



# Pathways to Work Commission Report

July 2024





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Presented to Barnsley Council and  
South Yorkshire Mayoral Combined  
Authority in July 2024

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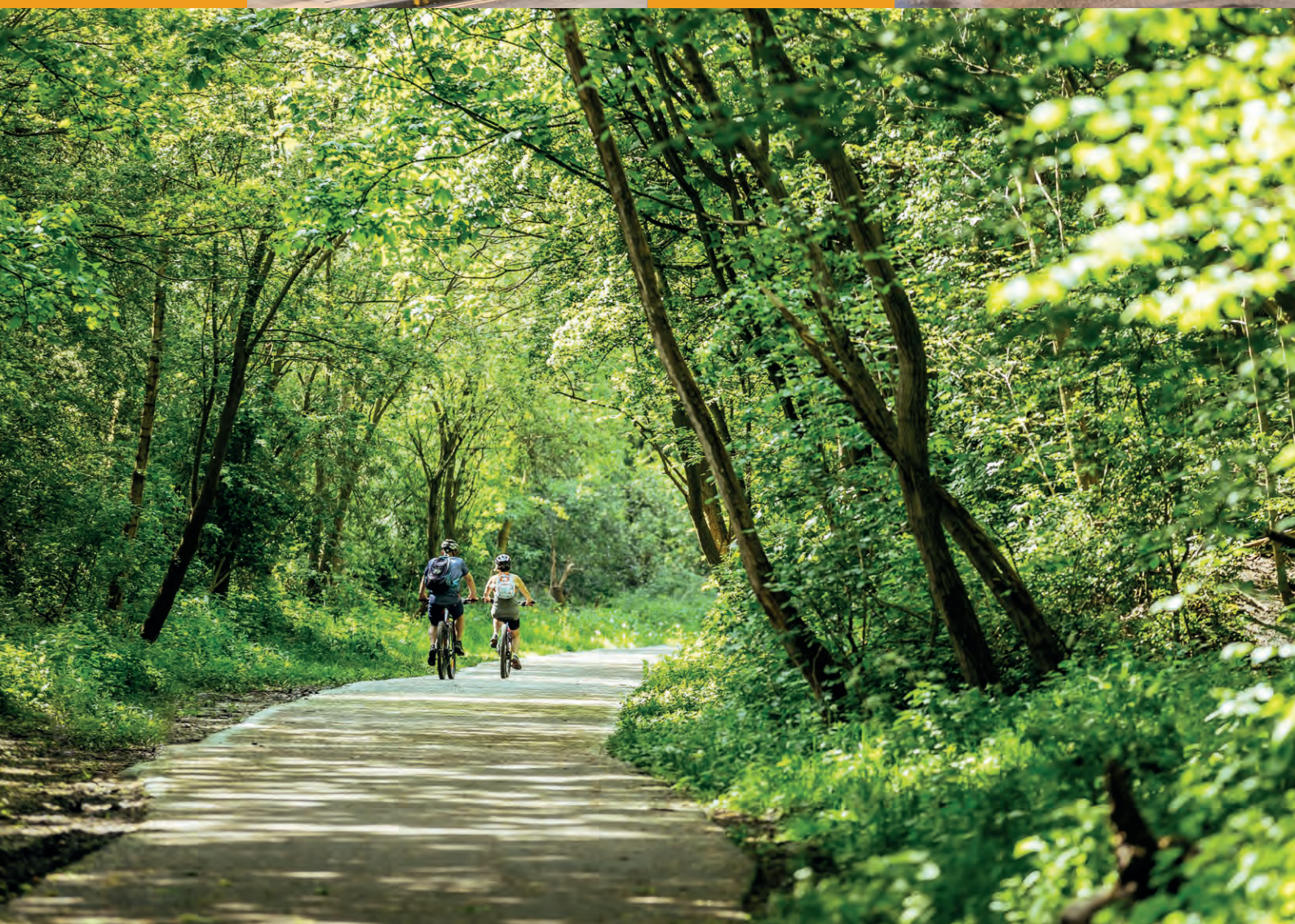
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Barnsley Town Hall



The Glass Works Square



# Foreword & Executive Summary

by Rt Hon Alan Milburn



Rt Hon Alan Milburn

**Something remarkable has happened to Britain's labour market over recent decades. In the early 1980s in North East England I saw at first hand the devastation wreaked on local communities by mass unemployment.**

In July 1984 there were 3.2 million people across our country out of work – almost 12% of the adult population. In the years that followed unemployment became a fact of life, a symptom of the UK's economic malaise. Forty years on the numbers registered as

unemployed have fallen to 1.5 million – a rate of 4.4% – as of July 2024. Today, it is not labour surpluses but skill shortages that employers worry about. Worse still, labour supply is the biggest barrier to raising the UK's sluggish rate of economic growth. Our labour market recovery following the Covid pandemic has been worse than every other major G7 country. For all the much hyped talk of a future where jobs are eaten by advances in technology, right now we simply don't have the workers with the right skills to expand our economy.

Or rather we do. We just haven't been looking in the right place for them. For too long there has been an assumption that the labour force would just grow naturally. But Britain's population is ageing. More people are deciding to retire earlier or work less. Over the 25 years before the pandemic, the workforce grew by on average one million people every four years. In the last four years, it has not grown at all. Immigration has helped to plug gaps in the UK's labour market but over recent years that has become more politically contentious and is being deliberately restricted. So on the face of it the options for growth do not look promising. Little wonder that pessimism about our country's economic future has become so widespread.

But meanwhile there has been another seismic shift taking place beneath the surface of the UK economy. The growing number of people who are out of work and not seeking a job now make up more than one in five working age people. This is not the group of officially 'unemployed'. Instead, it is the often-ignored cohort of 'economically inactive' people who outnumber their officially unemployed cousins six to one. Excluding students, their numbers have grown from 6.2 million to 6.9 million since 2019. The societal consequences in lost income, status and belonging for each person without the opportunity to work are catastrophic. And so are the consequential welfare costs. Public spending here is projected to rocket by £21 billion over the next five years. This is not sustainable. It is truly lamentable that over the last decade public policy has been so badly caught on the back foot by the explosion in economic inactivity.

So far then, so bad. But here is the good news. This is a huge pool of unused talent. The research undertaken for this Report suggests that seven in ten people who are currently economically inactive would like to take a job that is aligned to their skills, interests and circumstances. If our research findings in Barnsley were applied nationally, it would suggest there may be over 4.5 million economically inactive people who could be in the market for a job now or in the future. That is 3 million more than the numbers who 'want a job' according to official Labour Force Survey figures. This is a note of optimism amidst the cacophony of pessimistic noise about the seemingly intractable problem of economic inactivity. What on the face of it feels like an enormous challenge – moving people out of being economically inactive into employment – is actually the biggest opportunity to grow the labour market and so increase the UK's rate of economic growth. This Report suggests how that can be achieved.

This Commission has had the unique opportunity to undertake a place-based deep dive in Barnsley to better understand why economic inactivity is rising and to come up with a plan to reduce it. We have been able to do this by taking evidence from employers, educators and experts but also by investing in significant new research amongst the residents and cohorts affected by economic inactivity. This unique approach has given us fresh insights into both the problem and potential solutions.

I would like to thank my great team of fellow Commissioners and the support we have received from our excellent Barnsley Council secretariat. The time, energy and insight provided by Commissioners has been invaluable in drawing up this Report which I hope reflects many of their views. The responsibility for its contents rests with me.

Almost two years ago Barnsley Council through its leader Sir Steve Houghton had the foresight to see that this issue would shoot up the public policy agenda. His concern was about the 28,200 people in Barnsley who are missing out on the chance to work and the local employers who increasingly will miss out on the skilled workforce they need. At the launch of this Commission in July 2023, there were an average of 4,000 job vacancies in the borough. There were only 4,030 jobseekers mandated by the DWP to look for work, but a further 6,000 economically inactive residents who wanted a job. This Commission was established to find the Barnsley 6,000 a pathway into work.

In many ways Barnsley is a symbol for what has happened over the last four decades in Britain. In the 1980s Barnsley and South Yorkshire were on the frontline of the national tragedy of mass unemployment as pit closures in the region decimated local communities. Today, Barnsley's unemployment rates are below national and regional averages. Much progress has been made in revitalising the local economy. Jobs growth over recent years is twice the national average even though much employment still remains low quality, low secure, low skill and low paid. More young people in Barnsley have no qualifications than elsewhere and there are fewer of them coming into the local labour market over the next few years than the numbers of older workers who will be leaving. This is storing up trouble for the future. The local employment rate is already significantly below regional and national comparators, mainly driven by the fact that far more Barnsley residents suffer ill-health and disability than in other parts of the country.

In this regard Barnsley epitomises the labour market problem Britain faces. In contrast to the last 200 years when improvements in population health were a powerful accelerator of economic growth, today ill-health is driving labour market shortages and so constraining economic growth. The most dramatic change we have seen in recent years is in the numbers of those out of work due to long-term sickness. Those numbers have been rising since 2013, well before the start of the coronavirus pandemic. The biggest concern is the increase in inactivity-related ill-health amongst young people. One in seven of those aged 16-24 years old are now outside full-time education or employment, linked to worsening health. One analysis we heard in our evidence gathering found that a 16-34-year-old employed today is as likely to report a work-limiting health condition as someone aged 45-54 did ten years ago. Much of this rise has been driven by increases in mental ill-health. The country cannot afford to have a whole generation of young people consigned to a life devoid of both work and hope.

Over recent years the debate over what is driving these deeply concerning changes has intensified. Some say there is a mental health crisis in the country caused in part by societal alienation. Others say that the lack of good employment opportunities disincentives people from moving from welfare into work: that for too many people a job is simply not worth it. According to some analysts, there is also a growing mismatch between the skills employers need and the education young people are receiving. Others point to perverse incentives in the benefits system whereby claimants get higher weekly payments if they claim incapacity on the basis of poor mental health than if they are able to actively seek work.

There is some truth in each of these explanations. It is not a single factor that is driving higher rates of economic inactivity. Inevitably it is more complex than that. But one thing seems certain: ill-health is the biggest driver of rising levels of economic inactivity.



But until very recently at least, public policy makers have not approached the issue in that way. They have relied instead on toughening benefits rules to deal with what is a largely health-related problem. They have been pointing public policy ammunition at the wrong target. Unsurprisingly they keep missing. With a new government in place and inactivity rates that show no sign of slowing down, this is the moment for a fundamental change in direction. There is an opportunity to look afresh at how we make good employment accessible to everyone. A long-term plan is needed to reduce levels of economic inactivity and get more people into work.

It should have at its heart the reform of the current benefits, health and employment system. It is supposed to help get more people into the labour market. But it is simply not working. Worse still, it is set up to fail. It has been left behind by fundamental changes in the labour market. The primary challenge today is no longer to tackle high levels of cyclical unemployment – the 1980s problem – but to deal with entrenched and growing levels of economic inactivity. Jobcentre Plus focusses on jobseekers who claim benefits not the mass of people who are inactive. It supports job entry but not higher earnings or career progression. Its role in administering benefit rules has come to dominate, rather than being a place people want to go to help them find work or build their career. And while the barriers people face in moving from being economically inactive to active are wide-ranging, services, such as health support, are delivered in disaggregated silos. It is a legacy system that is stuck in the past.

What is more, people who are economically inactive are not one single group, though public policy has tended to treat them as such. So too has political rhetoric. At times it has contributed to the lazy assumption that economically inactive people are gaming the benefits system. Undoubtedly there will be a few who do seek to act fraudulently. Others who say they cannot work, could work. Robust scrutiny, conditionality and sanctions will be required in these cases. But the vast majority of people who are economically inactive face a complex range of barriers – often health-related and multi-causal – which stop them from getting what both they and policymakers want: a pathway into paid employment. Our research in Barnsley found that 76% of economically inactive respondents had a health condition, and half cited personal illness as the reason for leaving their last job. And as we heard by listening to people who are economically inactive there are different cohorts of individuals facing a diverse range of circumstances and particular barriers to returning to work. A new cohort-based more personalised approach is needed. Our research suggests the priority groups who will benefit the most from support to move into work are those with ill-health or caring responsibilities, young adults with poor health and/or low qualifications at risk of not entering the labour market and the over-50s already in work and at risk of leaving because of health problems. There are missed opportunities for early intervention, and the longer someone is out of work, the less likely they are to re-enter the labour market. In South Yorkshire, nearly 1 in 2 economically inactive people were last in paid work more than five years ago.

