

***Under the Skin:
Service needs and adequacy of delivery responses
following major life events in rural areas***

Life Events Research Paper: JOB LOSS

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Executive Summary

Introduction

Aim and scope of the paper: This paper presents a research review on publicly accessible, publicly funded services for the unemployed. It is one of a set of reviews on service needs and delivery responses following selected major life events in rural areas – in this case the focus is on *job loss*.

Methodology: The paper is based on a desk-based review of existing evidence from the academic, policy and practitioner literature relating to England/ the UK.

The labour market context

The changing profile of employment: Over the medium-term there have been important changes in the sectoral, occupational and skills profile of employment. Key features of change include the contraction of employment in primary industries and manufacturing, the growth of service employment; an increase in managerial and professional jobs alongside job losses in many manual occupations, and a growth in the demand for skills. There are some important differences in the sectoral, occupational and skills profile of employment at sub-national level and the uneven impact of labour market restructuring has implications for the geography of non-employment.

Key features of labour supply: Labour supply is dependent on demographic factors and changes in labour market participation rates. The population is growing. However, it is ageing – and this has implications for future labour supply. International migration has been a key component in increasing labour supply, as has been the increase in women seeking work and gaining employment. The Government has a target to achieve an employment rate of 80% for the working age population.

Rural labour markets: Although in some ways the economy and labour markets in rural areas have become more similar to those in urban areas, considerable heterogeneity across rural areas remains. Rates of non-employment are generally lower in rural than in urban areas and, in aggregate, problems of long-term unemployment are less pronounced. However, there are important barriers to employment in rural areas, including mismatches between jobs and skills, difficulties in accessibility for those without access to private transport, and the exclusion of some individuals from social networks which facilitate access to employment.

The changing nature of non-employment: The non-employed comprise the ‘unemployed’ and the ‘economically inactive’. Over the last twenty-five years the balance between the unemployed (on Jobseekers Allowance [JSA]) and the economically inactive (on Incapacity Benefit [IB] and Income Support [IS]) has shifted, with the economically inactive accounting for a greater share of the non-employed than was formerly the case. The decrease in the number of ‘active’ benefit claimants and the growth in the number of people claiming ‘inactive’ benefits has affected labour market policy and has implications for service provision.

Who are the non-employed?

Routes into non-employment: There are a variety of different routes into non-employment. Here the primary focus is on those who have lost a job involuntarily through redundancy or who have had their employment terminated on coming to the end of a fixed-term contract. Others leave employment voluntarily and may be unemployed (or economically inactive) for

only a short period before taking up another job. The economically inactive include those looking after the home and family, the long-term sick, the retired, students and discouraged workers. Some of these individuals may subsequently decide to become economically active and compete with the unemployed and those in employment for available jobs.

Characteristics of the non-employed: The non-employed are a diverse group and so are likely to have varying needs. Some sub-groups of the population are more likely than average to be unemployed or economically inactive. The Government has set of targets to reduce the gap between the aggregate rate and the employment rates of disadvantaged groups (i.e. disabled people, lone parents, people from ethnic minorities, people aged 50 and over and the least qualified). Between 1997 and 2006 such reductions were achieved for all disadvantaged groups with the exception of the low skilled/ low qualified.

The duration of non-employment: Some unemployment is short-term, involving individuals who move between jobs relatively quickly, while for others unemployment is of longer duration. The majority of those on inactive benefits have been claiming such benefits for more than two years. The policy regime assumes that most unemployed people find a job quite quickly and so need little more than 'signposting'. Publicly funded services are focused particularly on the longer-term unemployed and those on inactive benefits, although increasing attention is being paid to those who 'churn' frequently between employment and non-employment.

The development and evolution of the welfare-to-work agenda

Introduction: Welfare-to-work policies in the UK are based on the principle that those who can work should do so. Labour market policy in the UK over the last decade has been based on supply-side interventions targeted towards activating unemployed segments of the labour force through training and job-readiness programmes, coupled with unemployment benefit reforms that encourage rapid re-entry into work. The emphasis on supply-side interventions and the relative neglect of the demand-side has been the subject of critical assessment in the academic literature.

The New Deals: The New Deal has been at the heart of welfare-to-work policy in the UK since its launch in 1998. The aim of New Deal is to help an individual who is out of work to get a job. There is not one New Deal, but several different programmes, focusing on different sub-groups of the non-employed (e.g. the mandatory New Deal for Young People and New Deal 25 plus programmes, and the voluntary New Deal for Lone Parents, New Deal for Partners, New Deal 50 plus and New Deal for Disabled People programmes). The New Deal approach has been extended in the Pathways to Work programme for IB claimants.

Employability and skills: The employability and skills agenda has evolved alongside the New Deals, emphasising the need to integrate the public employment and skills services to deliver sustainable employment, enabling more disadvantaged people to gain skills and find and sustain work. The Leitch Review of Skills has been influential in shaping this agenda which underlines the the importance of guidance, learning and access to training/ skills development opportunities for those out of work (and in work).

Other current and future policy developments: Piecemeal welfare reforms over the last decade have resulted in an increasingly complex and fragmented system involving many different programmes, which can be difficult to navigate and bureaucratic to administer. Following the independent Freud review of the welfare-to-work strategy, the Government is planning to introduce a flexible New Deal emphasising a personalised and responsive approach to individual needs, and making greater use of specialist providers from the private

and voluntary sectors. In October 2008 the Employment and Support Allowance (ESA) will replace IB and IS benefits based on incapacity of disability. Hence, the current period is one of considerable ongoing and planned reform.

Service provision for those suffering job loss

Key agencies delivering services (and services provided): *Jobcentre Plus* is the main public service provider for individuals who have suffered job loss. Created from the merger of the Employment Service and Benefits Agency, and combining the functions of the former jobcentres and social security offices, it is the gateway to financial support (via benefit payments – e.g. JSA), personal one-to-one advisory services, assistance with job search, training schemes and employment programmes. Some of its services are delivered either via telephone contact centres and the Internet or in partnership with private and voluntary sector providers. Additionally, a range of advice and guidance services providing national coverage is available for people who have suffered job loss – including *nextstep* (for adults with no/ low level qualifications), *Connexions* (for young people) and *learnirect* (providing careers advice, centres for improving maths, English and IT skills, and e-learning courses). Individuals can also turn to the Citizens Advice service (a registered charity, but with substantial funding from Government grants) for impartial, independent and confidential advice on issues concerning benefits, debt, employment, etc.

The personalised approach: In the New Deal programmes and many other local projects a personal adviser plays a key role in helping an individual search for work, and in maintaining operational relationships with other service providers and employers. Evaluation evidence suggests that personal advisers are critical to the success of interventions to help non-employed people into work. They are set to remain at the heart of delivery as welfare-to-work services are reformed.

Partnership working: Large private sector contractors and voluntary sector organisations (of varying sizes and with different specialisms) are already involved with the public sector in the delivery of publicly funded services, and such partnership working is set to increase. Given the trend towards greater flexibility and local devolution in service delivery, partnership working at local and sub-regional level is of growing importance.

Local services/ projects: In some local areas, and for some sub-groups, there may be (short-term) public funding available (e.g. via the European Social Fund, local authority funding streams, etc), to provide assistance for those seeking employment through local projects. While local projects may be geared to particular local needs, one consequence of the trend towards localisation is that service provision can be fragmented and spatially uneven.

Use of ICT in service delivery: There is a clear trend towards greater reliance on ICT for delivering services for job seekers through websites and telephone helplines. A key goal of Jobcentre Plus is to use modern IT and telephony to increase customer access to job information and make it easier for employers to advertise vacancies. Greater use of ICT in service delivery offers both potential advantages and disadvantages. Use of ICT to provide public services is particularly relevant in rural areas, which often lack services 'on the ground'. On the positive side, ICT opens up a greater range of information and services for people living in rural (and urban) areas. However, not everyone has easy access to ICT and/ or the skills to use it. Moreover, even when access to telephone and web-based services and the skills to use them are not a problem, the user needs to be proactive and articulate to derive maximum benefit from them. Furthermore, such services can neither substitute entirely for information sharing in informal social networks nor overcome a lack of suitable and sustainable jobs within commuting range.

Barriers to take up of services: Even if services are available, there may be barriers to take up, so compounding the problems faced by individuals suffering job loss. These barriers may differ between sub-groups and between local areas, but could include lack of information about opportunities/ services that are available, inability to physically access opportunities because of transport difficulties, shortcomings in access to ICT and in the ICT infrastructure, and social stigma associated with take up of certain services.

