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Breaking the Cycle: What Works in Reducing Intergenerational Worklessness and Fragile Employment

June 2016

Breaking the Cycle: What Works in Reducing Intergenerational Worklessness and Fragile Employment

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Summary

- Research suggests that intergenerational worklessness is unlikely to be widespread in Wales. However, fragile employment – whereby individuals move repeatedly in and out of work with periods of worklessness in between – is a significant problem for some households and communities.
- This report uses an employability framework to identify the factors that restrict an individual's ability to enter, remain and progress in work.
- While the evidence shows that a 'Work First' policy approach (getting people into work quickly) has had some limited success, it does not reduce the risk of fragile employment because many of the jobs secured as a result of it are part-time, temporary, and characterised by low skill and low pay.
- Individuals and households at risk of fragile employment and worklessness face multiple barriers to employment which can vary between groups. So it is important to combine a holistic policy approach with targeted initiatives that are tailored to the needs of different groups – both when they are out of work and when they are in employment.
- Policies need to take account of differences between local labour markets. Successful local policies, however, are underpinned by centrally operated fiscal and monetary policies, and complement policy initiatives delivered at the UK and Wales levels.
- It is important that interventions take account of the demand for labour as well as supply issues: employers are gatekeepers to jobs and their recruitment practices, management culture, and the way work is organised, all shape prospects for sustainable employment and progression.
- In a rapidly changing labour market, 'career adaptability' (the ability to develop skills and competencies to make successful transitions within employment) is increasingly important and there is a need for policies that help people to develop this.
- This report outlines a series of practical recommendations that the Welsh Government should consider to address the issue of fragile employment. For example, it needs to adopt a holistic approach that is tied to regeneration projects and procurement policies that provide opportunities for residents of deprived areas. It is also important to take a 'Career First' approach and to work with employers and labour market intermediaries in the nine priority sectors to develop sustainable jobs with opportunities for progression.

Introduction

The Public Policy Institute for Wales (PPIW) is funded by the Economic and Social Research Council (ESRC) and the Welsh Government and works directly with Welsh Ministers to help them to identify their evidence needs and access expert analysis and advice to meet those needs.

This report reviews the academic and policy literature on the effectiveness of policies designed to tackle intergenerational worklessness and, more specifically, fragile employment, taking account of the fact that the strength of the evidence varies between studies.¹

Context

There have been persistent concerns about concentrations of worklessness at household level. However, the empirical evidence suggests that *intergenerational worklessness*, often referred to as ‘three generations of families where no one has ever worked’, does not exist on a significant scale in the UK (Shildrick et al., 2012; Macdonald et al., 2014). Indeed, the evidence suggests that it is rare even across two generations. Analysis of Labour Force Survey data from 2010 shows that households with two generations of working age where no-one had ever worked accounted for less than half a per cent of all workless households, with many of these households comprising a lone parent and a young adult who had recently left education (Macmillan, 2011). Similarly, in their in-depth study in areas of high unemployment in Middlesbrough and Glasgow, Shildrick et al (2012) found it difficult to find any families with two generations where no-one had ever worked. While these studies do not focus specifically on Wales, there is no reason to expect the situation to be very different to the UK as a whole, or to that found in deprived communities in North East England and Scotland.

By contrast, *fragile employment* – where individuals move repeatedly in and out of insecure, low-paid jobs – is more prevalent (Schoon et al., 2012). Moreover, there is evidence that points to an interaction between parental worklessness and fragile employment outcomes for children and, not surprisingly, to concentrations of fragile employment in areas of deprivation and high unemployment (Macmillan, 2014). Shildrick et al. (2012) conclude that disadvantage concentrated in specific geographic areas has an impact on life opportunities across generations and, that in combination with other factors, fragile employment leads to persistent (as opposed to transient) poverty.

¹ See the Annex for a note on this matter.

This remainder of this report explores the evidence regarding approaches to tackling worklessness and fragile employment. It analyses:

- The need for a broad perspective;
- The extent of worklessness and fragile employment in Wales, and areas in which it is most concentrated;
- International evidence on the longer term effectiveness of interventions to tackle worklessness and fragile employment within the same household;
- Personalised approaches to tackling worklessness and fragile employment tailored to the individual, household, or local conditions; and
- Policies that the Welsh Government, labour market intermediaries and other actors should consider to tackle intergenerational worklessness and fragile employment in Wales.

The Relevance of a Broad Perspective

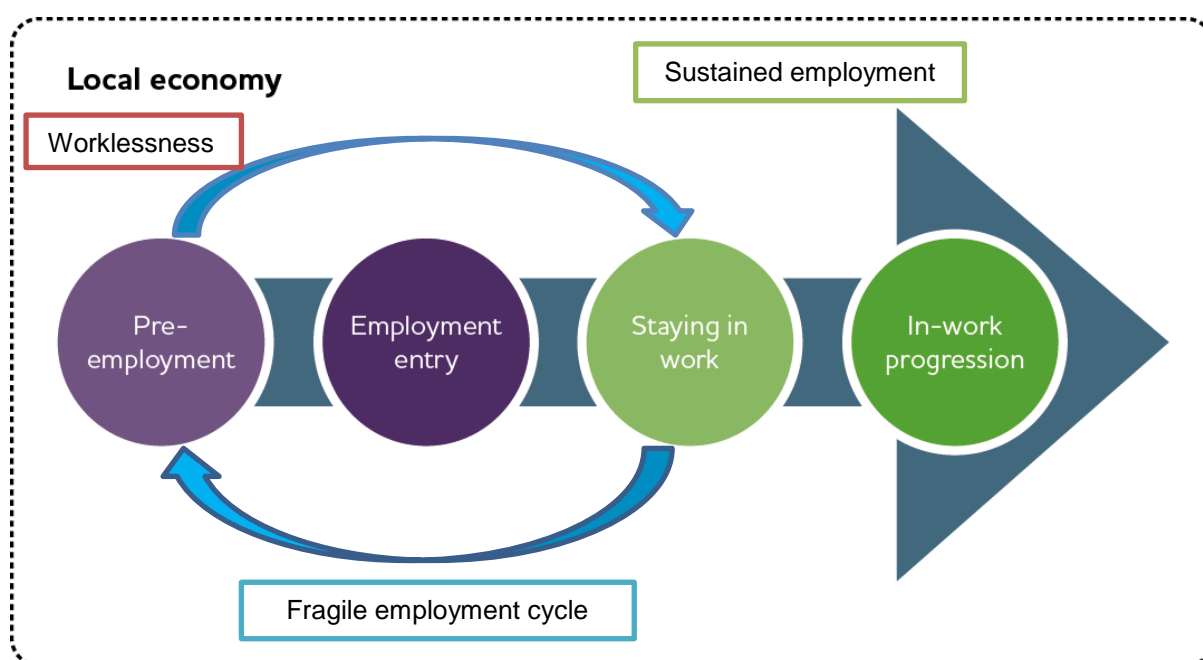
The evidence suggests that to address the problem of fragile employment it is necessary to pay attention to both the supply and demand side of the labour market – ideally together.