This is a whole systems failure. Major change is needed in the welfare and employment support system. It applies the wrong approaches to the wrong people. Those who are classified as officially seeking work are offered some support to do so but also face harsh conditionality and lower benefit payments than those who are classified as unable to work. By contrast, the latter economically inactive group get little support to find work but face no conditionality and receive higher payments than those actively seeking work. The system could not be more perverse. It pays to be classified as incapable of work rather than actively seeking it. Of course, many people who are in receipt of incapacity benefits have severe disabilities and the higher payments they receive rightly reflect their greater needs and their inability to earn through employment. But within the wider cohort of those receiving incapacity benefits are many people who would like to work and, with help, are able to do so. The problem is that whilst over eight in ten economically inactive people in South Yorkshire are in receipt of some form of state benefits, only one in ten had to demonstrate taking steps to find work. Worse still, for over 90% of economically inactive residents, there is very limited regular contact with the Department for Work and Pensions or wider support services to help them realise their aspirations for paid employment. This is a catastrophic systems failure.

Indeed the 'system' designed to help people find work is in practice a chaotic mass of initiatives and projects that both those seeking work and those providing it find impossible to navigate. One analysis identified over 50 different national programmes led by 17 public bodies to support economically inactive people back into work. In Barnsley we found 24 services offering employment and skills support alongside a further 43 services likely to be in contact with economically inactive people offering wider services. There is no single front door for people out of work wanting to access support nor for employers looking to offer opportunities or to receive support and advice on employing those with additional barriers. Unsurprisingly perhaps, only one in six employers nationally say they would use Jobcentre Plus to meet their recruitment needs. In good measure this is because it operates a one-size-fits-all nationalised industry model which is misaligned from the particular needs of local labour markets. To be effective, services have to be better attuned to what local employers need.

Yet employers' role in tackling economic inactivity has been largely ignored. They will be the beneficiaries of a strengthened labour supply as the population ages. But they also carry many of the risks of employing people who have been out of work for a long time and need appropriate support and incentives to make this possible. At best, those services are inadequate. Equally, employers have not sufficiently focussed on what they could be doing to prevent rising rates of inactivity. Recruiting new workers relies on good jobs being available but not enough is being done to make jobs attractive and wages sufficient to help close the gap with benefit payments so that people who are economically inactive feel that work is worth it.

A longer-term focus on attracting additional investment and higher skilled occupations to the area will be key but such a shift will take time. The reality is any short-term improvements to employment support will mean placing people into the jobs and sectors that exist in Barnsley today. Without action to make these jobs more secure and rewarding, a return to sustained employment for those currently out of the labour market will be highly challenging. This underscores the importance not only of action at the national level to strengthen employment rights and protections, but also deeper collaboration at the local level between policymakers and employers to ensure more of the jobs on offer provide the security and flexibility those with long term health conditions are likely to need.

Similarly, employers have focussed too little on what should be their top priority – stemming the flow of existing workers out of workplaces into inactivity because of ill-health. One analysis found that 3.7 million people are in employment with a work-limiting health condition, an increase of 1.4 million over the past decade, and similar to the number of people with work-limiting conditions who are not participating in the labour market. Yet the infrastructure to support workplace health in the UK continues to lag behind international comparators. In short, occupational health is too small a piece of the nation's health eco-system.

More generally, although rises in economic inactivity have largely been health-driven, employment support services and health services are like ships that pass in the night. They do not connect. Local GPs told us about the lack of integration with Job Centres, particularly as DWP decision-makers review Work Capability Assessments. Breaking the link between ill health and economic inactivity is not seen as an NHS priority. The NHS of course is under unprecedented strain and government has to be careful in not adding to the already heavy burdens it faces. But healthcare has a critical economic function to play in ensuring a supply of adequate labour to meet employers' needs. The NHS can do that in its role as a provider of services but also as a major purchaser of goods and services and as the country's biggest employer. A rethink is needed – the NHS has to become an engine for economic growth and not just as a recipient of the financial proceeds of it.

In short, too much of the diagnosis about why people are economically inactive is wrong. And too much of the current prescription is making things worse not better. It is time for a radically new approach. One that is built on a new national ambition to build a more inclusive economy where people have a right to work, and an expectation that those who can should be helped to do so. Tackling economic inactivity must become the national mission shaping welfare and employment policy over the next decade. That will require action across government but also by employers, local authorities, charities, communities and, of course, citizens themselves.

This Report calls for action across all of these fronts. It argues for:

- a new national cross-government strategy for raising labour market participation with a pivot from welfare-to-work to a new focus on supporting people to move from economic inactivity to activity;
- a new national target to achieve a major reduction in economic inactivity over a 5-year period so that labour market expansion is not overly reliant on migration;
- the Department of Work and Pensions becoming a department for work with a cross-government mission board to lead strategy implementation;
- a review of spending on economic inactivity to rationalise funding and programmes to support the new national strategy and release major savings through reduced bureaucracy and welfare costs;
- the devolution of powers for tackling economic inactivity to Mayoral Combined Authorities with multi year funding pooled from DWP, NHS employment support, skills budgets and other local resources;
- local plans being devised to raise labour market participation with the best-performing areas entitled to use savings achieved to reinvest;
- a new cohort-based approach to tackling economic inactivity underpinned by new data-sharing agreements so that services can be personalised to meet the needs of the individual;
- a new support and advice service for people wanting to work and for employers looking to recruit based on a reformed Jobcentre Plus that is integrated with careers and other services;
- a reformed apprenticeship levy to refocus it on supporting young people into employment;
- making work pay through increases in the National Living Wage and making flexible working with strengthened job security provisions the norm in order to make employment more attractive;
- working with employers, starting with the public sector, to create a national Good Employer Charter to codify best employment practice so that people can see where quality work opportunities exist;
- making occupational health a new part of the nation's health infrastructure with an assessment of tax incentives and how SMEs could benefit from collective forms of occupational health care;
- NHS Integrated Care Boards being given a duty of engagement with the local delivery plan for raising labour market participation;
- local health services being better integrated with employment support services and being focussed on the major health conditions that are driving rising rates of economic inactivity;
- expanding mental health services to more people by revisiting the NHS Workforce Plan and accrediting digital services so that more people get effective help on-line and on time;
- prioritising for investment in early years services those parts of the country where limited childcare is having the biggest negative impact on parental employment rates;
- raising educational attainment through a new target to narrow the gap between disadvantaged and better off pupils and establishing a national register of electively home-educated children;
- ensuring that young people are work ready by reforming the school curriculum to better balance the acquisition of academic and life skills and a new focus on creativity, collaboration and communication;
- reviewing and strengthening technical education in order to devolve skills funding, increase employer input into decision-making and improve quality;
- creating a 'duty to engage' with employment support services for economically inactive people in receipt of state benefits to support more of them into work;
- strengthening work incentives by allowing people to try work without losing benefits, introducing work allowances for second earners and reviewing how to close the financial gap between incapacity and unemployment benefits, whilst protecting payments to people with severe disabilities.

This is a major agenda for change. It is a marked break from the one-stick benefits sanctions approach of recent years. Cracking the challenge of economic inactivity and raising labour market participation will require sustained effort over a number of years. It will also require brand new approaches and reform to existing services. Experimentation and innovation will be needed. That experimentation should be led locally, recognising the place-based nature of economic activity rates and labour markets. Central Government should explicitly empower places with the appetite and political leadership to pilot new approaches – starting with Barnsley and South Yorkshire. So this Report also proposes some priorities for action locally:

- Barnsley Council should invest in supporting those at most risk of education failure in order to raise attainment rates and equip every child with the skills to compete for jobs;
- local agencies should focus on how to increase the number of good quality better paying jobs, including creating a national centre of excellence for digital and AI technologies;
- South Yorkshire MCA should focus new public investment in transport provision on those areas where transport-related social exclusion is at its highest;
- local employers should develop a Good Employer Charter and commit to increase employment amongst people who are currently economically inactive.

In Barnsley, and South Yorkshire more widely, this Commission has been struck by a genuine appetite – amongst policy makers, employers, public agencies, charities and citizens – to do everything possible to provide fairer opportunities for all residents to enjoy the social, personal, and financial benefits of paid employment. We applaud the shared determination that exists in the local community to make that happen and proceed at pace. It is to be hoped that this local coalition for change is empowered by the new government to test new approaches to what is a fiendishly complex issue. The opportunity exists in Barnsley and South Yorkshire to innovate new solutions that are aligned to the proposed changes in public policy this Report proposes.

It is usually the case with reports like this that there is a time lag between recommendations being made and actions being taken. We have chosen to take a different path. The idea is to move to action immediately. We have worked with Barnsley Council and the South Yorkshire Mayoral Combined Authority to develop a local pilot for a new form of employment support in Barnsley starting in Spring 2025 to help 2,200 people who are economically inactive into sustained employment by 2028. We estimate the total cost over four years will be £10.8 million but if successful the financial benefit of placing 2,200 economically inactive Barnsley residents into work will be substantial: the individual gains through improved wellbeing and income from employment equate to £39.7 million per annum and the locality impact through reduced costs to the public purse and job creation equate to £28.8 million per annum. The idea is for learnings from this pilot to then be rolled out across South Yorkshire and, we hope with the support of DWP, across the country as a whole.

There is little doubt that change has to happen. Britain's low rate of economic growth, our rising welfare costs and our historical reliance on immigration are no longer sustainable. Our country has to expand the skilled workforce in new ways if we are to become more globally competitive. We have to double down on getting more people out of economic inactivity back into work. The movement for change advocated by this Report and that begins in Barnsley needs to spread at pace across the rest of the UK. We look to the new government to lead that change.



**Rt Hon Alan Milburn**

Chair of the Pathways to Work Commission

# Foreword

## from the Leader of Barnsley Council



**Councillor Sir Steve Houghton, CBE**  
Leader of Barnsley Council

**Thirty years ago the lives of the people of Barnsley changed dramatically. The economic and social stability we had enjoyed for over 100 years vanished.**

Like many other places, our economic purpose disappeared with the closure of the mines. Thousands of people lost their jobs across the Borough, not just in mining but across other sectors whose incomes were dependent on both the industry and mineworkers themselves. We looked into an economic abyss.

Rather than simply bemoan our bad fortune we began to rethink and renew Barnsley and to try to create a different future. Our purpose, our thinking and our attitudes all had to change if the Borough was to be rebuilt. In short, we began a journey

of levelling up. It took us almost 15 years to return our economic output to that we enjoyed when the coal industry was functioning but of course by that time the world had moved on.

So, we have continued to grow our economy since then and have continued to narrow the gap between ourselves and the rest of the UK. Our educational attainment has improved – quite dramatically, as has our environment, connectivity and health. Barnsley now is a very different place from the one we inherited when our industry closed.

We have literally become a place of possibilities.

But we are in truth still a catching-up economy. In particular we still have a legacy of ‘worklessness’ or ‘economic inactivity’ which is hard to shift. On the face of it we are doing quite well. For the first time in 30 years our headline unemployment rate is down to 2.9% and we have more job vacancies than people actively seeking them. But the underlying picture tells a different story. We have 27% of our adult population not in employment – 5 percentage points higher than the UK average.

We have since learned this is not simply a local problem but one nationwide and one most acute in post-industrial places like ours. If we are to catch up and ‘level up’, we not only need to continue to grow our business base, we need, post Brexit, to find the workforce our businesses require, as does the UK as a whole.

This is also something the previous Government also recognised. It put in place a series of programmes to help people move into work alongside a promise of financial ‘sticks’ to use upon them if they didn’t. Sadly, the current system has not had the impact it hoped for and runs the risk of pushing people further into poverty or the underground economy if people suffer financial penalties.

