

Economic inactivity and poor health

Towards place-based policy responses

Dr Robert Richardson IPPO Scotland, University of Glasgow

October 2023

Executive summary

High levels of economic inactivity in the UK have become a stubborn policy problem. Overall, 410,000 more people were economically inactive in May-July 2023 compared with December-February 2020, before the COVID-19 pandemic.¹ People can be economically inactive for a number of reasons, including temporary or long-term sickness, retirement, looking after family or the home, and being a full-time student.

Trends in long-term sickness and disability are particularly concerning, however. 490,000² more people were inactive due to long-term sickness in May-July 2023 compared with December-February 2020.³ This brings the total number of people who are economically inactive due to long-term sickness to 2.6 million⁴, which is 30% of the UK's overall number of economically inactive people. Similarly, the number of new monthly disability claimants is double pre-pandemic levels, at approximately 30,000 new claimants per month.⁵ Within these overarching trends lies significant regional variation across the UK, with economic inactivity often particularly concentrated in certain neighbourhoods.

This report presents the results from a review of policy interventions which seek to address economic inactivity, with a focus on poor health and disability. This covered a range of interventions from diverse geographic and policy contexts, and spatial scales, including initiatives led by the UK Government, devolved governments, local authorities, the third sector, and cross-sector partnerships.

The review identified that high levels of economic inactivity are best viewed as a public health policy problem rather than solely through the lens of the labour market. Policy responses should therefore be holistic, rather than focusing solely on getting people into work. This requires multidimensional solutions, which centre on health but draw on a range of policy areas and public services, including education and skills, childcare, housing, and transport.

This raises important questions as to the desired outcomes of policy interventions to address economic inactivity, and how these outcomes should be measured. A broader approach to understanding 'good' outcomes beyond short-term job starts is therefore necessary, with better health and wellbeing viewed as a fundamental component of improved long-term labour market outcomes. This reflects growing interest in more diverse ways to measure economic outcomes beyond typical indicators such as Gross Domestic Product (GDP).⁶

This report identified an important role for localised place-based responses to economic inactivity. This is particularly important as 'one-size-fits-all' responses at national level - such as extending tax relief on pensions - are unlikely to work on their own, or to be cost-effective.⁷ Local approaches can better target areas where the challenges are greatest, and ensure that public services are aligned in the delivery of a cross-cutting policy response.

Further evaluation of the implementation and governance of such localised responses will be valuable in developing understanding of how the challenges associated with economic inactivity are best addressed.

¹ Employment in the UK - Office for National Statistics

² This figure is higher than the overall increase in economic inactivity because the overall figure is offset by a reduction in people reporting other reasons for inactivity during this period (see figure 1 on p.4).

³ Employment in the UK - Office for National Statistics

⁴ INAC01 SA: Economic inactivity by reason (seasonally adjusted) - Office for National Statistics

⁵ <u>Number of new disability benefit claims remains high, but today's data show tentative signs of easing | Institute for Fiscal Studies</u>

⁶ Crisp et al. (2023) <u>https://doi.org/10.1177/00420980231187884</u>

⁷ Policy Solutions to Address Economic Inactivity Among Over 50s – International Public Policy Observatory

Introduction

This review brings together evidence on interventions which seek to address economic inactivity, with a focus on poor health. It begins by outlining key data on economic inactivity and poor health in the UK and demonstrates geographic variation by focusing on trends in the Glasgow city region. It then highlights the major sources of employment support in Scotland, before focusing on examples of effective or innovative interventions which specifically aim to address economic inactivity caused by poor health and disability. This has provided evidence that local place-based interventions are increasingly emerging as a key response to this policy problem. The review ends with a discussion of several emerging issues on the topic, including questions for how success is measured, and for how policy responses can collectively address health, wellbeing, and labour market issues.

Trends in economic inactivity and poor health

Economic inactivity- the proportion of the working age population not in work or looking for work – has risen since the start of the pandemic. Although it has since declined in most other comparable countries, it has remained stubbornly high in the UK.⁸ The number of economically inactive people in the UK compared to pre-pandemic levels peaked at approximately 650,000, and although this has fallen since, 410,000 more people were inactive as of May-July 2023 than at the start of 2020.⁹

This overall increase in economic inactivity has been driven in particular by more students and more people reporting long-term sickness (Figure 1).¹⁰ Longitudinal Labour Force Survey data also reveals two separate issues: a rise in movements from employment into inactivity for non-health related reasons (particularly retirement); and rising levels of sickness among inactive people.¹¹ The latest available Office for National Statistics (ONS) estimates (for Q2 2023) suggest that the net movement from employment to inactivity was the largest since Q4 2020, driven particularly by fewer people moving from inactivity into employment.¹²

Trends in long-term sickness levels are particularly striking. 490,000 more people were recorded as inactive due to long-term sickness in May-July 2023 than in December 2019-February 2020.¹³ 2.6 million people are now inactive due to long-term sickness, which is 30% of the overall total number of people who are economically inactive.¹⁴

The number of new monthly disability claimants is also double pre-pandemic levels at approximately 30,000 new claimants per month,¹⁵ with particular increases occurring within two age groups: people aged 16-24 and those aged over 50.¹⁶ The total number of people on working-age disability benefits stands at 2.7 million, 25% more than in April 2019.¹⁷ As Figure 1 shows, the majority of the post-pandemic increase in economic inactivity is due to long-term sickness.