The pathway to sustained employment

It is helpful to see policies as enabling individuals to move along a stylised ‘pathway’ to sustained employment, which encompasses pre-employment, employment entry, staying in work and in-work progression (see Figure 1). Addressing fragile employment involves a focus on the transition from employment entry to staying in work in the context of this longer pathway.

The Work Programme payment model, which operates across Great Britain, has shifted the emphasis of policy to reduce worklessness solely from work entry to include an element of work sustainability. However, the evidence base from evaluations of policies concerning work sustainability is much smaller than that on employment entry (Green et al., 2015).

Figure 1: Stages in a stylised pathway to employment



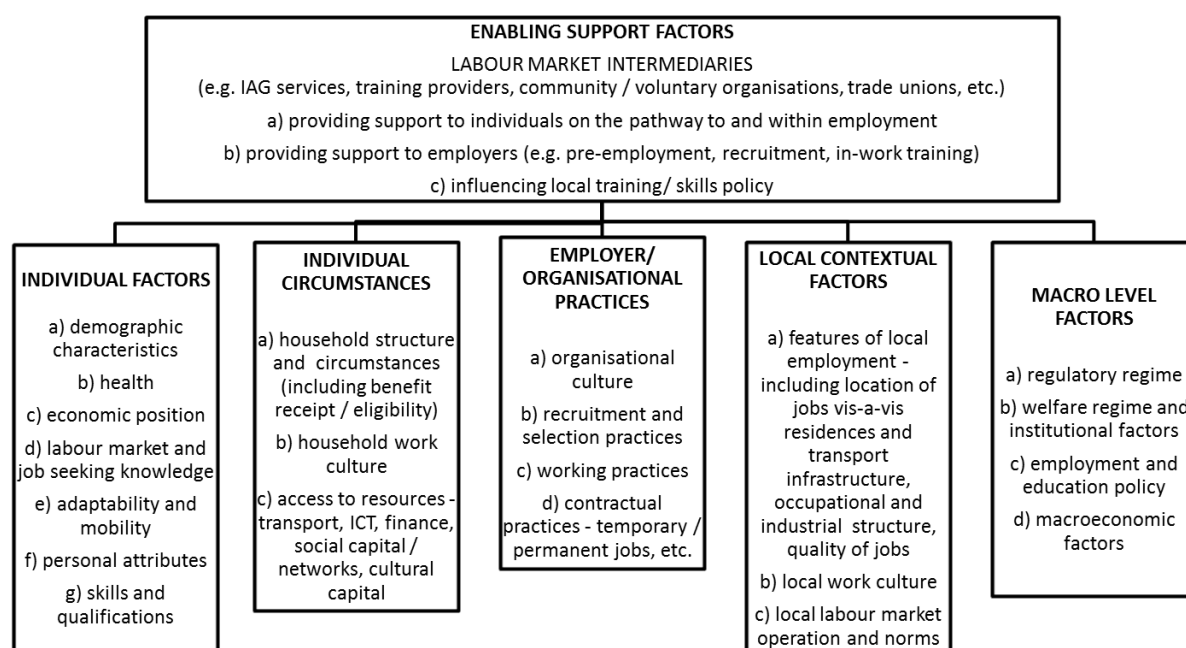
Source: adapted from Green et al. (2015)

Factors impinging on employability for sustained employment

Figure 2 presents an employability framework setting out the range of factors that impinge on individuals' ability to enter, remain and progress in work. It distinguishes:

- The overarching key role of **enabling support factors** (i.e. labour market intermediaries from the public, private and voluntary sectors) to support individuals moving into and within employment;
- **Individual factors** – including health, job-seeking knowledge, skills and qualifications;
- **Individual circumstances** – encompassing household circumstances such as caring responsibilities, household work culture and access to resources;
- **Employer/organisational practices** – the role of employers' recruitment practices, and leadership and management culture (Metcalf and Dhudwar, 2010) in individuals' opportunities to enter, sustain and progress in employment;
- **Local contextual factors** – including the quantity and quality of local job opportunities, local cultural factors and local labour market operations and norms; and
- **Macro level factors** – including the state of the macro economy, the welfare regime and policy in the labour market and related domains.

Figure 2: Framework of factors impinging on exiting fragile employment



Source: adapted from Green et al. (2013).

Extent and Geography of Worklessness and Fragile Employment

Definitions

In the research literature, *worklessness* is defined as encompassing people of working age who are either unemployed (out of work and seeking a job) or economically inactive (out of work and not seeking a job). In political debates however, the term is often used in a looser sense to refer to people or households who are dependent on welfare rather than employment (Closer, 2013). Worklessness is typically measured by the proportion of households at a point in time in which no adult aged 16 or over is in employment.²

Fragile employment has no accepted definition, but it refers to a situation in which individuals move repeatedly in and out of low paid jobs, interspersed with periods of unemployment. Related concepts include *precarious employment* and *discontinuous employment*. There is no accepted way of measuring fragile employment and so it is necessary to use proxy indicators to gain insights into its geography. It would be reasonable to expect that fragile employment would be positively associated with workless households.

² In interpreting statistics, care should be taken to clarify whether the statistics include student and/or retired households.

Workless households

The ONS has collected data on workless households³ since 1996. In 2015, 17.2 per cent of households in Wales were workless, compared with 15.8 per cent across the whole of the UK. However, the North East, Northern Ireland, the North West, Scotland, Yorkshire & the Humber and the West Midlands all displayed higher shares of workless households than Wales. Only 1.5 per cent of households (and 1.2 per cent of non-student households) in the UK contained people where nobody aged 16-64 years had *ever* worked.

Table 1 shows the proportion of workless households by local authority area in Wales, drawing on most recently available local data from 2014. The proportions of such households are highest in the Valleys – notably Caerphilly, Blaenau Gwent, Torfaen, Merthyr Tydfil and Rhondda Cynon Taff. The lowest proportions are in Monmouthshire, Powys, Cardiff and the Vale of Glamorgan. This geography is similar to that of ‘real unemployment’⁴ (Beatty et al., 2012).

³ Workless households are defined as those where at least one person is aged 16-64 years, and where no-one aged 16 or over is in employment (ONS, 2015).

⁴ Defined as the claimant count unemployed, the additional unemployed included in the Labour Force Survey, and the hidden unemployed among incapacity claimants who might reasonably be expected to be in work in a fully-employed economy.

Table 1: Workless households by local area in Wales ranked by workless households as a percentage of all households (non-student households only), 2014

Local authority area	2014 (000s)	2014 (% of households)
Caerphilly	14	23.8
Blaenau Gwent	5	23.5
Torfaen	6	22.1
Merthyr Tydfil	4	21.8
Rhondda Cynon Taf	16	21.7
Neath Port Talbot	10	21.5
Gwynedd	7	20.4
Bridgend	9	20.2
Ceredigion	4	20.1
Carmarthenshire	11	20.1
Newport	9	19.7
Denbighshire	5	19.6
Conwy	6	19.4
Isle of Anglesey	4	19.2
WALES	180	19.1
Wrexham	8	18.7
Pembrokeshire	6	18.4
Flintshire	8	17.3
Swansea	13	17.1
Vale of Glamorgan	6	16.2
Cardiff	18	15.6
Powys	6	15.4
Monmouthshire	3	13.2

Source: ONS Workless Households for Regions across the UK

Base: Households including at least one person aged 16 to 64, but excluding student households. A workless household is a household that contains at least one person aged 16 to 64, where no-one aged 16 or over is in employment.

