact on the likelihood of claimant's referred claiming benefit. DMYAP generated significant AME, Fiscal and Economic benefits.

2. It has not been possible at this time to look at the employment impacts of DMYAP.

3. This early analysis also suggests that the introduction of DMYAP has increased the performance of Derbyshire's Personal Advisers. It is likely that this is a result of DMYAP freeing up some adviser capacity that can then be focussed on more intensively supporting claimants in the control group.

4. In terms of costs and benefits, the spend to save ratios are:

	AME (for every £1 spent)	Fiscal (for every £1 spent)	Economic (for every £1 spent)
JSA only as the outcome using the Randomised Control Trial results	95p	£1.50	£2.80
JSA and ESA as the outcome using the Randomised Control Trial results	£65p	£1.00	£1.85
JSA only as the outcome using the Propensity Score Matching results	£2.55	£4.05	£7.45

5. All of the PSM results generate significant savings, and considerably higher than the RCT results. All results indicate that DMYAP has delivered positive fiscal and economic savings, and the AME savings looking at both JSA and ESA outcomes combined (RCT) is more positive than for the New Deal for Young People.

1. Introduction

6. In April 2011 the government launched the new Jobcentre Plus offer. The offer gave more flexibility to Jobcentre Plus managers and advisers to shape the support delivered to benefit claimants to help claimants into work as quickly as possible (rather than focussing on process).

7. As part of the Jobcentre Plus offer Derbyshire Jobcentre Plus District introduced Derbyshire Mandatory Youth Activity Programme to form part of the menu of support for Jobseeker's Allowance claimants.

8. Derbyshire Mandatory Youth Activity Programme was introduced from October 2012 to address the barriers to obtaining and retaining work demonstrated by younger jobseekers. The aim is to help claimants discover for themselves the expectations of work including: attending on time and every day, following instructions, and working in teams. Advisers will be able to require that a claimant takes part in the programme, encouraging claimants to develop the crucial disciplines associated with employment, while at the same time making a contribution to their community.

9. The key features of the programme are:

   ○ Jobseekers aged 18 to 34 years of age become eligible for DMYAP after they have been claiming Jobseeker's Allowance for 22 weeks. Since the introduction of DMYAP in October 2012 there have been the following changes to the eligibility criteria:

      – From 7 January 2013 the eligibility was brought forward from 26 weeks on JSA to 22 weeks; and
      – From 25 February 2013 the eligibility was widened from 18 to 24 year olds to 18 to 34 year olds.

   ○ The programme includes a placement lasting for eight weeks, for at least up to thirty hours a week, supplemented by up to six hours of intensive job search support.

   ○ To evaluate DMYAP, the programme includes a random allocation process in which jobseekers are randomly assigned into a DMYAP group and a control group. The control group are not referred to DMYAP and continue to receive support through the Jobcentre Plus offer. Random assignment enables us to compare the outcomes of the DMYAP and control groups to identify the impact that DMYAP has on the outcomes of claimants.

   ○ The programme is mandatory.

2. Methodology

Data and cohort definition

10. The analysis was carried out using data derived from DWP administrative databases. These provide details of spells on DWP benefits and the outcome of the random assignment process recorded on Jobcentre Plus' Labour Market System (LMS).

11. Data on DWP benefits has been draw from the Atomic Data Store (ADS) database because this dataset provides the most up to date data on Jobseeker's Allowance claims. The ADS may be slightly different to the National Benefits Database (NBD) used for publishing DWP statistics because the NBD is produced following significant cleaning.

12. This analysis focuses on claims for Jobseeker's Allowance only.

13. This analysis focuses on claimants randomly assigned between 19 October 2013 and (1) 26 weeks later, and (2) 52 weeks later. The analysis is restricted to claimants aged 18 to 24 years only.