Key themes

Key themes emerging from this review include:

- *The balance between supply-side and demand-side interventions* has been clearly in favour of the supply-side of the labour market, yet demand-side concerns about job availability and job quality are of importance in reducing non-employment.
- *An increasing emphasis on skills development as a key to sustainable employment*, with the alignment of skills strategy and welfare-to-work policy.
- *'Individualisation' and 'flexibility' in service provision* as interventions are tailored to individual needs.
- *Local devolution in service delivery via local partnerships* is likely to result in greater variability and differentiation in the range and quality of publicly funded service provision between individuals/ sub-groups and areas.
- *The growing importance of ICT in service delivery* is likely to enhance the range of services available to individuals suffering job loss, but underlines the importance of IT literacy and access to ICT for the take up of services.
- *The role of informal social networks* in providing support for those suffering job loss and in facilitating access to employment, other opportunities and to public and private services, should not be overlooked.

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Life Events Research Paper: JOB LOSS

Abstract

This paper presents a research review on publicly accessible, publicly funded services for the unemployed. To set the context it outlines the changing profile of employment and non-employment and key features of labour supply. It discusses routes into non-employment, the characteristics of the non-employed and the duration of non-employment. Welfare-to-work policies in the UK are based on the principle that those who can work should do so. The New Deals – designed to help those out of work to get jobs – have been the cornerstone of such policies over the last decade, but are currently being redesigned. Jobcentre Plus is the main public service provider for those who have suffered job loss but many services are delivered in partnership with private sector contractors and voluntary sector organisations. There is a trend towards greater reliance on ICT for delivering services to jobseekers through websites and telephone helplines. While providing information on support services and opportunities in rural areas, ICT-based services can neither substitute effectively for information sharing in informal social networks nor overcome a lack of suitable and sustainable jobs within commuting range.

Summary points

- Unemployment is near the lowest level for a generation, but there are substantial numbers of people who are economically inactive. The economically inactive account for the majority of the non-employed (i.e. those who are either unemployed or economically inactive): in mid 2007 there were approximately 720 thousand working age people in England claiming Jobseekers Allowance, but over 2.1 million on Incapacity Benefit and over 660 thousand on Income Support.
- The Government has a target to raise the employment rate to 80%. To achieve this target it will be necessary to move more of the unemployed and economically inactive into employment.
- Most interventions to address job loss are focused on the supply-side of the labour market and are concerned with enhancing the employability of those not in employment (e.g. through confidence building, CV preparation, skills development, training, etc). The New Deal programmes have had a key role here, with Personal Advisers providing help to individuals who are out of work.
- There is a trend towards local devolution in service delivery via local partnerships – including the public sector (notably Jobcentre Plus) and private and voluntary sector organisations. This is likely to result in greater variability and differentiation in the range and quality of publicly funded service provision available.
- The growing importance of ICT in service delivery enhances the range of services available to individuals suffering job loss, but underlines the importance of IT literacy and access to ICT for the take up of services.
- It is important to remember that informal social networks play an important role in providing support for those suffering job loss and in facilitating access to employment, other opportunities and to public and private services.

1. Introduction

1.1 Aim and scope of the paper

This paper presents a research review on publicly accessible, publicly funded services for the unemployed. It is one of a set of reviews on service needs and delivery responses following selected major life events in rural areas. In this instance the focus is on *job loss*.

1.2 Methodology

The paper is based on a desk-based review of existing evidence materials in the academic, policy and practitioner literature relating to England/ the UK on a number of topics, including labour market change, rural labour markets, the changing nature of non-employment, the development and continuing evolution of the welfare-to-work policies, the advancement of the employability and skills agenda, the guidance and learning infrastructure and service delivery. The main focus is on current service needs and delivery responses in the context of recent changes, but given the nature, volume and importance of ongoing developments and planned reforms there is also a significant emphasis on the future.

1.3 Structure of the paper

The paper is divided into five main sections. First, the labour market context is outlined in section 2. Here the changing industrial, occupational and skills profile of employment at national level is summarised, and reference is also made to geographical variations in the structure of employment (2.1). Key features of change in labour supply are described, with a focus on the gender and age profile of employment and the impact of migrant workers (2.2). The focus then shifts to discussion of the relevance of the concept of a 'rural labour market' (2.3). The changing nature of non-employment is considered, highlighting, in particular, the shifting balance between those on unemployment and inactive benefits, with the latter accounting for a greater share of the non-employed than was formerly the case (2.4).

Section 3 presents a profile of the non-employed. Different routes into non-employment are outlined, with the main focus for this paper being on those groups for whom job loss is involuntary (3.1). The characteristics of sub-groups of the population at particular risk of unemployment and economic inactivity are described (3.2), since these are important in shaping service need and also in determining eligibility for different benefits and programmes. The relevance of the duration of non-employment for service provision and delivery is addressed also (3.3).

Shifting the focus to policy, section 4 outlines the development and evolution of the welfare-to-work agenda. Following a discussion of the key features of this agenda (4.1), the New Deal and other programmes which have been introduced over the last ten years to help the non-employed into work are described (4.2). The evolution of the employability and skills agenda, with an increasing emphasis on progression in work, and associated implications for learning and skills development, are outlined also (4.3). Other current and future policy developments, including a flexible New Deal, are described (4.4).

Section 5 focuses on service provision for those suffering job loss. The key agencies delivering services, and the types of services that they provide, are identified (5.1). Key features of service delivery are outlined, including a personalised approach (5.2), partnership working (5.3) and local services/ projects (5.4). What they mean for individuals at a local level in rural areas is highlighted. Another important trend discussed in this section is the increasing reliance on information and communications technologies (ICT) in service delivery (5.5). Finally, barriers to take up of services that are available are outlined (5.6).

Section 6 provides an overview of some of the key themes arising from the review – including the balance between supply-side and demand-side interventions, the increasing emphasis on skills and learning with the greater alignment of skills strategy and welfare-to-work policy, the trend towards individualisation, and differentiation in the range and quality of services provided. This section also considers questions for the future.

2. The labour market context

2.1 The changing profile of employment

Over the medium-term the key features of change in the sectoral profile of employment include a reduction in the numbers of jobs in manufacturing (a loss of over 770 thousand jobs in England between 1996 and 2006) and primary industries & utilities (a reduction of over 136 thousand jobs [the majority in agriculture] in the same period). There has been an increase in the volume and share of total employment in services – especially business & miscellaneous services (with an increase of over 1.4 million jobs between 1996 and 2006, in the context of overall employment expansion of over 2.5 million). By 2006 the primary sector & utilities accounted for less than 2% of total employment in England, and manufacturing for just under 12%, while distribution & transport accounted for nearly 30% of the total, business & miscellaneous services for 27% and non-marketed services for nearly 24% (Wilson *et al.*, 2006).

Transformation in the sectoral composition of employment has had implications for the occupational profile of employment. Changes in occupational structure within industries have tended to operate in the same direction, reinforcing sectoral effects. Recent employment growth has favoured service-oriented managerial and professional jobs. The number of managerial, professional and associated professional jobs in England increased by 2.4 million in the decade to 2006 to account for 43% of total employment. Over the same period from 1996 to 2006 there were job losses in skilled trades, for process, plant & machine operative jobs, elementary occupations and for less skilled white-collar workers in administrative, secretarial & related occupations (Learning and Skills Council, 2007).

Changes in the sectoral and occupational structure of employment have implications for skills. Encapsulating what 'skill' means and measuring it is not unproblematic. Information on occupations and qualifications is often used as a proxy for skill (Elias and McKnight, 2001). The number of people in the workforce with formal qualifications has grown markedly over recent years, such that by 2006 less than 10% of those in employment had no qualifications, compared with 18% in 1996. The increase in qualifications has been particularly marked at first degree and higher degree level: in 2006 31% of those in employment held qualifications at this level, compared 24% in 1996. This increase is not only demand-driven: a rapid rise in educational participation rates, encouraged by government policy, and a secular trend towards greater certification of skills means that supply-side influences have played a role also (Green and Owen, 2006). However, despite the trends outlined above there are still a large number of jobs at lower and middle skills levels.

There are some important differences in the sectoral, occupational and skills profile of employment at sub-national level, although inter-regional and rural-urban sectoral variations in employment structures are less pronounced now than they have been historically, because of the demise of mining and manufacturing industries which tended to be tied to the location of raw materials. London, the South East and East of England display above average proportions of employment in higher-level occupations than northern and midland regions, while in peripheral rural areas and local areas with a manufacturing and/or mining legacy there remain a substantial number of less skilled jobs. Labour market restructuring

also has implications for the geography of non-employment. A broad regional North-South divide is apparent with generally higher rates of nonemployment in the 'North' than the 'South' (excluding London), but there are also substantial variations at local level (Turok and Webster, 1998; Green and Owen, 1998).

2.2 Key features of change in labour supply

Labour supply is dependent on demographic factors and changes in labour market participation rates. Considering demographic factors first, the population of England has increased over recent years and is projected to grow further. However, there are important changes in the age structure of the population, and the ageing of the population has been the subject of concern across many western economies (OECD, 2006), highlighting the need for people to work longer. From a rural perspective it is important to note that, in aggregate, rural areas tend to display older age structures than urban areas.