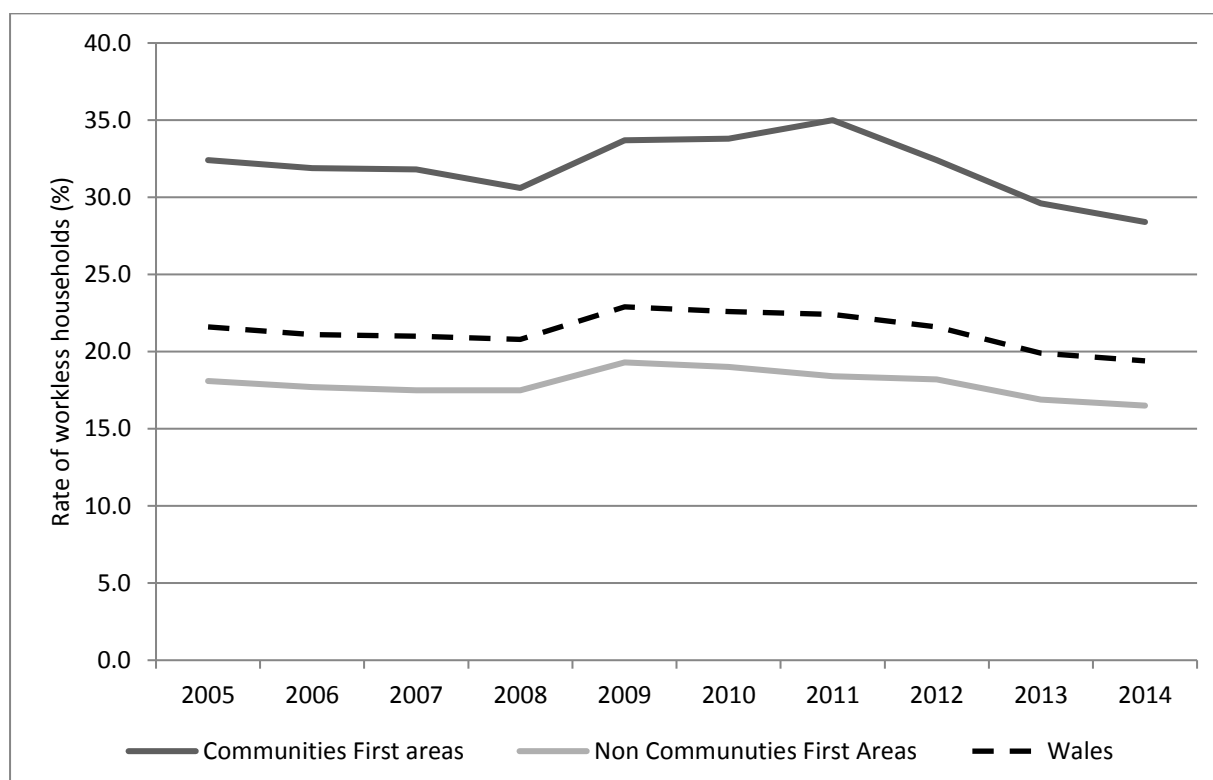
The main reasons for worklessness in Wales in 2014 were:

- Sickness / disability (32 per cent);
- Early retirement (18 per cent – this is a higher share than in any other nation / region of the UK);
- Unemployment (16 per cent);

- Looking after family / home (16 per cent); and
- Study (12 per cent).

Figure 3 shows the trend in the rate of workless households in Wales from 2005 to 2014, distinguishing between Communities First and non-Communities First areas.⁵ In accordance with expectations, the rate of workless households has been consistently higher in Communities First areas than in non-Communities First areas, and the rates were highest in the period from 2009 to 2011.

Figure 3: Rate of workless households in Communities First and non-Communities First areas in Wales, 2005-2014



Source: Welsh Government Analysis of Annual Population Survey

Note: Only includes households where at least one person is aged 16 to 64

Data on the composition of workless households in Wales in 2014 (see Table 2) show that one person households and married/cohabiting couples with no dependent children together account for nearly two-thirds of all workless households. The rate of worklessness is highest for one person households and for lone parent households with one or more dependent

⁵ Communities First is the Welsh Government's community focused programme for tackling poverty. It aims to contribute to alleviating persistent poverty in the most deprived areas of Wales. See <http://gov.wales/topics/people-and-communities/communities/communitiesfirst/?lang=en>

children, while married/cohabiting couples with no dependent children display the lowest rate of workless of the household types identified.

Table 2: Composition of workless households in Wales, 2014

Household type	Workless	All Households	Rate (%)	% of all workless households
One person	66,500	183,700	36.2	35.8
Married / cohabiting couple, no dependent children	50,300	311,200	16.2	27.1
Married / cohabiting couple, 1+ dependent children	13,300	248,200	5.4	7.2
Lone parent, no dependent children	10,400	48,000	21.7	5.6
Lone parent, 1+ dependent children	29,700	86,000	34.6	16.0
Two or more family units	15,600	79,400	19.7	8.4
TOTAL	185,900	956,400	19.4	100.0

Source: ONS Workless Households for Regions across the UK

Base: Households including at least one person aged 16 to 64, but excluding student households. A workless household is a household that contains at least one person aged 16 to 64, where no-one aged 16 or over is in employment.

It is important to note that the data presented in this section relate to a snapshot of workless households, whereas debates around intergenerational worklessness tend to focus on those who have never worked. The data do not measure fragile employment directly, although worklessness is likely to be positively associated with fragile employment. Longitudinal data are needed to provide a proper picture of the extent of fragile employment. Cohort studies have shown that, as noted above, it is more prevalent than persistent worklessness (Schoon et al, 2012). Administrative data have potential to provide insights into individuals' movements on and off out-of-work and in-work benefits and this is an area in which further work would be useful.

What Works for Households?

Reducing worklessness for members of the same household

Policies aimed at reducing intergenerational worklessness and fragile employment may be targeted at individuals (this is usually the case) or at households. They may be *holistic* – tackling wider issues such as health, regional deprivation and education, or *specific* – focusing on particular barriers to work and sustained employment. Evidence suggests that holistic policies work better for individuals who often face multiple barriers and live in deprived areas (Green et al., 2015, Crisp et al., 2014, Schoon et al., 2012).

Policies can also be grouped into:

- **Skills-based policies** – that provide education and training to develop people's skills to improve their employability;
- **Pull policies** – that attract people into work, for example – through subsidies, tax credits, childcare relief; and
- **Push policies** – that encourage and pressure people to move into work, for example through mentoring, conditionality and sanctions (Nickell, 2003).