⁸ How is health affecting economic inactivity? UK Parliament

⁹ Employment in the UK - Office for National Statistics

¹⁰ Should the UK government get active about economic inactivity? - Economics Observatory

¹¹ Is worsening health leading to more older workers quitting work, driving up rates of economic inactivity? | Institute for Fiscal Studies

¹² Employment in the UK - Office for National Statistics

¹³ Employment in the UK - Office for National Statistics

¹⁴ INAC01 SA: Economic inactivity by reason (seasonally adjusted) - Office for National Statistics

¹⁵ Number of new disability benefit claims remains high, but today's data show tentative signs of easing | Institute for Fiscal Studies

¹⁶ The number of new disability benefit claimants has doubled in a year | Institute for Fiscal Studies

¹⁷ Number of new disability benefit claims remains high, but today's data show tentative signs of easing | Institute for Fiscal Studies

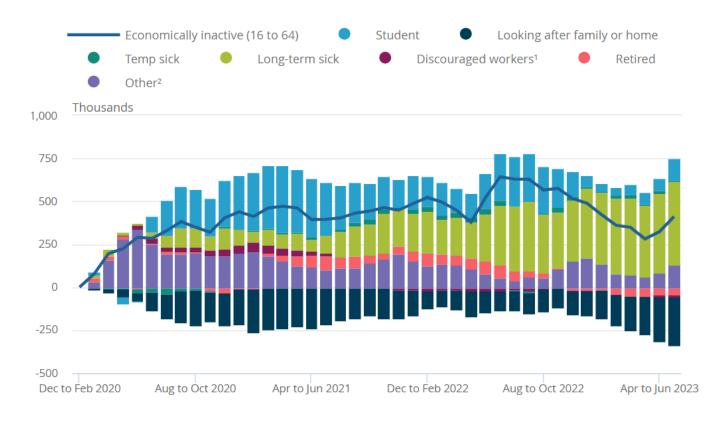


Figure 1: UK economic inactivity by reason (age 16-64), seasonally adjusted, cumulative change from December 2019-February 2020 for each period to May-July 2023. Source: Employment in the UK - Office for National Statistics

Attributing the increase in the share of those reporting long-term sickness directly to COVID-19 is problematic as most of the surveys which record population health data over the long term do not fully capture the various conditions associated with Long-COVID, or provide clear guidance for respondents on how to report symptoms.¹⁸ Likewise, the UK Government ceased the COVID-19 and Respiratory Infections Survey (CRIS) in June 2023 and now does not collect data on the prevalence of Long-COVID in the population.¹⁹ The final available data from the COVID Infection Survey does suggest that Long-COVID symptoms are fairly widespread, however. 1,734,000 people who first had (or suspected they had) COVID at least 12 weeks previously reported that they were still presently suffering from long-COVID symptoms in March 2023.²⁰

UK population health has been declining for many years. Improvements in life expectancy have slowed in recent years,²¹ while self-reported assessments show that 44.7% were mostly or completely satisfied with their health in 2020/21, down from 51.4% in 2015/16.²² There has also been a substantial increase in the number of adults reporting mental health problems - which could be linked to the tumultuous experience of the pandemic - and accounts for 34% of the rise in the number of health conditions reported between 2019 and 2022.²³

¹⁸ <u>Half a million more people are out of the labour force because of long-term sickness - Office for National</u> <u>Statistics</u>

¹⁹ <u>Self-reported long COVID symptoms, UK - Office for National Statistics</u>

²⁰ Prevalence of ongoing symptoms following coronavirus (COVID-19) infection in the UK - Office for National Statistics

²¹ <u>National life tables – life expectancy in the UK - Office for National Statistics</u>

²² UK Measures of National Well-being Dashboard - Office for National Statistics

²³ Importance of ill health to the UK's labour market participation challenge – Joseph Rowntree Foundation

Geographic variation

Regional variation is key to understanding and addressing economic inactivity.²⁴ Health and employment outcomes show significant geographic variation across the UK. Long-term sickness prior to the pandemic is especially concentrated among less skilled workers in disadvantaged areas, particularly in the cities and large towns of the north of England,²⁵ while Northern Ireland has also consistently experienced high levels of long-term sickness.²⁶ Meanwhile, a greater proportion of Scotland's economic inactivity is attributable to health problems than is the case for the rest of the UK overall (Figure 2).²⁷

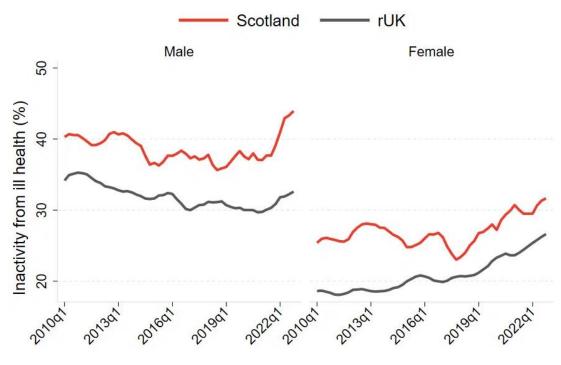


Figure 2 Inactivity from poor health by gender, Scotland compared to rest of the UK. Source: <u>Economic inactivity and ill-health in Scotland | Fraser of Allander Institute</u>

Scotland's economic inactivity rate for the year 2022 was 22.9%,²⁸ and has hovered at around this level since the beginning of the pandemic (Table 1). Within regions, there can be even greater variation in inactivity rates. For example, the economic inactivity rate for Glasgow city region for 2022 was higher than the Scottish figure at 24.3%, within which lies even more significant local variation (Table 2).

The reasons for economic inactivity also vary significantly between local authority area within Glasgow city region (Figure 3). A relatively high proportion of inactivity in Glasgow City and East Renfrewshire is explained by full-time students. However, in Inverclyde over 50% of economic inactivity is due to long-term sickness, while for North Lanarkshire, West Dunbartonshire and Renfrewshire, this figure is over 40%; much higher than the Scottish average of 32.1%.

²⁴ <u>Trends in economic inactivity across the OECD: The importance of the local dimension and a spotlight on the United Kingdom - OECD</u>

²⁵ Should the UK government get active about economic inactivity? - Economics Observatory

²⁶ How has Covid-19 affected economic inactivity in Northern Ireland? - Economics Observatory

²⁷ Economic inactivity and ill-health in Scotland – Fraser of Allander Institute

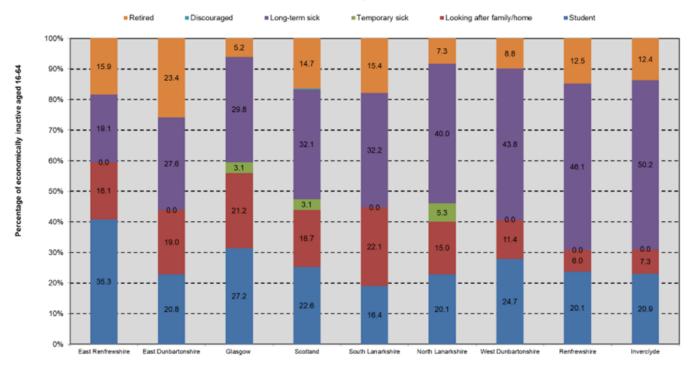
²⁸ Sub-Scotland Economic Statistics Database – Scottish Government