A key component in increasing labour supply has been international migration. In recent years immigration has been running at historically high levels and the UK has gained population at an increasing rate due to net immigration, and the latest wave of migration from central and eastern Europe has displayed a spatial distribution favouring rural areas to a greater degree than previous migration streams (Commission for Rural Communities, 2007; Green *et al.*, 2007). This most recent influx of international migrants represents a 'shock' to the labour market, and there are ongoing debates about associated impacts on the job prospects of the non-employed (see Riley and Weale, 2006).

Turning to labour market participation rates, a key feature of change in labour supply over recent decades has been the increase in women seeking work and gaining employment: women's employment rate at UK level increased from 56% in 1971 to 70% in 2005, with a rise in working mothers being an important component of this increase (ONS, 2007). There are important differences in the sectoral and occupational profile of women's employment vis-à-vis that for men, and women are more likely to work part-time than men, but overall trends have been towards a narrowing in gender differentials. Despite the increase in female labour supply and the boost to the labour supply from international migration in recent years, there remains an economic necessity to boost labour supply (Learning and Skills Council, 2007) and the Government has policies to increase overall labour market participation in order to achieve an employment rate of 80% for the working age population and to narrow significant differences in labour market participation rates between population sub-groups.

2.3 Rural labour markets

Given the particular concern of this paper with rural areas, the academic and policy literature on 'rural labour markets' is of relevance. Some commentators have questioned the relevance of the concept of a 'rural labour market' on the basis that there is no such entity in reality. For instance, Green and Hardill (2003) argue that local labour markets are socially constituted, consisting of multiple layers of different geographical scales, reflecting the different commuting propensities of labour force sub-groups, superimposed on one another. Similarly, Hodge and Monk (2004) contend that, in practice, the way that individuals search for employment will vary depending on what sorts of employment they are seeking and the resources available to them, and suggest that any labour market that can be defined as 'rural' is comprised of only a small residual of the rural labour market as a whole. They argue that the 'traditional' model of rural change (which suggests that the relative decline of agriculture and associated implications for other sectors brings reduced employment and low incomes), has in many areas been overwhelmed by the impact of a 'contemporary' model of rural change (driven by technological change, sectoral restructuring across the whole

economy, increased commuting, counterurbanisation, changing household composition and an urban-rural employment shift). This leads them to question stylised fallacies concerning features such as a limited range of employment opportunities and relatively low wage levels in rural areas.

It is clear that although in some ways the economy and labour markets in rural areas have become more similar to those in urban areas, considerable heterogeneity across rural areas remains (Jones, 2004) – in terms of industrial and occupational structures, the number and quality of opportunities, pay, etc. Of particular relevance for this paper are differences in unemployment between urban and rural areas in aggregate, with generally lower rates of unemployment, and particularly long-term unemployment, in rural than in urban areas. There are more pronounced seasonal variations in unemployment (related to agriculture and tourism) in rural areas than in urban areas; (although these seasonal variations tend to be less pronounced than formerly, and apply to only some rural areas).

Studies of labour markets in rural areas have identified barriers to employment, which although not exclusive to rural areas, are nevertheless particularly important there. For example, focusing on Lincolnshire and Suffolk, Monk *et al.* (1999) highlighted barriers relating to mismatches between jobs and skills; employers' behaviour and attitudes – with much recruitment taking place through informal social networks; accessibility between home and workplace, and especially car-dependency; and the costs of participating in the labour market – relating to childcare, eldercare and the benefits trap. Other studies have identified transport as being particularly crucial for employment in rural areas (Shucksmith, 2000; Breeze *et al.*, 2000; Storey and Brannen, 2000; Lindsay *et al.* 2003), with those individuals without cars having to restrict job search to areas close to home – so diminishing the number of employment possibilities, and facing the 'catch 22' situation of not being able to run a car without having a job. In many rural areas, particularly peripheral ones, the issue is not resolved by public transport, which often does not match the desired journey either spatially and/or temporally.

Young people seeking to gain a foothold and progression in the labour market have been identified as facing particular challenges in rural areas and it has been suggested that they become integrated into one of two quite separate labour markets: the national (characterised as distant, well-paid, with career opportunities) or the local (characterised as poorly paid, insecure, unrewarding and with fewer prospects for progression) (Rugg and Jones, 2000; Furlong and Cartmel, 2000; Pavis *et al.*, 2000). Educational qualifications are one determinant of which of these labour markets an individual is likely to operate within. However, personal characteristics and the strength and reach of social networks play an important role too. Social networks facilitate access to job opportunities for young people with good local contacts, by providing information about forthcoming employment opportunities or personal recommendations for jobs, while for others the lack of such social contacts represents an important barrier to employment (Furlong and Cartmel, 2000).

Monk *et al.* (1999) identify a number of bridges to labour market participation in for those individuals living in rural areas, (which are relevant to individuals in urban areas also). These bridges include help with formal job search strategies; assistance in linking into local support networks (both formal and informal); self-employment as an alternative to working as an employee; solutions to transport problems; addressing mismatches between local training opportunities and jobs; and support networks and the informal economy. This raises a question about the extent to which current policies and service delivery help in building these bridges.

2.4 The changing nature of non-employment

'Employment' is one of three key 'economic status' categories; the others are 'unemployment' and 'economic inactivity'. The 'employed' and the 'unemployed' are 'economically active': they are in the labour market – either in work or actively searching for work. The 'economically inactive' are outside the labour market. The 'unemployed' and 'economically inactive' together form the non-employed, so a focus on the 'unemployed' alone provides a partial view of non-employment. The distinction between the 'unemployed' and the 'economically inactive' in the working age groups is important in terms of benefit eligibility, with Jobseekers Allowance (JSA) being the key benefit for the unemployed, while Incapacity Benefit (IB) and Income Support (IS) are the main benefits for the economically inactive (see section 5.1 for further details), and also has important implications for policy.

In 2006 unemployment in the UK was at the lowest level for a generation, with less than one million people on unemployment benefit – the lowest level for around thirty years. During the early 1980s there was a massive increase in unemployment benefit claims, from just over 1 million in 1979 to a peak of over 3 million in 1986. Subsequently there was a substantial downturn in unemployment to around 1.6 million in 1990 and then unemployment benefit claims increased again to just below the mid 1980s peak in the early 1990s. Since then, unemployment benefit claims continued to fall (falling below 1 million in 2000) until 2005. The numbers on incapacity benefits increased throughout the period from 1979 (when there were around 750 thousand claimants) to 2004, since when there has been a modest downturn; (from 1995 the IB caseload easily exceeded that for unemployment). By May 2007 there were approximately 720 thousand working age people in England claiming JSA, over 2.1 million on IB and over 660 thousand on IS.

Hence, the key feature of the changing nature of non-employment over the last decade or so has been the shifting balance between the unemployed (on JSA) and the inactive (on IB and IS), with the latter accounting for a greater share of the non-employed than was formerly the case. Although the UK economy has experienced substantial and sustained economic growth over the last decade, the extent of benefit dependence has increased dramatically as numbers of 'active' job seekers have decreased, while the number of people claiming 'inactive' benefits has risen (see section 3 for further details). This growth in economic inactivity has affected labour market policy, as outlined in section 4.1. In particular the Government's target of 80% of working age people in employment is unlikely to be achieved by focusing solely on the unemployed.

3. Who are the non-employed?

3.1 Routes into non-employment

There are a variety of different routes into non-employment. The primary focus here is on those who have lost a job involuntarily through redundancy or who have had their employment terminated on coming to the end of a fixed-term contract. Others leave employment voluntarily and may be unemployed (or economically inactive) for only a short period before taking up another job; (this is termed frictional unemployment).

Aside from job loss, there are several other reasons why people of working age may be economically inactive. Some may never have had a job, some may have given up a job voluntarily to pursue other activities, while others may have left employment reluctantly (e.g. for health reasons). In numerical terms, the most important reasons in 2006 were 'looking after the home and family' (this portion is on a downward trend since the early 1990s), long-term sickness (which became more important from the early 1990s to 2001, but has since fallen slightly). Within this sub-group of long-term sick there has been an important change

in profile over the last decade, as illustrated by the fact that the medical conditions of those claiming IB have changed over time. In 2006 40% of those of working age claiming IB had mental and behavioural conditions, compared with 22% in 1995. Musculo-skeletal and circulatory and respiratory diseases now account for a smaller proportion of the total than was formerly the case. The number of students is the third largest category of the economically inactive, and numbers on are on an upward trend. 'Other' reasons and 'retirement' have become slightly more important over the period, while 'discouraged workers' account for only a very small proportion of the total economically inactive and the numbers in this category have declined. Some individuals who are economically inactive may subsequently decide to become economically active and compete with the unemployed and those in employment for available jobs.