There is some evidence to suggest that push policies, particularly sanctions, are successful in getting people into work, but are associated with low earnings and job quality. Therefore, they do not break the cycle of fragile employment because they do not address the problem of low-pay, low-skill work (Green et al., 2015). There is also emerging evidence from the Talent Match initiative (a voluntary programme which aims to address youth non-employment in England) that mandatory programmes (such as the Work Programme) may contradict the activities of voluntary initiatives working to help individuals enter the type of employment they are interested in (CRESR and IER, 2014). There is similar evidence emerging from the Lift Programme (which aims to provide training and employment opportunities to people in long-term workless households) that being mandated to the Work Programme while receiving support through Lift is a challenge for those delivering Lift (Wavehill, 2016a).

Another way to consider types of policies is the *level of delivery*:

- **UK-level** policies (e.g. in-work tax credits);
- **Wales-level** interventions (such as policies relating to education and training); and
- **Local** initiatives (usually led by third sector organisations and/or local authorities).

In recent years there has been an increased focus on local initiatives, with the idea that they will be able to provide more tailored services (Green et al., 2013). Worklessness Co-design is a key example of such policy initiatives that emphasise the importance of local partnership working. The success of local provision, however, can be underpinned by central fiscal and monetary policy.

Another important distinction and hotly contested issue is the choice between **people-based** and **place-based** approaches. Cheshire et al. (2014) argue for a people-based approach, on the grounds that focusing public expenditure on 'turning around' the economies of declining places has had little success. They argue for a high level approach of improving skills in declining places, investing in infrastructure and housing in more successful places, and encouraging mobility. In practice, this requires a better understanding of the three-way interaction between the benefit system, the housing and labour markets, and the expansion of housing supply and reduction in costs of living in relatively successful places. In contrast, place-based approaches highlight some successful experience with job creation schemes, and emphasise the need to ensure that initiatives to improve skills are linked with local skills demand (Crisp et al., 2014).

Pre-employment and employment entry

Case study evidence suggests that, at the **pre-employment** stage, policies should focus on work-readiness. Information, advice, and guidance (IAG) are important, as well as mentoring, and developing skills and training that meet the needs of the people involved (Green et al., 2015). Holistic policies are especially effective at this stage as they can help those facing multiple barriers to work (Schoon et al., 2012; Wavehill, 2016b). In Wales, a range of Communities First initiatives are underway, providing information, support, guidance and subsidised employment opportunities to long-term unemployed and inactive individuals.⁶

Intermediate labour market programmes (ILMs) – which provide temporary support through work experience and training to enable long-term workless participants to move back into unsubsidised work – can also play a role at the pre-employment stage. They tend to be locally designed and implemented (Finn and Simmonds, 2003). A review of evidence suggests that ILMs tend to impact favourably on participants' likelihood of gaining and remaining in employment, and to have boosted subsequent earnings, but that they are relatively expensive, compared to other schemes targeted at the long-term unemployed

⁶ See <http://gov.wales/docs/wefo/publications/150520approvedprojectsmay.pdf> and <http://gov.wales/topics/people-and-communities/communities/communities-for-work/?lang=en>

(Wavehill, 2012). There are also concerns about deadweight (whether people would have obtained the job in the absence of the scheme), substitution (whether scheme participants prevent non-participants from obtaining jobs) and displacement effects (whether the scheme causes people to be displaced from employment in other parts of the economy) (Welsh Government, 2003).

Evidence suggests that sanctions may have a negative effect on individuals' subsequent job earnings and job quality, and there is a lack of robust evidence on the effectiveness of 'better off in work' calculations (initiatives to show individuals the financial gain from entering work compared to being out of work) (Green et al., 2015).

At the stage of **employment entry**, good quality and up to date online information is helpful, as well as IAG focused on access to local labour market information on vacancies and associated 'wraparound' services (e.g. on transport, childcare and training support). Employers also have a role to play in ensuring that those from disadvantaged backgrounds are invited to interviews. This could be achieved through revising recruitment and selection processes, and/or through financial subsidies or other forms of support and encouragement (Green et al., 2015).

Combating fragile employment

The evidence suggests that **sustained employment** (minimising 'churn' or 'fragile employment') is related to the quality of the initial job entry – the suitability of the job to the individual's circumstances (in terms of skills, hours of work, location of work) (Green et al., 2015; McQuaid and Fuentes, 2014). However, this can be particularly difficult to achieve if the majority of work available to those at risk of worklessness or experiencing fragile employment consists of low-paid, low-skill, insecure jobs. The changing structure of the labour market also poses structural issues: the jobs market is increasingly 'hour-glass shaped' as the number of middle-skilled jobs contracts relative to the numbers of low-skilled and high-skilled jobs, leaving fewer opportunities for progression for those in low skill jobs (UK Commission for Employment and Skills, 2014).

There is evidence of a 'low-pay, no-pay' cycle (Shildrick et al., 2010), with almost 40 per cent of low-paid workers in the UK experiencing a period of worklessness over a four year period (Thompson, 2015). Between 2003 and 2013, sales assistants and elementary personal service occupations (such as bar staff) had the highest propensity to move in and out of work (ONS, 2013). Policy initiatives that may combat the adverse consequences of precarious employment in low-pay low-skilled work include the new conditionality rules within Universal Credit (Oakley, 2015), and the introduction of the National Living Wage. Learning

from the Universal Credit pilots should be taken into account for developing policies to combat worklessness and fragile employment.

Importantly, sustaining employment may involve either remaining with the same employer (in either the same job or a different job) or moving between employers. Therefore, it is useful if people have **ongoing access to IAG** about job opportunities beyond their current employer. This suggests that more emphasis needs to be placed on IAG for groups other than young people at the time of transitions from education to employment and also for those currently in employment.

In an environment where labour markets are changing, occupational prospects are unclear and job transitions may be more difficult, career development has had to be reconceptualised. The concept of 'career adaptability' is about individuals' ability to develop skills and competencies so that they have the capability to negotiate the labour market and make successful transitions within employment (Fouad and Bynner, 2008; Savickas et al., 2009). Some of these skills and competencies are about flexibility, readiness, maintaining employability and creating opportunities. Coupled with the increasing use of information and communications technologies for finding out about employment and training opportunities and applying for jobs, and in a context of austerity, more is demanded of individual job seekers and workers. This means that there is increasing onus on individuals to take responsibility for their own employability (Green, 2016).

In particular, low-paid workers would benefit from a careers IAG service to support in-work progression (Green et al., 2016). Indeed, NIACE (2015) argues for a National Advancement Service, providing people in low paid work with a Career Coach and Personal Budget to put together a personalised package of support to build their career and boost their earnings. It would give low paid workers a place to go for help to get on.

The evidence also highlights the need for **in-work support** to keep people in employment, for example when faced with health issues. Comprehensive, individual packages that tailor support to individuals' needs can be particularly effective for sustaining employment. But it is difficult to find evidence on the individual activities within such a package of support to evaluate their effectiveness.