Approach 1: Tracking outcomes from Random Assignment

14. There are two approaches that we have taken to produce early estimates for the impact of DMYAP. The first approach is to track if JSA claimants allocated to the DMYAP and control groups are claiming JSA each week before and after they were randomly assigned. To do this the following approach has been taken:

    ○ A scan has been taken of the LMS system to identify every pilot marker that has been set i.e. if control or DMYAP has been set;
    ○ Where more than one value has been set, the first marker value has been kept unless two markers have been set on a single day in which case claimants have been assumed to be in the DMYAP group.[1]
    ○ The LMS data has been merged with the ADS data to identify if claimants were claiming JSA XX weeks before and after random assignment.
    ○ For the main analysis the control and treatment group has been drawn from all claimants randomly allocated between 19 October 2012 and (1) 26 weeks later, and (2) 52 weeks later.

Approach 2: Tracking outcomes by non-experimental method

15. During implementation of DMYAP anecdotal feedback was that the introduction of DMYAP freed up some limited adviser capacity in Derbyshire that could be deployed on the control group to give them extra support. This would suggest that just comparing the outcomes of the DMYAP and control group would be an under estimate of the true impact of DMYAP because in Derbyshire as a result of the introduction of DMYAP the outcome of the control group will have improved as well as the DMYAP group.

16. To test this I have applied non-experimental methods to estimate the impact of DMAYP by constructing a comparison group from 18 to 24 year old claimants who

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[1] The number of claimants affected by this is small. **Annexe A** shows the results where the markers set by advisers have been corrected to be as the random allocation rule specifies. The results show no significant difference to the results using the adviser recorded random allocation outcomes.

reached 22 weeks unemployment in Great Britain (excluding Derbyshire and Midland Shires which superseded Derbyshire).

17. The methodology used is the following:

- Claimants in the DMYAP group have been identified as above with all claimants randomly allocated between 19 October 2013 and (1) 26 weeks later, and (2) 52 weeks later;

- For the comparison group all claimants aged between 18 and 24 years who reached 22 weeks unemployment between 19 October 2013 and (1) 26 weeks later, and (2) 52 weeks later.

- To ensure that the DMYAP and comparison groups are as similar as possible, the DMYAP and comparison groups have been matched on their history of claiming Jobseeker's Allowance during the previous 104 weeks using string variables. Full details of string variables are detailed in Thomas 2007.[2] The test for if the comparison and DMYAP groups are sufficiently similar to drawn conclusions from is if there are no significant differences between the comparison and DMYAP groups prior to the DMYAP group being randomly assigned and the comparison group reaching 22 weeks unemployment.

- Claimants in the comparison and DMYAP groups have only been included in the analysis if there is exact common support based on the labour market history string variable.

18. If the hypothesis is correct that Advisers have improved outcomes for the comparison group following the introduction of DMYAP, then using non-experimental methods we would expect that the estimated impact of DMYAP is larger than the impact estimated using random assignment.

3. Results

Approach 1: Tracking outcomes from Random Assignment

19. The random assignment results are based on:

- 26 week cohort: DMYAP 542; Control 567;
- 52 week cohort: DMYAP 951; Control 996.[3]

20. The results are:

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[2] http://research.dwp.gov.uk/asd/asd5/WP50.pdf
The 104 weeks prior to the start of a jobseeker's claim has been divided into 24 months. If the jobseeker spent more than half their time during a month claiming JSA then the month has been coded as one, otherwise it is coded as zero. The result is a 24 digit string of ones and zeros. For example, 000111111111111111111111 shows that a jobseeker spent less than half their time claiming JSA in each of the months 22 to 24 prior to their random assignment and more than half their time claiming JSA in each month between 1 and 21 prior to random assignment.
[3] The tracking of outcomes allows for claimants making a new claim for JSA.

- ○ Figure 3 and Figure 3 show the proportion of the DMYAP and control group who were claiming JSA during the 104 weeks before random assignment and the weeks following random assignment.