Table 1: Scotland's quarterly economic inactivity rate since the beginning of 2020. Source: <u>LFS: Economic inactivity rate: Scotland: Aged 16-64: All: %: SA – Office for National Statistics</u>

Quarter	Economic Inactivity rate (Scotland)
2020 Q1	22.3%
2020 Q2	22.6%
2020 Q3	22.3%
2020 Q4	22.9%
2021 Q1	22.3%
2021 Q2	22.3%
2021 Q3	22.0%
2021 Q4	22.6%
2022 Q1	21.9%
2022 Q2	22.0%
2022 Q3	21.9%
2022 Q4	20.8%
2023 Q1	22.2%
2023 Q2	22.6%

Table 2: Economic inactivity rate in the Glasgow city region, by local authority area.Source: Sub-Scotland Economic Statistics Database – Scottish Government

Local authority area	Economic Inactivity rate (2022)
East Dunbartonshire	22.1%
East Renfrewshire	20.5%
Glasgow City	25.4%
Inverclyde	21.6%
North Lanarkshire	29.9%
Renfrewshire	25.9%
South Lanarkshire	17.6%
West Dunbartonshire	22.0%
Glasgow city region	24.3%
Scotland	22.9%
UK	21.7%



Reason for economic inactivity, Glasgow City Region local authorities and Scotland, aged 16-64, 2022 Source: Annual Population Survey

Figure 3: Reason for economic inactivity within Glasgow city region by local authority area, compared to Scotland Source: <u>Glasgow & Clyde Valley | The Glasgow Indicators Project (understandingglasgow.com)</u>

Interventions to address economic inactivity and poor health

Concern for the impact that rising levels of economic inactivity will have on the economy²⁹ led to policy interventions announced in the UK Government's spring budget in March 2023, including £1billion a year for tax relief on pension contributions and a £4billion package for childcare.³⁰ The former includes removing the Lifetime Allowance charge on high levels of pension savings, and raising the annual tax-free pension allowance to £60,000.³¹ The latter includes expanding existing provision of 30 hours a week of free childcare for eligible working parents of 3- to 4-year-olds to eligible working parents of children aged 9 months to 3 years, to be phased in from April 2024.³²

However, the geographic and demographic variation within patterns of economic inactivity, and the complex underlying drivers, suggest that 'one-size-fits-all' solutions such as those above are unlikely to be effective on their own.³³ The close link between health and economic inactivity likewise demands that policy interventions consider health as a determinant of broader employment status, and therefore as a target for intervention, rather than focusing solely on labour market solutions.

This raises several questions for policymakers to consider, including the outcomes which are most important and how they are measured. Interventions are typically evaluated using employment-focused criteria such as job starts or earnings. In terms of job starts, systematic review evidence of

²⁹ Economic Inactivity: Working-age People - Hansard - UK Parliament

³⁰ Should the UK government get active about economic inactivity? - Economics Observatory

³¹ Should the UK government get active about economic inactivity? - Economics Observatory

³² Spring Budget 2023 – UK Government

³³ Policy Solutions to Address Economic Inactivity Among Over 50s – International Public Policy Observatory

employment interventions in health settings found average increases in any type of employment to be 51%.³⁴ For a smaller group of studies that had a comparison or control group, the average increase in employment was 28%. For interventions outside of healthcare settings, evidence suggests employment rates are around 5 percentage points higher than would otherwise be expected.^{35 36} However, not many of the programme evaluations included in this review compare outcomes with control groups. While the job starts following the interventions reviewed in this paper are typically around 30-40%, this does not tell us how many people would have found employment regardless of participation. While these figures give us an idea of what could broadly be expected as programme outcomes which we believe are also important to consider.

The following section reviews policy interventions which have responded to economic inactivity and poor health, drawing on evidence from evaluation where possible. It begins with a broad overview of the main relevant interventions in Scotland, before focusing on initiatives which have emphasised health and wellbeing. This identifies the emergence of place-based interventions which combine health and employment support at a local scale. Appendix 1 lists the interventions reviewed.

Employability support in Scotland

'No One Left Behind' (NOLB) is the Scottish Government's primary employability support initiative. Administered by local authorities using Scottish Government funding (£15.64million for 2022-23),³⁷ the scheme aims to help people prepare for employment, training, education and/or volunteering.³⁸ People taking part receive support from an Employability Key Worker and agree an individual plan which might include training, taster sessions at college, or mentoring. NOLB aims to be user-centred and aligned with other services including health, justice, and housing.³⁹

NOLB currently operates alongside 'Fair Start Scotland', which provides 12-18 months of tailored employment support for people facing the greatest challenges in finding work, including those with a disability or health condition. It also offers up to 12 months of in-work support and assists employers with recruitment, and is delivered by a mix of public, private, and third sector providers across 9 geographic areas.⁴⁰ 'NOLB' will fully replace 'Fair Start Scotland' in April 2024, which represents a shift from a nationally commissioned programme offering time-limited support to local authority commissioning and more holistic support.^{41 42}

The 'Young Person's Guarantee' is a further Scottish Government commitment that every person aged 16-24 should have the opportunity to study, take up an apprenticeship, job, or work experience, or participate in formal volunteering.⁴³

An implementation evaluation of the development and early delivery of NOLB and the Young Person's Guarantee took place between May and December 2022.⁴⁴ This found that most participants perceived the implementation of NOLB positively, although it identified that the scheme could do more to engage and support people who were furthest from the labour market, including those with protected characteristics. Service providers taking part in the evaluation also reported

³⁴ Pinto et al. (2018) <u>https://doi.org/10.1370%2Fafm.2286</u>

³⁵ Mawn et al. (2017) Are we failing young people not in employment, education or training (NEETs)? A systematic review and meta-analysis of re-engagement interventions

³⁶ <u>What works with tackling worklessness? – London Development Agency and GLA Economics</u>

³⁷ <u>Scottish Government Allocations for NOLB by Local Authority Area – Scottish Government</u>

³⁸ No One Left Behind - Employability in Scotland

³⁹ No One Left Behind - Employability in Scotland

⁴⁰ Fair Start Scotland - Employability in Scotland

⁴¹ No One Left Behind Employability Programme - Scottish Parliament

⁴² Fair Start Scotland FAQs - Employability in Scotland

⁴³ Young Person's Guarantee - Employability in Scotland

⁴⁴ Implementation Evaluation of No One Left Behind & the Young Person's Guarantee – Scottish Government

that the increased severity and prevalence of mental health problems among service users create a major barrier to progress.