Other research has shown that if people are employed in jobs that are not making use of their skills (skill-underutilisation), over time such work can contribute to de-skilling and cognitive decline (DeGrip et al., 2007), which can have further negative implications for fragile employment. Little evidence has been found to suggest that training affects the likelihood of staying in work, but there is tentative evidence that employment benefits may be

positively associated with obtaining and staying in work, albeit less so if individuals lose their job and start to move in and out of employment (Green et al., 2015).

At a wider level, local deprivation acts as a further compounding factor, increasing individuals' susceptibility to fragile employment. Therefore, in areas of high deprivation holistic policies are more effective than narrow initiatives, particularly when combined with policies targeted at those with specific needs. To underpin both policy approaches, effective linkages are needed between local and national organisations, as is public awareness of the support services available.

Recent policy initiatives

Troubled Families Programme

The Troubled Families Programme (TFP) is an example of a holistic policy that engages with extremely disadvantaged families. Families participating in the TFP had high prevalence of worklessness, adults with long-term mental and physical health problems, lone parents, and those at risk of eviction (Ecorys, 2014). The aim of the TFP is to assist the families to 'turn their lives around', ensure that children in these families have 'the chance of a better life', and 'bring down the cost to the taxpayer' (DCMG and Pickles, 2012).

Evidence from the TFP implementation suggests that while it has been effective on some indicators, such as reducing crime and antisocial behaviour, its effectiveness in improving employment has been less clear. The DCLG guide to working with troubled families (Casey, 2012) stated that there was only a 14 per cent reduction in family problems relating to employment or training between entry and exit from the project.

One explanation for the limited change in the employment indicator may be that interventions tended to tackle young people's NEET (not in education, employment or training) status, rather than helping their parents with employment issues (Lloyd et al., 2010; White et al., 2008). While it may be the case that targeting young people's needs can reduce their likelihood of experiencing worklessness or fragile employment, as noted above, some research suggests that periods of parents' worklessness can have adverse effects on children's educational and employment outcomes (Macmillan, 2011, 2014; Schoon et al., 2012). Therefore, it is also important to provide employment support to parents facing labour market disadvantages, as well as to their children.

DWP Worklessness Co-design pilot

The *Worklessness Co-design* pilot, launched in June 2010, aimed to bring together DWP, Jobcentre Plus and selected local authorities in England, to explore what works best in

tackling worklessness, and to understand best practice (DWP, 2011). In some local areas a specific family approach to address intergenerational unemployment was taken, for example:

- In Bradford, 'Think Family' took a broad partnership approach that included agencies not previously involved in tackling worklessness (police, housing and health agencies), to deliver pathways to employment and skills that ultimately met the needs of employers;
- In 'Family Works' in South Tyneside the aim was to address intergenerational unemployment by providing access to high quality, flexible and intensive employability support to out of work residents within their own locality; and
- In Lewisham, partner agencies used customer insight and ethnographic research to gain a better understanding of the needs and barriers faced by people who want to move into work.

These approaches highlighted a clear need for personalised, flexible support for those furthest from the labour market.

An area of disagreement surrounds the role of Jobcentre Plus as an organisation involved in delivering policies tackling worklessness and fragile employment. While the evaluation report for Worklessness Co-Design concluded that local authorities were brought together with Jobcentre Plus in a successful way, (DWP, 2011), other research has concluded that involving Jobcentre Plus can raise difficulties if it entangles employment support provision with benefits issues (CLES, 2009). This is the same issue as highlighted above (Talent Match evidence, p. 11) about the challenges of compliance with mandatory directives associated with benefit receipt and employability/employment support provided by initiatives where participation is voluntary.

DWP Work Programme

The DWP's Work Programme (WP) is an example of a policy intervention that provides support, work experience and training for up to two years to help people find and stay in work, for the longer-term unemployed, who are referred to the programme by Jobcentre Plus. The WP is delivered by a network of prime providers and subcontractors (a mix of public, private, and third sector organisations), and operates on a payment-by-results basis. Providers have significant flexibility and freedom to decide how to support WP participants.

Work Programme evaluations have found that tailoring support to the individual, including addressing participants' confidence and self-esteem, has been a great strength (Newton et al., 2012). However, evidence about whether it has enabled people to gain work (the main aim of the WP) is mixed.

In the UK as a whole, two thirds of participants were not in employment after two years, although over a fifth of this group had been in work at some point during the Programme (Meager et al., 2014). Of the one third in employment in the UK, almost a quarter had been in work for 18 months or more. While most were satisfied with their work, WP is indicative of a 'work-first' approach that focuses on getting people into work quickly: most of the jobs obtained were temporary or part-time. WP outcomes were worse for older people, those with health conditions or disabilities, and those living in areas of labour market deprivation (Meager et al., 2014).

In Wales, 80 per cent of WP participants were not in employment after programme completion (Simmonds, 2015). This indicates that the WP in Wales has performed significantly below the UK average for a number of WP participant groups, including young people and lone parents. Greater flexibility in delivery to take Welsh considerations into account could help improve WP effectiveness (Simmonds, 2015).

There is no robust evidence to evaluate the additionality of WP participation on the likelihood of obtaining employment (i.e. what would have happened without WP intervention). Overall the evidence suggests that the WP is effective for helping *some* of the longer-term unemployed to find work, but its success varies across participant groups, and, for the most part, does not facilitate entry into sustainable work.

Personalised Approaches

Young people

Overview

Young people tend to be the focus of interventions targeted at reducing worklessness and fragile employment because it is believed that early interventions can prevent negative outcomes in the future (McQuaid, 2015).

Many locally delivered policies targeting young people provide work placements, experience, or voluntary work, as well as mentoring to assist with school-to-work transition. But it is also important to provide support at the Wales and UK levels, such as government funding for training and employment for young people, provision of vocational training and apprenticeships, and coordinated efforts to tackle the numbers of young people classed as NEET (Nelson and O'Donnell, 2012).

Work

There are clear benefits for young people of ‘earning and learning’. A study by Conlon et al. (2014) shows that those who combine work with full-time education are four to six percentage points less likely to be not in employment, education, or training (NEET) five years later than those only in education. The study argues that part-time jobs are also excellent ways for young people to gain experience of the working world, a factor which the majority of employers say is important when recruiting. Yet Saturday jobs – which historically were an important way for young people to gain work experience – are in decline, while at the same time there has been a rise in young people wanting to focus on their studies (Conlon et al., 2014). Moreover, as discussed below, the quality of such part-time work is likely to be associated with young people’s socioeconomic background and local deprivation.

At the European Union level, the Youth Guarantee scheme was established in 2013 to tackle youth unemployment. It provides EU money to help people under 25 obtain a good-quality job offer within four months of them leaving formal education or becoming unemployed (Nelson and O’Donnell, 2012). Positive examples of the Youth Guarantee implementation have been observed in Finland, where 84 per cent of young people have successfully allocated a job, traineeship, apprenticeship or further education within three months of registering on the programme (European Commission, 2015). The focus on good quality jobs is important as this can help break the ‘low-pay no-pay’ cycle and the scarring effects of low-quality work.

