

Worklessness, welfare and social housing

Executive summary



#WorkWelfareHousing

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A report for the National Housing Federation
by the Centre for Economic and Social Inclusion

Introduction

Getting people back into work is a major priority for the new Government and echoes the desires of many out of work people who miss the financial, social and psychological benefits of a job.

As social housing is designed for people who can least afford to pay more expensive private rents, this naturally includes many who can't find employment or are unable to work due to illness, disability or caring responsibilities. Our allocations system is based on housing those in priority need, so housing associations and other social housing providers have unique access to workless people in Britain. Housing associations play a crucial role in helping their residents find work with almost 70% providing, or planning to provide, employment and skills programmes¹.

This report, produced by the Centre for Economic and Social Inclusion, takes a new approach to understanding and responding to worklessness and disadvantage among social housing residents. It sets out recommendations that could lead to more than 40,000 people currently out of work finding work, and nearly 130,000 receiving additional support. These measures have the potential to save £292m from the benefits bill.

¹ IPSOS MORI, National Housing Federation commissioned research, October 2014.



Understanding those out of work

Around half of working-age social housing residents are currently not in work. In fact the unemployment rate among working-age social housing residents (21%) is almost three times that of private renters, and more than five times that of owner occupiers. Social housing residents face considerable disadvantage in finding employment and entering the labour market when compared with people in other tenures as they are more likely to:



These disadvantages contribute to being even less likely to find and be in work.

According to the Labour Force Survey:



Around one third of working-age social housing residents live in lone parent households and fewer than half (44%) of these are in work.



One in three working-age social housing residents declares themselves as disabled, with just 23% of these in employment.



Nearly one in five working-age social housing tenants has a declared mental health condition, and only 17% of those have a job².

²Labour Force Survey, 2014

While these figures show a clear correlation between likelihood of finding work and disadvantages, they do not reflect ways in which disadvantages can combine. Nor do they indicate the impacts of multiple deprivation, or how far off being work-ready people are. In reality there are a range of complex barriers that stop people getting into work, and they need varying degrees of support and preparation to make them ready for the work place. This report aims to take a more holistic approach to understanding the issues behind worklessness, segmenting the out of work population according to their combinations of need, disadvantage and likelihood to enter work.

10 groups of out-of-work social housing residents

A technique called Principal Component Analysis using five consecutive LFS longitudinal 2-quarter datasets has been used to segment social housing residents into 10 groups; between them accounting for around three quarters of all social housing residents who are out of work.



Group 1 – women with dependent children: mainly aged 25-49, with small families and low or intermediate qualifications. More likely to find work than others, this group makes up 17% of out-of-work social housing residents.



Group 2 – ‘prime age’ adults with health problems: adults aged 25-49 with multiple health problems (including poor mental health and disability) and usually not looking for work. Much less likely than other social housing residents to find work. This group makes up 10% of out-of-work social housing residents.



Group 3 – unemployed men with some qualifications: men, unemployed, separated and with low or intermediate qualifications. Slightly more likely to find work, and making up 7% of out-of-work social housing residents.



Group 4 – long-term workless mothers with health problems: women with three or more health problems, out of work for over five years and looking after family. These are among the least likely to enter work, and comprise 7% of out-of-work social housing residents.



Group 5 – low-qualified married men: slightly more likely to enter work than others, making up 6% of out-of-work social housing residents.



Group 6 – prime age men with intermediate qualifications: slightly less likely to enter work, comprising 6% of out-of-work social housing residents.



Group 7 – low qualified and out of work a long time: low qualified residents, aged 25-49, likely to have a couple of health problems and to have been out of work for more than five years. Slightly less likely to enter work than other groups, accounting for 5% of out-of-work social housing residents.



Group 8 – separated, physical health condition and low/no qualifications: slightly more likely to enter work than other groups and making up 5% of out-of-work social housing residents.