What became obvious to us was we didn’t know enough about the inactive population, their challenges, needs and aspirations and thus how they could be helped and motivated into employment. Hence we created our Pathways to Work Commission to do just that.

Our Chair the Rt Hon Alan Milburn brought together leading minds from home and abroad to work with us.

Alan and the team have I believe done an outstanding analysis of the issue and identified a series of actions which if implemented could transform the lives of people not just in Barnsley but across the UK. It is a piece of work of national significance and we are enormously grateful to Alan and his fellow commissioners for their insight and commitment to tackling this issue.

We have also developed a new systems wide operating model to deliver the changes being recommended. This is something we would like to partner with Government in South Yorkshire. Our report provides the new government an opportunity to tackle what most economists now say is the biggest obstacle to UK growth – namely – that shortage of labour. It also provides the government with opportunity to reduce the benefits bill. We believe at least some £8bn per year could be saved for the exchequer. It gives ourselves in Barnsley and South Yorkshire an opportunity to deliver our economic aspirations and to change the lives of some of our most vulnerable residents.



**Councillor Sir Steve Houghton, CBE**  
Leader of Barnsley Council

# Chapter 1: The report

## The imperative

More than one in five people of working-age are not working or looking for work in the UK. This is not the group of officially 'unemployed' citizens who make up 1 in 25 working-age people in our country. Instead, it is the often-ignored cohort of 'economically inactive' people. They receive the least proactive support to move into employment. The good news is that seven in ten of them would take a job that aligned to their skills, interests and circumstances.

The imperative to do so could not be more pressing. The UK's population is ageing and businesses are already experiencing high levels of job vacancies. The costs to our economy of more people out of work due to ill-health post-pandemic are over £15 billion and rising.<sup>1</sup> Labour market shortages are now the biggest constraint on growing the British economy. Yet our labour market recovery post-pandemic has been worse than every other major G7 country. Unless we can grow the labour force, economic growth will remain muted and welfare costs will become unsustainable.

That is why we need to urgently look again at who needs help to work and what can make a difference to enable them to do so. That is the focus of this Report.

## The opportunity

The Pathways to Work Commission was invited by Barnsley Council and the South Yorkshire Mayoral Combined Authority to explore this challenge. We were tasked with identifying how to build a system locally and nationally where there are better pathways to work for all people, particularly those furthest away from the labour market.

With a new government in place and inactivity rates that show no sign of slowing down, this is the moment for action. There is an opportunity to look afresh at how we make good employment accessible to everyone. Productive work is the foundation of prosperity for families, communities and the nation. A long-term plan is needed to reduce levels of economic inactivity and get more people into work.

That will require action on a range of fronts – health, education, transport and childcare to name but some. Support needs to be better coordinated, targeted and timely. It needs focus and leadership at all levels. The task is not easy, but the opportunity is significant. If we could raise the labour market participation rate from 78% to 80% nationally, the result would be to boost the economy by £23 billion per year, the public finances by £8 billion, and household incomes by £830 per year on average.<sup>2</sup>

## The place

Economic inactivity is a national challenge, but it impacts differentially across local communities. Barnsley has above average economic inactivity rates. They are strongly correlated to bad health, low wages and inadequate skills. Even within one borough like Barnsley working-age inactivity rates vary from 15% to 41%. This Commission has had the unique opportunity to undertake a place-based

1 OBR (2023). Fiscal Risks and Sustainability – July 2023. [online] Office for Budget Responsibility. Available at: <https://obr.uk/frs/fiscal-risks-and-sustainability-july-2023/> [Accessed 30 May 2024].

2 Learning and Work Institute (2022). Towards Full Employment: How the UK Can Increase Employment by Widening Opportunity. [online] Available at: <https://learningandwork.org.uk/resources/research-and-reports/towards-full-employment> [Accessed 30 May 2024].

deep dive in Barnsley to understand how national policy is playing out in local places and to identify changes that are needed. We have been able to do this not least by investing in significant new research amongst the residents and cohorts affected by economic inactivity. This is a unique approach that has given us fresh insights into both the problem and potential solutions.

Together with the evidence we have amassed from employers, educators and experts this approach has allowed us to shape recommendations for change, identifying both new national policy enablers and a local model of employment support which is ready to action immediately. We strongly advocate that the new government should pilot this model in Barnsley and South Yorkshire with a view to rolling it out across the country as a whole.

## The process

The Pathways to Work Commission was established in July 2023 and concluded its findings a year later. With a secretariat provided by Barnsley Council, our work has been shaped by the wide range of Commissioner expertise and the help of a local reference group, the Barnsley 2030 Board.<sup>3</sup> The Commission's work programme involved evidence sessions, commissioned qualitative and quantitative research, and further desk-based analysis.

Our twelve Commissioners were led by the Right Honourable Alan Milburn, a former Cabinet Minister and social mobility champion. Commissioners included the directors of three prominent think tanks, local and regional political representatives, and voices from the world of business, education, data insights, behavioural sciences, and health.<sup>4</sup>

750

South Yorkshire residents engaged through a telephone survey

57

In-depth interviews with Barnsley residents

4

Focus groups to discuss solutions with Barnsley residents

100

Reports reviewed and analysed to support the Commission

146

Partners and experts providing evidence to the Commission

8

Commission sessions to consider evidence and identify solutions

The contents of this Report are based on this evidence and Commissioners' expertise in their respective fields. The Report mirrors the Commission's process throughout the year. Firstly, it identifies who is out of work, drawing on national and local labour market analysis. Secondly, it explores which cohorts within those who are economically inactive most need help to work, drawing on our commissioned research. Thirdly, it takes a view on what helps people to work and where both policy and practice is currently falling short, based on the evidence presented and wider research. Finally, it sets out recommendations for how we can build better pathways to work nationally and locally.

<sup>3</sup> Membership of the Barnsley 2030 Partnership Board available online at: <https://www.barnsley.gov.uk/services/our-council/barnsley-2030/barnsley-2030-board/>.

<sup>4</sup> The full list of Commissioners can be found at the end of this report.



## Chapter 2:

# Who is out of work

**The UK has witnessed a remarkable transformation from an economy characterised by mass unemployment in the 1980s to an economy now characterised by near full employment.** Four decades ago, areas like Barnsley in South Yorkshire were on the frontline of the national tragedy of over 3 million people being unemployed. Today, Barnsley's unemployment rates are below national and regional averages.

**It is no longer unemployment but rather economic inactivity which is the biggest labour market and economic challenge facing Barnsley and Britain today.**

## Who is out of work nationally?

Across the UK, three quarters of the working-age population (aged 16-64 years old) are in work. Of the other quarter, just under 1 in 5 are officially classified as unemployed (actively seeking and available to start work). The remaining 4 in 5 individuals out of work are 'economically inactive' (not participating in the formal labour market, neither in employment nor actively seeking and available to start work).

To understand economic inactivity, it is helpful to think in terms of<sup>1</sup>:

- 1 People who don't need to work: for example, financially-stable early retirees, or students not intending to join the labour market until after gaining their qualifications;
- 2 People who are unable to work: for example, individuals with serious health conditions, or parents and carers committing time and energy to unpaid caring work;
- 3 People who need help to work: for example, people facing barriers to get into and stay in work, or for whom the financial and material benefits of working don't outweigh the costs;
- 4 People who don't want to work: for example, those who may be active in informal labour markets and do not want to engage in formal employment.

The official categories of economic inactivity are:

- 1 Retirees (1.1 million)
- 2 Students (2.5 million)
- 3 Long-term sick (2.8 million)
- 4 Looking after family or home (1.6 million)
- 5 Other (1.0 million)
- 6 Short-term sick (0.2 million)
- 7 Discouraged (0.03 million).

**Nationally, the Labour Force Survey<sup>2</sup> suggests that nearly 1 in 5 (1.72m) of these 9.38 million individuals who are out of work and not actively seeking work, do in fact want a job.** Although this figure has steadily decreased since 2016 from around 25%, it demonstrates that **there is a significant cohort of adults in the UK who fall into the 'need help to work' category.**

1 With thanks to the Learning & Work Institute for this amended framework: Learning and Work Institute (2023). Missing Workers Understanding Trends in Economic Inactivity. [online] Available at: [https://learningandwork.org.uk/wp-content/uploads/2023/02/Missing\\_workers\\_report.pdf](https://learningandwork.org.uk/wp-content/uploads/2023/02/Missing_workers_report.pdf) [Accessed 30 May 2024].

2 Jan-Mar 2024. Note that any Labour Force Survey data is used with a caveat around recent data quality concerns given declining survey response rates. ONS (2022). A01: Summary of Labour Market Statistics – Office for National Statistics. [online] [www.ons.gov.uk](http://www.ons.gov.uk). Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/summaryoflabourmarketstatistics> [Accessed 30 May 2024].

### Regional variation in economic inactivity (ages 16-64) 2010-23

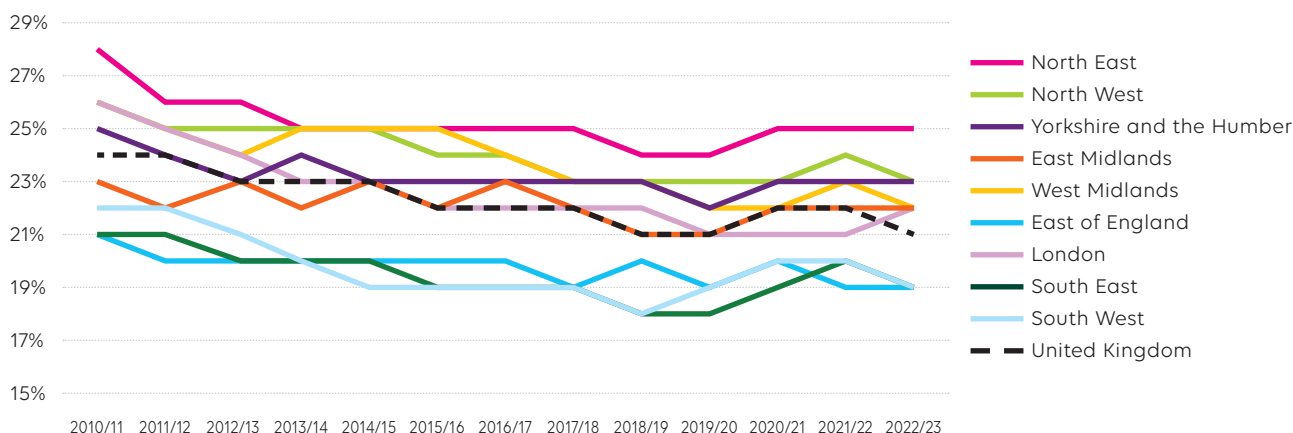


Figure 1: Regional variation in economic inactivity. Source: ONS LFS, Barnsley Council analysis.

There are more people in this cohort of inactive residents who ‘want a job’ than the 1.34 million officially unemployed people actively job-seeking in the UK. Furthermore, as research for this Report seems to suggest **these official figures are likely to be a gross underestimate of the real numbers of those who would like to work provided they could find a role suitable to their circumstances. This provides a significant note of optimism in what is often a cacophony of pessimistic noise about the UK’s seemingly intractable labour market problems.**

There are more women out of work than men, though the gap has narrowed in recent decades. Broadly, economically inactive people are more likely to be female whilst active unemployed people are slightly more likely to be male, particularly in the youngest cohorts. Participation in work also varies by age, with the youngest and oldest cohorts most likely to be economically inactive – in large part due to education participation amongst the former and early retirement amongst the latter.