Assisting disadvantaged young people through the school to work transition through mentoring or structured and supported work placements can help improve employment outcomes. Young people in deprived areas should not be left to their own devices to find work placements, as this does not enable young people from disadvantaged backgrounds with poor social networks to escape and gain access to opportunities elsewhere (Birdwell et al., 2011). This makes a clear case for policy intervention to help disadvantaged young people access work experience to enhance their employability skills. Other evidence has also found that work experience can maintain young people’s attachment to the labour market during recessions and thus reduce the risk of becoming NEET (O’Higgins, 2001, in: Crisp and Fletcher, 2013).

International evidence (mainly from the US where the standard of evaluation tends to be higher)⁷ highlights the importance of:

- **Attachment to the labour market** – through work experience and part-time placements while still at school, is strongly related to sustained attachment to the labour market; and
- **Vocational training programmes** – involving school-employer partnerships, classroom and on-the-job teaching and training geared towards a specific career, can be positive in entering, sustaining and progressing in employment (Britton et al., 2011).

Mentoring for young people

It is widely assumed that mentoring (i.e. one-to-one personalised support and guidance) can be effective in helping younger people with their school to work transitions, but there is only limited reliable evidence to support this view. Furthermore, there are difficulties in evaluating the effectiveness of mentoring as often there is no clear consistent definition of what mentoring involves or the format in which it takes place. The evidence shows mixed effects of mentoring on school attainment, with small improvements in some areas but not in others (EEF, 2015), and other evidence suggesting that short-term mentoring can be detrimental (Hall, 2003).

Emerging evidence from the Talent Match initiative in England, which focuses on long-term unemployed 18-24 year olds, indicates that longer-term mentoring (including guiding individuals through support services when they are economically inactive, unemployed, and also when they are in employment) is welcomed by the majority of programme participants (CRESR & IER, 2014).

One successful international example is the Big Brothers Big Sisters (BBBS) of America scheme, the largest mentoring programme in the world. The programme works with schools and teachers to identify 'at risk' young people at elementary school and matches them up with a mentor. US research found that BBBS participation improved motivation, performance, and social skills, among other benefits, although these were not consistently experienced by mentees.

However, the UK version of BBBS, Big Brothers and Sisters (BB&S), operated for six years and closed in 2004 after difficulties in operation and a lack of funds. It has been used as a case study to illustrate that not all 'successful' international best practice transfers well across cultural contexts (Allen and Eby, 2007, pp. 307-325). Therefore, careful review of

⁷ Note that care should be taken when learning from international best practice and applying programmes to the local context, as is discussed below regarding the failure of the implementation of an international mentoring scheme for young people in the UK (Big Brothers and Sisters).

cultural idiosyncrasies and implementation practicalities should be borne in mind before engaging in policy transfer.

Older people

Overview

Older people (50 to 64 year olds) comprised just under half (46 per cent) of people in workless households in the UK in 2015 (ONS, 2015). Limited evidence is available on what works to help older people experiencing worklessness and fragile employment. Suggestions relating to older workers have included tackling age discrimination, accommodating older people's health conditions and caring responsibilities, and improving access to skills development and training, in order to 'retain, retrain, and recruit' older workers (Altman, 2015). There is only limited evidence about the effectiveness of these actions though it is known that older people, and women in particular, are more likely to be facing health conditions that may be a barrier to work (Carmichael et al., 2013).

Fragile employment and worklessness are associated with caring for relatives in the same household, which leads to a broader debate about caring responsibilities in the UK in the context of an ageing population. If an individual is employed in a fragile context and their caring responsibilities increase, they may be unable to continue working, or may shift into working in a more fragile context. This is an example of the interaction of factors that contribute to fragile employment and work barriers.

Training and voluntary work initiatives for older workers may help to enhance older people's skills to assist their transition to employment, however evidence for this is limited. It is also unclear which type of training is most helpful, with the emphasis being on the diversity of training provided, although there are some suggestions that basic IT skills training for older workers may be beneficial (Devins et al., 2011).

Households experiencing different supply-side risks

Housing

Households living in social housing and those in houses owned outright exhibit the highest rates of worklessness (ONS, 2015). It has been posited that postcode discrimination may further exacerbate worklessness faced by households in social housing (Shelter, 2008), and while perceptions of discrimination by employers have been documented, the evidence to support this has shown mixed results. A large-scale UK experimental study, focusing on a subset of relatively low-skilled jobs and jobs that could be done by individuals with standard school leaving qualifications, found no statistically significant difference between employer

treatment of applicants from neighbourhoods with ‘poor’ and ‘bland’ reputations (Tunstall et al., 2014), but a similar French study, looking at waiters and cooks, pointed to a resident effect is significant and important in magnitude: a good address can triple the chances of being invited to a job interview (Bunel et al., 2016). Cultural differences and the types of jobs investigated may be responsible for the differences in these results.

There is increasing recognition that **housing associations** have a crucial role to play in helping their residents to find work, with almost 70 per cent providing, or planning to provide employment and skills programmes (Wilson et al., 2015). There is scope for housing associations to support employment through their role as employers and as landlords. Types of services provided by housing associations may include training courses and funding to help support training, computing courses, work experience placements, and brokering relations between job applicants and employers. There is particular scope for such support to be targeted on women in precarious employment at the time of a child’s birth, those who are likely to command no more than low wages, and those who have weak childcare networks (Tunstall et al., 2016).

A ‘saturation’ model – providing flexible onsite services-focused on tenants in targeted disadvantaged communities (whether in or out of employment) could be well-suited to housing associations. Jobs-Plus, an example of this model, was developed in the US and initially implemented in six cities from 1998 – as a partnership between welfare and employment agencies, housing authorities and tenants. The model combined three elements: employment and training services from on-site job centres, new rent rules to ‘make work pay’ – so that there is a clear (but time-limited) financial incentive for entering and staying in work, and community support for work – with neighbourhood and peer outreach (‘community coaches’). Where it was fully implemented, Jobs-Plus increased average earnings by 16 per cent relative to a control group; these earnings gains persisted throughout the seven year follow-up period (Riccio, 2010). The initiative was relatively cheap to implement. In specific neighbourhoods in the Black Country in the West Midlands region of England a similar ‘geographical saturation approach’ is being adopted for social housing tenants as part of a City Deal pilot project: ‘Working Together’, with Accord Housing.⁸

Family instability

The proportion of workless lone parent households in the UK has decreased by 38 per cent between 1996 and 2015 (Gregg and Finch, 2016), while the proportion in employment has

⁸ See <http://www.the-blackcountry.com/upload/Black%20Country%20City%20Deal/GRANT%20APPLICATION%20DRAFT%20SPECIFICATION%20NOV%2014%20FINAL.pdf>

risen from 44 per cent to 64 per cent over the same period (ONS, 2015). The Resolution Foundation argued that key policy initiatives that coincided with the greatest move of single parents into employment were Working Tax Credits in 1999 and 2003 (*pull* policies), an extension of maternity leave to 26 weeks in 1999, and single parent job search conditionalities (Work Focused Interviews, *push* policies) (Gregg and Finch, 2016). However, no more robust evidence was presented.

