

Moving Towards Inclusion

A Picture of Disadvantage in the South West

Returners to the Labour Market

March 2003



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1. INTRODUCTION

This is a beneficiary group that defies a strict definition. In research literature, the analysis of data and development of policy relating to 'returners' is frequently gender specific. There are 'women returners' – a term generally referring to women who have been away from the labour market to care for children and older people for example, and there are 'returners' for whom support is necessary following a lengthy period of unemployment – most often men. However, there are so many reasons for detachment from the work environment within these groups that it is not possible to have a 'one size fits all' policy. This is perhaps why much government-sponsored research relating to supporting people into work is published as part of a discussion on overall employment policy.

Again, this is a beneficiary group that can include many facets of other, more specific groups such as ex-offenders, lone parents and ethnic minorities. Therefore, this section of the report can usefully be read alongside those other discussions.

There are a number of key issues:

- The psychological impact of long-term unemployment;
- Equality of access to the labour market;
- The 'work-life balance';
- Development of skills to meet workplace change;
- The quality of jobs people 'return' to – those re-entering the labour market after a long period of time often face low pay, poorer working conditions and a lack of opportunities for training and career development.

There has, of course, been a radical change in the support offered to those without work, with the Government adopting a 'welfare to work' programme in the form of the New Deal in all its various forms. However, there are other important approaches to encouraging greater participation in the labour market, including an overhaul of the tax system, new childcare initiatives and Intermediate Labour Markets for example.

The report, *Towards full employment in a modern society* (Department for Work and Pensions (DWP), 2001), makes it clear that the Government's ambition is to 'provide employment opportunity for all', which is stated to be 'the modern definition of full employment'. However, it is one thing to offer 'opportunity', it is another to offer sustainable jobs with a wage that offers a better standard of living than that experienced on benefits, and does not place pressure on a parent to work at the expense of their children's welfare.

2. THE CHANGING MARKET

2.1 Background

Over the past three decades, the profile of the national labour market has changed significantly.

Overall employment rates in the United Kingdom are the highest recorded, but the rise has been accompanied by significant structural changes in the way the labour market operates, and who is potentially excluded from it.

Decline in manufacturing industries and the rapid increase in the number of jobs in the service sector has resulted in greater employment growth in areas to the south of Britain. This has led to more discussion on the existence or otherwise of a 'north-south' divide. However, it is becoming clearer that the divide is not so clearly drawn. Some areas in the North of England have greatly benefited from the increase in financial services activity, for example, whilst other parts have remained in the malaise created by the rapid loss of traditional industry in the 1980s. Therefore, it might now be more accurate to describe *regional* 'divides'. In the South West region, for example, analysis indicates an east/west divide as the counties closest to the prosperous South East region have benefited from the development of high-tech industry at the same time as the west of the region has experienced a general decline in traditional manufacturing and agricultural industry.

The rapid increase in the availability of jobs in the service sector has offered greater opportunities for women, who have taken the majority of those new jobs, which are often offered and taken on a part-time basis. In addition to this, the increased importance of knowledge-based industries to the economy has resulted in a rapid expansion in the number of people needed with the skills to make the best use of the latest technology and a rise in the number of people working outside the usual office environment. This development has resulted in a greater level of flexibility in the labour market, but the jobs created do not necessarily meet the needs of men whose skills belong to the traditional industries and who were used to being the sole 'breadwinner'.

2.2 Labour market change - the indicators

The extent to which this is an issue in the South West can be gleaned from various sources.

Economic activity levels in the South West region as a whole are above the national average with more than 82% of those of working age economically active compared to just over 78.5% nationally. The rate is higher than average for both men and women across the vast majority of the sub-regions. However, there is significant variation – rates are 10 to 15 percentage points higher in areas of Wiltshire and Gloucestershire than in Cornwall. It is clear that some examination of why people are more likely to be inactive to the west of the region is necessary, although it must be noted that even in Cornwall and Devon, economic activity rates are only one percentage point lower than the national average. Raising levels of activity in the west of the region does not however meet the needs of employers in the east of the region who are struggling with skills shortages at a time of full employment.

Unemployment is not high in the South West when compared to the national picture. There has been a 70% fall (from 168,000 to 51,000) in the number classified as unemployed over the period 1996 to 2001. All sub-regions have shared in this decrease, with some areas experiencing what would be classified as 'full employment' (the rate is less than 1% in areas to the east of the region for example).

However, the nature of employment in the South West often makes a real analysis of the unemployment figures difficult. Many jobs in the region, particularly in Devon and Cornwall, are seasonal and this results in a considerable number of people moving in and out of insecure, informal (and low-paid) employment on a regular basis. This clearly skews the data. However, figures indicate that long-term unemployment accounts for nearly half of all unemployment in the South West.

2.3 The challenge

It is against this background - including the shift in the role of women in the labour market and support for men described as 'long-term' unemployed – that this chapter has to look at the policies and strategies adopted to address the key issues for those returning to the labour market. The east/west divide is more significant for this beneficiary group as there is much discussion about how men, (particularly those who are older, long-term unemployed and/or inactive) and women currently disengaged from the labour market can meet the skills needs of employers experiencing difficulties recruiting skilled staff. This is an issue of mobility – how far people can reasonably be expected to travel to find work and how flexible employers can be. Inward investment, or the encouragement that can be offered to companies to extend their wealth-producing activities further into the region, could also be a major contributory factor in any eroding of the east/west divide.