Initial data on job outcomes show that 32% of the 39,632 people supported under NOLB between April 2019 and March 2023 entered employment and 14% entered higher education or training, although no outcome was recorded for approximately one third of participants.⁴⁵ The job start outcomes are broadly in line with the 37% of people who began Fair Start Scotland and entered a job, with 73% of these job starts sustained for 3 months.⁴⁶

A local evaluation of NOLB in Fife found that service users were 'very positive' about their experience of the programme, and recommended that monitoring and evaluation procedures should better reflect the broader principles of NOLB and not just employment outcomes.⁴⁷ These principles include: equal and fair; strengths-based; non-judgemental; discreet; collaborative; time unlimited and progressive; continuously improving; and hopeful.⁴⁸ The nature of these principles reflects more holistic employment outcomes beyond measures such as job starts.

Interventions focused on ill-health and disability

Supporting people with disabilities and health conditions

The 'Access to Work' scheme run by the UK Government's Department for Work and Pensions (DWP) aims to help people with disabilities or health problems to enter or remain in work, by providing grants for practical support with work, for managing mental health and work, and for communication support at interviews.⁴⁹ Eligible costs include travel expenses, vehicle adaptations, or a support worker or job coach.

'Access to Work' was described by Disability Rights UK in 2015 as "the only government disability employment programme that is proven to be effective", but they noted that the scope was too limited, only helping 35,000 people per year.⁵⁰ Coverage has grown since, and in the 2022-2023 financial year, 47,340 people were in receipt of an Access to Work payment.⁵¹ An evaluation in 2018 found that individuals supported by the scheme viewed it positively, with many reporting it was essential for them to stay in work, although awareness among employers and potential users were noted as areas for improvement.⁵²

Broader interventions aim to keep in work those who become ill or disabled (or those at greater risk). The DWP's 'Disability Confident' initiative, for example, provides guidance on how to attract, recruit and retain people with disabilities, and almost 19,000 employers across the UK are signed up.⁵³ 'Healthy Working Lives: Supporting a Mentally Healthy Workplace' is a Public Health Scotland platform which provides resources including training, guidance and templates for employers to help promote a mentally healthy workplace.⁵⁴

The 'Age-friendly employer pledge'⁵⁵ operates in a similar way, albeit indirectly aimed at people experiencing ill-health. Run by third sector body the Centre for Ageing Better, this encourages employers to commit to taking action to enable workers in their 50s and 60s to flourish. Action taken by one member of the scheme, East Riding of Yorkshire Council, has included additional care over

⁴⁵ Fair Start Scotland (Official Statistics) – Scottish Government

⁴⁶ Fair Start Scotland (Official Statistics) – Scottish Government

⁴⁷ No One Left Behind Fife – National Institute for Health Research

⁴⁸ No One Left Behind Fife – National Institute for Health Research

⁴⁹ Access to Work - UK Government

⁵⁰ Reactivate - Publications Office of the EU (europa.eu)

⁵¹ Access to Work statistics: April 2007 to March 2023 – UK Government

⁵² Access to Work: Qualitative research with applicants, employers and delivery staff – UK Government

⁵³ Employers that have signed up to the Disability Confident scheme – UK Government

⁵⁴ Supporting a mentally healthy workplace – Public Health Scotland

⁵⁵ <u>Age-friendly Employer Pledge - Centre for Ageing Better</u>

language in job adverts, face-to-face recruitment events, and support and training for those experiencing the menopause and for managers.⁵⁶

The Resolution Foundation, meanwhile, has advocated a 'right to return' period be introduced, which would require employers to keep jobs open to workers away due to sickness or disability.⁵⁷

Preventing early retirement

Varied occupational health interventions have been shown to help people to stay in work and reduce the risk of early retirement.⁵⁸ Health checks and counselling for individual employees, interventions based on screenings, and improvements in workplace organisation, have all been found to positively affect work ability and health, although the evidence suggests that occupational health interventions are most effective when beginning with younger age groups than are typically targeted.⁵⁹ The DWP is currently consulting on ambitions to increase the coverage of occupational health interventions, and on amending tax incentives for employers, following the announcement of additional funding in the Spring Budget 2023 to tackle economic inactivity.⁶⁰

The DWP has also recently expanded its 'Midlife MOT' programme, including the launch of a new signposting website which aims to help people aged 45 to 65 to plan for their future and think about their work, health, and money.⁶¹ This approach was initially trialled through Midlife MOTs with work coaches in Jobcentres in England, a 2022 pilot of which has since been expanded to include a further pilot with private providers.⁶² Evaluation of earlier Midlife MOT pilots found the approach had potential, but recommended it should be seen as a process rather than a standalone event, and cautioned that participation does not automatically lead to behaviour change.^{63 64}

Workplace flexibilities

Evidence also suggests that increasing part-time employment opportunities can better support workers with a long-term health condition or a disability to remain in work. Research from Cranfield University recommends that part-time working could bring many economically inactive people back into the workforce, following evidence on the flexible element of the furlough scheme which supported employers to engage with part-time working options.⁶⁵ 40% of people who had used the scheme reported that line managers are now better at managing part-time working.