The geography of people out of work varies too. There are significant regional disparities, with the South East, South West and East of England particularly likely to have more residents in work. The North East consistently has the highest share of residents out of work (Figure 1). **The failure to help people who are economically inactive but ‘want a job’ is widening the divide between those regions which most need to ‘level up’ and more prosperous parts of our country.**

**At a national level, economists such as Andy Haldane argue that the labour market shortages driven by worsening health are now the biggest constraint on economic growth.** This stands in contrast to the last 200 years when health improvements acted as a powerful accelerator for wellbeing and prosperity.<sup>3</sup> The Learning & Work Institute found that if we could raise economic activity rates to 80% from 78% nationally, it could boost the economy by £23 billion per year.<sup>4</sup>

**The Office for Budget Responsibility now points to the sustained rise in health-related inactivity as a significant risk to fiscal sustainability,** reducing growth prospects and tax receipts, while putting upward pressure on health and welfare spending. They found in 2023 that the increase in working-age health-related inactivity since the pandemic has already added an astonishing £6.8 billion to the annual welfare bill, cost £8.9 billion in foregone tax receipts, and therefore added

3 The Health Foundation (2022). *Health is wealth?* [online] Available at: <https://www.health.org.uk/about-the-health-foundation/get-involved/events/health-is-wealth> [Accessed 30 May 2024].

4 Learning and Work Institute (2023). *Missing Workers Understanding Trends in Economic Inactivity.* [online] Available at: [https://learningandwork.org.uk/wp-content/uploads/2023/02/Missing\\_workers\\_report.pdf](https://learningandwork.org.uk/wp-content/uploads/2023/02/Missing_workers_report.pdf) [Accessed 30 May 2024].

£15.7 billion (0.6% of GDP) to annual borrowing.<sup>5</sup> The Institute for Fiscal Studies found that spending on disability benefits and incapacity benefits for working-age individuals is set to increase by a further £15.4 billion by 2028-29 to £68.5 billion (all in 2024-25 prices).<sup>6</sup>

**Taking action to help people back into meaningful work is key to raising the UK's future economic growth and to reducing fiscal pressures that otherwise risk becoming unsustainable.**

## Long-term trends

Prior to the Coronavirus pandemic, the UK had seen a steady increase in labour market participation rates over several decades, with economic inactivity on a long-term downward trend. In the decade to early 2020, a record high of 79.8% of working-age people were active in the labour force.<sup>7</sup>

The primary driver of this positive long-term trend was a long period of economic growth from the mid-1990s onwards with the increasing participation of women in the workforce being the single biggest change. Active public policy helped fewer women to be out of work due to family or caring responsibilities than in previous decades, particularly among lone parents. The rise of the State Pension age for women to equal men's at 65 in 2018 also had a very significant impact on older female workers, though 60% of the increase in female inactivity due to long-term sickness since 2019 cannot be explained by changing retirement ages alone.<sup>8</sup> A less well-understood trend over the same period since the 1990s has been a rise in male economic inactivity, including a sharper post-pandemic rise. This would merit further exploration.

Compared to other major economies, the UK continues to have a high labour market participation rate. However, **our post-pandemic recovery has been much weaker than average, with a rise in UK inactivity rates contrasting sharply with a fall taking place in every other G7 country except the US.**

## What has changed?

**The critical shift has been the slow down and ultimate reversal of the positive long-term trend in rising labour market participation in recent years with employment rates dropping from 76.2% in early 2020 to 74.3% in 2024. This is the lowest rate since 2017.** For the past thirty years labour supply has been growing consistently by around 1 million people every four years – until that progress stalled abruptly in 2020 and then flatlining.<sup>9</sup> The confusion and concern caused by these changes has been clear in the political discourse, with an increasing volume of reports and news stories covering the themes of 'missing workers'<sup>10</sup>, 'where have all the workers gone'<sup>11</sup>, and worrying rises in ill-health. Political concern has been fuelled by the significant fiscal impact of these shifts with overall welfare spending forecast to increase by £20.8 billion by the end of the next parliament (2028-29), with more than 90p of every extra £1 spent on the State Pension and disability and incapacity benefits.<sup>12</sup> It is important to understand what is driving these negative changes if positive solutions are to be found.

5 OBR (2023). Fiscal Risks and Sustainability – July 2023. [online] Office for Budget Responsibility. Available at: <https://obr.uk/frs/fiscal-risks-and-sustainability-july-2023/> [Accessed 30 May 2024].

6 IFS (2024). Recent trends in and the outlook for health-related benefits. [online] Institute for Fiscal Studies. Available at: <https://ifs.org.uk/publications/recent-trends-and-outlook-health-related-benefits> [Accessed 30 May 2024].

7 OBR (2023). Fiscal Risks and Sustainability – July 2023. [online] Office for Budget Responsibility. Available at: <https://obr.uk/frs/fiscal-risks-and-sustainability-july-2023/> [Accessed 30 May 2024].

8 OBR (2023). Fiscal Risks and Sustainability – July 2023. [online] Office for Budget Responsibility. Available at: <https://obr.uk/frs/fiscal-risks-and-sustainability-july-2023/> [Accessed 30 May 2024].

9 IES (2024). Labour Market Statistics, April 2024 | Institute for Employment Studies (IES). [online] Labour Market Statistics, April 2024 | Institute for Employment Studies (IES). Available at: <https://www.employment-studies.co.uk/resource/labour-market-statistics-april-2024> [Accessed 30 May 2024].

10 Learning and Work Institute (2023). Missing Workers Understanding Trends in Economic Inactivity. [online] Available at: [https://learningandwork.org.uk/wp-content/uploads/2023/02/Missing\\_workers\\_report.pdf](https://learningandwork.org.uk/wp-content/uploads/2023/02/Missing_workers_report.pdf) [Accessed 30 May 2024].

11 Goddard, J. (2022). Lords Economic Affairs Committee 2022: Where have all the workers gone?: Economic Affairs Committee report. [online] Available at: <https://lordslibrary.parliament.uk/where-have-all-the-workers-gone-economic-affairs-committee-report/> [Accessed 30 May 2024].

12 Resolution Foundation (2024a). Ratchets, retrenchment and reform • Resolution Foundation. [online] Available at: <https://www.resolutionfoundation.org/publications/ratchets-retrenchment-and-reform> [Accessed 17 Jun. 2024].

The official rate of unemployment has fluctuated somewhat over recent years but remains largely unchanged (4.1% in early 2020 vs 4.4% in June 2024). Instead, the rise in economic inactivity has driven this negative trend, with 22.3% of the working-age population now out of work and not looking for work, as opposed to 20.5% in early 2020.<sup>13</sup> This is equivalent to **a million fewer people in the labour force than if pre-pandemic trends had continued**.<sup>14</sup> And this despite there being 900,000 job vacancies, a higher level than before the pandemic notwithstanding a flatlining economy over the last two years.<sup>15</sup>

**Without immigration the UK's labour market would be in even worse shape.** Employment for people born in the UK has fallen by 600,000 since the pandemic while it has risen by 700,000 for those born overseas outside of the European Union (with a fall of 100,000 among those born inside the EU).<sup>16</sup> **In a post-Brexit world where public and political concern about migration levels remain high it cannot be taken for granted that the positive contribution immigration has made to UK labour market growth will be as strong in the future as it has been in the recent past. The implication is that we will need to double down on reducing economic inactivity rates amongst UK citizens if we are to increase the size of the labour force and thereby raise the economic growth rate.**

That will not be straightforward. It will require new ways of approaching the problem and action that straddles health and employment policy. The reason for that is that **the most dramatic change we have seen in recent years is in the numbers of those out of work due to long-term sickness**. After a rise in the 1990s, health-driven inactivity rates declined steadily from the mid-2000s to the mid-2010s but in the past half-decade, the numbers out of work due to ill-health have risen sharply (Figure 2). Crucially, the number of working age people who cannot work because of long-term sickness has been increasing since before the start of the coronavirus pandemic. It rose from 2 million at the start of 2019 to 2.8 million in 2024.<sup>17</sup> In fact, **the proportion of the working-age population with a long-term health condition has been rising since 2013, long before the pandemic**. It rose by 4% between 2013 and 2019 alone.<sup>18</sup>

The changing demographic profile of the population has also played a role. A 2023 ONS analysis found that changes in age structure among the youngest and oldest groups contributed to 63% of the actual rise in economic inactivity between 2019 and 2022.<sup>19</sup> With an ageing population and lower chances of a return to employment for older workers who leave the labour market, the rise in inactivity

13 Figures from ONS Labour Force Survey, Dec 2019 – Feb 2020, versus Jan 2024 – Mar 2024.

ONS (2020). ONS (2024c). *Labour Market overview, UK – Office for National Statistics*. [online] [www.ons.gov.uk](https://www.ons.gov.uk). Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/may2024> [Accessed 19 June 2024].

ONS (2024). *Labour Market overview, UK – Office for National Statistics*. [online] [www.ons.gov.uk](https://www.ons.gov.uk). Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/may2024> [Accessed 30 May 2024].

14 IES (2024). *Labour Market Statistics, April 2024 | Institute for Employment Studies (IES)*. [online] *Labour Market Statistics, April 2024 | Institute for Employment Studies (IES)*. Available at: <https://www.employment-studies.co.uk/resource/labour-market-statistics-april-2024> [Accessed 30 May 2024].

15 ONS (2024h). *Vacancies and jobs in the UK – Office for National Statistics*. [online] [www.ons.gov.uk](https://www.ons.gov.uk). Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/jobsandvacanciesintheuk/june2024> [Accessed 17 Jun. 2024].

16 IES (2024c). *Labour Market Statistics, May 2024 | Institute for Employment Studies (IES)*. [online] *Labour Market Statistics, May 2024 | Institute for Employment Studies (IES)*. Available at: <https://www.employment-studies.co.uk/resource/labour-market-statistics-may-2024> [Accessed 18 Jun. 2024].

17 ONS (2024). A01: Summary of Labour Market Statistics – Office for National Statistics. [online] [www.ons.gov.uk](https://www.ons.gov.uk). Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/summaryoflabourmarketstatistics> [Accessed 30 May 2024].

18 The Health Foundation (2023). *What We Know about the UK's working-age Health Challenge*. [online] [www.health.org.uk](https://www.health.org.uk). Available at: <https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge> [Accessed 30 May 2024].

19 ONS (2023). *Health, Demographic and Labour Market Influences on Economic inactivity, UK – Office for National Statistics*. [online] [www.ons.gov.uk](https://www.ons.gov.uk). Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/articles/healthdemographicandlabourmarketinfluencesoneconomicinactivityuk2019to2022/2023-05-19> [Accessed 30 May 2024].

Economic inactivity by reason over time (ages 16-64)

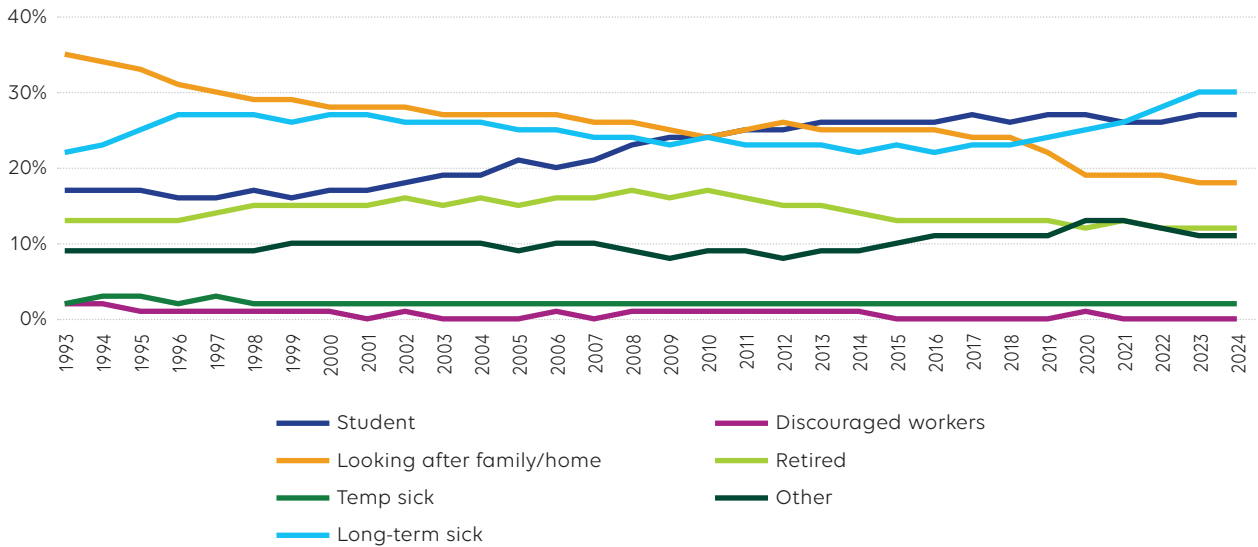


Figure 2: Economic inactivity by reason since 1993.

