Mapping the New Deal: local disparities in the performance of Welfare-to-Work

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Abstract

In recent years, following the lead of the US, several OECD countries have introduced ‘workfare’ policies that link receipt of unemployment and related social benefits to compulsory participation on state-administered work and training schemes. The UK’s New Deal (Welfare-to-Work) for Young People is one of the largest and most developed of these workfare programmes. Official evaluations of the UK’s New Deal for Young People claim that it has been a national success, but overlook local variations in its results. This paper uses the Government’s own performance measures, data on local unemployment flows, numbers of New Deal participants recycled through the scheme as second starts, and interviews with both local policy managers and participants, to demonstrate that these local variations have been substantial. These different indicators suggest that the programme has been noticeably less effective in many inner urban and depressed industrial labour markets. In such areas the ‘recycling and churning’ of participants through the programme are more significant, and suggest that local labour market structures play a significant role in shaping policy outcomes. The paper argues that recent additions to the New Deal to improve job search and matching fail to address this local variation, and that a longer-term approach is required that seeks to improve not only the employability of individuals, but also the local employment opportunities open to them. One key implication is clear: that local labour market conditions can exert a significant influence on the outcomes of national workfare type policies, not only in terms of geographical variations in the problem to be solved, but also in shaping and constraining the local nature of policy outcomes.

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