3. RETURNERS IN THE SOUTH WEST

3.1 The data

It is difficult to quantify the number of 'returners' to the labour market. The number of long-term unemployed is collected by official statistics, as is the number of people who are not entitled to claim unemployment benefit but who are looking for work.

According to claimant count figures, there are approximately 6,300 people in the South West who have been claiming unemployment related benefit for 12 months or longer. This is approximately 13% of the total unemployment figure. At a more local level, the highest numbers of long-term unemployed reside in Devon and Gloucestershire. Figures are also high in Bristol and Cornwall.

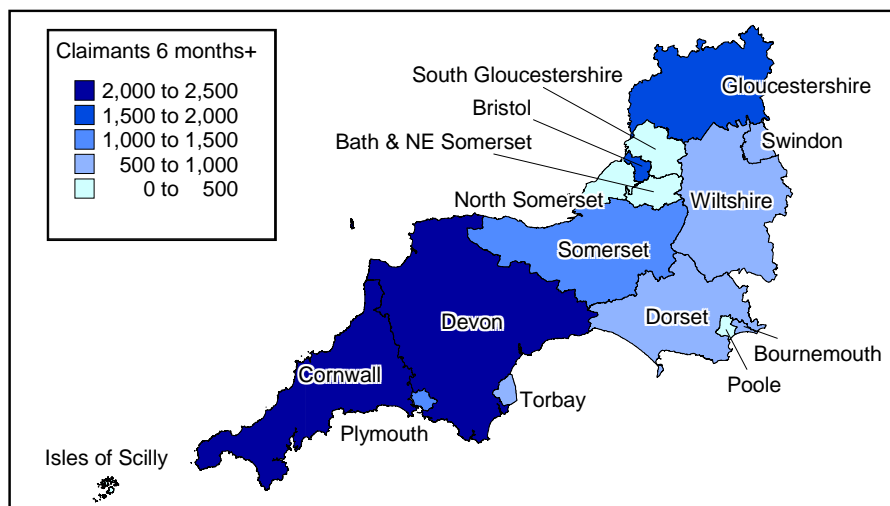
Although analysis here is focused on those unemployed for more than a year (to tie in Employment Zones) some analysis considers unemployment for 6 months or more to be 'long-term'. This obviously impacts on the percentages, which become considerably higher, and are offered for comparison in the table and map below.

Sub-regional analysis of unemployment by duration 2002

	total 0-6 months	total 6 months +	total 12 months +	Total	% over 6 months	% over 12 months
Bath and North East Somerset	838	264	111	1,102	24.0	10.1
Bournemouth	1,341	610	293	1,951	31.3	15.0
Bristol	3,974	1,903	834	5,877	32.4	14.2
Cornwall and Isles of Scilly	4,556	2,038	852	6,594	30.9	12.9
Devon	4,609	2,114	971	6,723	31.4	14.4
Dorset	1,750	512	187	2,262	22.6	8.3
Gloucestershire	4,314	1,967	929	6,281	31.3	14.8
North Somerset	1,052	289	99	1,341	21.6	7.4
Plymouth	2,798	1,227	513	4,025	30.5	12.7
Poole	796	192	72	988	19.4	7.3
Somerset	2,797	1,046	530	3,843	27.2	13.8
South Gloucestershire	1,062	389	176	1,451	26.8	12.1
Swindon	1,499	697	325	2,196	31.7	14.8
Torbay	1,636	743	302	2,379	31.2	12.7
Wiltshire	1,978	501	168	2,479	20.2	6.8
Total	35,000	14,492	6,362	49,492	29.3	12.9

Source: ONS 2002

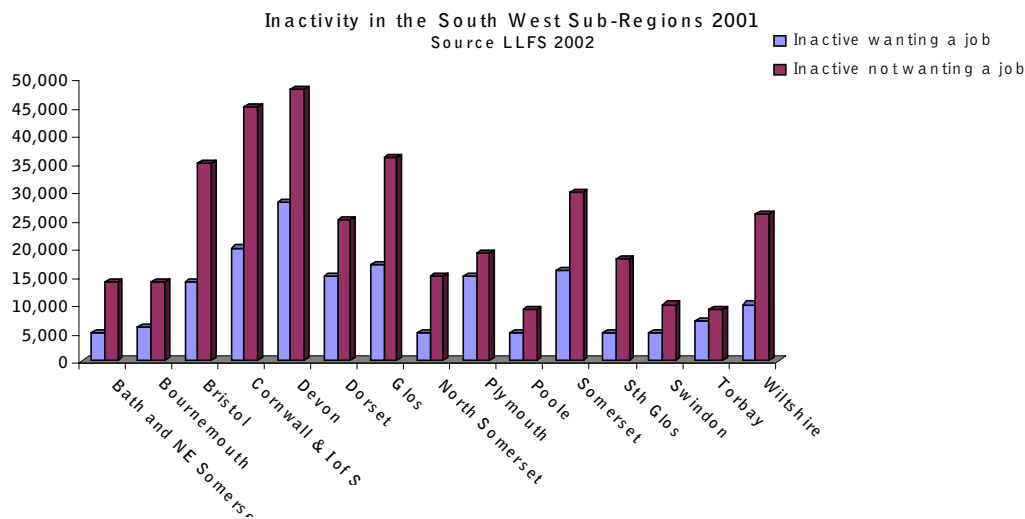
Number of Unemployment Claimants 6 months +



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Source: ONS 2002

These figures do not encompass the total population of ‘returners’ of course. *Reaching Out Across the Region* (SLIM, 2002) looks at the total number of potential beneficiaries of the ESF projects described as supporting returners, and this amounts to some 17,000 people.