The Scottish Government has supported a pilot programme to train 'change agents' to promote and improve flexible working opportunities within their employer organisation, given only 1 in 4 job adverts in Scotland offers flexible working.⁶⁶ This initiative responds primarily to the Scottish Government's aims to reduce child poverty, which also highlights the relationship between caring responsibilities and economic inactivity. Evaluation reported a positive response to working with

⁵⁶ Putting the pledge into practice - Centre for Ageing Better

⁵⁷ Post-pandemic participation - Resolution Foundation

⁵⁸ Crawford et al. (2020) https://doi.org/10.1093/occmed/kqq028

⁵⁹ Soderbacka et al. (2020) <u>https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7251826/</u>

⁶⁰ Occupational Health: Working Better – UK Government

⁶¹ Midlife MOT – UK Government

⁶² DWP launches new Midlife MOT website – UK Government

⁶³ Developing and delivering Midlife MOTs - Phoenix Group

⁶⁴ <u>Developing the mid-life MOT report - Centre for Ageing Better</u>

⁶⁵ Part-time working can boost economy and bring economically inactive people back into work- Cranfield University

⁶⁶ Fair Flexible Work for Scotland - Timewise

'change agents' among participating employers, but acknowledged that delivering widespread change would take time.⁶⁷

Spotlight on: Individual Placement Support

Individual Placement Support (IPS) is a structured model of intervention which was designed initially for people with serious mental health conditions, based around long-term individualised support. IPS has been shown to be effective in helping people to gain and keep competitive jobs.⁶⁸ For example, a study of IPS programmes across six European countries found that IPS doubles the access to work of people with mental illness, but that effectiveness also varies along with local unemployment rates, national economic growth and welfare systems.⁶⁹

IPS has also shown promise with more diverse populations than those suffering from mental illness alone, including veterans with PTSD, people receiving methadone treatment, and young people not in employment, education or training.⁷⁰ The 'Breaking Barriers' programme in San Diego, for instance, provided employment services to people with low incomes and disabilities who were looking for work between 2016 and 2018, using the IPS model. A randomised control trial with over 1,000 participants found that over a two-year follow-up period, individuals who took part in 'Breaking Barriers' earned nearly \$4,000 more than control group members (a 26% increase) over a two-year follow up period.⁷¹ Interestingly, although participants in 'Breaking Barriers' found work more quickly than the control group, the latter eventually caught up and reached around the same earnings level by the two-year point.

One example of an IPS intervention in the UK is the Employment Advisors in Improving Access to Psychological Therapies initiative (EA in IAPT), funded by the cross-UK Government Work and Health Unit, and jointly sponsored by the Department for Work and Pensions and the Department of Health and Social Care.⁷² It combines psychological treatment and employment support by placing employment advisers within IAPT, an NHS England programme providing treatment for people with mental health problems including anxiety and depression.

Two pieces of evaluation were conducted in 2022, comparing the outcomes for IAPT clients who saw an EA against those who did not. Clients taking part in EA in IAPT were more likely to be in work at the start than not, so the scheme's main impact was to help those people make an existing job work better for them.⁷³ Overall employment outcomes were mixed, however. Participants out of work at the start were more likely to enter the labour market than comparable groups. However, for participants who were working at the start of the programme, seeing an EA reduced the likelihood of their being in work at the end, while participants off work sick at the beginning were also less likely to be working at the end than those in a comparable sample.⁷⁴ However, for these groups the mental health outcomes of taking part were positive, while many of those who ended the programme out of work were kept closer to the labour market than would otherwise be expected.⁷⁵

A similar scheme in England run by mental health charity the Richmond Fellowship, which placed employment advisers with GP surgeries, resulted in higher employment outcomes for participants who were already in work than for those who were seeking work.⁷⁶ This again demonstrates the

⁶⁷ Fair Flexible Work for Scotland - Timewise

⁶⁸ Bond et al. (2020) https://link.springer.com/article/10.1007/s10488-022-01228-9

⁶⁹ Bunds and Catty (2008) https://psycnet.apa.org/doi/10.2975/31.4.2008.313.317

⁷⁰ Probyn et al. (2021) doi:10.1017/S1463423621000827

⁷¹ <u>Two-Year Findings from the Evaluation of Breaking Barriers - MDRC</u>

⁷² Employment advisers in improving access to psychological therapies – UK Government

⁷³ Employment advisers in improving access to psychological therapies: client research – UK Government

⁷⁴ Employment advisers in improving access to psychological therapies: evaluation of the impact of employment adviser support in Steps2Wellbeing IAPT (Southampton and Dorset) – UK Government

⁷⁵ Employment advisers in improving access to psychological therapies: evaluation of the impact of employment adviser support in Steps2Wellbeing IAPT (Southampton and Dorset) – UK Government

⁷⁶ Pittam et al. (2010) <u>https://doi.org/10.1111/j.1365-2524.2010.00929.x</u>

nuance required in measuring outcomes and interpreting effectiveness, particularly over the long term.

Towards place-based policy responses

Given the concentration of economic inactivity in particular places, localised responses have emerged, particularly in the devolved nations and regions of the UK. For example, 'Communities for Work' (CfW) is run by the Welsh Government using funding from the European Social Fund, and is targeted at 52 of the most deprived neighbourhoods in Wales (identified through a previous 'Communities First' programme). Participants are referred to CfW by partner organisations (primarily Jobcentre Plus) and are then assigned to either Community Employment Advisers seconded from the DWP, or to Youth and Adult Mentors seconded from local authorities and third sector organisations for participants needing the most support.⁷⁷ Since 2018, this scheme has been supplemented by Communities for Work Plus (CfW+) which broadly mirrors CfW and is supported by largely the same infrastructure, but covers the whole of Wales with a wider eligibility remit.

Evaluation results show 1 successful job outcome for every 2.4 engagements with CfW on average, with a similar ratio of 1 to 2.3 for CfW+, but at approximately half the cost per job.⁷⁸ Although this compares favourably with a Welsh Government target of 6 engagements per job entry for CfW (CfW+ does not have centrally determined targets), evaluation does not compare outcomes to those expected using a control group. The intention had been for CfW to develop close links with local GP surgeries and community health practitioners, which the evaluation found could have been achieved more consistently. In one area, fruitful relationships between CfW+ staff and mental health charity Mind developed following co-location, but in another, long waiting lists for mental health services were reported as a major barrier to success.⁷⁹ However, the evaluation highlights "the value of a whole system approach to employment support, focused upon a range of services and founded upon a strong partnership and collaborative relationships between them, at a local authority level".⁸⁰

⁶Working Well' in Greater Manchester is a localised approach to the 'Work and Health Programme' in England and Wales, which supports disabled people, long-term unemployed people, and others who may need support to move into employment from several priority groups (including homeless people, care-leavers, and refugees).⁸¹ According to the DWP, local providers aim to integrate with local services including health and social care, but with a focus on overcoming barriers to employment. Working Well began in 2014 with a successful pilot to combine physical and mental health support with advice on drug and alcohol problems, skills, education, and housing.⁸² This developed into 'Working Well: Early Help' which emphasised the impact of health conditions and the wider social determinants of health and provided rapid access to CBT and physiotherapy.⁸³ It is now operating as 'InWork GM'.