Source: ONS LFS, Barnsley Council analysis.

driven by poor health of older workers is concerning. Of the 3.5 million 50-69-year-olds inactive in early 2022, 45% reported ill health as their main reason for inactivity and an additional 155,000 reported ill health as a factor in why they were inactive.<sup>20</sup>

**Rates of inactivity for those aged 50-64 post-pandemic have been rising but it is the increase in inactivity-related ill-health amongst young people that is perhaps the greatest concern.** One in seven young people aged 16-24 years old are now outside full-time education or employment, linked to worsening health and weaker growth in education participation among young men.<sup>21</sup> Health Foundation analysis found that a 16-34-year-old employed in 2023 is now as likely to report a work-limiting health condition as someone aged 45-54 did ten years ago.<sup>22</sup> **Much of this rise has been driven by increases in mental ill-health.**

Over 90% of recent work capability assessments have recorded a mental or behavioural condition (not necessarily the primary condition).<sup>23</sup> There is widespread acknowledgement of the steady rise in people of all ages seeking medical treatment for mental illnesses, increasing by over two thirds between 2000 and 2014. The figures are particularly stark for children and young people, with over three times as many children and young people in contact with mental health services as there were seven years ago.<sup>24</sup>

20 The Health Foundation (2022). Is Poor Health Driving a Rise in Economic inactivity? [online] Available at: <https://www.health.org.uk/news-and-comment/charts-and-infographics/is-poor-health-driving-a-rise-in-economic-inactivity> [Accessed 30 May 2024].

21 IES (2024a). Institute for Employment Studies. [online] Available at: <https://www.employment-studies.co.uk/system/files/resources/files/IES%20briefing%20-%20Labour%20Market%20Statistics%20March%202024.pdf> [Accessed 30 May 2024].

22 The Health Foundation (2023). Millions of workers with ill health at risk of being left behind without more action to support working age health. [online] Available at: <https://www.health.org.uk/news-and-comment/news/millions-of-workers-with-ill-health-at-risk-of-being-left-behind-without-more-action-to-support-working-age-health> [Accessed 30 May 2024].

23 IFS (2024). Recent trends in and the outlook for health-related benefits. [online] Institute for Fiscal Studies. Available at: <https://ifs.org.uk/publications/recent-trends-and-outlook-health-related-benefits> [Accessed 30 May 2024].

24 British Medical Association (2023). Mental health pressures data analysis. [online] The British Medical Association. Available at: <https://www.bma.org.uk/advice-and-support/nhs-delivery-and-workforce/pressures/mental-health-pressure-data-analysis> [Accessed 30 May 2024].

The rise in incapacity claimants whose condition is mental health-related has been a matter of political concern and debate. There is much debate over what drives these rises. Some point to perverse incentives in the benefits system whereby claimants get higher weekly payments if they claim incapacity on the basis of poor mental health than if they are able to actively seek work. One thing is certain – whether driven by such factors, or genuinely higher sickness levels or higher social and personal recognition of mental health, **worklessness due to ill-health is now most prevalent in our youngest and oldest workers, an unusual position historically. Ill-health is the biggest driver of rising levels of economic inactivity.**

## The public policy response

The range of government measures announced in the space of the last 18 months highlight the urgency of this challenge. New policies have included £1.5 billion in funding for a Universal Support programme, a pilot series of WorkWell partnerships, the post-pandemic Plan for Jobs, the extension of the Restart DWP scheme for the long-term unemployed, and additional investment in specialist employment advisors in health services. Most recently, the former Prime Minister announced a review of fit notes and Personal Independence Payments.

**Many of these initiatives make sense and over time may have impact. But they are just that – initiatives. What they do not amount to is a coherent strategy for making meaningful inroads into economic inactivity rates. These schemes have fallen short of any truly fundamental reform or coherent cross-government mission-driven focus on raising participation amongst those economically inactive who need most help to work** – a critique which we will expand on in our analysis.

This Report responds to this national context and the urgency of this challenge. Our ambition is to provide fresh insight and a compelling vision for more coherent policy responses and practical ways of targeting the key cohorts most likely to benefit from additional support for pathways into employment.

Our starting point has been to understand at a granular level what is going on in the local labour market.

## Who is out of work in Barnsley and South Yorkshire?

### South Yorkshire

Economic inactivity rates vary regionally, with a 6% difference between those regions with the lowest and highest average rates of people outside the labour market. **Yorkshire and the Humber is amongst the regions with the largest proportion of its population out of work.**

Within Yorkshire and the Humber, South Yorkshire is composed of four local authorities covering the major city of Sheffield, and the post-industrial areas of Barnsley, Doncaster and Rotherham. South Yorkshire has had economic inactivity rates consistently higher than the other Yorkshire regions, currently standing at 25.5%.<sup>25</sup>

The region has a cross-sectoral productivity challenge when compared to other mayoral combined authority areas such as West Yorkshire, Liverpool City Region and Greater Manchester. Whilst there are significant strengths to build on including advanced manufacturing assets and low housing costs, there is a need for deeper specialisation, stronger private sector R&D, and better transport connectivity. South Yorkshire's labour market is not a particular outlier, but there are inequalities in wages and economic activity rates within the region.<sup>26</sup>

25 ONS (2024d). Labour Market Profile – Nomis – Official Labour Market Statistics. [online] Oct 2022 – Sept 2023. Available at: <https://www.nomisweb.co.uk/reports/lmp/la/1967128608/report.aspx?town=South%20Yorkshire> [Accessed 30 May 2024].

26 SYMCA (2023). Metro Dynamics 2023 Growth Plan research for SYMCA [online] <https://www.southyorkshire-ca.gov.uk/getattachment/0fde98ad-f890-4b5a-8e80-0c02972ba37f/South-Yorkshire-Plan-for-Growth-Economic-Analysis.pdf> [Accessed 30 May 2024].

Proportion of working age, non-student population, that are economically inactive

Source: Census 2021

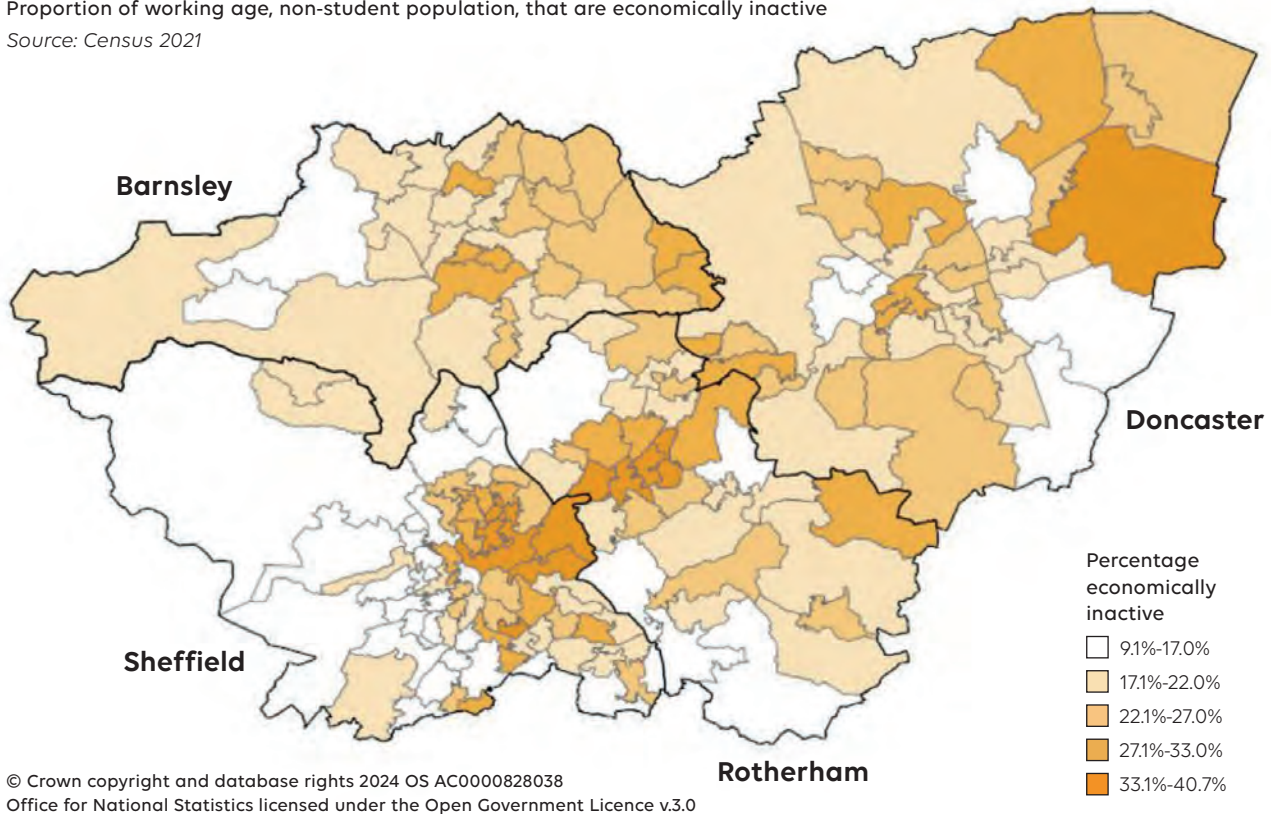


Figure 3: Map of working-age economically inactive South Yorkshire population, excluding students.

Source: ONS Census 2021, SYMCA analysis.

**Full-time workers in the region earn a weekly wage of £635 which is £48 lower than the English average wage. For women, the gap is £64 less than the national average.**<sup>27</sup> South Yorkshire Mayoral Combined Authority has the second highest levels of severely insecure work (employment lacking certain rights and protections, and financial and contractual security) out of the nine English Combined Authorities. Over one in five workers are in severely insecure work (21.7%) according to the Work Foundation, which is two percentage points above the national average of 19.8%.<sup>28</sup>

Economic inactivity rates also vary considerably within the four constituent local authority areas in South Yorkshire. Rates of working-age inactivity (excluding students) range from 9% to 40% (Figure 3).

## Barnsley's economy

Barnsley is one of the four constituent areas of South Yorkshire. The borough includes a proud market town and surrounding smaller towns with heritage in coal mining, glassmaking and linen weaving. The last deep pits closed more than 30 years ago. However, **the dominance of a single primary industry in the borough left Barnsley behind the starting line in the national structural shift towards a knowledge and service-driven economy.** The structural economic legacy of widespread employment in state-owned industry and large-scale manufacturing firms also left the borough catching up in terms of the size and diversity of its business base.

27 ONS (2023a). annual survey of hours and earnings – workplace analysis – Nomis – Official Labour Market Statistics. [online] Nomis. Available at: <https://www.nomisweb.co.uk/datasets/ashes> [Accessed 30 May 2024].

28 The Work Foundation (2024). South Yorkshire City Region Employment Profile. [online] Available at: [https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/work-foundation/reports/WF\\_Factsheet\\_SouthYorkshire.pdf](https://www.lancaster.ac.uk/media/lancaster-university/content-assets/documents/lums/work-foundation/reports/WF_Factsheet_SouthYorkshire.pdf) [Accessed 30 May 2024].