Although it is not key to this report to offer a quantity of baseline data in detail, for policy and strategy development it is crucial to establish where investment could best be concentrated. We have already seen that the greatest numbers of long-term unemployed live in Devon and Cornwall. In addition, *Reaching Out Across the Region* does show that the majority of European Social Fund (ESF) projects described as supporting returners are based in Devon (noting of course that *Reaching Out* does not include Cornwall which is covered by Objective 1). However, it is also useful to look at levels of inactivity and reasons for it to see just how many people would like a job even though they are currently not engaged with the labour market.



The graph shows that, although much of the inactivity in the region is quite voluntary (for whatever reason), a considerable number of people who are currently without work but not claiming benefit really want to work. Figures behind the graph state that there are just over 170,000 people in the region who are in that position. The greatest numbers are again in Devon and Cornwall and the Isles of Scilly. Women are in the majority – in the South West as a whole 98,000 women are inactive but want to work compared to 73,000 men. The most interesting indication here is that there are approximately ten times as many people looking to return to work in the region than there are reported beneficiaries of ESF projects designed to support them.

3.2 Reasons for inactivity.

Unfortunately the Local Labour Force Survey does not have a sufficient sample size to allow analysis of the reasons for inactivity at a sub-regional level. Regional figures suggest that the main reason men remain inactive is through long-term sickness, whilst for women, the overwhelming reason is 'looking after family/home' (although more than 30,000 women are prevented from working by long-term sickness). A similar number of men and women are currently studying and are not therefore actively looking for employment. Notably, the figures for those inactive because of 'discouragement' are unavailable even for the region as the numbers are too small.

3.3 The diverse needs of returners

Although this chapter is to focus on women returning to work following parenthood and those people who are long-term unemployed (mainly men), it is clear that this 'returning' to the labour market is a theme that runs through this report on how to 'include' disadvantaged groups in society. In other chapters, there has been discussion of why particular groups become alienated or detached from the labour market. There are figures indicating the number of households headed by a lone parent and the number of people unable to work through disability or long-term illness. Older workers particularly find themselves becoming detached, often following redundancy or a period on sickness benefit. For the minority ethnic community, there are issues around the labour market participation of women from different ethnic backgrounds and the opportunities to make best use of the skills held by those coming to the country as refugees or asylum seekers. Ex-offenders too have to be supported back into employment following often lengthy spells in prison. Evidence shows that those imprisoned are very unlikely to hold down any employment they had before conviction.

If being in employment is seen as the key to escaping social exclusion – and the Welfare to Work programme suggests that is the case - then policies to support people back into work are crucial to the success or otherwise of Government policy to reduce poverty.

4. WOMEN AS 'RETURNERS'

4.1 The decision to return

Having established that those 'returning' to the labour market following a break to look after children are most likely to be women, what are the issues that most impact on their decisions to return to work and the opportunities that are offered to them?

- *Work in shops and offices has changed dramatically even over the past five years, mainly due to the impact of new technology. Some of the jobs are no longer there at all. One example of this might be the banking industry. Much of the work undertaken by staff in individual branches has now been centralised to call and contact centres. Face-to-face contact with customers has been replaced with the need to deal with issues quickly and efficiently over the telephone using the latest data warehousing techniques;*
- *Analysis of employment surveys and skills requirements of employers indicates an increase in the number of jobs that can be described as 'managerial' and 'professional'. There is also an increase in the number of jobs in the caring professions. However, there is forecast to be a reduction in the number of jobs in the clerical or secretarial occupations, traditionally filled by women. It is therefore vital that women are encouraged to keep abreast of changes in the labour market whilst they are away from it to ensure they are aware of the skills they will need to access it;*
- *Women are increasingly taking 'career breaks' at an older age as the tendency to pursue a career and leave starting a family till later increases. Although this offers women the opportunity to gain much valuable experience prior to 'taking a break', it could potentially result in them having to break back into a workforce increasingly dominated by younger workers. This 'ageism' is discussed in the chapter relating to issues for older workers, but has relevance here too;*
- *The increase in flexible work patterns that benefit both employer and employee can result in women being disproportionately represented at the lower paid, lower skilled end of the job market;*
- *There are issues relating to the 'gender pay gap' that must be addressed by policy makers. More and more men are now demanding and taking time off to care for families. At the same time, employers continue to try and justify a disparity in the pay for men and women by claiming that men spend a greater number of years in the workplace and are less likely to take long periods of leave. As employment conditions change to include the right to paternity leave, as gender roles continue to shift, and as it also becomes increasingly important to encourage all who can work into the labour market, this needs to be addressed urgently – again to ensure that women are not disproportionately represented in low paid insecure employment;*
- *At the same time, as 'returning' following a break becomes relevant to both men and women, the needs of male returners must be acknowledged too. There are organisations and projects set up to specifically support women, and the danger might be that men then find it difficult to access the assistance they need;*
- *Many women are choosing to take on further education courses in preparation for a return to work. However, the choice of course and its eventual application in the workplace is crucial;*