3.2 Characteristics of the non-employed

The non-employed are a diverse group and so are likely to have varying needs. There are certain sub-groups of the population of working age who are at particular risk of non-employment. Many of these sub-groups have formed a particular focus for policy interventions, with individual characteristics and the type and duration of non-employment being used in some instances to define eligibility for different types of service provision. Moreover, the mix of types of assistance individuals are likely to require to help them into employment – such as help with job search, confidence building, the need for new skills, assistance with caring responsibilities, the cost of taking up a new job, travel to work, etc - is likely to vary between sub-groups.

So what characteristics are associated with higher than average levels of non-employment? Age is one key dimension of variation: those in the younger or older working age groups are more likely to be non-employed than those in their thirties and forties. Women have higher non-employment rates than men, although some of this gender differential is linked to the fact that women are more likely to have caring responsibilities than men. Those with poor health are more likely to be non-employed than those who are in good health, and some ethnic minority groups – notably Pakistani, Bangladeshi and Black people – have higher than average non-employment rates.

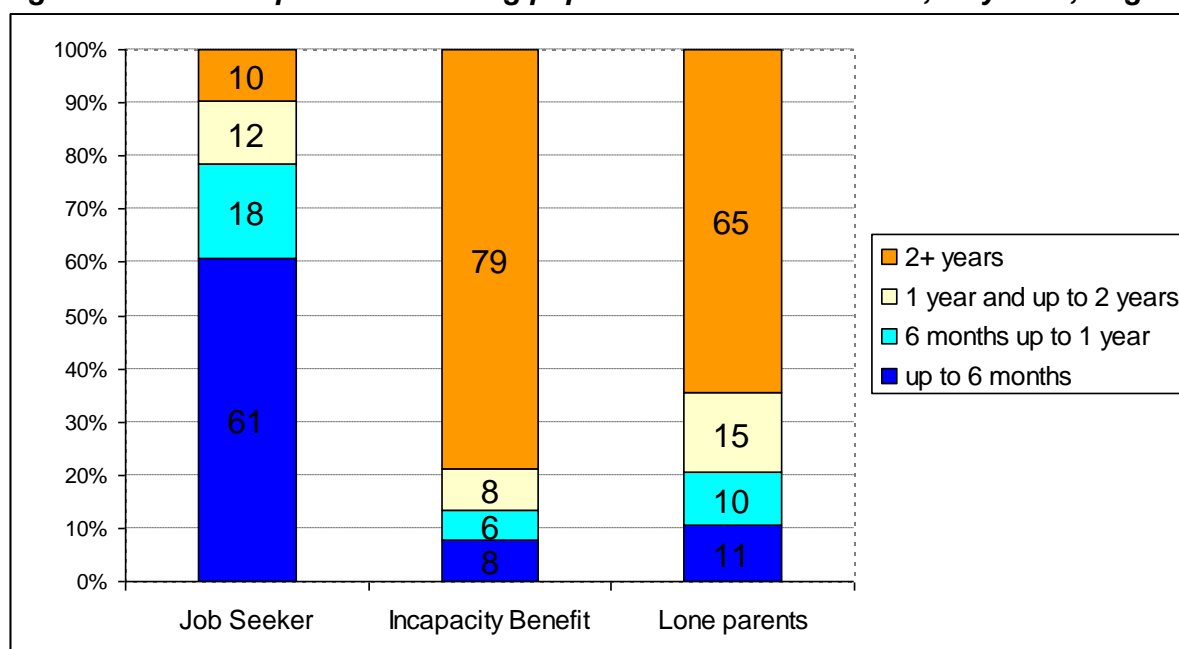
Of particular importance for this paper in terms of needs and service delivery is the association between low skills/ lack of qualifications and non-employment. Non-employment rates range from around 10% for those with Level 5 and Level 4 (i.e. graduate level) qualifications), to more than 50% for those with no qualifications. Hence, those with no or low level qualifications are much more likely to be unemployed or inactive than those with higher level qualifications. This association between low skills and inactivity has encouraged a move towards greater co-ordination of welfare to work and skills policy (see section 4.3).

In recognition of the uneven impact of non-employment across the working age population, the Government has set the Department for Work and Pensions (DWP) a set of targets to reduce the gap between the employment rates of disadvantaged groups (i.e. disabled people, lone parents, people from ethnic minorities, people aged 50 and over and the least qualified) and the average. Between 1997 and 2006 such reductions were achieved for all disadvantaged groups with the exception of the low skilled/ low qualified, for whom the gap widened over the period. The employment rate gap of the low skilled/ low qualified needs to be seen in the context of a substantial reduction in the number of working age people who are unqualified (as outlined in 2.1) – which fell from around 20% in 1996 to 10% in 2006 (Hasluck, 2007).

3.3 The duration of non-employment

As indicated in section 3.1, some unemployment is short-term, involving individuals who move between jobs relatively quickly, while for others unemployment is of longer duration. This distinction is important because publicly funded services are focused particularly on the longer-term unemployed. Most JSA claimants move off the count relatively quickly – around 60% leave within 13 weeks (see Figure 1), (although not all of those leaving the JSA count move into employment: in England in 2007 59% of those moving off JSA entered employment, [of the remainder over 13% claimed another benefit and 12% transferred to a government-supported training scheme]). The policy regime assumes that these customers leave JSA quickly and so need little more than ‘signposting’.

Figure 1: Duration profile of working population on three benefits, May 2007, England

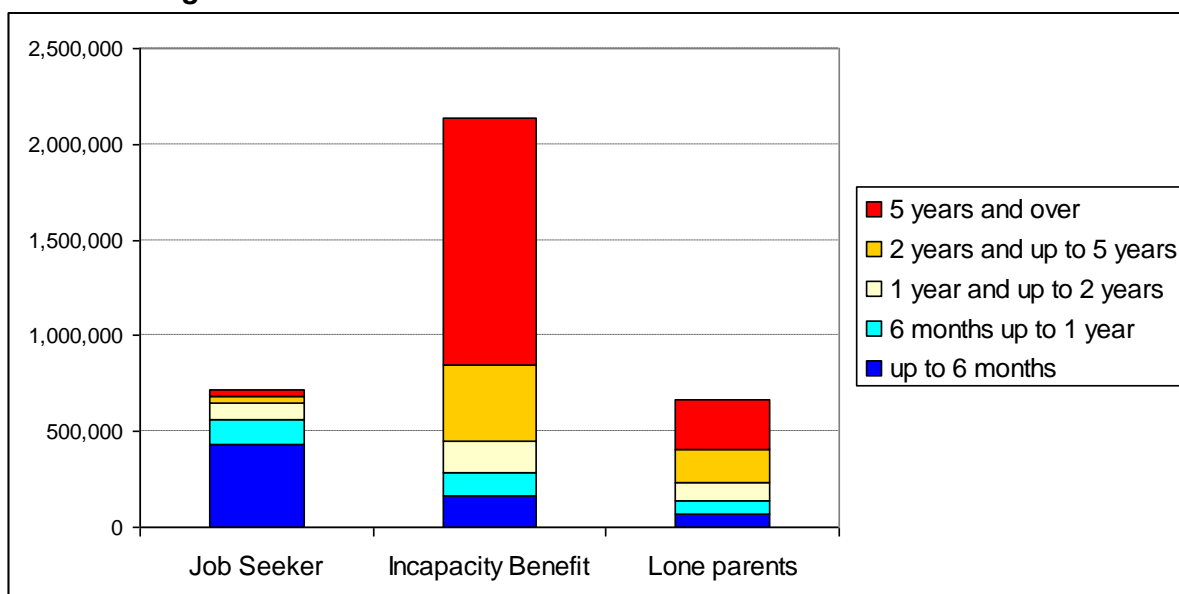


Source: DWP Tabulation Tool, via NOMIS

Shorter durations may be a matter of concern if individuals ‘churn’ frequently between employment and non-employment because of difficulties of securing sustainable employment. More than two-thirds of all new JSA claims are made by people who have claimed before. Some of those returning to JSA do so only briefly as they move between jobs, as noted in section 3.1, and such movement may be interpreted as a sign of a healthy labour market. However, around half of those on repeat JSA benefit claims are spending more time on benefits than in work, and so this group is also of concern from an economic inclusion perspective. A quarter of a million new JSA claimants have spent at least three-quarters of the last two years claiming benefits and about 12% of all JSA claimants have spent six of the last seven years on benefits. Thus has implications for policy and service provision as outlined in section 4.

The long-term non-employed are concentrated on inactive benefits. Figure 1 shows that 79% of IB claimants and 65% of lone parents have been claiming benefits in excess of two years. Conversely, only 10% of job seekers have claimed JSA for this period. Over three-fifths of job seekers have been claiming benefit for less than 6 months. Figure 2 shows the policy challenge of reducing the numbers of inactive benefits even more starkly – highlighting the sheer numbers on inactive benefits. Some of this group may wish to move into work in medium-term, but many are a long way removed from active labour market participation and employment (Little, 2007).