- ○ Figure 4 and Figure 4 show the difference between the proportion of DMYAP claimants on JSA and the proportion of the control group on JSA for the same period, together with a 95% confidence interval.[4]

- ○ Figure 5 and Figure 6 show the impact of DMYAP participation on the likelihood of claimants maintaining their current JSA claim ie the impact on off flows (a bigger negative number is a bigger impact on off flows).

- ○ Figure 7, Figure 8, Figure 9 and Figure 10 show the same as Figure 1, Figure 2, Figure 3 and Figure 4 but track time on JSA and ESA combined rather than just JSA.

Figure 1 Tracking outcomes of DMYAP and Control group (26 week cohort)
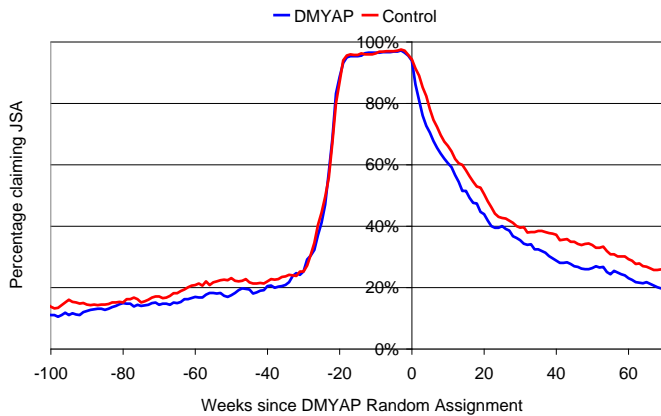
Figure 2 Impact of DMYAP on likelihood of claiming JSA (26 week cohort)
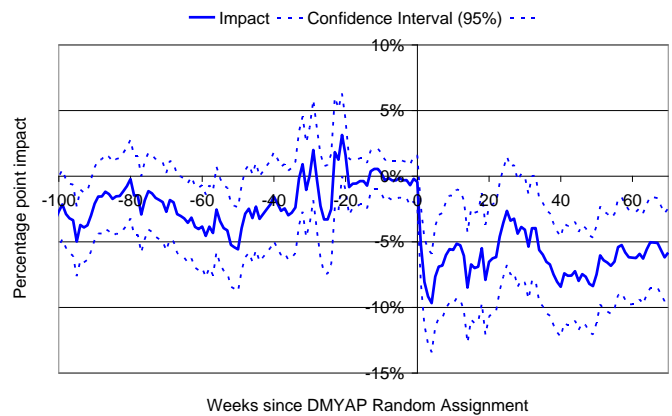
Figure 3 Tracking outcomes of DMYAP and Control group (52 week cohort)
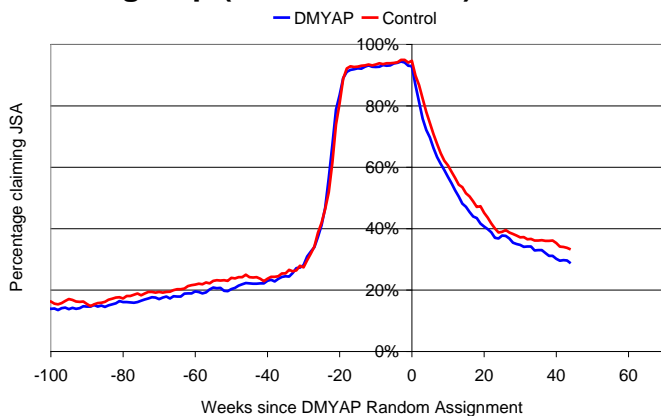

Figure 4 Impact of DMYAP on likelihood of claiming JSA (52 week cohort)
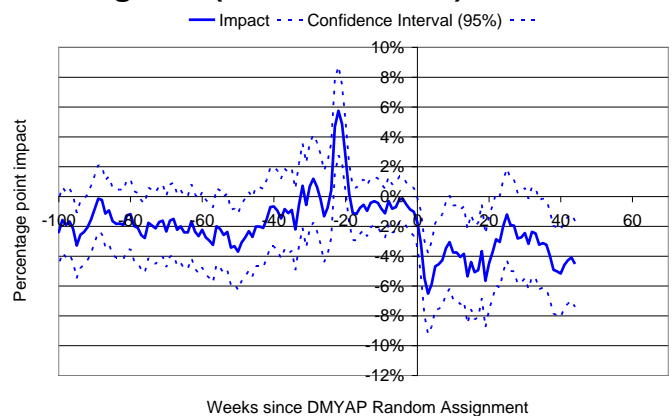