- *Women from the ethnic minority communities may need additional support to ensure that they have the best possible opportunity to access secure, well-paid employment. Increased language skills and confidence building are particularly important, as although suitable course may be available to them, there may be a need to undertake some 'foundation' study to ensure they feel able to participate.*

4.2 The effect of a break in employment

The report, *The impact of women's position in the labour market on pay and the implications for UK productivity* (Women & Equality Unit (WEU) of the Department of Trade and Industry (DTI), November 2002), looks at the significance of interruptions to women's employment as a cause of low pay and productivity and the impact that might have on a woman's decision to return to the labour market. This report is especially significant in the light of research, examined in *Key Indicators of women's position in Britain* (WEU/DTI, 2002), that there has been a significant increase in the proportion of women returning to work after a pregnancy. Nearly 70% of women are now in work between eight and eleven months following childbirth compared to just 24% in 1979.

In *The impact of women's position in the labour market on pay and the implications for UK productivity*, a specially commissioned survey looked at women's occupational mobility over childbirth and childcare and 'the circumstances under which women who work part-time or who are not working would be more likely to undertake either training and education or (more) employment'.

The main findings were as follows:

- Interruptions to employment 'constitute a major factor' in the levels of pay and productivity a woman can expect on a return to the labour market. This impacts on a) whether or not they return to work at all, b) the number of hours they work and c) the occupational level they achieve;
- A significant number of women return to jobs well below their previous skill level, resulting in a loss to the women in terms of pay, a loss of useful skills to employers and a cost to the economy in levels of productivity and output.

'The downward occupational mobility of women after maternity is a serious failure in the workings of the labour market.'

- Low educational attainment is notably associated with lower rates of employment and lower skilled jobs;
- Two-thirds of those not employed or working part-time hours were interested in undergoing more education or training and the measure most likely to encourage them to take up available opportunities would be the abolition of fees.

The issue of 'downward occupational mobility' is especially interesting. 41% of those responding to this survey now in unskilled manual work had held higher skilled jobs prior to a break for child-rearing. 19% had been in sales, for example, 11% in clerical work, 3% had been managers and 2%, professionals. Those most likely to retain their pre-childbirth occupational levels were those in the professional and associate professional categories (predictably, bearing in mind those jobs will probably have the best pay and working conditions).

In the survey, women were asked under what circumstances they would consider a return to work or an increase in the number of hours they currently work. The following were the most commonly cited considerations for those not currently employed, in descending order of importance:

- Better pay;
- More flexible working hours and conditions;
- More affordable childcare;
- Difference in the way the tax and benefit system works;
- More flexible childcare;
- Better quality childcare;
- Better public transport;
- Better support services for elderly/sick/disabled.

The report writers consider striking the high priority that women appear to attach to better pay in their decision whether or not to work. It is obvious in that better pay would facilitate access to better childcare and greater mobility.

The survey also confirmed the widely-held view that women working on a part time basis or not working at all have 'low levels of human capital' – that is less to offer in the way of educational qualifications. It is suggested that a key way for women to achieve higher pay is to increase the number of educational qualifications they hold. It could be argued here, however, that a greater acceptance of the life skills and experiences women can offer to employers might have similar results. Work with school leavers and graduates and results from the Employer Skills Survey suggest that it is 'soft' skills that are most highly sought after by employers rather than paper qualifications. Women's confidence in applying for employment would be increased by an open acknowledgement that the things they have achieved in their period running a home and family are a valuable asset in the workplace.

4.3 Barriers to training and education

The same report looked at the barriers women experience in accessing the education and training that might increase their prospects of better pay. As mentioned above, it has been shown that women working part time and those not working generally have lower levels of 'human capital', including qualifications. However, it is often difficult for women in this position to access training. From the social inclusion perspective, women in this position are more likely to be living in a position of relative disadvantage with their children and are therefore a priority for government targets to reduce levels of poverty and child poverty.

The circumstances under which women were more likely to consider training or education were as follows (most important first):

- If it were free;
- If there were grants to support you;
- If fees were lower/subsidised;
- If times and location were more flexible;
- If it were to come with good, affordable care for children and dependants;
- If there were loans available to pay for it.

This work is reinforced by the NIACE report, *Returning Women: Their training and employment choices and needs* (1999), which established a 'strong link' between women's position in the labour market and the number and nature of training opportunities available to them. Secondary analysis of data from the *International Adult Literacy Survey* showed that in the United Kingdom, 'two out of three adult learners participate in learning programmes supported by an employer'. The report states that:

'... this leads to wide disparities and inequalities as it leaves a number of people unprovided for, notably, those outside the labour market, those in undemanding jobs and those in small or medium sized organisations. These categories include predominantly women.'

5. NATIONAL PROGRAMMES OPERATING IN THE SOUTH WEST REGION – WOMEN RETURNERS

5.1 New Deal for Partners

A major strand of government support for women looking to return to work is the New Deal for Partners (NDP). The main decline in the numbers of women classified as 'inactive' has occurred amongst those who have working partners. Approximately 75% of mothers with working partners are economically active, and more than 80% of women without children with working partners are also working.