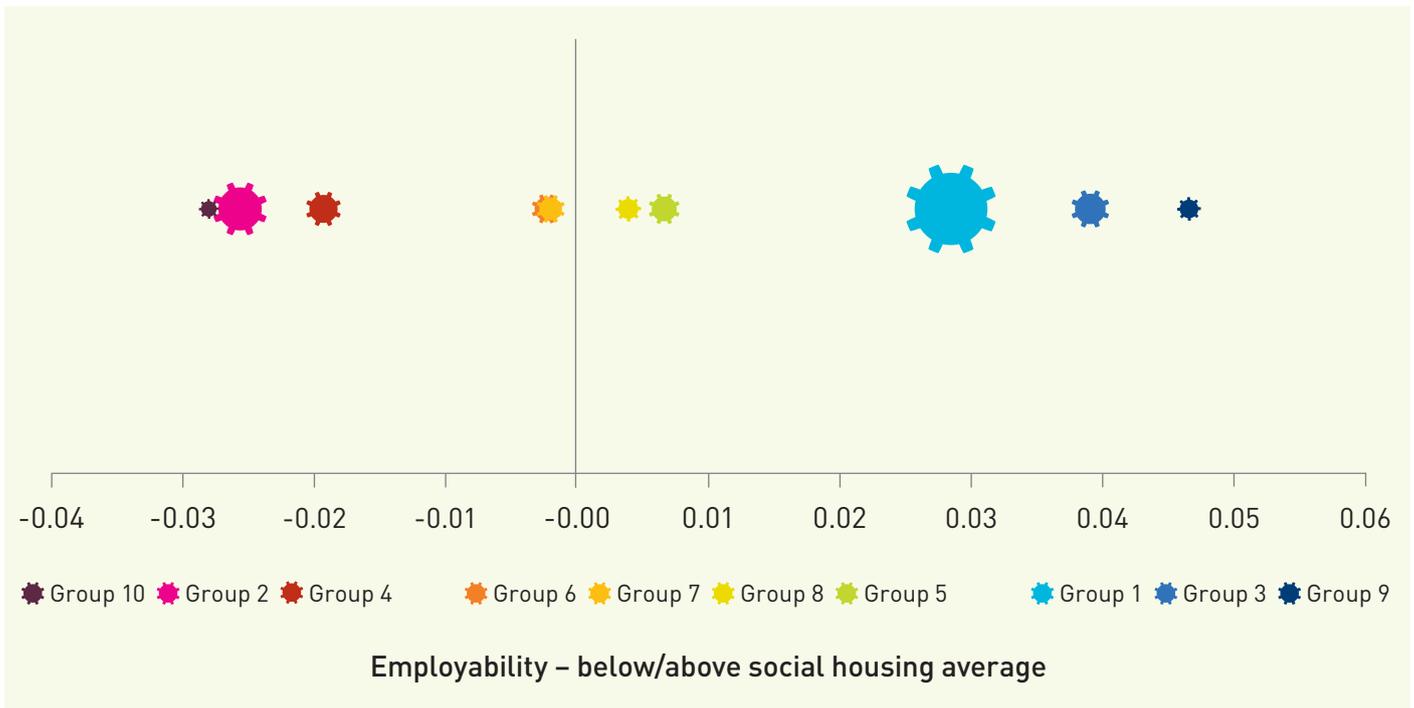
Group 9 – men with multiple health problems, looking for work: aged 25-49, with three or more health problems including poor mental health and low qualifications. The most likely to enter work, perhaps due to less severe health problems and being much more likely to be looking for work. This group makes up 4% of out-of-work social housing residents.



Group 10 – older people with poor mental health: the least likely to enter work, and comprising 4% of out-of-work social housing residents.

Figure 1, overleaf, maps the likelihood of these groups entering work; measured through the Labour Force Survey. Those to the right of the diagram have the highest chances of gaining employment and the size of the bubbles is representative of that of each group.

Figure 1: ‘Employability’ of workless social housing residents by segmented group



10 groups of out-of-work social housing residents

Group 1 – women with dependent children

Group 2 – ‘prime age’ adults with health problems

Group 3 – unemployed men with some qualifications

Group 4 – long-term workless mothers with health problems

Group 5 – low-qualified married men

Group 6 – prime age men with intermediate qualifications

Group 7 – low qualified and out of work a long time

Group 8 – separated, physical health condition and low/no qualifications

Group 9 – men with multiple health problems, looking for work

Group 10 – older people with poor mental health

Figure 1 shows three broad clusters of out of work social housing residents:

Least likely to enter work

This cluster includes groups **10, 2, and 4**, accounting for **21%** of the workless social housing population. People in these groups are very likely to have health problems.

