



Work experience: a quantitative impact assessment

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Background and aims

The Department for Work and Pensions (DWP) introduced the work experience programme in 2011 to help young unemployed people get valuable work-based skills through a two to eight week placement with a local employer.

This research explores the impact of work experience participation on subsequent benefit and employment outcomes for three cohorts of participants who were tracked for up to three years.

In particular, it evaluates work experience placements funded through Get Britain Working and the Youth Contract, to determine whether these were getting young claimants into employment. Therefore the analysis focuses on the impact on participants aged 19 to 24 who were claiming Jobseeker's Allowance (JSA) at the point when they started a placement.

The analysis builds on findings from a previous study¹ published in 2012 which tracked an early cohort of participants for 21 weeks.

Methodology

This analysis is based on three cohorts of 19 to 24 year-old JSA claimants who started a work experience placement in 2011–2013. These cohorts were as follows (dates refer to when each individual started their first work experience placement):

- January – May 2011 (3,596 participants in scope)²;
- January – May 2012 (17,456 participants);
- January – May 2013 (18,135 participants).

Individuals in each cohort were tracked for a period of between 18 months and 3 years following their placement start to monitor time spent in the following outcome states:

1. Claiming benefit and **not** in employment;
2. In employment and **not** claiming benefit;
3. Claiming benefit **and** in employment³;
4. **Neither** claiming benefit nor in employment.

A matched comparison group of non-participants with similar characteristics was constructed for each cohort using a 'propensity score matching' approach. A difference-in-difference technique was then applied to produce a quantitative estimate of the impact of the intervention on the subsequent likelihood of being in each outcome state of interest.

This approach is well-established and is considered a plausible means of estimating the impact of interventions of this type.

¹ Ainsworth, P., Hillmore, A., Marlow, S. and Prince, S. (2012). Early Impacts of Work Experience. DWP.

² This cohort is equivalent to that used in the 'Early Impacts of Work Experience' study.

³ JSA claimants are able to work for up to 16 hours per week without affecting their entitlement to benefit.

The cost benefit analysis follows the DWP Social Cost-Benefit Analysis Framework methodology⁴, in line with the approach used in similar published analysis of the Future Jobs Fund⁵.

Key findings

This study adds to existing positive evidence that taking part in work experience reduces the time 19 to 24 years old JSA claimants spend on benefit and increases the time they spend in employment. It also provides new evidence to suggest that this impact is sustained for at least two years following participation.

The findings suggest that in the two years following a work experience start, work experience participants spend on average 10 days less on benefit and 47 days longer in employment as a result of participation⁶.

The measured increase in the time work experience participants subsequently spent in employment was consistently much larger than the corresponding reduction in time spent on benefit. This suggests that some of those who moved into work as a result of participating in work experience would have left benefit anyway, but to a destination other than work.

The results from the cost-benefit analysis suggest that each work experience placement has a net benefit to the Exchequer of £150, and an estimated benefit to each participant of £1,950⁷.

Results

Claiming benefit and not in employment:

The results show participants spent less time claiming benefit and not working in the period after starting a work experience placement compared to similar non-participants. The reduction was greatest for the 2011 cohort, in which participants spent on average 43 days less in receipt of benefit and not in employment during the three years following a placement start. The 2012 cohort saw the smallest impact, with participants spending on average 10 days less in this outcome state in the two years after a start.

In employment and not claiming benefit:

Work experience participants in all cohorts were substantially more likely to be in employment and not claiming benefit than the comparison group after starting a work experience placement. This impact was sustained throughout the tracking period for all cohorts, with work experience participants in all cohorts being 7–10 percentage points more likely to be in work and not on benefit 18 months after a work experience start.

The greatest impact was seen for the 2011 cohort, in which participants spent an average of 91 days longer in employment and not in work compared with the comparison group over the three years following a placement. The impact was smallest for the 2012 cohort, with participants spending an additional 49 days in this outcome state over two years.

⁴ Fujiwara, D. (2010). The Department for Work and Pensions Social Cost-Benefit Analysis Framework. DWP.

⁵ Marlow, S., Hillmore, A. and Ainsworth, P. (2012). Impacts and Costs and Benefits of the Future Jobs Fund. DWP.

⁶ These results are based on the 2012 participant cohort, because this cohort represents a time period when the work experience programme was fully deployed giving a sufficient sample size for subgroup analysis, as well as allowing a two-year tracking period providing substantial information on how the impact is maintained over time.

⁷ Again these results are based on the 2012 cohort.

The findings that participants spent less time claiming benefit and not working, alongside the result that participants spent more time in employment and not claiming benefit, together provide evidence that participation in work experience had a positive impact on the benefit and employment outcomes of claimants.

Claiming benefit and in employment:

Participation in work experience had no apparent effect on the likelihood of being both in receipt of benefit and in employment in the period after a placement start.

Neither claiming benefit nor in employment:

When compared with the comparison group, work experience participants were less likely to be neither claiming benefit nor in employment. Taken in conjunction with the findings for the other three outcome states, these results suggest that a large proportion of those who moved into work as a result of participating in work experience would have left benefit anyway, but to a destination other than work.

Extending the tracking period for the 'Early Impacts' study cohort

This analysis extends the tracking period for the initial cohort of participants covered by the 'Early Impacts of Work Experience' study from 21 weeks to three years. The results of this suggest that the positive impact of work experience participation for the initial cohort covered in the 'Early Impacts' study was sustained for over 18 months. The impact on the likelihood of being in receipt of benefit showed signs of gradually diminishing after the 18-month point, although the impact on the likelihood of being in employment was sustained throughout the three-year tracking period.

Subgroup analysis

This study also explored the impact of work experience participation on the following subgroups of participants:

- Participants aged 19 to 21 years;
- Participants aged 22 to 24 years;
- Participants who had been claiming JSA for under three months prior to a work experience start;
- Participants who had been claiming JSA for three months or more prior to a work experience start;
- Male participants;
- Female participants.

All subgroups showed a substantial increase in time spent in employment following a work experience placement. However, the results indicate that work experience is more effective at both reducing subsequent time spent on benefit and increasing time spent in employment for participants aged 22 to 24 than for those aged 19 to 21, although the programme had a positive impact for both groups.

Participants who started a work experience placement during the first three months of their JSA claim spent slightly longer on benefit on average compared with the comparison group.

Cost-benefit analysis

The cost-benefit analysis considered the costs and benefits of the work experience programme from the following perspectives:

- Work experience participants;
- Participants' employers;
- The Exchequer (i.e. the Government budget perspective); and
- Society.

Under the baseline assumptions from the DWP Social Cost-Benefit Analysis Framework, the work experience programme is estimated to result in:

- A net benefit to participants of approximately £1,950 per participant;
- A neutral impact on employers;
- A net benefit to the Exchequer of approximately £150 per participant; and
- A net benefit to society of approximately £2,050 per participant⁸.

A sensitivity analysis was undertaken to explore the effect of altering a number of key assumptions on the results of the cost-benefit analysis. Under all scenarios considered, the programme is estimated to result in a net gain to participants and society as a whole.

⁸ These savings are based on impact estimates from the 2012 cohort – see note 5 for explanation.

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The full report of these research findings is published by the Department for Work and Pensions (ISBN 978 1 911003 21 2. Research Report 917. March 2016).

You can download the full report free from: <https://www.gov.uk/government/organisations/department-for-work-pensions/about/research#research-publications>

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