The evidence on support to parents – especially lone parents – (re-)entering the labour market points to the importance of effective one-to-one adviser support that is tailored to their needs (Wilson et al., 2015; Hasluck and Green, 2007). For parents who have been out of work for some time, the evidence suggests it is important to help rebuild confidence, look for work (particularly part-time and school-time work), update or obtain new skills, and help to overcome challenges around childcare (Casebourne and Britton, 2004). This suggests that the risk of fragile employment may persist for lone parents, because part-time work tends to be low-pay, low-skilled work (Sims et al., 2010). Therefore, policies to break the cycle of fragile employment should look at improving the quality of existing part-time work, and/or at making some types of mid- and high-skilled jobs available on a part-time basis.

Poor health

Evidence suggests that people with disabilities or health conditions need greater support with the pre-employment phase than individuals without health conditions. However, centrally-provided policy programmes regarding reducing worklessness and fragile employment for individuals with health conditions have shown less positive results than those for lone parents. For example, Work Programme participants with a health condition or disability lasting more than 12 months were only half as likely as other participants to find sustainable employment while on the Programme (Meager et al., 2014, Newton et al., 2012), and were more likely than others to be in fragile employment that is part-time, low-paid, and low-skilled (Oakley, 2015).

Local policies may be more appropriate for those in poor health. For example, a small scale initiative in Sunderland (People into Employment) aimed to support people with disabilities and carers into work, through mobilising, matching, mediating and supporting clients and employers, with some success. The evaluation suggested that the cost per job compared favourably with the New Deal for Disabled People operating in parallel (Arksey, 2003), although it is unclear how the cost comparison was made (Green et al., 2013).

A review of US evidence for what works in assisting disabled students' school to work transitions (Cobb et al., 2013) found that participation in career and technical education, and

getting a job while still in school may be related better employment outcomes. The review also found evidence from several studies that community-based work experience programmes were effective for disabled students' employment outcomes (Cobb et al., 2013, p. 15).

Which policies are likely to be more effective in stronger and weaker labour markets?

Local contexts

As well as nationally-provided policies, there has been a trend towards provision at the local level through policy initiatives such as the DWP Worklessness Co-Design (WCD) pilot, the Troubled Families Programme (Green et al., 2013), and through the devolution agenda in England. The shift towards local provision means that support can be tailored to specific local contexts to offer individuals the help they need. However, this presents three main challenges:

- Provision can become fragmented;
- Best practice may be difficult to communicate to other regions; and
- Policy evaluation needs to take a different approach to a typical national-scale programme.

In order to overcome these challenges, effective links with local organisations are important in improving programme delivery, which contributes to programme effectiveness.

Local deprivation and regeneration

Local deprivation is associated with worklessness and fragile employment at the local level. In Wales, as outlined above, deprivation is particularly high in the Valleys (Beatty et al., 2011) in places which have experienced decline in coal mining and the iron and steel industries (Barnes et al., 2011). The evidence suggests that regeneration policies can be effective at the individual level but not necessarily at the area level, possibly related to the type of work secured.

Demand-side regeneration schemes, such as supporting employers to create jobs, have had some positive outcomes, especially if delivered in a coherent way with other policies, for example to enhance skills, and/or to target high growth sectors. Evaluations of the Single Regeneration Budget (SRB) suggested that despite some leakage, the majority of jobs created had been taken up by local residents in the target areas (estimates vary between 62 and 71 per cent) (Rhodes et al., 2009; DETR, 2000 in: Crisp et al., 2014), which strengthens the case for business development schemes.

A key factor affecting the success of such demand-side projects is the fit between locals' skills and the jobs created. For example, an evaluation of the Govan Initiative, a Glasgow Local Development Company, found that less than one third of the expanding companies employed locals, and that employers for high-skilled jobs, such as those in high-tech sectors, recruited from outside the area. Thus, while business development schemes do create jobs, it is necessary that business support activities be connected with local training initiatives to support the local workless into the new employment created (Crisp et al., 2014).

Evaluation of regeneration projects has found a mix of evidence regarding their success ranging from positive to limited impact. Proportionately larger improvements in employment and worklessness reduction were observed in programme evaluations of the Single Regeneration Budget (SRB), New Deal for Communities (NDC) and the National Strategy for Neighbourhood Renewal (NSNR) in England, City Strategy Pathfinders (CSP) in Great Britain, and of People and Place in Northern Ireland, than were achieved nationally (Rhodes et al, 2009; DCLG, 2009a, 2010b; DSD, 2010; Green and Adam, 2011).

However, other evaluation reports of some of the same or similar programmes have found evidence of only marginal effects at best. For example, NDC areas in England outperformed comparator areas on the employment indicator but it did less well on the reduction in worklessness (DCLG, 2009a in: Crisp et al., 2014), while the changes in employment and worklessness in the Communities First Wales areas were not substantially different from the national average (Hincks and Robson, 2010, in: Crisp et al., 2014, p. 36). Policy evaluations of programmes to regenerate England's coalfields also found no additional improvement beyond past trends (NAO, 2009, in: Crisp et al., 2014).

Working with employers

Problems of fragile employment cannot be addressed by taking account solely of labour supply issues; labour demand is an important factor too.

The UK Commission for Employment and Skills (UKCES) and the DWP are working together with employers and organisations from the retail and hospitality industries on part of the UKCES Futures Programme to explore means of:

- Addressing recruitment, retention and skills gaps challenges faced by employers;
- Raising productivity; and
- Enhancing pay progression of low paid workers.

Employers in low-paying industries often identify a lack of long-term employee commitment to their business, citing issues of complications arising from the benefits trap, low wages

and a lack of progression opportunities. Yet business models often focus on cost minimisation. The models being tested as pilots in the UKCES Futures Programme include:

- Re-designing job roles to encompass broader skill sets; and
- Working with employers to implement progression pathways.

It is important that learning from these pilots (due to be published later in 2016) is taken on board.

Employers have an important role to play on an 'everyday' basis in facilitating flexibility in the workplace to allow for the complexity at home and to try and prevent 'critical moments' turning into work rupture (for example, sudden illness). A supportive workplace culture at organisational and establishment level can be important in helping individuals to sustain employment (Green et al., 2015).

The Welsh Government is well positioned to work with employers on issues pertaining to recruitment, retention, productivity and fragile employment via sector panels in its nine priority sectors.⁹ There is particular scope to do this when it is possible to focus on a business need (e.g. to address a retention problem). However, it should be recognised that largely irrespective of sector, for some firms product market strategies are based on low costs and low margins, so there may be no or only limited incentives to work towards in-work progression (and so obviate fragile employment).

Policies affecting the minimum or living wage, such as the National Living Wage, impact on all employers, and may provide an impetus for employers to look to raise productivity of employees.