Average chance of entering work

This cluster includes groups **6, 5, 8 and 7**, accounting for **22%** of the workless social housing population. People in these groups are more likely to be out of work for a longer time, have low qualifications and be prime age men.

Most likely to enter work

This cluster combines groups **9, 3 and 1**, accounting for **28%** of the workless social housing population. People in these groups are more likely to be looking for work and have intermediate qualifications.

Further analysis finds clear links between a number of indicators of disadvantage and the likelihood of entering work. However, it is clear that looking at individual indicators is not enough. Some groups that may appear to be disadvantaged on one or more indicator are more likely to enter work than other groups. It is therefore crucial to investigate what barriers, disadvantages and combinations of both (e.g. illness, disability, caring responsibilities) prevent people from looking for and entering employment.

Attitudes and barriers to work

Alongside the statistical analysis, this research included qualitative interviews with social housing residents who were claiming benefits at the time of the interview (January to March 2015)³.

Overwhelmingly, respondents reported that they wanted to work. They described employment as enabling them to *'hold your head up'*, offering a *'sense of purpose'*, or needing to work *'for peace of mind'*. No respondents reported that they were comfortable or happy on benefits, and a large majority had very negative attitudes to receiving support from the state. This ranged from embarrassment: *'I feel embarrassed to tell people I'm on benefits now'*, through to helplessness.

Around a third of respondents reported that their disability or health condition was a barrier to work while around one in five stated that caring responsibilities were a main barrier to work.

Most of those interviewed had recent, but often negative, experiences of Jobcentre Plus or the Work Programme. These were typically relating to the process of claiming benefits and *'proving'* entitlement. When asked what support they would like to see in the future, the most common response by far was for face-to-face support and more frequent support.

³The interviews aim to enhance the research findings above and should be seen as a snapshot rather than being representative for the whole out-of-work social housing population.



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Supporting those out of work

The role of housing associations

Supporting people in social housing into sustainable employment must form part of the long-term solution if Government is to succeed in its ambition to achieve full employment and reduce the benefits bill. With almost twice as many people in social housing being economically inactive compared to other tenures, the role social landlords can and are playing is increasingly important. The qualitative interviews of this research revealed that most groups furthest away from the labour market suffer from low confidence, negative work experiences and little or poor experiences of employment support. The exception was when residents had been supported by their housing association. These people spoke very highly of the personalised and supportive help they received to find work. Around half of those interviewed reported that they had received such support. Many respondents felt that they had a closer connection with their landlord due to their proximity, and their ability to help them with not only housing but also other significant issues such as benefits, budgeting and aspirations for training.

Housing associations have a long-term stake in supporting their residents into work

As social enterprises with a commitment to investing in economically and socially healthy and resilient communities, many housing associations are already actively engaged in the worklessness agenda, particularly focusing on financial inclusion and employment support.

- 39% of housing associations currently offer employment and skills support with a further 28% planning to do so in future
- 32% of housing associations see supporting their residents, and the wider community, into employment, education or training as a top priority⁴.

Housing associations are in a strong position to support and deliver employment-related services

- They have a unique relationship with their residents
- They operate in some of our most deprived areas
- They take a long-term approach to working with their residents and the communities in which their homes are based as part of their general social purpose
- They are major employers in their own right, with established supply chains which can provide further employment opportunities
- They have an investment in the success of their employment, training and skills programmes
- They have a good understanding of the local employment market and strong relationships with other organisations across both the public and private sector
- They use their own resources as well as attracting investment from partners.

Doing what works – options appraisal

With the disadvantaged groups identified in this report in mind, a number of potential solutions have been considered as options for supporting workless people to prepare for and enter employment. These draw on a range of evidence of 'what works' in supporting groups with similar characteristics in the UK and internationally. The full report also provides a cost benefit analysis of these programmes which are intended to stimulate further debate, rather than be treated as a framework for action.

⁴IPSOS MORI, National Housing Federation commissioned research, October 2014.

Skills Academies – work-focused training followed by a work placement and guaranteed job interview. Building on Jobcentre Plus ‘Sector Based Work Academies’, but with a broader reach and stronger focus on the most disadvantaged (including the lowest qualified and those returning to work).

Jobs-Plus – a ‘saturation’ model focused on those in targeted disadvantaged communities; combining on-site employment services, personal adviser support, peer mentors, and temporary financial incentives for work. This would adapt a successful model developed and implemented in the USA.