Figure 5 Impact of DMYAP on likelihood of staying on benefit (26 week cohort)

Figure 6 Impact of DMYAP on likelihood of staying on benefit (52 week cohort)

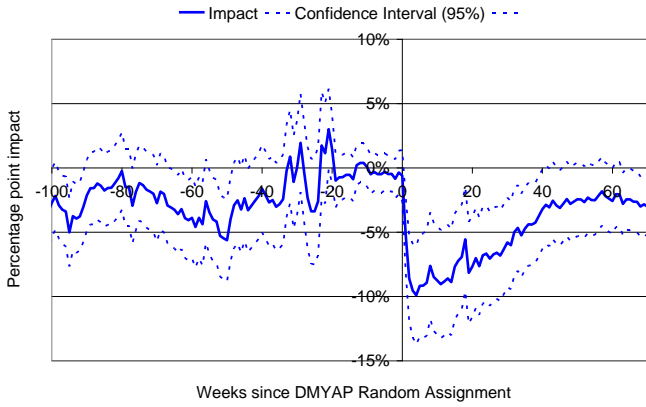[4] The 95% confidence interval is calculated using the standard deviation for a proportion.

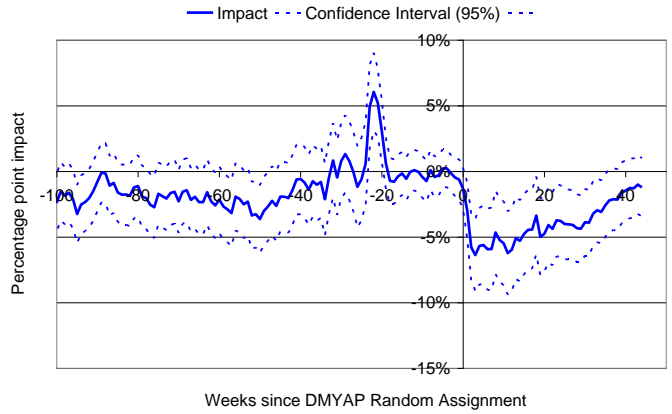**Figure 7 Tracking outcomes of DMYAP and Control group (26 week cohort)**

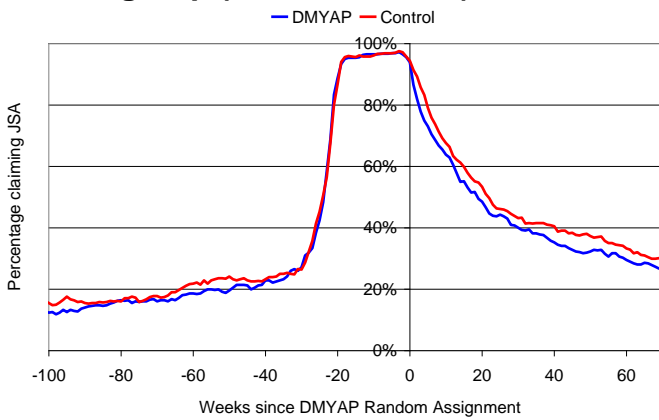**Figure 8 Impact of DMYAP on likelihood of claiming JSA (26 week cohort)**