Seasonality, low pay and in-work poverty

A further factor impinging on fragile employment is seasonality. Typically, rural and seaside areas – where tourism and hospitality account for a greater share of employment than average – are characterised by greater than average seasonality in employment and this would be expected to be associated with moves in and out of employment. Hence it is likely that statistics on workless households disguise the importance of fragile employment in some rural and coastal areas of Wales. Industries such as tourism and hospitality are also associated with higher than average rates of in-work poverty. The introduction of the National Living Wage is likely to have a disproportionate impact in rural areas (Tinson and MacInnes, 2015).

⁹ <http://gov.wales/topics/businessandeconomy/sector/?lang=en>

Holistic or specific interventions?

There is insufficient evidence to determine whether an approach in which tackling worklessness is just one part of the activity (for example, the TFP, or improving health outcomes; or NDC – New Deal for Communities) or whether programmes designed to target worklessness *specifically* are more effective. There is some limited evidence to suggest that a more holistic approach works better, especially for people facing multiple barriers to employment (Crisp et al., 2014). However, because of a lack of focus on the particular needs that those experiencing intergenerational worklessness or fragile employment may face, holistic policies may not address those particular barriers to employment.

Research suggests that while there is an association between parents who are workless and young people who face an increased risk of being NEET, it is not possible to say that parental worklessness *causes* this, because both worklessness and incidence of NEET is related to other risk factors, such as regional deprivation and few job opportunities (Schoon et al., 2012). The policy implications are that a combination of holistic and specific policies are necessary, as specific policies that target parental worklessness will not have an effect unless other risk factors and families' complex needs are also taken into account (Schoon et al., 2012).

Groups of people may have particular needs, such as those who are disabled, those whose first language is not English, and those with reading and writing difficulties. Helping these groups is especially important given the limited range of jobs that such groups of people can enter, which are typically limited to low skill service work where communication is important. A targeted approach helps to address these issues, particularly if these people face few other significant barriers to employment and wish to re-engage in the labour market (Green et al., 2015; CLES, 2009).

Conclusion and Recommendations

Working in partnership: linking with local organisations

Linkages with local organisations and existing initiatives can enable more efficient use of resources, and improve the comprehensiveness of service coverage. The third sector can be a source of valuable support for service provision to tackle intergenerational worklessness and fragile employment, particularly for people with specific needs, such as disabilities or mental health issues. However, it should be borne in mind that some third sector

organisations can be particularly vulnerable to funding cuts and may not necessarily be able to follow through with their commitment (DWP, 2011).

The consideration of which policies work better than others is not enough; it is also important to ask why. Evaluation reports of pilot projects and mainstream government policies have identified some key characteristics for best practice that can be applied to most policies – in particular ensuring strategic linkages with local, regional, and national policy priorities, and linkages with the local economy, including employers and third sector organisations, to help with programme delivery.

Strong and weak labour demand

A shortage of jobs has been identified as a key challenge in Wales (Beatty and Forthergill, 2011) and this is likely to be a factor which underlies problems of fragile employment.

In local areas characterised by **strong demand** where employers face recruitment and retention challenges there is likely to be greater scope to persuade employers of the potential productivity gains from offering higher pay and quality training, and exploring job re-design. It may also be possible to work with employers to support and develop employees, including those with personal difficulties, in the context of a smaller pool of labour on which to draw.

The challenge in areas of **weak demand** for labour is greater. An increase in labour demand can go some way to improving labour market outcomes across the whole population, including those experiencing greater than average disadvantage. At individual employer level there remains scope to support/persuade employers to improve productivity, training, pay and conditions. However, as suggested by Cheshire et al. (2014), a people-based approach of investing in individuals' skills and in encouraging mobility could be appropriate.

What policies should the Welsh Government consider in order to tackle intergenerational worklessness and fragile employment in Wales?

Based on this review of the evidence, it is suggested that the Welsh Government considers:

- How best to work with statutory organisations and national agencies in order to obtain joined-up strategies and delivery, to make best use of resources and maximise the impact of policy interventions;
- Enhancing partnership working between mandatory and voluntary policy initiatives to maximise benefits for individuals and households. This will involve close working with the DWP;

- Adopting a holistic approach tied to regeneration projects and procurement policies that provide opportunities for residents of deprived areas;
- Adopting holistic policies that can help overcome multiple barriers to accessing employment and sustainable employment;
- Moving from 'Work First' to 'Career First' policies – in order that sustainability and progression are factored into job placements. This could be something that European Social Fund monies are used for.
- How best to encourage further education colleges and private training providers to be as responsive as possible to the needs of individual learners (whether out of, or in, employment), and to employers, rather than expecting them to fit in with the existing curriculum and associated delivery arrangements.¹⁰
- Providing careers IAG (information, advice and guidance) for those entering and in work to inform individuals about potential careers pathways and alternative routes to sustainable employment and progression. This is of particular importance given changes in the structure of employment and the increased onus on individuals to develop capabilities to manage their own careers. Mid-life career reviews could be helpful in supporting individuals' career aspirations;
- To make full use of information and communications technologies to match businesses with growth or recruitment potential with individuals' skills and experience.¹¹
- Continuing to work with employers – especially in the Welsh Government's nine priority sectors – to understand their needs regarding skills, recruitment and retention, and to open up opportunities for individuals to sustain employment and progress in work, with a view to targeting individuals facing persistent worklessness and fragile employment. Job design and job quality issues should also be on the agenda;
- Working with employers to redesign jobs to accommodate the needs of parents and other individuals with caring responsibilities;
- Recognising the importance of in-work support – especially in the period immediately after employment entry when adapting to a new role;
- Taking account of learning from Universal Credit pilots and the National Living Wage.

There is an important role for experimentation with such initiatives, alongside formative and impact evaluations to measure their implementation and the effect they have.

¹⁰ A Welsh Government pilot project is at the expression of interest stage at the time of writing.

¹¹ A Welsh Government job-matching pilot is currently underway in Wales.

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Annex: Methodology for Evaluating Evidence

In addition to identifying key insights from policy evaluations relating to what works in tackling worklessness and fragile employment, this review also assesses the strength of the evidence in order to make informed recommendations. Generally the strength of the evidence depends on the way in which the evaluation has been conducted. This review uses the government's framework for assessing the strength of the evaluation. This ranges from the 'gold standard' of randomised control trials (RCTs), through to post-intervention non-comparison groups.

Although RCTs are widely viewed to be the most reliable way in which to evaluate the effectiveness of policy, they are often costly to design and implement. Therefore, these evaluations are typically only carried out for large-scale national policies. However, while individual non-experimental evaluation studies offer only a limited strength of evidence for evaluating policy, accumulating such evidence over a variety of evaluations can lead to a much firmer basis for making a judgement about policy effectiveness. Moreover, qualitative evidence based on interviews, observations, or focus group work can identify the ways in which policies are effective, which can be omitted from a quantitative RCT study. This review therefore draws on a variety of types of evidence, which are synthesised in order to distil what works and to make reliable policy recommendations.

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