In 1984, 15,000 people worked in deep coal mining in Barnsley, representing 20% of all employment.<sup>29</sup> At that time, after several decades of falling employment in coal mining and other industries, there were 32 jobs for every 100 residents in Barnsley. By 2021, this figure had only just recovered to 35 per 100, compared to the national average of 54 per 100 (England, 2021).<sup>30</sup> An additional 13,400 jobs would be needed to match the average South Yorkshire job density – or 31,900 more jobs to match the average England density.<sup>31</sup> **There are almost 40% fewer businesses per head in Barnsley than across England.** The structural legacy led to low levels of enterprise, with extra efforts and support required to encourage private business development. **GVA per head remains 45% behind the national average (£16,200 vs £29,200).**<sup>32</sup>

The economic legacy of Barnsley's industrial past and the challenge of executing a significant economic transition is clear. However, this Commission has encountered a borough determined to build itself into a place of possibilities for people and businesses.

**It is clearly a 'catching up economy', but great strides are being made to close the gap. Jobs growth happened more than twice as fast as the national and regional averages between 2016 and 2021 (10% rise vs 4% in England).**<sup>33</sup> Barnsley's GVA was growing faster than regional averages between 2009 and 2019 (37% rise vs 33% in Yorkshire & Humber).<sup>34</sup> Growth in the number of businesses also outstripped regional and national averages between 2017 and 2020. In recent years, businesses in Barnsley have also been more likely to survive the first three years of operation than across the wider economy.<sup>35</sup> A culture of enterprise in the borough has been fostered and developed through proactive business support.

**Barnsley Council has also made bold decisions to attract investment and provide new infrastructure. An award-winning redevelopment of the town centre, built during the pandemic, has driven a 31.4% increase in town centre footfall compared to 2019, bucking national trends.**<sup>36</sup> Greenfield sites have been released through the local plan for employment activities, addressing the relative shortage of brownfield sites compared to other post-industrial areas. Large-scale public sector infrastructure investment over the past decade across the borough is now generating a significant return in terms of private sector activity – most significantly and recently through Evri's £60m investment to create its largest European distribution hub in the borough, creating 1,400 new jobs.

29 ONS Census of Employment, 1984 (accessed January 2023).

30 ONS Census of employment, 1984; ONS BRES, 2021; ONS Mid-year population estimates, 1984/2021. Barnsley Council analysis.

ONS (2022b). Employees in the UK. [online] Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/businessregisterandemploymentsurveybresprovisionalresults/2021> [Accessed 30 May 2024]. ONS (2024a). Great Britain Population mid-year Estimate. [online] Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/timeseries/gbpop/pop> [Accessed 30 May 2024].

31 Barnsley Council analysis.

32 Barnsley Council analysis: ONS (2024g). Regional Gross Domestic Product Local Authorities. [online] Available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/regionalgrossdomesticproductlocalauthorities> [Accessed 30 May 2024]. ONS (2022c). Population Estimates for the UK, England, Wales, Scotland and Northern Ireland. [online] Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/mid2021> [Accessed 30 May 2024].

33 Barnsley Council analysis: ONS (2022b). Employees in the UK. [online] Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/businessregisterandemploymentsurveybresprovisionalresults/2021> [Accessed 30 May 2024].

34 Barnsley Council analysis: ONS (2024g). Regional Gross Domestic Product Local Authorities. [online] Available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/regionalgrossdomesticproductlocalauthorities> [Accessed 30 May 2024]. ONS (2022c). Population Estimates for the UK, England, Wales, Scotland and Northern Ireland. [online] Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/mid2021> [Accessed 30 May 2024].

35 Barnsley Council analysis: ONS (2021). Business demography, UK. [online] Available at: <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/2020#:~:text=1-> [Accessed 30 May 2024].

36 Information available at: <https://theglassworksbarnsley.com/the-glass-works-claims-major-national-regeneration-award-ahead-of-opening/> [Accessed 30 May 2024].



The largest employment sectors in Barnsley are now:<sup>37</sup>

- Health and social work: 15,000 jobs
- Manufacturing: 12,000 jobs
- Transport and warehousing: 12,000 jobs.

Safeguarding the economic prospects of Barnsley's residents depends on continuing to attract private sector investment but also investing in the upskilling of residents, both in and out of work. **The borough would need an additional 18,500 residents with degree-level (or equivalent) qualifications to match the national average.**<sup>38</sup> As technological change drives new jobs and opportunities, residents also need access to significant digital skills training from the earliest ages.

## Barnsley's labour market participation

**Barnsley's labour market has low levels of unemployment, standing significantly below regional and national averages at 2.9%. However, the employment rate is also significantly below regional and national comparators at only 69.7%, a worrying 5% lower than the England average. Barnsley residents are one fifth more likely to be out of work than residents elsewhere in the country.**<sup>39</sup>

The borough's high levels of economic inactivity are a key cause of poverty: 27.1% of the working-age population (42,300) are not working to support themselves and their families. **Most concerning is the fact that far more residents out-of-work are in that position because of ill-health and disability (40.1%) than in other parts of the country (27.2% nationally).**<sup>40</sup>

Analysis by the Centre for Cities finds that long-term structural challenges play a big role in worklessness, particularly where driven by poor health. There is a strong correlation between areas which had high rates of health-related economic inactivity in the 1980s and those which continue to have many residents out of work due to poor health today.<sup>41</sup> This is particularly obvious in Northern cities which have higher shares of inactivity caused by poor health.

In fact, additional research found that the impacts of ill-health on employment were more significant in these areas too: ill-health reduced the probability of remaining in employment by 4.9% in the Northern Powerhouse compared to 3.5% in the rest of England and reduced weekly wages by 32.4% versus 19.5% nationally.<sup>42</sup>

**Despite great progress in growing the borough's economy, inter-generational poverty remains the overriding socio-economic challenge in Barnsley.** This challenge remains intractable in some communities, particularly in the east of the borough where many mines were located and in those small towns and villages furthest away from other economic centres. Working-age economic inactivity rates range from 41.2% in one small area (lower-super output area – LSOA) in Worsborough to only 15.3% in another LSOA in Mapplewell. A comparison of the LSOAs with the lowest income deprivation scores and the highest income deprivation scores found that<sup>43</sup>:

37 ONS (2022b). Employees in the UK. [online] Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/businessregisterandemploymentsurveybresprovisionalresults/2021> [Accessed 30 May 2024].

38 Barnsley Council analysis: ONS (2021a). Annual Population Survey Jan-Dec 2021 – Nomis. [online] Available at: <https://www.nomisweb.co.uk/datasets/apsnew> [Accessed 30 May 2024].

39 ONS (2024e). Labour Market Profile – Nomis – Official Census and Labour Market Statistics. [online] Available at: <https://www.nomisweb.co.uk/reports/lmp/la/1946157120/report.aspx?town=barnsley#tabeinact> [Accessed 18 June 2024]. Barnsley Council analysis.

40 ONS (2024e). Labour Market Profile – Nomis – Official Census and Labour Market Statistics. [online] Available at: <https://www.nomisweb.co.uk/reports/lmp/la/1946157120/report.aspx?town=barnsley#tabeinact> [Accessed 18 June 2024].

41 Centre for Cities (2023). How Is sickness-related Economic Inactivity Playing out across the country? [online] Available at: <https://www.centreforcities.org/blog/how-is-sickness-related-economic-inactivity-playing-out-across-the-country/> [Accessed 30 May 2024].

42 Bamba, M. (2018). Health for Wealth: Building a Healthier Northern Powerhouse for UK Productivity. [online] Available at: <https://www.thenhsa.co.uk/app/uploads/2018/11/NHSA-REPORT-FINAL.pdf>.

43 Source: Barnsley Council analysis of internal datasets, DWP, IMD and ONS datasets. Using Palantir Foundry software.

- rates of economic inactivity are far higher in areas of income deprivation;
- education deprivation and crime deprivation are both very high in areas of income deprivation (education decile of 1 vs 8 in the least income-deprived areas);
- just under 20% of the population are receiving Universal Credit compared to just under 5% in the more affluent areas;
- rates of young people Not in Education, Employment or Training are markedly higher.

**Perhaps the most important and challenging symptom of the residual levels of poverty in Barnsley is the poorer than average health across the population.** The average male born in Barnsley will have almost 7 years less good health in their life than people across the country. Females will have, on average, 3.5 years less in good health than the national average.<sup>44</sup>

In themselves, the cohort of economically inactive residents in Barnsley are in many ways similar to the national picture. The proportions of inactive men and women are the same as nationally. However, **Barnsley's inactive residents are more likely to have a disability (40% versus 35%) and to have no qualifications (32% vs 25%). This picture aligns strongly with the borough's worse health and skills outcomes than the national average.**

Interestingly, whilst Barnsley has higher inactivity rates than England overall, this is not the case for the borough's 16- to 24-year-olds (Figure 4). Younger people in Barnsley are more likely to be in employment or unemployed than elsewhere in the country. Unfortunately there is a sting in this particular tale as it may be evidence of fewer young people pursuing study at higher levels. **Worryingly, young people who are out of work in Barnsley are much more likely to have no qualifications (29.1% vs 18.3% national) or only a Level 1 qualification (15.7% vs 9.8% national) when compared to inactive young people nationally.**<sup>45</sup>

**A large cohort of under-skilled young people is not the foundation Barnsley needs to grow a successful and sustainable economy in future.** A review of Barnsley's Census data shows that just over a third of the current working-age population are 50-64 years old. Many will retire in the next decade. Unfortunately there is a large numerical gap with the number of young people who are poised to enter the labour market as their replacements. Those aged 16-29 years old represent under a quarter of the total working-age population. **There are 7,000 fewer young people coming into the labour market over the next 7 years than those leaving.**<sup>46</sup> This exposes the local economy to significant vulnerability, particularly if more young people decide to leave the borough to seek higher-skilled employment elsewhere.

Barnsley's is a skewed economy. It has made progress over recent years but too many jobs remain low quality, low security and low skill compared to the national and regional average even though average pay in Barnsley is now only 3% behind the national average.<sup>47</sup> Its economy is still reliant on manual and elementary work: over a quarter of jobs, compared to 14% nationally. The borough would need 12,600 more managerial and professional roles to match the national average for jobs in this category.<sup>48</sup>

44 ONS (2022c). Health State Life Expectancies in England, Northern Ireland and Wales Statistical Bulletins – Office for National Statistics. [online] Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/bulletins/healthstatelifeexpectanciesuk/previousReleases> [Accessed 30 May 2024].

45 Barnsley Council analysis: ONS (n.d.). Barnsley and England: Economic Inactivity Status and Level of Highest Qualification. ONS Custom Dataset.

46 Barnsley Council analysis of ONS 2021 Census data.

47 ONS (2024a). *Annual Survey of Hours and Earnings (ASHE)* – Office for National Statistics. [online] [www.ons.gov.uk](https://www.ons.gov.uk). Available at: <https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/annualsurveyofhoursandearningsashe> [Accessed 17 Jun. 2024].

48 Barnsley Council analysis of ONS (2018). *Annual Population Survey: workplace jobs by occupation 2023*. [online] [Ons.gov.uk](https://www.ons.gov.uk). Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes> [Accessed 17 Jun. 2024].

Economic inactivity by age – Barnsley versus England and Wales

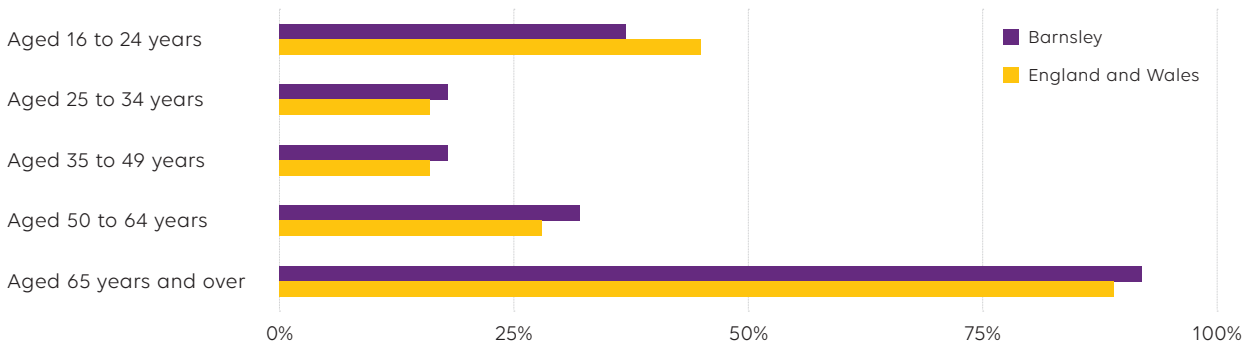


Figure 4: Economic inactivity by age – Barnsley versus England and Wales.