Pathways to Employment – intensive, voluntary adviser support to prepare for and find work. Potentially focused on residents with health problems or the longest out of work, and those who are least likely to be receiving other support. This would build on the extensive evidence on good quality and specialist adviser support, but address gaps in the current system.

An Intermediate Labour Market programme – temporary job creation with additional support to move into sustained employment, targeted at disadvantaged residents who have been out of work for at least a year. Housing associations played a key role in the Future Jobs Fund (FJF), creating around one in 10 of all FJF jobs. This proposal would build on that.

A new Return to Work bonus – a targeted financial incentive of (for example) £750, paid to those who move back into work and targeted in particular at those with additional costs of employment due to caring responsibilities or ill health. Financial incentives for these groups were a key feature of employment support up until 2012, and their rationale is stronger than ever.

Using a Cabinet Office certified modelling tool and an approach in line with the Department for Work and Pension’s (DWP) Cost-Benefit Analysis framework, we estimate that together these programmes would generate a return of £70m net of costs, effectively saving £1.25 for every £1 spent. Total programme costs of £285m over two years would be offset by savings of £355m, of which £292m would be saved from the benefits bill.



Overall nearly
130,000
people would benefit
from additional support



with
42,000
finding employment,



7,000
of whom would
be entering newly
created jobs.



Conclusion and recommendations

1. **Job seekers furthest from the labour market experience gaps in current employment and skills support. Government, landlords and other stakeholders should work together to reform existing programmes and introduce new initiatives to provide a comprehensive offer.**
2. **The current approach to 'payment by results' could be improved for those furthest from the jobs market to reward support that moves participants closer to work.**

As outlined in this report, there are a number of potential solutions for housing associations and local and national decision makers to consider. These include skills academies, jobs-plus, pathways to employment, intermediate labour markets and a return to work bonus. These should be explored further.

There is also an opportunity to reform existing contracted support programmes so that they more effectively meet the needs of all residents, including those furthest from the jobs market. The retendering of the Work Programme provides a timely opportunity for the Government to consider the reforms set out in this report.

With many housing associations already providing financial advice and guidance for their tenants the forthcoming arrangements for Universal Support provide an opportunity to develop a more integrated approach to supporting those moving onto Universal Credit. One option could be for the Government to identify housing associations as a preferred partner for Universal Support – Delivered Locally, when allocating contracts.

This research revealed a number of groups who are further from the jobs market and face multiple barriers to employment. For these groups, the current 'payment by results' model of only paying contracting organisations when someone is in sustained employment is not working⁵. There is a strong case for measuring success in terms of moving people closer to – or keeping them close to – the labour market, as well as purely securing job outcomes.

⁵ DWP, Work Programme evaluation: Findings from the first phase of qualitative research on programme delivery. 2012

3. Any future contracted employment support services should allow housing associations the flexibility to determine their clients, allowing them to focus on those who live within their homes and communities.

Housing associations are uniquely placed to provide employment support to people living within their homes and communities. Many are keen to deliver this work as part of their general social purpose and should have the opportunity to be formally involved in providing contracted services. Any revisions to existing employment programmes, or any new interventions (including those proposed in this report), must give housing association contractors flexibility to focus on those they house and within their communities. This would enable them to most effectively target their support for maximum impact, bringing more people closer to the labour market.

4. Data and information sharing between Jobcentre Plus, providers of contracted employment support and housing associations should be facilitated to make the most of limited resources.

The research behind this report demonstrates that a number of resident groups are facing multiple and combined barriers to entering work. Sharing information and data at a local level, between all contracted and non-contracted providers of employment support, would enable limited resources to be targeted much more effectively. This would save money and ensure better outcomes for the service user, helping us achieve our shared ambition to support residents into employment and training



For the full report please visit
www.housing.org.uk/worklessness
[#WorkWelfareHousing](https://twitter.com/WorkWelfareHousing)

The National Housing Federation is the voice of affordable housing in England. We believe that everyone should have the home they need at a price they can afford. That's why we represent the work of housing associations and campaign for better housing.

Our members provide two and a half million homes for more than five million people. And each year they invest in a diverse range of neighbourhood projects that help create strong, vibrant communities.

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