Figure 2: Numbers of working people by duration on three benefits, May 2007, England



Source: DWP Tabulation Tool, via NOMIS

4. The development and evolution of the welfare-to-work agenda

4.1 Introduction

Following the lead of US 'workfare' policies that link receipt of unemployment and related social benefits to compulsory participation on state-administered work and training schemes, the UK is one of several OECD countries that have adopted a welfare-to-work agenda. Welfare-to-work policies in the UK are based on the principle that those who can work should do so. Hence, the Government has taken an interventionist approach to helping people into work. The creation of Jobcentre Plus (see section 5.1) in 2002, from the merger of the Employment Service and the Benefits Agency, was designed to help support change from a benefit-focused to a work-focused culture. There has been a concomitant shift from passive policies, in which support is unconditional and entitlement-based, to active labour market policies associated with conditionality - they are work-focused and set 'active' conditions (i.e. obligations on participants) for the receipt of public income support. While the initial emphasis of welfare-to-work programmes has been on the unemployed, more recently the focus has shifted to helping people on IS and IB move closer to work, exemplified by the proposals for taking 1 million people off IB, and helping older workers and lone parents into employment, set out in a consultative Green Paper 'A new deal for welfare: empowering people to work' (DWP, 2006).

In common with 'workfare' and active labour market policies elsewhere that focus on the supply-side of the labour equation and leave the demand-side to the market, labour market policy in the UK over the last decade has been based on supply-side interventions targeted towards activating unemployed segments of the labour force through training and job-readiness programmes, coupled with unemployment benefit reforms that encourage rapid re-entry into work. The emphasis on supply-side interventions and the relative neglect of the demand-side has been the subject of critical assessment in the academic literature (for example, see Turok and Webster, 1998). It is clear that local labour market conditions can exert a significant influence on the outcomes of national welfare-to-work policies – in terms of geographical variations in the problem to be solved, but also in shaping and constraining the local nature of policy outcomes. For example, Sunley *et al.*'s (2001) analysis of one

such programme (the New Deal for Young People) showed that the policy had been less successful in slack labour markets (particularly in older industrial areas) than in economically more buoyant areas.

Given the persistence of spatial variations in the incidence and character of non-employment, over the last decade there has been a move towards a more flexible and individually responsive welfare system (Theodore, 2007), with some recognition of local diversity in issues and opportunities (as discussed in section 5).

4.2 The New Deals

The New Deal has been at the heart of welfare-to-work policy in the UK since its launch in January 1998 (DWP, 2008). There is not one New Deal, but several; each programme is focused on a different sub-group of the non-employed, such that eligibility for one (or more) programmes depends on individual characteristics and the type and nature of non-employment experienced. The aim of New Deal is to help an individual who is out of work to get a job.

The New Deal for Young People (NDYP) was introduced in January 1998 and rolled out nationally in April 2008. The aim of NDYP was to end long-term youth unemployment, by providing support for all people aged 18-24 years who had been claiming JSA (or NI credits for 6 months or more). First, the individual receives intensive help and support in finding work, guided by a personal adviser. Individuals who do not succeed in finding unsubsidised employment at this stage referred to either subsidised employment with a New Deal employer, education and training, a placement with an environmental task force or voluntary sector organisation or self-employment.

New Deal 25 plus (ND25+) was introduced in July 1998 for people claiming JSA for 2 years or more and enhanced from April 2001 to provide assistance on a similar basis to people aged 25 plus who had been unemployed for 18 of the last 21 months. On entry to ND25+ an individual enters a gateway stage in which a personal adviser provides help in searching for work. If an individual does not move into employment at this stage, s/he moves into an intensive activity period providing further individualised support to facilitate a return to work. A range of extra help – including work experience, occupational training and assistance with workplace skills - is provided to improve chances of getting a job. Participation in both NDYP and ND25+ is mandatory.

In October 1998 New Deal for Lone Parents (NDLP) was introduced. This marked the start of welfare-to-work policy targeting individuals on inactive benefits. The NDLP provides personalised support for lone parents who want to return to work. In April 1999 New Deal for Partners was introduced to offer the partners of people claiming certain benefits support in tackling barriers to work, whether or not the partner was a claimant his/ herself. New Deal 50 plus was launched in April 2000. It helps long-term unemployed and economically inactive people over 50, who have been claiming benefits for six months or more, back into employment. Participation in these three New Deal programmes is voluntary.

In July 2001 the New Deal for Disabled People (NDDP) was introduced. Largely provided by the voluntary and private sector, NDDP gives access to job-broking advice and support to IB claimants and other disabled people looking to re-enter the labour market. A key feature of this voluntary programme is that it is delivered largely by a network of job brokers in the voluntary and private sector (see section 5 for further discussion).

The New Deal approach was extended in October 2003, with the introduction of the Pathways to Work programme for new IB claimants in pilot areas. It has since been rolled out and extended to all new and repeat IB claimants. Pathways gives access to training,

condition management, a return-to-work credit and personal adviser support, as well as NDDP provision, with a view to helping those who are able to work to tackle the barriers to employment that they face. Pathways marks the introduction of a mandatory approach for those on IB, and also extends the role of non-public sector providers in delivering services.

Although there are several New Deals (as outlined above), they share certain common features. One is the underlying principle of rights and responsibilities (mentioned in section 4.1) – i.e. in return for the help and support of the New Deals and financial support through the benefit system, participants are expected to make an effort to find and keep work. A further feature is an emphasis on the needs of individuals, with a personal adviser playing a central role in helping the individual look for a job and address the particular barriers that they face to finding a job/ working (see section 5.2). Although Jobcentre Plus (see section 5.1) plays a key role in integrating benefits and employment services, the New Deals are characterised by partnership working between the public sector, the private sector and the voluntary sector (see section 5.3), albeit that the private and voluntary sector have a larger role in some New Deals than in others.

4.3 Employability and skills

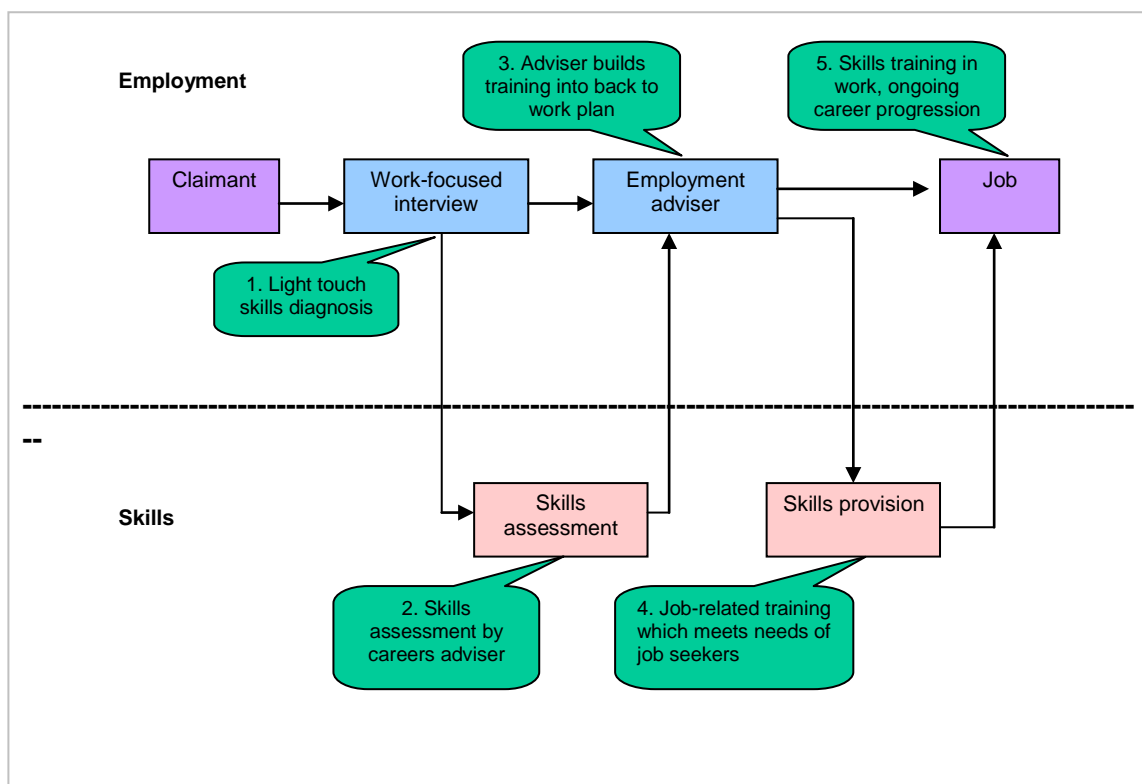
Alongside the development of the New Deals, the employability and skills agenda has evolved to take up an increasingly prominent role. This is exemplified by the Prime Minister's speech to the CBI on 26th November 2007: "If in the old days the problem was unemployment, in the new world it is employability. If in the old days the lack of jobs required priority action, in the new world it is lack of skills" (DWP, 2008: 8).