Therefore the Government felt it appropriate to offer support to the partners of the unemployed to encourage them into the labour market, and it announced the establishment of an NDP which was launched in 1999. Its stated aim was 'to help reduce the number of workless households by assisting partners of unemployed claimants to find work.' It was initially restricted to partners of those on Jobseekers Allowance (JSA) but has since been extended to include those whose partners have a sickness or disability entitlement. Unfortunately, take-up has been very low, and although it is strictly speaking open to both sexes, 85% of those taking part are women.

There is no element of coercion, participation is entirely voluntary and can provide:

- The help of a personal advisor in accessing appropriate training opportunities, in-work benefits and local childcare provision;
- Help with filling in application forms and producing a CV;
- Access to Jobclubs, Work Trials, Jobfinder's Grants, and Work Based Learning for Adults;
- Travel and childcare costs for taking part, attending interviews or participating in any further ES programmes.

Since March 2001, most childless couples born since March 1976 have been required to make *joint claims* for JSA, making NDP compulsory for them. From October 2002, this obligation has been extended to childless couples under 45. NDP remains as a voluntary programme for all other partners, including those with children.

Analysis shows that in the first two years of the programme:

- Approximately 200,000 partners were invited to participate;
- Approximately 4,400 attended interview;
- 1.7% of those invited to take part participated in the programme (approximately 3,300 people);
- Around two thirds of those (2,200) had a 'positive outcome' - which could include taking up voluntary work or training/education, as well as getting jobs;
- Just 800 moved into work, or moved from part-time to full-time employment.

The success of the programme for those who take part is hugely outweighed by the overall lack of success of the programme in engaging those it set out to support. The Employment Service examined why the programme had such a poor take-up rate and found:

- Around 50% of those who were invited had already decided that employment was not appropriate for them at that time;
- Around half the rest wanted to move into employment, but not at the moment;
- Approximately 25% were interested in employment at the time they were invited.

There are particular issues for partners of those who are unemployed, and these were identified during the evaluation of the programme as being:

- More likely to have problems of low self-confidence;
- More likely to believe their qualifications are not adequate to get a suitable job;
- More likely to believe that there are no jobs available to them in the local area;
- Having a concern that coming off benefit will result in the household becoming worse-off.

6. THE GENDER PAY GAP

As discussed in the introduction to this chapter, the 'gender pay gap' continues to affect working women in Britain, despite the significant changes in the labour market over the past 20 years and the continuing change in family structure and working patterns.

The WEU report, *Individual incomes of men and women 1996/97 to 2000/01* (2002), looks at individual income distributions by gender and family type. Its key findings are as follows:

- The median weekly total individual income for all men was twice that for all women;
- Median weekly income for women relative to men was lowest for women in working-age couples with children. Their income was estimated to be just one third of that for men in a comparable situation;
- Approximately 40% of all women had total incomes lower than £100 per week in comparison to just 20% of men;
- More than 50% of all women had disposable incomes of less than £100 per week compared to less than 25% of men.

What are the reasons for these discrepancies? It is probable that the major impact on levels of pay for women in the workplace is lower level skills. Particularly in older age brackets, women do have less in the way of formal education and training than their male counterparts. As younger women come into the labour market with higher skills levels this picture is changing, but on average the gap still makes a significant difference. It is acknowledged that in a growing knowledge-based economy it is those with the higher levels of formal qualifications and training that will most benefit. It has been shown that the rate of return to higher education is higher for women than for men (Blundell et al, 2000). A first degree offers a return of 17% to a man compared to 37% for a woman, and in non-degree further education the rates were 15% and 26% respectively.

Although women statistically enjoy a greater return to further and higher education, it does not mean that they are necessarily paid any more. The additional qualifications do however reduce the wage gap from around 35-40% for those with no HE qualifications to 11% for those with higher degrees (postgraduate study).

However, a more disturbing and insidious cause of the pay differentials between the sexes are failures in the labour market itself, notably:

- Lack of opportunity for women in particular industries and sectors;
- Discrimination;
- Insufficient flexibility in working practices to enable women to combine work with family life.

Employers have a responsibility to examine their workforce practices, however, to ensure that they are not simply paying 'lip-service' to equalities issues. But there is still the perception that women are in some way less 'reliable' employees than men, that they will 'demand' maternity leave and pay, take time off at short notice to care for children, require more regular replacement and cover and therefore cost more to employ. This is a narrow view of the commitment most women have to the workplace, and will become

increasingly challenged as more men pursue the right to spend more time with dependents.

7. THE LONG-TERM UNEMPLOYED AS 'RETURNERS'

As discussed above there are nearly 50,000 people unemployed in the South West region. Nearly 13% of those have been unemployed for longer than 12 months. In areas of Devon and Cornwall in particular, a lack of secure employment is disguised by the seasonal nature of work. Undoubtedly, the informal nature of work in rural areas and in small businesses reliant on tourist trade suits a number of people who have no desire to work in regular 9 to 5 employment. However, for some it is a subsistence way of earning a living and simply avoids the need to sign on for benefits. Unfortunately, it also results in disengagement from the formal labour market and the support mechanisms on offer to those who have found it hard to find work.

The Government report, *Opportunity for all*, (fourth edition, DWP, 2002), is the New Labour blueprint for a 'fairer, more inclusive society'. It details how the Government is working to eradicate poverty. Work is central to the policy:

'We believe the opportunity to work, prosper and save is the key to sharing in rising national wealth and to a secure retirement.' (Andrew Smith, Secretary of State for Work and Pensions)

7.1 The benefits of working

Income is important to most people, but raising one's standard of living is not the only benefit to being in work rather than out of it. Others include:

- Better health;
- Broader social network;
- Better security for retirement.