Evaluation of Working Well: Early Help in 2022 found that it created consistent health and wellbeing benefits for participants, while 38% experienced a positive employment outcome.⁸⁴ Interestingly, the evaluation presents health outcomes before employment outcomes, and analysis shows that for every 100 participants who reported improving health outcomes, between 43 and 51 would not have

82 Working Well - Greater Manchester Combined Authority

⁷⁷ Evaluation of Communities for Work and Communities for Work Plus: Stage 1 (process evaluation and theory of change) – Welsh Government

⁷⁸ Evaluation of Communities for Work and Communities for Work Plus: Stage 1 (process evaluation and theory of change) – Welsh Government

⁷⁹ Evaluation of Communities for Work and Communities for Work Plus: Stage 1 (process evaluation and theory of change) – Welsh Government

⁸⁰ Evaluation of Communities for Work and Communities for Work Plus: Stage 1 (process evaluation and theory of change) – Welsh Government (p.140).

⁸¹ Work and Health Programme statistics: background information and methodology – UK Government

⁸³ Working Well - Greater Manchester Combined Authority

⁸⁴ Working Well Early Help Annual Report 2022- Sheffield Hallam University

done so without Working Well: Early Help. Fast-track physiotherapy and CBT were found to be particularly effective, as was the health-focused approach of key workers (known as Vocational Rehabilitation Workers).⁸⁵

A further example is 'Connecting Communities', funded by the DWP and run by the West Midlands Combined Authority between 2018 and 2021. It was tested across nine geographically-defined neighbourhoods and emphasised intensive, personalised and context-specific support to: build social networks to encourage behavioural and attitudinal change towards work; increase employment; and work with local businesses to improve recruitment and progression of disadvantaged individuals.⁸⁶

Evaluation found that 41% of out-of-work participants secured work during Connecting Communities, although this varied between providers and participant groups - 30% of the hardest to help found work.⁸⁷ Overall, the evaluation concluded that the programme's place-based approach was an effective way to "address the spatial complexity and specificity of worklessness and socioeconomic disadvantage", as the localised response allowed the combined authority to work with different providers in different neighbourhoods.⁸⁸

⁶Clacton Place', launched in 2022, aims to address longstanding health inequalities and high levels of economic inactivity in Clacton-on-Sea through a diverse partnership which includes NHS England, Essex County Council, the UK Government Department for Work and Pensions, and the voluntary sector.⁸⁹ As with 'InWorkGM' and its predecessors, Clacton Place combines health and employment as equally important and mutually-constitutive outcomes. Clacton Place is informed by the lived experience of residents and therefore aims to recognise and respond to the particularities of place. It also aims to utilise strategic employment opportunities arising from a new freeport at Harwich,⁹⁰ strengthening connections between major employers, the NHS, local government, the voluntary sector, employment support agencies, and skills providers.⁹¹

Discussion: A public health problem rather than a labour market one?

As economic inactivity is closely related to overall declining health for many in our society, policy responses are rightly increasingly holistic, rather than focusing solely on getting people into work. The relationship between health and employment is complex. Although being in appropriate employment improves health and wellbeing,⁹² interventions aimed at moving people back into employment alone can be too simplistic and at one extreme, harmful. Subsisting on insufficient Universal Credit income support has a negative impact on physical and mental health and can move people further away from the labour market, for instance.⁹³ The interaction between poverty and health inequalities is likewise well-researched. ^{94 95} High levels of economic inactivity are therefore best viewed as a public health policy problem rather than solely through the lens of the labour market.

⁸⁵ Working Well Early Help Annual Report 2022- Sheffield Hallam University

⁸⁶ <u>Connecting Communities Evaluation – Institute for Employment Studies</u>

⁸⁷ Connecting Communities Evaluation – Institute for Employment Studies

⁸⁸ Connecting Communities Evaluation – Institute for Employment Studies (p.4)

⁸⁹ Reducing health inequalities in Clacton-on-Sea – NHS England

⁹⁰ Clacton Place – Breaking Barriers Innovations

⁹¹ Reducing health inequalities in Clacton-on-Sea – NHS England

⁹² Health matters: health and work – UK Government

⁹³ Written evidence from Dr Marcia Gibson, Dr Steph Morris and Dr Mandy Cheetham – UK Parliament Committees

⁹⁴ Health Equity in England: The Marmot Review 10 Years On - The Health Foundation

⁹⁵ Project brief: systematic review of proposed explanations for 'excess' mortality – GCPH

Therefore, a strong argument exists for greater focus on addressing ill-health first,⁹⁶ in order to create a healthier labour market.⁹⁷ The Institute for Public Policy Research has proposed a new 'Health and Prosperity Act' to prioritise health outcomes across all aspects of society, for example.⁹⁸ Such an approach would require a coordinated response across policy areas including public health, housing, the economic, social security, and education.

This review has identified interventions which approach health and employment together, and take a holistic approach to understanding 'good' outcomes beyond short-term job starts, such as Greater Manchester's 'Working Well' initiative and 'Connecting Communities' in the West Midlands. As economically inactive people often "fall through the cracks", research for the OECD has found that a "multi-pronged policy approach" is necessary, combining labour market interventions, skills training, and other support including assistance with childcare, housing, and public transport.⁹⁹ This requires integrated public services, and such coordination is more achievable when designed and delivered at a local level. Previous research has identified the difficulties of coordinating such policies across scales of governance, particularly in regions where devolved powers are limited.¹⁰⁰

There is a need for a more detailed understanding of the opportunities and challenges of addressing economic inactivity locally. This review has identified, in line with recent work for the Local Government Association in England¹⁰¹, a crucial and growing role for localised place-based responses to economic inactivity. This is particularly important as 'one-size-fits-all' responses such as extending tax relief on pensions are unlikely to be effective on their own,¹⁰² and will typically result in costly 'deadweight loss' if interventions are not appropriately targeted.¹⁰³

The demand-side of the equation is also important, given the frequent concentration of high levels of economic inactivity in post-industrial 'left behind' places.¹⁰⁴ The Local Government Association has accordingly proposed a 'local first', place-based approach to skills and employment, under a 'Work Local' model within which locally elected leaders would have the powers and funding to join-up careers advice, employment, skills, apprenticeships, business support services and community outreach.¹⁰⁵

Drawing fundamental conclusions from examples of policy interventions is challenging, given the localised dynamics. Also, evaluations themselves, if available, tend to use different measurements and reflect varying priorities. 'EA in IAPT', for example, was shown to reduce the likelihood that participants working or off-sick at the start of the programme were in work at the end compared to control groups, but although this employment outcome might appear negative in the short-term, the same participants also reported improved mental health outcomes. Over time, this is likely to support closer engagement with the labour market,¹⁰⁶ in addition to more immediate benefits to health and wellbeing.