The Leitch Review of Skills (2006) set out the importance of skills in the global economy, highlighting the need for increasing skill attainments at all levels. It highlighted the need to raise people's awareness of the value of skills and advocated the creation of a new universal adult careers service to diagnose skill needs, with a skills health check available for all. It emphasised the need to integrate the public employment and skills services to deliver sustainable employment, enabling more disadvantaged people to gain skills and find and sustain work. It also set out plans for the development of employer-led Employment and Skills Boards. The idea is for a seamless journey from benefits into work, and then on into in-work training and career progression (see Figure 3).

Although the welfare-to-work agenda has been critiqued on the basis of undue emphasis on supply-side considerations and relative neglect of the demand-side (as discussed in section 6), one aim of the New Deal has been to work closely with employers (DWP, 2008), and the need to link training provision with employer needs is a key principle underlying the development of integrated employment and skills services. Likewise, the development of Local Employment Partnerships, involving large employers making a commitment to help long-term benefit claimants back into employment, by providing jobs in return for Jobcentre Plus (and partners) providing applicants who are job ready with the right attitudes and aptitudes, also highlights the desire to engage with employers and tailor training and skills development provision more closely with demand.

From 2008-9 there are plans to trial aspects of an integrated employment and skills service. This includes a new screening process for literacy, numeracy, language and employability skills for all JSA customers in 2009/10, and also Skills Health Checks and Skills Accounts for benefit customers. In 2009 a suite of operational targets for Job Centre Plus and the Learning and Skill Council is to be introduced to underpin the shared DWP/DIUS objective of delivering sustainable employment and progression (DWP and DIUS, 2007). The new adult advancement and careers service is due to become fully operational by 2010-11, as is the integrated employment and skills system.

Figure 3: Integrated employment and skills services: the customer journey for benefit claimants



Source: DIUS (2007: 34)

The developments outlined above highlight the enhancement of links between skills and employment, and in turn underline the importance of guidance, learning and access to training/ skills development opportunities for those in work, as well as for those out of work.

4.4 Other current and future policy developments

In a review of welfare reform over the last decade, Hasluck (2007) contends that the approach since 1997 has been one of steady and piecemeal reform. The result has been an increasingly complex and fragmented system involving many different programmes, which can be difficult to navigate and bureaucratic to administer and operate. The current period, however, is one of extensive and wide-ranging change, and this needs to be kept in mind in the discussion of service provision for the non-employed in section 5. Some of the current and planned future policy developments are influenced by key reviews – notably, the Leitch Review of Skills (2006) (referred to in section 4.3) and Freud's (2007) independent review of the welfare-to-work strategy (discussed below) which was published as 'Reducing dependency, increasing opportunity: options for the future of welfare to work' in March 2007. In July 2007 the Government published its response to the Freud Report in a consultative Green Paper entitled: 'In work, better off: next steps to full employment' (DWP, 2007a).

Freud recommended that once claimants have been supported by Jobcentre Plus for a short period of time, back to work support should be delivered through outcome-based, contracted support – drawing on specialist providers from the private and voluntary sectors. He proposed that the contracting regime would set a core standard that everyone would receive, but that beyond this there would be freedom between the provider and the individual to do what works for them (i.e. an 'individualist' approach [see 5.2]); rolling up the existing framework of public, private and voluntary provision, in favour of a more 'flexible' approach

focused on the specific barriers facing the individual rather than the specific benefit they are on.

Turning to policy developments, the Government is moving towards a strengthening of requirements for claiming JSA and is introducing a flexible New Deal for all job seekers (DWP, 2007b), replacing the separate New Deals for young people and adults (described in section 4.2). The flexible New Deal is designed to provide better support tailored to the specific combination of barriers faced by the individual, as opposed to rigid programmes and/or fixed entry points determined by particular benefits, while at the same time simplifying the system. As such, the idea is that it will treat claimants who spend a lot of time on JSA, or who 'churn' frequently between JSA and employment, differently from those on JSA for the first time. Flexible New Deal procurement activity is set to begin in Spring 2008, with first customers referred to contracted flexible New Deal in October 2009.

The core principles underlying for the modernisation of policy and service provision highlighted above are: first, a stronger framework of rights and responsibilities to move benefit claimants from being passive recipients to being active job seekers; secondly, a personalised and responsive approach – through a flexible New Deal designed to better respond to individual need; thirdly, a partnership approach – with the public, private and third sectors working together (see section 5.3); fourthly, devolving and empowering communities – with sustainable employment will be at the heart of neighbourhood renewal – to find local solutions to local challenges (see section 5.4); and fifthly, not just jobs, but jobs that pay and offer opportunities for progression (as outlined in section 4.3).

A further important reform affecting one sub-group of the non-employed is the introduction in October 2008 of the Employment and Support Allowance (ESA) to replace IB and IS payments for those with incapacity or disability. A new Personal Capability Assessment is to be introduced alongside ESA to assess an individual's entitlement and the possible support needed to get back into the workplace.

5. Service provision for those suffering job loss

5.1 Key agencies delivering services (and services provided)

This section is concerned with the identification of publicly funded services with national (i.e. England) coverage. The most prominent of these is *Jobcentre Plus*, although increasingly services are provided in partnership with the private and voluntary sectors (see section 5.3). However, the discussion also covers advice and guidance services such as nextstep, Connexions (for young people) and learndirect. Provision via these agencies may be conceptualised as 'top down'. Other service provision with national coverage – notably Citizens Advice Bureaux - play a role in the mosaic of service provision, but are reliant on a range of funding sources (including a large chunk of public funding). Service provision via local projects is discussed in section 5.4.

Jobcentre Plus (part of DWP) is the main service provider for individuals who have suffered job loss. It is the gateway to financial support, personal one-to-one advisory services, training schemes and employment programmes. As such it combines the functions of around 1,500 former jobcentres and social security offices in around 800 combined Jobcentre Plus offices. It also operates 31 contact centres and has transferred the processing of benefit claims from Jobcentre Plus offices to 79 centralised processing centres known as Benefit Delivery Centres (National Audit Office, 2008). The rollout of Jobcentre Plus and the New Deals (outlined in section 4.2) are part of the Government's strategy to improve the efficiency of the labour market by enhancing information flows and facilitating the match of jobs and people.

For a person suffering job loss who wishes to claim benefit and find new employment, the first point of contact with Jobcentre Plus is via a phone call to a telephone contact centre. The purpose of this initial call is to gather basic information about the claimant and his/her employment history, to book a Work Focused Interview (WFI) with a personal adviser, and to explain the next steps and establish appropriate benefits. Benefit claims and other financial issues are dealt with during a subsequent appointment with a financial assessor, who then sends claims to be processed by a Benefit Delivery Centre.

As intimated in sections 2.4, 3 and 4, there are a number of different non-employment benefits. Of foremost interest here is *Jobseeker's Allowance (JSA)*. JSA is a benefit for people aged 18 years or over and under pension age that are unemployed but capable of work; (those who are not capable of work may be eligible for Income Support, Incapacity Benefit or other benefits for people who are sick or disabled). To be eligible for JSA an individual has to show that he/she is actively looking for work and is available for work. To continue to claim the individual has to sign on at a Jobcentre Plus office at least once every two weeks. There are two types of JSA. The first is contribution-based (i.e. non-means-tested) JSA – for people who have been working and with the required number of National Insurance (NI) contributions. It is paid for a maximum of six months. The second is income-based JSA. It is paid to people who do not have enough NI contributions to get contribution-based JSA. It is also paid in addition to contribution-based JSA because of certain personal circumstances. Whether an individual gets income-based JSA depends on the amount of his/her income and capital. An individual on income-based JSA will be entitled to Housing Benefit (HB) and Council Tax Benefit (CTB) also. It is salient to note that HB and CTB are critical to an understanding of the welfare system and can act as a disincentive for some individuals to take up (some kinds of) work. Other key non-employment benefits (highlighted in sections 2.4 and 3 and mentioned above) are Incapacity Benefit (IB) and Income Support (IS). IB was introduced in 1995, replacing Invalidity Benefit. Both benefits were more generous than those paid under JSA – hence there is a financial incentive to claim IB. The introduction of IB was intended to provide a stricter fitness for work test than previously. Income Support is intended to help people on low incomes who do not have to be available for employment; (the main types of people who receive it are lone parents, the long and short-term sick, people with disabilities and other special groups).