It is widely recognised that it is much easier to find a job when in work. There are networks to 'tap into' and once on the employment ladder it is easier to access the training that can offer further opportunities.

There is little doubt that for those people experiencing long and/or repeated spells of unemployment, re-accessing the labour market becomes increasingly difficult. The longer someone is detached from the labour market, the harder it is to return. Since 1979, the number of people out of work for more than one year as a proportion of the total unemployed has doubled. In addition, the experience of long-term unemployment can have scarring effects that linger on into any new employment, increasing the risks of a future loss of job and reduction in earnings capacity.

When looking at unemployment as a contributing factor to the social inclusion debate, it is clear that it impacts on all aspects of the discussion. Work undertaken by the Performance and Innovation Unit in the Cabinet Office shows that unemployment increases the risk of early death by as much as a third for men and women of all ages. Unemployed people are more likely than those in work to die from cancer, heart disease, accidents and suicide. A middle-aged man who loses his job is twice as likely to die in the next five years as a man who remains employed.

Ex-offenders who leave prison without a job or accommodation are twice as likely to re-offend, and The National Crime Survey shows that hard drug use is seven times more prevalent amongst the unemployed than the employed or the inactive.

In addition to the impact on an individual, there is a detrimental effect on society as a whole, not only in the obvious effects of higher crime and levels of drug abuse, but also in terms of lost revenue from taxes, higher debt repayments, and higher spending on benefits.

It is therefore vital to break the cycle of unemployment in order to break the cycle of social exclusion. But what is the most effective way of doing this? Long-term unemployment can have serious mental health implications for individuals. These include loss of self-confidence, and other so-called 'soft skills' often need to be regained before an individual can realistically embark on education, training or employment if long-term success is to be achieved. This requires a great deal of investment by public and voluntary sector agencies, and the process is a lengthy one.

8. NATIONAL PROGRAMMES OPERATING IN THE SOUTH WEST REGION – LONG-TERM UNEMPLOYED

8.1 New Deal 25plus

New Deal is open to people aged 25 and over who have been claiming Jobseeker's Allowance for 18 months out of the last 21.

In April 2001, changes were made to the original New Deal programme to make the process more intensive with a wider range of help than was previously available.

New Deal 25plus aims to 'improve your employability by working with local employers and training providers to give you the skills employers want.' (www.newdeal.gov.uk)

The New Deal 25plus pilot projects were established to 'test out' the new support systems and offer extra support to more than 100,000 people. Their participants are aged 25 or more, and have been claiming Jobseeker's Allowance for 12 or 18 months, depending on the pilot area. Final entrants to the projects were accepted in March 2001.

New approaches to getting participants back to work include:

- examining the effectiveness of allowing people to join the programme after 12 or 18 months of unemployment rather than the previous minimum period of 2 years;
- looking at the ways in which support is offered to groups such as older workers who experience particular barriers to finding suitable employment;
- some pilot projects looked specifically at offering early access to people with particular disadvantages. This included the pilot programme in Cornwall.

As usual with these initiatives, there is a drive towards ensuring local partnerships work to bring about the best possible outcomes for long-term unemployed people in the pilot areas.

Evaluation of the pilots provided invaluable information to inform the re-design of the new national New Deal for people aged 25 and over.

The New Deal 25plus now offers:

- Work trials, offering the opportunity to 'prove' suitability and motivation for the job with an employer without losing benefits;
- 'Employment on Trial (EoT)' offers the opportunity to try a job without the risk of losing benefits if it doesn't work out;
- Financial help with travel to interviews;
- Access to Work (ATW) will help those who have a disability.

For all these aspects of the programme, certain 'qualifying criteria' will apply.

Personal Advisors play a vital role in ensuring that 'work pays' and will offer advice on the amount that needs to be earned so that being in employment does not result in greater financial difficulties. They also advise on all the 'in-work' benefits that may be available, including:

- Job grant;
- Help with housing costs;
- Working Families' Tax Credit;
- Disabled Person's Tax Credit;
- New Deal 50 plus employment credit.

Employers get a weekly subsidy of £75 for full-time employees and £50 for part-time employees. In return, they are under an obligation to:

- Pay the going rate for the job;
- Offer employment for a minimum of six months;
- Agree to offer work at the end of that period should performance be satisfactory.

Case Study: The Cornwall pilot project

The Cornwall pilot offered help after 18 months of unemployment although people from groups facing 'particular disadvantages' in finding work could enter early if they wanted to. These groups included:

- disabled people
- ex-offenders
- those for whom English, Welsh or Gaelic is not a first language
- people with basic skills needs
- seasonal workers
- labour market returners
- ex-regulars
- lone parents
- victims of large scale redundancies
- rough sleepers
- over 50s

Among the particular local variations the Cornish pilots offered:

- individual help and support to clients to get them back to work;
- employment subsidy available to employers. The subsidy may be paid in the form of:
 - a subsidy for two employers which will allow a client to move from one to the other as seasonal work changes
 - a subsidy paid in three instalments at two, four and six months
 - subsidy paid up front to meet identified training needs
 - a flexible lower subsidy for a period longer than 26 weeks;
- a grant paid to the client to help with cost of travel, tools and equipment;
- access to the local GROW project to enable older workers with skills to re-train.