Source: ONS Census 2021, Barnsley Council analysis.

As we will see later in the Report these structural weaknesses in the local economy mean that there is not as strong a ‘pull’ factor to entice people back into the labour market as there are in areas offering higher quality, higher skilled and higher paid work. This structural deficit is recognised by local policy-makers who are working hard to address it – but it requires renewed effort if local rates of economic inactivity are to be reduced.

**Janet's story** a carer hoping to re-enter employment

Janet is in her forties and lives with her partner and adult children. She cares for her two children, one of whom has a physical health condition and the other who has autism, and her parents. Janet's child with autism requires a high level of care and supervision and she supports her parents with shopping, cleaning, and taking them to medical appointments.

Alongside her caring responsibilities, Janet regularly volunteers sometimes up to 20 hours a week. Whilst Janet enjoys her volunteering, she feels that as she has been volunteering for so long she has become stuck as **“...everybody wants you to work for free”**. Janet had been out of paid employment for over 20 years due to her caring responsibilities and is now keen to move back into work.

***“I want to go out and get a job that fits around the day and everybody but still be able to be there for the caring side right.”***

Yet, finding and getting a job has not been an easy process for Janet. It is difficult to find a job with the flexibility Janet needs to work alongside her caring responsibilities and her applications have been unsuccessful to date. Janet was concerned her age was going against her:

***“As years gone by, it got harder getting back into work. Even though I kept trying to do things and courses. And as I got older, I think that's gone against it as well now.”***

Despite Janet's extensive experience through her personal life and volunteering, she has been unable to secure a paid caring role.



Worsbrough Mill



Cawthorne



Penistone

## Chapter 3:

# Who needs help to work

**People who are economically inactive are not one single group, though public policy has tended to treat them as such.** So too has some political rhetoric. At times it has contributed to the lazy assumption that economically inactive people are simply gaming the benefits system. Undoubtedly there will be a few who do seek to act fraudulently. Others who say they cannot work, could work. Robust scrutiny and conditionality will be required in these cases. But **the vast majority of people who are economically inactive face a complex range of barriers which stop them from getting what both they and policymakers want: a pathway into paid employment. And within this majority there will be different cohorts of individuals facing a range of circumstances and likely different needs.**

Treating the 9.27 million people nationally and the 42,300 people in Barnsley who are economically inactive as a uniform group with a single 'stick-based' approach is doomed to failure. Instead, **a new cohort-based approach is needed. The starting point is to understand who is economically inactive and why.**

## Our research

There will always be a proportion of the population who are economically inactive. Many of them will be engaged in vital unpaid caring work. Others will be managing severe health conditions or disabilities. Some will have chosen to retire early. Many will be studying and investing in upskilling or reskilling. But many more would like to work. Our own research, outlined below, found that **7 in 10 economically inactive people (excluding students) would take a job that aligned to their skills, interests and circumstances at some point now or in the future. This is a far bigger proportion of the economically inactive group than official figures suggest.** By seeking new insights into the motivations of this diverse cohort of people we have been able to identify the key barriers that need to be removed if far more of them are to enter paid employment. This chapter will set out the key insights we have generated. The full research is available as appendices to this Report.

We commissioned two new pieces of qualitative and quantitative research to address the limited insights policy-makers currently have into the lives and hopes of people who are economically inactive:

- **a telephone survey of 750 economically inactive South Yorkshire residents, excluding students.** These 20-minute phone conversations produced a statistically significant, weighted dataset of new insights into the experiences and attitudes of those out of work. It was conducted by IFF Research;
- **in-depth 1-1 interviews with 37 Barnsley residents, and four follow-up focus groups.** These interviews were with residents who were out of work due to ill-health or caring responsibilities (the two main drivers of inactivity), as well as a small number with people who had re-entered work. Participants were invited to follow-up focus groups to identify solutions. This was conducted by Kada Research.

Our understanding was also developed through some additional research supported by Barnsley Council, including:

- **another 20 in-depth 1-1 interviews with young people struggling to enter employment and adults at risk of leaving employment.** These interviews were conducted by Barnsley Council with existing contacts;
- **interviews with 44 local employers.** This was commissioned by Barnsley Council in 2022 and delivered by Enable Growth Associates;
- **a data pilot exercise supported by Palantir** who worked with Barnsley Council to identify useable datasets to develop a more hyperlocal understanding of economic inactivity.

**Six key insights were generated through the new commissioned research:**

- 1 Health is the key barrier for the majority;
- 2 Most economically inactive people face multiple, overlapping barriers;
- 3 Timing matters: there are missed opportunities for early intervention to prevent inactivity;
- 4 Work exits were avoidable in half of cases;
- 5 Economic inactivity often compounds deprivation;
- 6 Attitudes to work can be ambivalent.

## 1 Health is the key barrier for the majority

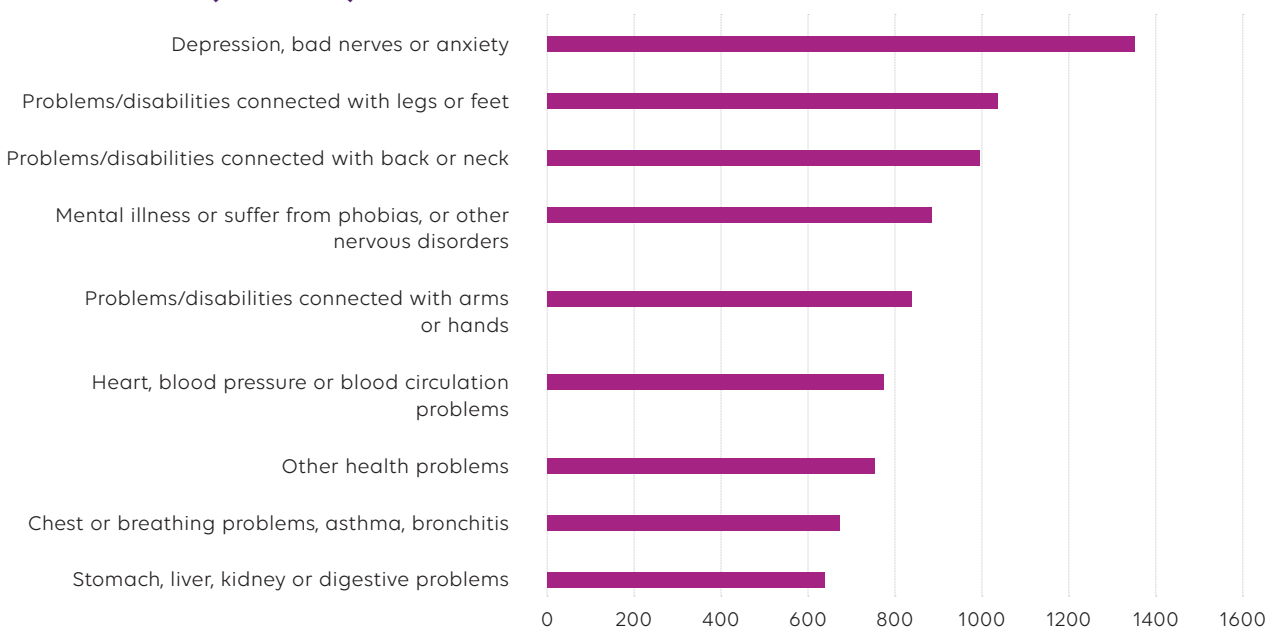
Ill-health is damaging labour market participation rates nationally. **Our research confirmed that poor physical and mental health is the primary barrier for a majority of economically inactive people.**

Our telephone survey found:

- **three quarters (76%) of the economically inactive residents interviewed had a health condition.** Nearly all of this group (98%) said their health condition affected their ability to carry out day-to-day activities;
- **half (50%) said that personal illness was the reason their last job came to an end** – making it the most common reason;
- when asked to select the barriers that made it difficult to get employment, **the most frequently selected barrier was health issues/disability/illness (62%).**

Economically inactive residents live with a range of health issues. Many are living with two or more co-existing conditions. **Of those living with a disability, around half (48%) had a diagnosed mental health condition – making this more common than a physical disability (39%).**

**Economic inactivity because of long-term sickness by top health conditions (main or secondary) Jan-March 2023 (thousands)**



**Figure 5: Economic inactivity because of long-term sickness by top health conditions.**  
Source: ONS, Barnsley Council analysis.

The Office for National Statistics (ONS) provides some national insights into the specific health conditions affecting individuals for whom health is the main cause of inactivity. The top five conditions illustrated in Figure 5 all relate to mental health or physical problems/disabilities. Poor mental health and musculoskeletal (MSK) conditions are also the major in-work health challenges, and have been over the last three decades.

In our qualitative research, individuals who left work due to ill-health described the emotional challenge of losing employment, social connections and a sense of purpose:

*“I’d love to [work], because I’ve, you know, I’ve got it in me, you know, and it’s heartbreaking not being able to, when I’ve got so much to give.”*

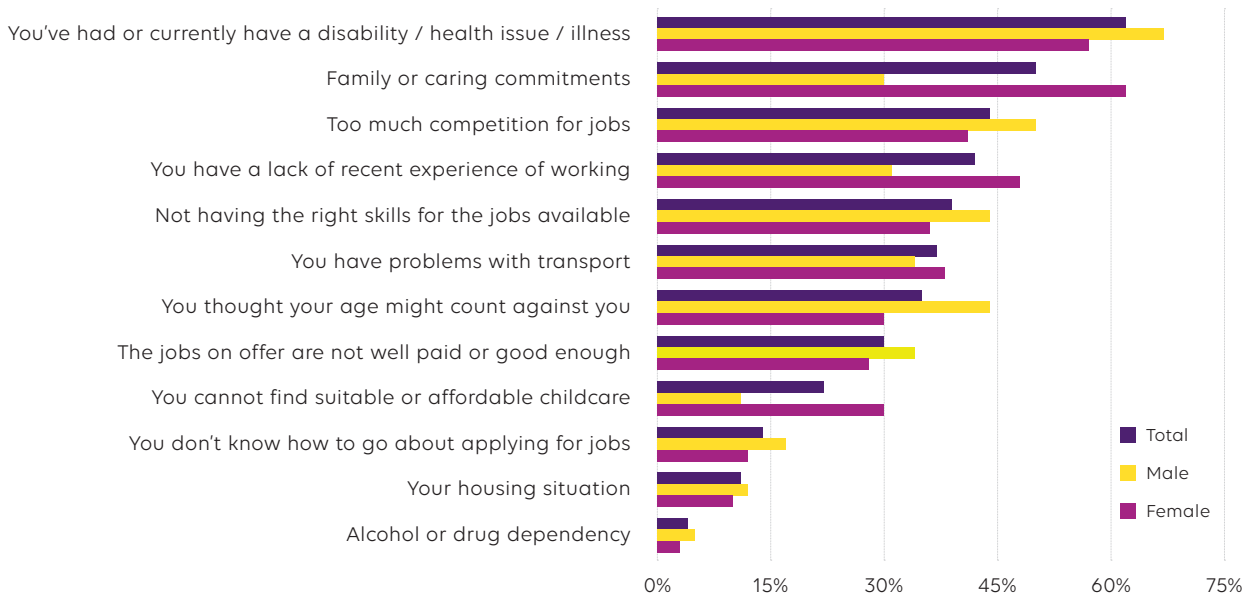
**Kathy aged 55-64.**

## 2 Most economically inactive people face multiple, overlapping barriers

Our research has made it possible to identify the overlapping barriers which people have to overcome if they want to re-enter employment. These barriers are wide ranging and show that holistic and personalised interventions will be necessary for many people if they are to be enabled back into jobs.