Turning from claiming benefit payments to job search, the individual job seeker goes to a Jobcentre Plus office for an interview with a personal adviser, who will help draw up a jobseeker's agreement. This details the steps that the individual in question should take to find work and forms the basis of subsequent interviews with a personal adviser. Job search may be undertaken through touchscreen job points in Jobcentre Plus offices, via the Internet or by phone. Jobcentre Plus offices may advertise details of self-employment possibilities for unemployed people, and help is also available through local Business Links.

If after 13 weeks the individual has not found work a 13-week review meeting is held with the personal adviser. As a result of the review, the individual may be put in touch with local employers with vacancies, have the jobseeker's agreement reviewed to reflect a broadening of the types of jobs sought, be issued with a direction aimed at improving prospects of finding work, be referred to a scheme or programme (i.e. the job seeker receives greater direction at this stage). If an individual is still out of work after 26 weeks, he/she is asked to attend a compulsory Restart interview with a Jobcentre Plus office personal adviser.

Some job seekers may be referred to a Programme Centre. Programme Centres are run on behalf of Jobcentre Plus by a range of providers from the public, private and voluntary sectors. Each Programme Centre has an individual contract with Jobcentre Plus to provide specific job search and guidance programmes; (these are sometimes known as Jobclubs). These can help with CV preparation and interview skills, as well as training sessions which attempt to improve job hunting techniques. There are also facilities such as use of a desk,

phone, stamps, photocopying facilities, etc, to aid job search. While on JSA and looking for work, an individual may be able to get help with costs of looking for work, such as help with travel costs (e.g. under the Travel to Interview Scheme, or reduced price travel on public transport when looking for work). When starting a job an individual may be entitled to help with payment for initial costs, such as new clothes and travel. For some long-term unemployed people there is the possibility of Work Trials – these enable employers to try out an unemployed person in a particular job for up to 15 working days, during which time the individual remains entitled to benefits.

A range of advice and guidance services providing national coverage is available for people who have suffered job loss (as well as for other individuals, either in or out of employment, who wish to partake of their services). *nextstep* is a free, face-to-face service offering advice on learning and careers for individuals aged 20 or over who do not have a Level 2 qualification (i.e. 5 GCSEs at grades A*-C or an NVQ Level 2 qualification). There are 47 *nextstep* offices in England. As of March 2008, there were also 47 Connexions Partnerships in England. These provide advice and guidance for young people up to 19 years of age. Another service provider in the advice and guidance arena is *learndirect*, which was developed by the University for industry (Ufi) with a remit from government to provide high quality post-16 learning. Services offered include independent careers advice by phone, online and by email. There are over 800 *learndirect* centres in England and Wales where here individuals can improve their maths, English and IT skills. Additionally, *learndirect* provides work-based e-learning courses.

A further source of information and advice to which individuals suffering job loss can turn is the Citizens Advice service. The service offers help to people in resolving legal, money and other problems via an information and advice network from over 3,000 locations across the country; (although the degree of specialist advice available may vary between locations). Citizens Advice (the national organisation) and each Citizens Advice Bureau (CAB) are registered charities. In 2006/7 nearly 85% of income was from government grants, so services are likely to be vulnerable to cutbacks in spending. Funding from other public bodies, companies and charitable trusts for certain projects is becoming a more important component of the total budget to support service provision. CAB advice, provided by trained volunteers, is free, impartial, independent, and confidential. The top five CAB client problems dealt with in 2005/6 were benefits, debt, employment, housing and legal.

5.2 The personalised approach

A common feature of New Deal programmes, as outlined in section 4, is the central role of the personal adviser in delivering employment services. Personal advisers have assumed an increasingly important role in services delivery and this is to remain the case as the welfare-to-work reforms outlined in section 4.4 are enacted. They carry out diagnostic, work targeted interviews to help customers understand the benefits of working and agree a realistic course of action to help them gain or move them closer to employment. They help customers apply for appropriate jobs. As they undertake these activities they develop and maintain partnership working relationships involving Jobcentre Plus, external organisations and employers. The significance of their role is such that they have been described as ‘the jewel in the crown’ of Jobcentre Plus (National Audit Office, 2006; Hasluck, 2007).

Evaluation evidence indicates that the personal advisers are critical to the success of interventions to help non-employed people into work (Hasluck and Green, 2007): the quality, enthusiasm, motivation and commitment of staff providing services matters. Research with personal advisers shows that the greater the flexibility given to the personal adviser, the better they are able to fulfil their role and meet the specific needs of individual customers, although there are issues relating to whether those in rural areas have access to as full a range of support services as those in large urban areas. Research with customers indicates

that they appreciate a personalised service and the continuity of contact at an individual level.

5.3 Partnership working

Although Jobcentre Plus is the key government agency responsible for the public employment service, as outlined in sections 4 and 5.1, private and voluntary sector organisations are involved in the delivery of many elements of the service. The partners include large private sector contractors (who first played a substantial role in operating Employment Zones in areas of longstanding high unemployment rates) to third sector organisations and specialist voluntary sector providers. The latter are quite varied, including intermediate labour market (ILM) organisations, community businesses, voluntary organisations, often playing a specialist role with their particular target groups (Aiken and Spear, 2005). While some have national coverage, others operate only in particular local areas (see section 5.4). Some of the voluntary sector organisations are largely reliant on central government and local government grants for their continued existence, and so are subject to the vagaries of public sector funding, while others may receive finance from other sources. At the time of writing, the DWP and Jobcentre Plus work with a network of around 600 providers, with contracts worth around £1 billion a year (DWP, 2008). Legislation has opened the way for a more extensive and mainstream involvement of the private and voluntary sector in delivering the welfare system; hence, partnership working between public, private and voluntary sectors is set to increase, so marking a shift in the boundaries of the state.

Partnership working at local and sub-regional level is of increasing importance given the trend towards greater flexibility and local devolution in service delivery, and the emphasis on the 'no wrong door' approach. This is exemplified by the City Strategy, which aims to tackle worklessness in the most disadvantaged communities in the UK; (these are mainly in large urban areas, as the name suggests). The City Strategy seeks to combine the work of government agencies, local government and the private and voluntary sectors in a local partnership to provide support to help jobless people find and progress in work. The idea is to join up activity at a local level more effectively and to ensure that the provision on offer is tuned to the needs of the local/ sub-regional labour market. Both within the City Strategy Pathfinder areas and elsewhere, partnership working may be more developed in some local areas than in others, and this may impact on the nature, range and quality of services available.

5.4 Local services/ projects

The City Strategy outlined in section 5.3 exemplifies an increased emphasis on the localisation of policy implementation and administration apparent in many western economies (Sunley *et al.*, 2001; Theodore and Peck, 1999). One reason cited for this 'localisation' of welfare policies is that it confers 'flexibility' of response, allowing public or partnerships of public and private agencies responsible for delivering welfare to tailor the policy to local conditions. In practice, however, 'bottom-up' development may still be controlled and shaped by external gatekeepers. Nevertheless, even if it is more constrained in practice than in theory, one consequence of the trend towards localisation is that service provision can be fragmented and spatially uneven.

in some local areas and for some sub-groups there may be 'public' funding available to provide assistance for those seeking employment through local projects – for example, through local authority funded projects to address worklessness, schemes to assist with travel-to-work, etc. In some areas European Social Fund (ESF) projects and other European funding initiatives provide help for those out of work. From 2007 the ESF

programme identified two priorities: first, extending employment opportunities for unemployed and inactive people; and secondly, developing a skilled and adaptable workforce. Projects may involve addressing barriers to employment, work search and work preparation activities, basic skills training, access to childcare and other forms of care, etc. While in some rural areas the non-employed seeking work may have benefited from innovative job search support schemes, intermediate labour market and supported employment schemes, wage subsidy schemes, others have not. In some local areas there may be outreach services, but such services do not cover all areas and times when services are available might be restricted. Hence, precisely what services are available locally depends on where an individual lives and when s/he is able to use them. There is no centrally held list (at national level) of what flexible support to jobseekers/ other benefit claimants is available at local level.

An example of a local partnership approach to delivering welfare-to-work is the 'Cornwall Works' programme (see <http://www.cornwallworks.org.uk/index.aspx?articleid=37470>). This programme involving a consortium of service providers, including an input from Jobcentre Plus, has developed a range of projects, including the introduction of Neighbourhood Action Teams to reduce benefit claimant rates in areas of high deprivation (see <http://www.cornwallworks.org.uk/index.aspx?articleid=37502>). However, a problem faced by many such local projects is that they are reliant on external funding to expand their services or have only short-term funding, so raising concerns about their long-term viability. It may be the case that the best staff are not attracted by short-term contracts in rural areas and this has implications for service delivery. In addition to the constraints of time-limited funding, local community and voluntary groups wishing to develop and extend service provision at local level may also face a lack the support to develop their capacity to so, and/ or be hampered by poorly developed networks and management structures, reliance on volunteers, high travel costs and operational costs, etc. Hence, the provision of services by local projects is subject to change.