8.2 Employment Zones

Employment Zones were first established in 1998 following the Labour Party Manifesto promise that:

'In new and innovative Employment Zones, personal job accounts will combine money currently available for benefits and training, to offer the unemployed new options – leading to work and independence.'

In March 2000, the Secretary of State launched the 15 new Employment Zones. These Zones aim to provide new and innovative solutions for areas experiencing high levels of long term unemployment.

8.2.1 The Client Group

Employment Zones affect individuals claiming Jobseeker's Allowance (Income Based) who are over 25 and unemployed for more than 12 months or 18 months. Jobseekers can be sanctioned for failing to comply with Zone activity.

8.2.2 The Employment Zones Process

- Whilst on the First Step of an Employment Zone, each participant will work with their Personal Adviser to establish their needs and identify any barriers preventing them from moving back into sustainable work. A costed Action Plan is drawn up between adviser and participant as we want to make it easier for participants to understand and influence how the money in their Personal Job Account is spent. First Step can last up to 13 weeks.
- The Action Plan forms the basis of Second Step. The participant undertakes the actions agreed during First Step which is funded by their Personal Job Account. Second Step can last up to 26 weeks;
- Third Step commences once the participant has started work. During this stage, the participant is supported whilst in work to ensure that their move into employment is sustained.

Organisations running the Zones will only make a profit if they can improve on present performance. The funding system has been designed to provide the maximum incentive to get people into sustained employment and will not directly reward other outcomes such as putting people on training courses.

At the launch of the new Zones, 'buzz' phrases such as 'innovation and new ideas', given 'free rein' offering 'maximum flexibility' to support each client individually, were used. This sounds a magnificent sales pitch, and there is little doubt that those unemployed people joining an Employment Zone were much more likely to find and keep a job than if they had not. The report, *Learning from Experience* written for the prototype Zones by the Centre for Social Inclusion in 2000, looked at the first statistics which showed the following:

- An unemployed person doubled their chances of finding a job by joining an Employment Zone;
- Zones did target the most disadvantaged – one in five had been unemployed for more than 5 years and the majority had been without work for more than two years;
- Flexibility to meet individual needs had been a major contributor to success;
- The skills of the Personal Adviser was crucial to success.

The first, 'prototype' Employment Zones did, however, experience a number of problems, and these can best be illustrated by the experience of a Zone in the South West – Plymouth.

8.2.3 The Plymouth Experience

Learning from Experience drew on case studies to add depth to the statistics available on the success or otherwise of the Zones.

Key features of the Plymouth Zone included:

- A commitment to mapping provision in a city already funded from a variety of sources to ensure duplication was minimised;
- The review of provision enabled Personal Advisors to create 'innovative and flexible' actions plans to support local communities;
- There was a strong 'Business Enterprise' component. A significant proportion of participants became self-employed and started their own business;
- The Zone created a 'Discretionary Fund' which tackled specific barriers and developed an Intermediate Labour Market option for Plymouth.

The research highlighted the following success stories and good practice:

The Discretionary Fund – as an example, the fund allows Personal Advisors to apply to the fund to support clients needing specific 'tools' for the job. This would include carpentry tools or chefs knives.

An Intermediate Labour Market (ILM) – For example, the City Centre Representatives Project was established to meet a number of needs. Representatives provided an information service, assisted elderly people and those with disabilities to use city centre facilities and provided a contact point for shoppers where they could report lost children or acts of petty crime.

Overall, more than 160 participants have been on the variety of ILM provision on offer in the city.

8.3 Action Teams

These work in tandem with Employment Zones. The Government has launched 'Action Teams for Jobs' designed to tackle 'the problems of localised joblessness in the most employment deprived areas in the country'. These teams are 'designed around the belief that what is needed are local solutions to local problems' (DWP 2003). There are 63 Action Teams throughout Great Britain.

This is a 'flexible programme, based on local initiative', and local teams will be able to decide how best to use the new funding available to help jobless people in their area find work. All participation is voluntary, and the scheme is designed to complement other 'welfare to work' programmes.

Action Teams are expected to 'forge close links with existing initiatives and partnerships and use their combined resources fluidly to bring together the most effective solutions to help people find their own route into work.'

Case Study: Plymouth Action Team

Plymouth traditionally relied on the Dockyard and shipbuilding trade for employment opportunities. When this sector declined dramatically, it left a high percentage of people in Plymouth out of work, and without the necessary skills to meet the needs of a changing labour market. With an influx of service sector employers, jobs have become available for people with the right skills. However, the majority of industrial estates are on the outskirts of the city and public transport links to these areas are inadequate. This can cause a major problem, particularly where shift work is involved (in call centres for example).

South Plymouth has the highest levels of unemployment in the city, with Keyham, St Peter and Sutton wards all suffering from high crime levels, drug related issues, poor quality housing and social exclusion. St Budeaux and Budshead wards also have high levels of unemployment, with over 70% of Plymouth's lone parents living there and having to cope with a lack of local facilities and childcare.