Figure 9 Tracking outcomes of DMYAP and Control group (52 week cohort)
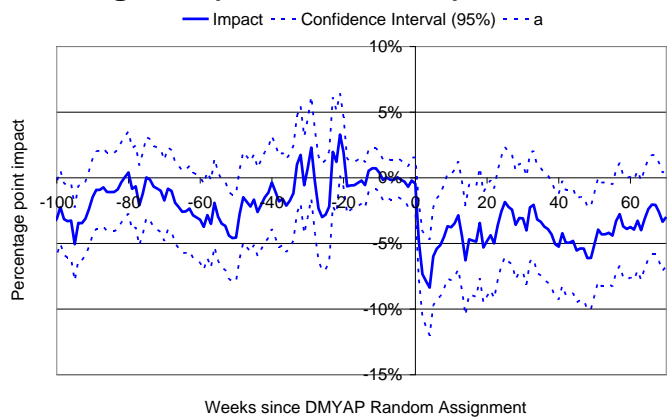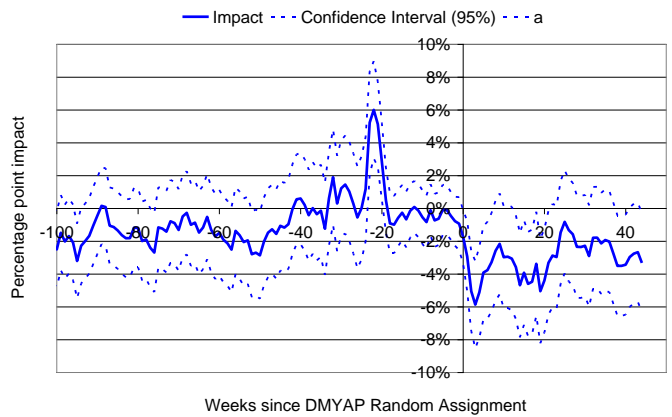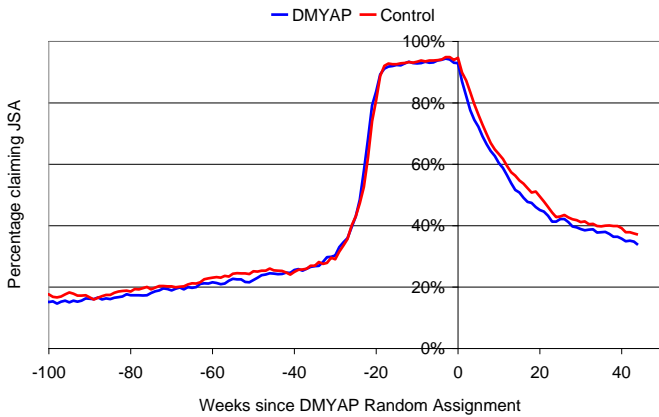
Figure 10 Impact of DMYAP on likelihood of claiming JSA (52 week cohort)

21. The key findings are:

   ○ DMYAP has had a significant impact, reducing the likelihood of claimants referred to the provision claiming JSA, and these impacts last for up to 70 weeks following referral.
   ○ The impact of DMYAP was stronger for referral in the first six months than for referrals in the first 12 months, indicating that the impact of DMYAP on the likelihood of claimants claiming JSA has lessened;
   ○ The impact of DMYAP on off flows is stronger than the impact on claimants' likelihood of claiming JSA, and this impact is also smaller for later referrals.

○ The impact of DMYAP on the likelihood of claimants claiming JSA or ESA is smaller than the impact on JSA alone. This indicates that DMYAP has increased the likelihood of claimants claiming ESA.

Approach 2: Tracking outcomes by non-experimental method

22. The results below are based on:

   o 26 week cohort: DMYAP 470; Control 105,837;
   o 52 week cohort: DMYAP 782; Control 189,276.

23. The control group is used to construct a weighted average. The number of claimants in the DMYAP group is slightly smaller than in the analysis above because not all DMYAP claimants have a common support in the control group.

24. The results are:

   ○ Figure 11 and Figure 13 show the proportion of the DMYAP and control group who were claiming JSA during the 104 weeks before DMYAP referral and the following weeks.