5.5 Use of ICT in service delivery

In parallel to the welfare-to-work reforms outlined in section 4.4, there has been a huge emphasis in modernising and transforming public services (following the Gershon Review [2004]) as part of efficiency drives. In the face of job cuts, there has been increased focus on delivery by IT systems and telephone services. The Modernising Government agenda focuses on how new technologies can improve the quality of services and enable the use of new technologies to enable longer access (i.e. evenings and weekends). The Transformational Government agenda (Cabinet Office, 2005) further promotes this model, encouraging the use of technology to create greater choice and personalisation for the citizen and in doing so generating savings.

There is a clear trend towards greater reliance on ICT for delivering services for job seekers through Websites and telephone helplines. A key goal of Jobcentre Plus it to use modern IT and telephony to increase customer access to job information and make it easier for employers to advertise vacancies. The Jobcentre Plus model (described in section 5.1) relies on reducing the 'footfall' (i.e. visits) to offices and placing more responsibility on the customer to claim benefits and find a job. An evaluation of the national rollout of Jobcentre Plus revealed that some staff felt that the reforms did not allow them to provide the same level of customer service. Customers experienced some problems getting through to contact centres (National Audit Office, 2008). On the basis of evidence gathered from citizens advice bureaux, Citizens Advice have expressed concern about the time taken to process benefit claims, and the impact of this on the most vulnerable people (Citizens Advice, 2007).

Greater use of ICT in service delivery offers both potential advantages and disadvantages. Use of ICT to provide public services is particularly relevant in rural areas, which often lack services 'on the ground'. Research undertaken with job seekers in rural Scotland before the rollout of Jobcentre Plus revealed concerns about the replacement of local telephone advice services with national helplines, staffed by people with no understanding of what it means to live in a remote rural area and the distances and difficulties involved in commuting to work. Hence, the introduction of 'remote' ICT services can unintentionally increase the sense of isolation for vulnerable groups (McQuaid *et al.*, 2003).

On the positive side, ICT opens up a greater range of information and services for people living in rural (and urban) areas. For example, Worktrain (now Jobseekers) is a national online jobs and learning site provided by the DWP integrated with the jobseekers direct website: <http://www.directgov.gov.uk/en/Employment/Jobseekers/index.htm>. It provides up-to-date details on over 400,000 jobs, as well as information on different types of jobs, training opportunities, childcare, etc. Online job search also spans national boundaries: Jobcentre Plus belongs to the European Employment Services organisation (known as EURES), which is an organisation of EU government bodies dealing with employment matters. It allows for job vacancies and information on living and working conditions across Europe to be advertised in all countries of the EU. Jobseeker Direct is a Jobcentre Plus service where individuals can search and apply for jobs by phone. There are also a range of other websites providing information on jobs, learning and guidance – e.g. the National Guidance Research Forum (NGRF) <http://www.guidance-research.org/>.

However, not everyone has easy access to ICT and/ or the skills to use it. A study of the potential use of the Internet and other forms of ICT as a tool for delivering information services for unemployed people in peri-urban and remote rural areas in Scotland (McQuaid *et al.*, 2004) found a 'digital divide' amongst the unemployed, with those with low educational attainment, the long-term unemployed and those perceiving their ICT skills to be 'poor' being least likely to use the Internet. Similarly, as regards the move to telephone services and helplines for some elements of service delivery, it is salient to note that some people have no access to landlines and have to rely on pay as you go mobile phones to contact benefit lines; (a Citizens Advice study in 2004 noted that [at that time] one in five individuals in the lowest socio-economic groups and on the lowest incomes only had access to a mobile phone, with controlling cost being the main motivating factor).

Even when access to telephone and web-based services and the skills to use them are not a problem, to take full advantage of e-services an individual needs to be proactive and articulate. For the e-service provider, also, there are issues about how best to provide a good quality service. In the case of e-guidance, for example, information provision is rarely the end point of an enquiry. Generally, to make sense of information provided it is necessary to have a dialogue, and advisers may differ in the extent to which they are able to do this by providing anticipatory guidance (i.e. in providing an answer to the specific query asked, posing further questions – e.g. you asked about X, so I was wondering if you might also be interested in Y and Z). Moreover, there are limitations on the extent to which such advisers can engage in confidence building and play an ambassadorial role on the part of an individual in their search for work.

In an assessment of the advantages and disadvantages of ICT in providing services to help non-employed job seekers find work, it is important not to overlook the significance of informal recruitment methods and the role of social networks as a means of sharing job information – especially in remote rural areas (as outlined in section 2.3) (Monk *et al.*, 1999; McQuaid *et al.*, 2004). Research has shown that the networks of unemployed men and women tend to feature a much higher than normal concentration of unemployed members and are deficient in employment contacts, so reducing access to job information (Russell,

1999; Granovetter, 1973). An adviser on the end of a phone cannot be an advocate in informal social networks.

Finally, however good services delivered by ICT are, they cannot overcome a lack of suitable and sustainable jobs within commuting range.

5.6 Barriers to take up of services

Even if services are available, there may be barriers to take up, so compounding the problems faced by individuals suffering job loss. These barriers may differ between sub-groups and between local areas.

A number of barriers to take up of services have been highlighted in previous sections. Lack of information about opportunities that are available is one barrier, and is a particular issue for individuals in rural areas where service provision (e.g. college-based learning opportunities to improve skills) may in any case be limited and where difficulties in achieving economies of size may make providers especially vulnerable to pressures for cost savings. Hence, given the more limited number of alternative services, lack of information on those that are available in rural areas may have greater consequences than in urban areas where there are likely to be more alternative opportunities. Even if an individual has information about such opportunities/ services they may be unable to access them in physical terms because of transport difficulties (as highlighted in section 2.3). For some residents of rural areas restricted mobility arising from a lack of private transport, combined with limited service provision at a local level, can represent a serious source of disadvantage. Indeed, Shucksmith (2000) has identified transport as a major barrier to social inclusion and employment in rural areas. As outlined in section 5.5, ICT has a role to play in overcoming some cost barriers in service provision and access issues because of transport difficulties, but in some rural areas there may be shortcomings in the ICT infrastructure (e.g. a lack fast Internet services) and in any case not all not all individuals have easy access to services delivered by ICT.

Social factors may also play a role in influencing willingness to access provision and claim benefits. Shucksmith (2003) highlights the fact that there is less anonymity in rural than in urban areas and so any social stigma associated with claiming benefits/ accessing certain services may mitigate against take up, despite individual entitlements and the existence of relevant services.

6. Key themes

This final section provides an overview of a selection of the key themes emerging from the review and current and future policy directions and their implications.

It is clear that over the last decade the balance of interventions and service provision to address non-employment and help people back into work has been focused on the supply-side of the labour market. While supply-side policies have yielded successes in helping workless people back into employment (DWP, 2008), it has been argued that the concentration of policy attention on active labour market programmes, like the New Deals, has led to a neglect of demand-side concerns about job availability and job quality, which need to be addressed if problems of entrenched structural unemployment are to be overcome. Theodore (2007: 938) contends that what is needed are local economic development and social economy initiatives that are designed to stimulate job growth in depressed regions *combined with* job training programmes to help the long-term unemployed back into the labour market (see also Breeze *et al.*, 2000).

The move towards an enhanced alignment of skills strategy and welfare-to-work policy places increasing emphasis on skills development and provision of opportunities for learning. Skills development has been recognised as key to sustainable employment. Integrated employment and skills services bring a more prominent role for employers as attempts are made to tailor training provision more closely to specific job needs. However, attempts to promote progression in work may be thwarted in some instances by the existence of a 'low skills equilibrium' and the availability of alternative sources of labour supply (such as international migrants). Again this highlights the need to direct policy attention towards labour demand, as well as focusing on labour supply.

There have also been trends towards 'individualisation' and 'flexibility' in service provision. Individualisation is most evident in the key role played by personal advisers in New Deal and related programmes. The move towards a flexible New Deal also represents a shift towards greater flexibility in tailoring services towards individual needs. The flexible New Deal also continues the trend towards greater involvement of private and voluntary sector providers, alongside the public sector, in delivering publicly funded services. Together with the move towards local devolution in service delivery via local partnerships (albeit with centrally-imposed constraints on action and the limitations of a reliance on short-term funding in many cases), the result is likely to be greater variability and differentiation in the range and quality of publicly funded service provision between individuals/ sub-groups and areas.

Conversely, the increased use of ICT in service delivery has the potential to enhance the range of services available to individuals suffering job loss and to reduce spatial variability in service provision. The growing significance of electronic delivery of services highlights the importance of IT literacy and of access to ICT if individuals are to be able to utilise available services to their maximum potential.

Finally, in any discussion concerning service needs and the delivery of publicly accessible and publicly fundable services it is important to remember the important (and often effective) role played by informal social networks in providing support for those suffering job loss and in facilitating access to employment, other opportunities and to public and private services.

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