The Action Team is run by Working Links and operates within these areas with those in groups experiencing labour market disadvantage, including:

- lone parents
- substance misusers
- ex-offenders
- ethnic minorities
- people with mental health problems

The team works with both jobseekers and employers to offer a range of services to improve employment opportunities in the area. This includes:

- one-to-one advice from a personal consultant;
- job searching and matching suitable vacancies;
- preparing CVs and help with application forms;
- free internet facilities;
- on-going support during the first crucial weeks of employment;
- funding for essential items to start work.

Working in partnership is crucial to the success of the programme. This partnership working is illustrated by the following links:

- partnership with Enterprise Plymouth offering 'hands-on practical advice' for small businesses;
- the 'Plymouth 2020' initiative, set up to regenerate the city economically and socially;
- the Social Inclusion Partnership;
- the Plymouth Community Partnership;
- Progress2Work: an Employment Service contract designed to help substance misusers into employment.

The programme has achieved a success rate of helping one in three of those approaching the programme to find work.

8.4 StepUP

This is another Government initiative whose stated aim is:

'To equip long-term unemployed people with the skills, support, and the experience they need as a stepping-stone to jobs in the labour market.'

StepUP is designed for those unemployed people who have not been able to secure a job after participating in the New Deal and require additional assistance to make the move to unsupported employment in the labour market. Participants are guaranteed a job for 12 months with a salary at least equivalent to the national minimum wage, with the same in-work benefits and employment rights as any other employee.

The initiative was announced in November 2001, investing £40 million over two years to help 5,000 long-term unemployed people, and was formally introduced in April 2002 in areas of England with high concentrations of unemployment. Later in the year, further areas were added, one of which was the City of Bristol.

The scheme works on the basis of an acceptance that for some unemployed people only a personalized approach will work, and the scheme offers the necessary flexibility. An emphasis is placed on the fact that jobs offered are 'real' with full employment rights and a decent wage. At the moment StepUP is restricted to those claiming JSA who have been through either New Deal for young people or 25plus, and remain unemployed six months after leaving, although extension of the scheme has not been ruled out.

It has been made clear that the opportunity being offered requires people to make some commitment in return. In actuality the scheme requires participation and there are benefits penalties should they not make a choice from the jobs on offer to them. However, it is very important for the success of the scheme that the jobs that are made available are so-called 'real' jobs. Therefore those delivering the scheme at a local level must work with local employers to ensure that work on offer is not just the most basic low-skilled work jobs that are hard-to-fill vacancies in any event.

9. INTERMEDIATE LABOUR MARKETS

9.1 What is an ILM?

StepUP is based on the ILM approach which has been introduced in parts of the UK with varying degrees of success.

ILMs aim to help the most disadvantaged jobseekers into sustainable employment by offering temporary work with additional training and support, acting as a 'bridge to work'. ILMs work on the principle that it is easier to get a job when you are working, which as discussed above is a generally accepted truth, as employment broadens networks and offers access to vacancies that would otherwise not be advertised.

A number of those joining ILMs have multiple barriers to work, such as low self-confidence and motivation as well as structural issues such as a criminal record. Many have gone through all the New Deal options without managing to find sustainable work. Of those on the New Deal in 2003, approximately one third are there for the second time, with increasing numbers finding that they are having to go through the process for the third time. This is the so-called 'revolving door' problem and indicates that the New Deal is failing some sections of the unemployed.

A study for the Joseph Rowntree Foundation (JRF) entitled *The Intermediate Labour Market* (2000) looked at 'the scale and range of ILMs in operation, what works and why, and value for money issues'. It reported the following main findings:

- ILMs have the potential to deliver better outcomes than other schemes to tackle long-term unemployment, and can offer better value for money;
- In addition to the support they offer to unemployed people, the jobs created can result in the provision of additional local services, thus improving the general social conditions for the community. However, it is important that the main focus is always on progression into jobs;
- Strong local partnerships and lead bodies are required to ensure the success of an ILM, with the development of a 'robust delivery infrastructure';
- The main difficulty faced by ILMs is the complicated funding structure (money usually being made available from the New Deal, ESF and local regeneration funding), monitoring system and overall lack of security in the amount of funding available. (This may be because the Government has been reluctant to accept the value of ILMs in the past, something that might change with the development of StepUP.)

It is clear that StepUP differs from the models described in the JRF report in significant ways. There is no requirement for overall community benefit, and it can hardly be said that StepUP is voluntary – one of the factors seen as an important in ensuring the commitment and motivation of participants in other ILMs. There is also the issue of pay – ILMs work best when participants are paid according to local market rates. StepUP simply guarantees the national minimum wage.

However, if ILMs are run successfully, the Centre for Economic and Social Inclusion (CESI) highlights the good results that can be achieved:

- between 50% to 60% of participants move into jobs;
- around 80% are still in employment three months later, and the JRF report showed over 90% who gain a job are still in work after six months compared with less than 40% in other programmes.
- permanent new jobs are created

It must be remembered, however, that best practice indicates that the best way to ensure that sustainable employment and new jobs are created is to treat those in ILM jobs in the same way as any other employee from the start. Best practice also needs to ensure that the programme works in tandem with local labour market conditions, so meeting local needs.

It seems that the Government is now prepared to give ILM's (also known as 'transitional employment') a chance at national level. At local level, they have been shown to support the long-term unemployed in raising motivation and offering the opportunity to gain the skills and work experience needed to find a permanent route into work. They thus avoid the potential to be stuck in the 'revolving door' of other welfare to work programmes.