This reflects growing interest more widely in different ways to measure economic outcomes 'beyond GDP',¹⁰⁷ such as the foundational economy's focus on liveability rather than market indicators, to include access to public services, the social capital within the community, and local environmental assets.¹⁰⁸ ¹⁰⁹ The Scottish Government's attempted progress towards a wellbeing economy is also

¹⁰⁰ North et al. (2009) <u>https://doi.org/10.1068/c0855</u>

⁹⁶ It's the pandemic stupid – City-REDI, University of Birmingham

⁹⁷ Creating a Healthy Labour Market- TUC

⁹⁸ Healthy people, prosperous lives: The first interim report of the IPPR Commission on Health and Prosperity -IPPR

⁹⁹ Trends in economic inactivity across the OECD: The importance of the local dimension and a spotlight on the United Kingdom - OECD (p.39)

¹⁰¹ <u>Make It Local: local government's vital role in addressing economic activity - Local Government Association</u>

¹⁰² Policy Solutions to Address Economic Inactivity Among Over 50s – The International Public Policy Observatory

¹⁰³ Should the UK government get active about economic inactivity? - Economics Observatory

¹⁰⁴ Solving the UK's inactivity crisis- Centre for Cities

¹⁰⁵ Work Local: Unlocking talent to level up - Local Government Association

¹⁰⁶ Employment advisers in improving access to psychological therapies: evaluation of the impact of employment adviser support in Steps2Wellbeing IAPT – UK Government

¹⁰⁷ Crisp et al. (2023) <u>https://doi.org/10.1177/00420980231187884</u>

¹⁰⁸ Rydin (2023) <u>https://doi.org/10.1080/02697459.2023.2231711</u>

¹⁰⁹ GCR August 2023 Economic Briefing – Glasgow City Region

measured using a more holistic range of indicators than traditional measures like GDP, and includes greenhouse gas emissions and biodiversity, relative poverty, and the gender pay gap.¹¹⁰ If high levels of economic inactivity remain in the longer-term, this may fuel further interest in such indicators and outcomes, and how policy interventions engage with them.

Conclusion

This review highlights the emergence of place-based approaches for addressing economic inactivity and the socioeconomic challenges that come with it. The integration of services at a local level can respond to local variation in patterns of economic inactivity and ill-health. Evidence suggests that interventions should address poor health as a priority and aim to improve health and wellbeing as a fundamental component of improved long-term employment outcomes. It also raises the question as to which outcomes truly matter – such as employment starts, long-term job retention, or improved health. Gains from someone's short-term employment are likely to be lost in time if their health deteriorates and they require long-term disability support, for instance.

The UK's stubbornly high levels of economic inactivity represent a cross-cutting problem, which transcends policy areas and public services. Given wide variation in economic inactivity between places, local approaches to employment support which respond to the most pressing local issues¹¹¹ are needed. Responses in Scotland could therefore build on previous commitments to local service integration, including the 'Place Principle' adopted by the Scottish Government and the Convention of Scottish Local Authorities (COSLA) in 2019¹¹², and the advocation of place-based approaches to public services by the Christie Commission in 2011.¹¹³

Further research should therefore consider how interventions can respond to distinctive patterns of economic inactivity such as those in the Glasgow city region, and how the region's governance structures might support this. Likewise, the shift towards No One Left Behind as Scotland's primary employment support initiative, which is delivered by local authorities, provides an opportunity to study the implementation of a highly localised intervention.

The evidence suggests that high levels of economic inactivity may be best viewed as a public health policy problem rather than solely through the lens of the labour market. The most effective policy solutions are therefore likely to be multi-dimensional. Indeed, centring health within this appears to be the direction of travel.

¹¹⁰ Wellbeing economy monitor – Scottish Government

¹¹¹ How better local employment support could help tackle UK labour shortages – The Conversation

¹¹² Place Principle: introduction – UK Government

¹¹³ Commission on the Future Delivery of Public Services – UK Government

Appendix: Interventions considered

Intervention	Place	Description	Evaluation/evidence	Further information
No One Left Behind	Scotland (administered by local authorities)	Prepares people for employment, training, education and/or volunteering, regardless of age or background. People receive support from an Employability Key Worker and agree an individual plan, which might include mentoring or taster sessions.	Implementation Evaluation of No One Left Behind & the Young Person's Guarantee No One Left Behind Fife- National Institute for Health Research	<u>No One Left Behind </u> Employability in Scotland
Young Person's Guarantee	Scotland	Scottish Government commitment to bring together employers, partners and young people. Aim is that every person aged 16-24 will have the opportunity to study, take up an apprenticeship, job or work experience, or participate in formal volunteering.	Implementation Evaluation of No One Left Behind & the Young Person's Guarantee	Young Person's Guarantee Employability in Scotland
Fair Start Scotland	Scotland (administered over 9 contract areas)	12-18 months of tailored pre- employment support, and works with employers to help recruitment and support employee with up to 12 months' in work support	Scotland's Devolved Employment Services: Statistical Summary July 2023 – Scottish Government	Fair Start Scotland Employability in Scotland
Access to Work scheme	UK (DWP)	Grants for the practical support (e.g. travel expenses) for people with disabilities or health problems to help them enter or remain in work. Every Jobcentre Plus has a disability employment advisor, with intensive support programmes available to		Access to Work: get support if you have a disability or health condition – UK Government