   ○ Figure 12 and Figure 14 show the impact of referral to DMYAP on the lijkelihood of claiming JSA for the 26 and 52 week cohorts.[5]

Figure 11 Tracking outcomes of DMYAP and Control group (26 week cohort)[6]
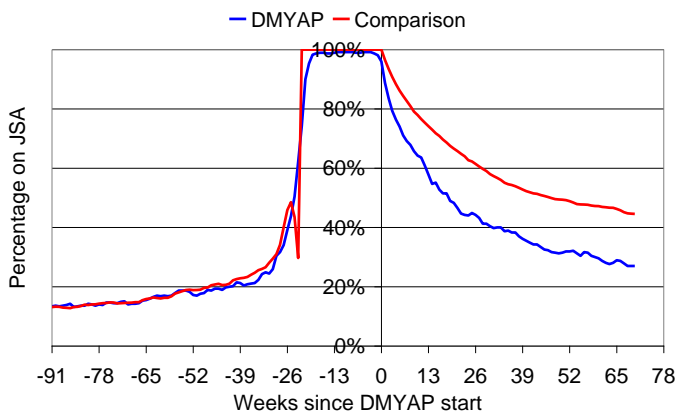

Figure 12 Impact of DMYAP on likelihood of DMYAP participants claiming JSA (26 week cohort)
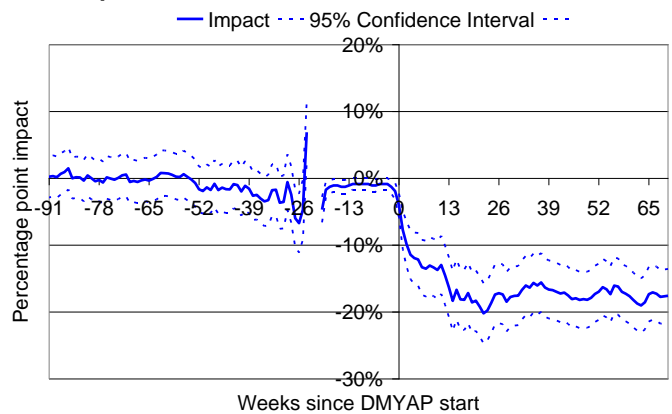

Figure 13 Tracking outcomes of DMYAP and Control group (52 week cohort)[7]

Figure 14 Impact of DMYAP on likelihood of DMYAP participants claiming JSA (52 week cohort)

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[5] The 95% confidence interval is calculated using the standard deviation for a proportion.

[6] Note: The Comparison line has a deviation at -22 weeks since random allocation, this is driven by imposing the condition that everyone in the comparison group must have had a claim lasting 22 weeks. This feature has been dropped from the impact figure.

[7] Note: The Comparison line has a deviation at -22 weeks since random allocation, this is driven by imposing the condition that everyone in the comparison group must have had a claim lasting 22 weeks. This feature has been dropped from the impact figure.
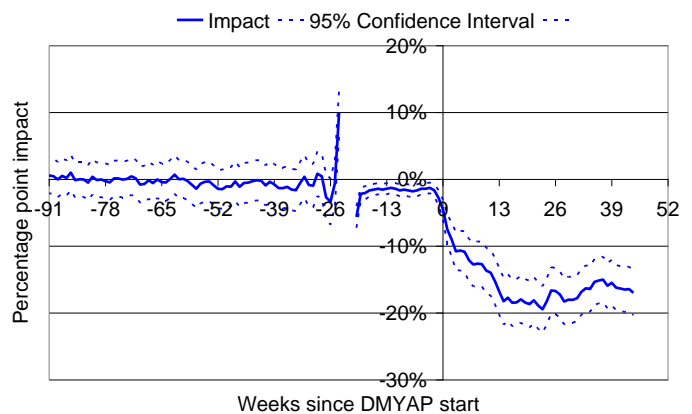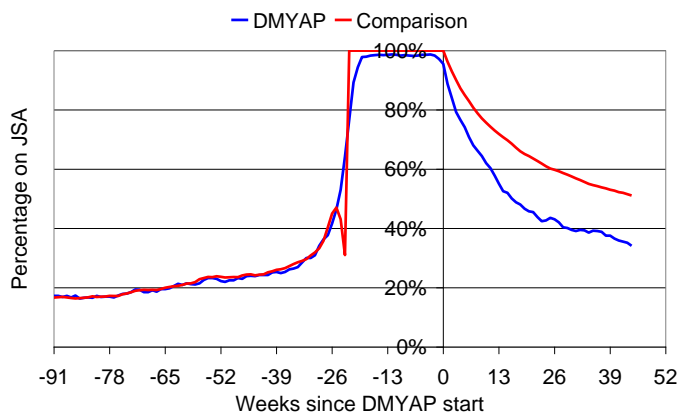
25. The figures show that DMYAP has had a bigger impact compared to a control group drawn from across Great Britain than the random assignment control group. There are two possibilities to explain this:

   o The introduction of DMYAP has increased the performance of Personal Advisers in Derbyshire – which is supported by discussions with Personal Advisers, and supported by the fact that DMYAP freed up adviser time to support other jobseekers; or
   o Derbyshire has been affected by the economic upturn more than other areas of the country and in a way that is not controlled for through the benefit history string variables.

26. The impacts from this analysis are significantly greater than that observed from similar evaluations of similar programmes.

Cost benefit analysis

Costs

27. The average cost of DMYAP per start was planned to be £750 if the providers delivered a 30% job entry conversion rate. With 2515 referrals to DMYAP so far and 1650 starts this gives a planned average cost per referral of £490.

28. However, job entry performance has now quite been 30%. To date total spend on the programme has been £1,078,500, giving an average cost per placement start of £650 and average cost per referral of £430.

29. So the best average cost per referral is £430.[8] This should be compared to the benefits below.

Benefits

30. The estimated benefits for different scenarios are:[9]

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[8] This is reasonably stable as the programme is in live running, though it may increase slightly due to a lag between programme starts and job entry starts.
[9] The benefit scenarios assume the following net benefits taken from the DWP cost/benefit team:
   o **AME:**   £4900

					Benefits		
				Days Impact	AME	Fiscal	Economic
1.	RCT	JSA only	Tracking 26 week cohort for 70 weeks	30.5	£410	£652	£1,196
2.	RCT	JSA only	Tracking 52 week cohort for 44 weeks	11.9	£160	£255	£468
3.	RCT	JSA and ESA	Tracking 26 week cohort for 70 weeks	20.5	£275	£437	£801
4.	RCT	JSA and ESA	Tracking 52 week cohort for 44 weeks	9.7	£130	£207	£379
5.	PSM	JSA only	Tracking 26 week cohort for 70 weeks	81.6	£1,095	£1,743	£3,195
6.	PSM	JSA only	Tracking 52 week cohort for 44 weeks	48.8	£655	£1,043	£1,911

31. Scenario 3 is the most conservative and still generates fiscal and economic benefits.

32. All of the PSM results generate significant AME savings (significantly more than suggested by evaluations of similar programmes, which suggest it would be sensible to assume that these impacts are high end estimates).

33. The spend to save ratios for scenarios 1, 3 and 5 are:

   o *JSA only RCT:* 95p for every £1 spent;
   o *JSA and ESA RCT:* £64p for every £1 spent; and
   o *JSA only PSM:* £2.55 for every £1 spent.

4. Conclusions

34. DMYAP has had a significant impact on the likelihood of claimant's referred claiming benefit. DMYAP generated significant AME, Fiscal and Economic benefits.

35. It has not been possible at this time to look at the employment impacts of DMYAP.

36. This early analysis also suggests that the introduction of DMYAP has increased the performance of Derbyshire's Personal Advisers. It is likely that this is a result of DMYAP freeing up some adviser capacity that can then be focussed on more intensively supporting claimants in the control group.

   o **Fiscal**:   £7800
   o **Economic**:   £14300