

# Employment Retention and Advancement (ERA) demonstration: Delivery, take-up, and outcomes of in-work training support for lone parents

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This report presents new findings from Britain's Employment Retention and Advancement (ERA) demonstration programme, launched in autumn 2003. ERA was designed to test the effectiveness of a programme to improve the labour market prospects of low-paid workers and long-term unemployed people. One of ERA's key goals was to encourage human capital development by supporting and incentivising training among low-wage workers. The programme provided personal adviser support and financial incentives for completing training and working full-time.

This report looks at the delivery, take-up, and outcomes of ERA's training support and incentives. A central question is whether intensive adviser support and financial incentives encourage training beyond what would normally occur. Because training encompasses a broad range of activities, this report details the kinds of training courses people took in ERA. Finally, it is important to assess whether training leads to better labour market outcomes. Some programmes have increased training with no corresponding effect on earnings. One hypothesis to explain these results is that the training might not have been in courses relevant to advancement. Therefore, this study examines the occupational relevance of the courses taken.

## Key findings

- ERA increased the likelihood of taking occupationally relevant courses.

- ERA increased training among those with lower educational credentials and among parents of older children.
- Both advisory support and financial incentives may have been important in producing ERA's impacts on education and training.
- The relationship between course-taking and economic advancement is unclear early in the follow-up period but suggests that simply increasing course-taking may not be enough to foster advancement in the labour market.
- ERA's in-work training support seemed to help participants in a broad range of areas (including non-economic outcomes).

## What is the ERA demonstration?

The UK's ERA demonstration operated within six Jobcentre Plus districts across the UK from 2003 to 2007. It is being evaluated through a large-scale, randomised control trial.

ERA featured a package of measures designed to help participants enter, remain in, and advance in full-time work. There were two main types of support: (1) personalised advisory support and (2) financial incentives for completing training and working full-time. The goal of this study is to find out how ERA supported and encouraged in-work training as a means to advancement.

The ERA programme targeted three groups of participants:

- lone parents entering the New Deal for Lone Parents (NDLP) programme;
- lone parents working between 16 and 29 hours a week and receiving Working Tax Credit (WTC);
- long-term unemployed people entering the New Deal 25 Plus (ND25+) programme.

As a randomised control trial, qualifying members of the three target groups were invited to volunteer for ERA. Two of the groups (NDLP and ND25+) started on ERA when unemployed, while the third (WTC) started on ERA while in (part-time) work. This report focuses on the two lone parent groups.

The ability of ERA to influence training activity is important as a potential mechanism for enhancing the prospects of lone parents to advance in work by developing their human capital. ERA was expected to induce training through two types of incentives:

- ERA staff could pay for participants' tuition for training courses, up to a maximum of £1,000 per person, if participants took the courses while working 16 or more hours per week.
- ERA participants could receive a training completion bonus, which paid £8 for every hour of training completed, up to a maximum of £1,000 (or 125 hours of completed training). Again, participants had to be working 16 or more hours per week to be eligible.

Additionally, advisers encouraged and facilitated course-taking and helped embed training into advancement plans.

This report draws on quantitative data from two waves of the ERA customer survey, administered to a sample of participants 12 months and 24 months after their date of random assignment. The qualitative data are drawn from interviews and focus groups with staff and programme participants conducted during and after ERA programme delivery.

## Study results

- **ERA increased training overall and increased training specifically relevant to occupations.**

ERA increased participation in training for both lone parent target groups. It is reasonable to expect, however, that not all training courses are equally relevant for advancement. In particular, courses specific to occupations in which people currently work or to which they are hoping to transfer would be expected to lead more quickly to economic advancement. For the purposes of this analysis, courses were categorised as either 'general' (such as soft skills or basic skills courses) or 'trade-specific' (specific to certain occupations, such as nursing or information technology). Most of ERA's effect on training was achieved by increasing the likelihood of taking trade-specific courses, as opposed to general courses:

- Among the NDLP group, ERA increased the likelihood of taking trade-specific courses by 4.8 percentage points above the control group level of 46 per cent (a ten per cent gain).
  - Among the WTC group, ERA increased the likelihood of taking both general and trade-specific courses, but the impact was much larger for trade-specific courses; ERA increased the likelihood of taking trade-specific courses by 13.5 percentage points over the control group average of 54.5 per cent.
- **To increase occupationally relevant course-taking, both advisory support and incentives matter.**

Interviews with participants and staff suggest that advisory support was critical to ERA's impact on training, since coordinating training into a clear advancement strategy was very complex. Financial support to cover training fees was influential, as course costs were often a barrier to training. There was less agreement about the importance of the training completion bonus as an incentive.

- **ERA increased training for those with lower educational qualifications.**

One goal of ERA was to help ‘close the gap’ by encouraging somewhat less-prepared participants to take up training to enable them to get onto an advancement path. The research found that advisers helped to close the skills gap by encouraging and supporting those with lower educational credentials to take up training:

- For the NDLP group, the effects of ERA on training were largest for those with secondary education qualifications (GCSEs).
- For the WTC group, the effects of ERA were largest for those with GCSE qualifications and for those with no qualifications.

By contrast, ERA had no effect on training among those with A levels as their highest educational qualification in either of the lone parent target groups.

- **ERA increased training for parents of older children.**

In the absence of ERA (i.e., among the control group), those with children under five took training at nearly the same rates as those with older children. However, it was found to be difficult to encourage additional course-taking among those with younger children beyond what they would have done on their own initiative. For both the NDLP and WTC target groups, ERA’s effects on course-taking were clustered among those with older children. Advisers recounted in interviews that participants with young children were difficult to engage in training; if they had advancement aspirations they often deferred them until their children were older.

- **The results so far do not establish a clear link between increases in training and advancement.**

While it is early (with only two years of follow-up data) to expect the training increases to translate into advancement, early patterns emerging in three particular subgroups point to a mixed picture and to the possible importance of earning

a concrete, recognised, employment-related qualification:

- First, the largest impact on earnings in the first two years was among NDLP participants who entered ERA with A-level qualifications. ERA had no effect on training for this group. This result points to the importance of other elements of ERA, such as the retention bonus and/or advancement support.
  - Second, among WTC participants who entered the programme with GCSE qualifications, ERA produced a very large (over 20 percentage points) increase in course-taking, but had no effect (within the first two years) on earnings. This may be because ERA did not increase the likelihood of course-taking translating into educational qualifications for this subgroup or that the training was not well matched with advancement opportunities at people’s current jobs or the jobs into which they were trying to move.
  - Third, among those with older children (in both target groups), ERA increased the propensity to take trade-specific courses and the likelihood of attaining training or qualifications. This group had statistically significant increases in earnings.
- **Training support seemed to be associated with positive non-economic outcomes.**

The qualitative research examined outcomes from training for participants two years after ERA service delivery had finished. The work outcomes participants had achieved by this stage were diverse, ranging from promotions or taking on greater responsibility at work, to softer outcomes, such as becoming more aware of capabilities and increasing self-confidence and assertiveness.

## Conclusion

While ERA’s financial assistance was important, information, advice, and guidance on training choice and on how to translate new skills and qualifications into advancement were found to be equally important. The evidence from ERA therefore

suggests that an holistic package of training support is necessary to enable working lone parents to upgrade their skills and improve their long-term employment prospects. This needs to be borne in mind if any future Jobcentre Plus-based delivery of advancement-related support is considered. Finally, one weakness of ERA training was that it focused on the supply side of the labour market; the programme did not engage employers in the choice of training, nor did it take into account the local labour market. Future training initiatives may need to incorporate input from the demand side of the labour market.

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You can download the full report free from: <http://research.dwp.gov.uk/asd/asd5/rrs-index.asp>

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