Intervention	Place	Description	Evaluation/evidence	Further information
		economically inactive people with disabilities.		
Employment Advisors (EA) in Improving Access to Psychological Therapies (IAPT)	England (target areas), funded by cross- government Work and Health Unit, sponsored by DWP and DHSC	Provides combined psychological treatment and employment support to enable people to stay in, return to, or take up employment.	Employment advisers in improving access to psychological therapies: evaluation of the impact of employment adviser support in Step2Wellbeing IAPT Employment advisers in improving access to psychological therapies: client research	
Employment Advice in Primary Care	Eastern England (pilot by Richmond Fellowship)	Placed four employment advisors with GP surgeries in eastern England to provide early intervention and combined vocational and psychological treatment packages- to help people with mental health problems gain work or retain current work.	Employment advice in primary care: a realistic evaluation - Pittam - 2010 - Health & Social Care in the Community	Employment Services - Richmond Fellowship Mental Health Charity Making Recovery Reality
Communities for Work and Communities for Work Plus	Wales (Welsh Government supported by European Social Fund). Targeted at 52 previous deprived 'Communities First' clusters (CfW), and across Wales (CfW+)	Participants (assessed by Jobcentre Plus) assigned to Community Employment Advisers seconded from DWP (those needing least support), and Youth and Adult Mentors seconded from local authorities and third sector orgs (those 12 months from employment)	Evaluation of Communities for Work Evaluation of Communities for Work and Communities for Work Plus: Stage 1 (process evaluation and theory of change)	Communities for Work Plus Working Wales
Age-friendly employer pledge	UK-wide, optional for employers, run by Centre for Ageing Better	Employers commit to taking action needed to help workers in 50s and 60s to flourish.		Age-friendly Employer Pledge Centre for Ageing Better
				East Riding of Yorkshire

Intervention	Place	Description	Evaluation/evidence	Further information
		E.g. East Riding of Yorkshire Council- care over language in job adverts, face-to-face recruitment events, menopause support and training for managers		Council - Putting the pledge into practice Centre for Ageing Better
Healthy Working Lives: Supporting a mentally healthy workplace	Scotland (Public Health Scotland)	Resources including training, guidance and templates for employers to help promote a mentally healthy workplace		Supporting a mentally healthy workplace
Disability Confident	England and Wales (DWP)	Guidance on how to attract, recruit and retain people with disabilities, with a focus on inclusive communication.	Evidence review: Employment support for people with disabilities and health conditions - Learning and Work Institute	<u>Disability Confident</u> employer scheme – UK Government
Midlife MOT	UK (DWP)	Website which aims to help people aged 45 to 65 to plan for their future. Trialled through Midlife MOTs with work coaches in Jobcentres in England in 2022, subsequently expanded		<u>DWP launches new</u> <u>Midlife MOT website – UK</u> <u>Government</u>
Individual Placement Support (IPS)	Broad category of intervention	Structured model of intervention designed for jobseekers with severe and enduring mental health conditions.	Evidence review: Employment support for people with disabilities and health conditions - Learning and Work Institute	
			A Systematic Review and Meta- analysis of IPS Supported Employment for Young Adults with Mental Health Conditions - PMC	
			The effects of supported employment interventions in populations of people with conditions other than severe	

Intervention	Place	Description	Evaluation/evidence	Further information
			<u>mental health: a systematic review </u> <u>Primary Health Care Research &</u> <u>Development Cambridge Core</u>	
Occupational health interventions	Broad category of intervention	DWP consulting on increased use of OH and employer tax incentives	https://doi.org/10.1093/occmed/kqq028 https://www.ncbi.nlm.nih.gov/ pmc/articles/PMC7251826/ Work health promotion, job well-being, and sickness absencesa systematic review and meta-analysis - PubMed	Occupational Health: Working Better - UK Government
Scottish Government 'Change Agents' pilot programme	Scotland	Training 'change agents' in partner employers to promote and improve flexible working opportunities- linked to SG's aims to reduce child poverty rather than to address economic inactivity specifically	<u>Scotland-Fair-Flexible-Work-</u> Summary-Report	
Flexible element of furlough scheme	UK	PT working opens up opportunities for those unable to work FT (e.g. caring responsibilities, ill-health, disability).	Part-time working can boost economy and bring economically inactive people back into work	Coronavirus Job Retention Scheme
Clacton Place	Clacton, Essex	Seeks to improve health through employment and skills, highlighting lived experience of residents in design and delivery. Plans to establish pipeline of jobs (linked to new Freeport at Harwich)		<u>Reducing health</u> <u>inequalities in Clacton-on-</u> <u>Sea- NHS England</u>

Intervention	Place	Description	Evaluation/evidence	Further information
Working Well (England and Wales Work and Health Programme)	England and Wales Vork and Health	2014 Pilot with 5,000 people who had been unemployed for 2 years, programme combined physical and mental health support and advice on drug and	Working Well 2022 Annual Report – Greater Manchester Combined Authority	Working Well - Greater Manchester Combined Authority
		alcohol problems, skills, education and housing. Expanded into new Work and Health programme 'InWorkGM'		<u>Work and Health</u> <u>Programme statistics:</u> <u>background information</u> <u>and methodology – UK</u> <u>Government</u>
Connecting Communities	West Midlands	Voluntary employment support programme funded by DWP and managed by WMCA. Provided intensive, personalised and context-specific support to build social networks, increase employment, and support local businesses to recruit.	Connecting Communities Evaluation- WMCA	Employment Support - WMCA
Perspective jobs (perspectief-banen)	Amsterdam	Supported 115 long-term inactive people, targeting sectors with labour shortages. Employer subsidy 8500 euros per year for two years for each person employed and 3000 bonus for keeping temporary workers on	Reactivate - Publications Office of the <u>EU</u>	
Boston Compact	Boston, US	Mayor and other education/public leaders signed 'compact' setting out cross- sector professional strategies, common framework for accountability, and better use of city facilities.		Can-cities-outsmart-the- robots-The-future-of-skills- in-UK-cities-2.pdf – Centre for Cities Boston Compact - Serving Students By Bringing Educators Together

Intervention	Place	Description	Evaluation/evidence	Further information
Unga In, (sequel UNGKOMP)	Sweden	Focused on NEETS 16-24 not registered with public employment services. Unga In launched in six cities, by multidisciplinary teams including employment services, psychologists and guidance counsellors.	Reactivate - Publications Office of the <u>EU</u>	New concept at Sweden's employment service gains young people's trust — Nordic Labour Journal
Breaking Barriers	San Diego, US	IPS model of employment services to individuals with low incomes and disabilities looking for work.	Two-Year Findings from the Evaluation of Breaking Barriers- MDRC	<u>Breaking Barriers San</u> Diego MDRC

www.theippo.co.uk @ippouk













uncil