Our telephone survey asked people about their barriers to work ranging from health, caring, transport, recent experience, skills, job availability, childcare, and more (Figure 6). **Two thirds of respondents identified three or more barriers, confirming that most people out of work are facing multiple challenges limiting their opportunities.**

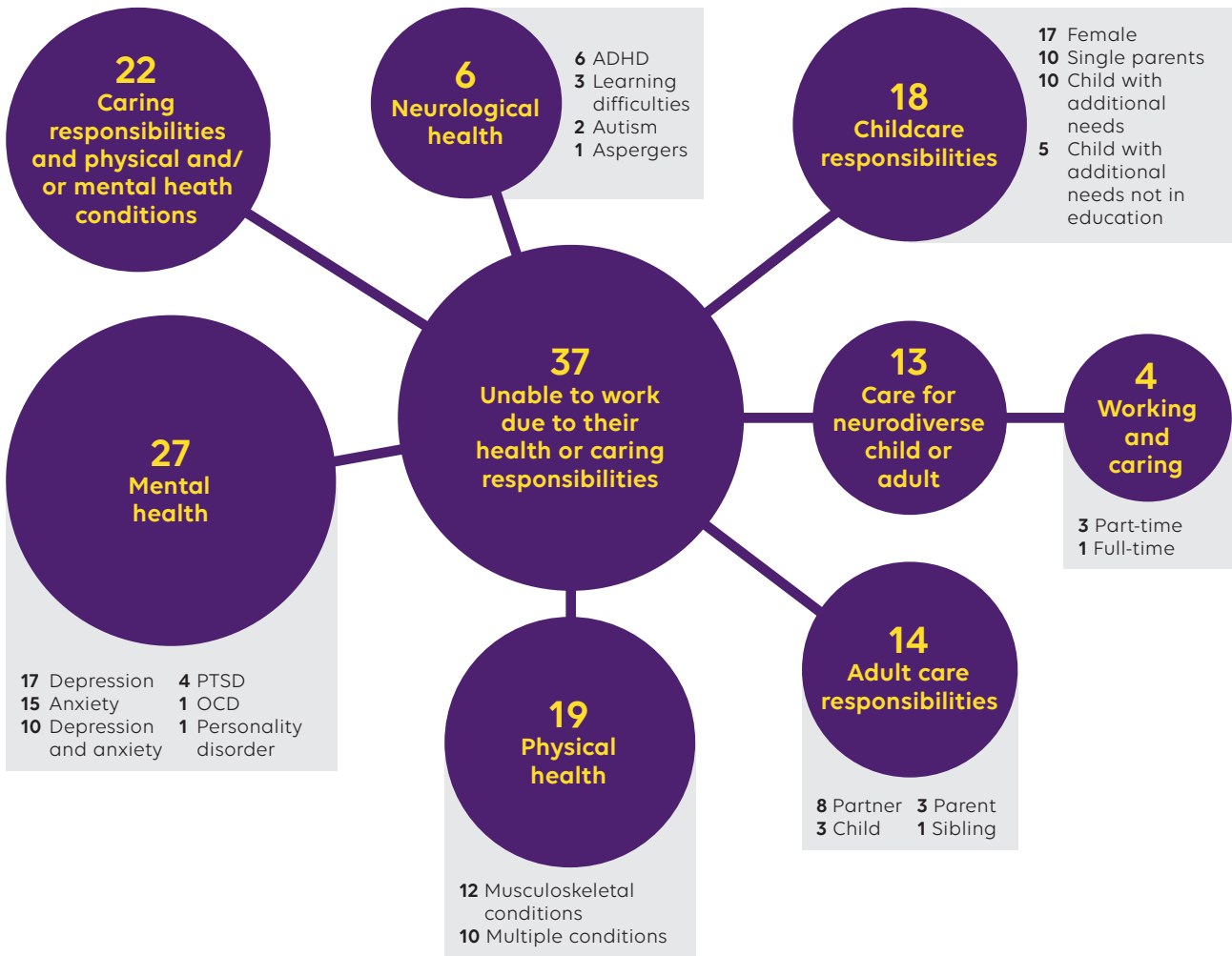
Barriers to work for those interested in taking a job\*



**Figure 6: Barriers to work for those interested in taking a job.**

Source: Pathways to Work Telephone Survey, IFF Research analysis.

\*Excluding responses applicable to 2% or less respondents: Issues with your citizenship or visa status; Lack of confidence; Discrimination; Other; Not applicable / no issues getting a job; None of the above.



**Figure 7: Caring responsibilities and health conditions of economically inactive interviewees.**

Source: Kada Research.

In our qualitative research with 37 Barnsley residents, 22 had both caring responsibilities and a health condition. The intersection of these barriers is illustrated in Figure 7.

**In addition to ill-health, the three key barriers for individuals which frequently overlap are caring responsibilities, skills and transport.**

## Caring

Most people will be involved in providing unpaid care for children and adults at some point in their lives. Caring is the glue that binds families and communities together. It also contributes £445 million to the economy in England and Wales every day in care costs – equivalent to £162 billion per year.<sup>1</sup>

Caring brings with it a lot of responsibility. It absorbs huge amounts of time and energy. Despite this, a quarter of those who are economically inactive due to caring responsibilities would like to work according to ONS data.<sup>2</sup> Our telephone survey found higher numbers still: **37% of economically inactive adults in South Yorkshire with caring responsibilities would take a job now or in the near future** that aligned to their skills, interests and circumstances.

1 Carers UK (2023). Unpaid care in England and Wales valued at £445 million per day. [online] Available at: <https://www.carersuk.org/press-releases/unpaid-care-in-england-and-wales-valued-at-445-million-per-day/> [Accessed 30 May 2024].

2 ONS Labour Force Survey data on working-age economic inactivity due to looking after family or home: 24.6% want to work, rising to 30% for male carers. Barnsley Council analysis of ONS Nov 2023 – Jan 2024 LFS data.



For those with caring responsibilities, the barriers they face that our research identified are:

- the availability and affordability of childcare;
- the availability of suitable employment opportunities (pay, flexibility, shifts);
- the fluctuation of the care needs of those being cared for (particularly adults);
- the physical, emotional and cognitive demands of caring;
- finding suitable education for children with additional needs or a health condition.

For all those with caring responsibilities, combining the structure of being in employment with the uncertainty and flexibility required to care for adults and children is a challenge. This is particularly acute for single parents, parents of children with additional needs, and those caring for multiple people. The challenge is also acute for those managing their own health conditions alongside a caring role, which our telephone survey found was the reality for over 1 in 3 economically inactive carers.

*"I can't really go to work because I did work before, I had the other job that I left six months ago. But it was, because I kept getting constant phone calls, can you come and pick him up?"*

**Shelly, aged 35-44, mother of a neurodiverse child excluded from school.**

## Skills and education

For those without basic qualifications, accessing work is extremely challenging. In general, economically inactive people who are not students are far more likely to have no qualifications and only a Level 1 or entry-level qualification than the wider population.

This is a particular barrier in **Barnsley with 36% of the inactive non-student population holding no qualifications (versus 29% nationally)**. In Barnsley, only 15% of economically inactive residents hold a Level 4 qualification or above, so we expect most of those who need help to work also need help with upskilling. Barnsley's non-student residents out of work are twice as likely as other **Barnsley residents to have no qualifications**. Whilst the gap has been closing steadily, Barnsley still faces below-average attainment of GCSEs in English and Maths at age 19 (71.2% versus 75.2% nationally).

More positively, there are proportionally more adults in Barnsley than nationally who are participating in further education and skills, at 5,247 per 100,000.<sup>3</sup> Barnsley has also performed well in recent years in supporting young people who are Not in Education, Employment or Training (NEET) and care leavers to move into positive destinations. Barnsley's 2023 NEET rates were 1.1% below the England average, and the 2023 care leavers EET rates were 10.3% above the national average.<sup>4</sup>

*"It's a lot harder these days. I feel like, well, for most of my jobs I've applied to they've always seemed to find someone better, someone who's got more qualifications. I feel like jobs should be more accessible. For like, more people without decent qualifications. Not just people with master's degrees."*

**Jordan, aged 18-24.**

<sup>3</sup> ONS (2023b). Further education and skills, Academic year 2022/23. [online] Department for Education. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/further-education-and-skills/2022-23> [Accessed 30 May 2024].

<sup>4</sup> Barnsley Council data.

## Transport

**Over one in three economically inactive people in South Yorkshire cited 'problems with transport' as a barrier to work**, with higher proportions of people with a health condition citing this barrier.

The geography and connectivity of local areas has an inevitable impact on worklessness. Whilst Barnsley is well connected by road and to the national motorway network, deprived areas in the East of the borough can be a 45-minute drive away from the town centre. For many lower-income residents without cars, dependency on bus services severely limits access to employment opportunities particularly shift work. When combined with caring responsibilities, this makes it doubly difficult to find suitable employment.

Research by Transport for the North on transport-related social exclusion (TRSE) explored the inability to access opportunities, key services and community life as a result of transport systems.<sup>5</sup> Their analysis found Barnsley had the second highest proportion of its population (53%) at high risk of social exclusion, including from employment, of all local authorities in Yorkshire and Humber after Scarborough<sup>6</sup>.

People described the time it can take to travel across Barnsley by public transport and how the cost and frequency of transport services can add to the stress of being in work.

*“One [home that I worked at was] not far from me but the one they were sending me took me like six miles away. So you had to meet that bus on the morning, 6.30, you couldn't be like a second late.”*

Lyndsey, aged 35-44.

### 3 Missed opportunities for early intervention

**The longer someone is out of work, the more likely they are to see their barriers to work multiply** (Figure 8). People who have been in work more recently are also more likely to want to move back into work. And for some people a more proactive approach at the right time can be transformative.

Our qualitative research with residents highlighted how barriers can be multiple and evolving, and they can fluctuate in their intensity. While people might leave work due to one barrier, their situations often evolve, with new barriers emerging in their lives. The risk of this increases the longer people are out of work.

Timely interventions and support can prevent the 'spiralling' of these barriers. **In particular, the research found that mental health support is arriving too late for most people.** Other barriers are developing while they wait for in-person treatment.

The qualitative research also found some cohorts who would benefit from a more proactive rather than reactive approach ahead of key transitions. These include parents with young children and older workers in physically demanding jobs.

A rapid response when someone leaves work is particularly critical. **Our telephone survey found that the longer a resident is economically inactive, the lower their desire to get back into work.** Nearly 1 in 2 economically inactive people in South Yorkshire were last in paid work more than five years ago, and only 60% of them would take a job that aligned with skills, interests and circumstances, in contrast to nine in ten (91%) of those who had worked in the last year.

<sup>5</sup> It is based on an assessment of: fragmentation, unreliability, and high costs in the public transport system; poor conditions for walking, cycling, and wheeling; and high levels of car dependency.

<sup>6</sup> Based on TRSE TfN data shared with Barnsley Council. [online] <https://transportforthenorth.com/press-release/over-3-million-people-at-risk-of-transport-related-social-exclusion/> [Accessed: 30 May 2024].



**Figure 8: Diagram of proximity to the labour market of economically inactive interviewees.**  
 Source: Kada Research. Figure mapping all residents engaged against their proximity to the labour market and their length of time out of work.

Residents who had been out of work for a shorter period (12 months or less) were also much more likely to want employment support from the council than residents who had been out of work for 5 years or more (71% vs 37%). Younger workers were especially open to accessing support and re-entering work.

*“I was lucky really that I stopped doing that [hard physical work] at 30 [due to my health condition], so I’d got like 30 years of work in front of me, I could retrain, I could get other things. If you hit that at 55, you’re retiring in 10 years. By the time you’ve got qualified or anything like that, what do you do? It’s all good and well saying you’re not going to pay [economically inactive people] and they need to get a job, but what job, all they’ve ever known is grafting, and they wouldn’t be able to retrain for a computer job, or an admin job, or a teacher’s job...”*

Kiernan, aged 45-54.

## 4 Work exits were avoidable in half of cases

Our research with people who are currently outside the labour market highlighted that for many, leaving work may have been avoidable even though almost half (48%) stated that nothing could have been done. This was more likely among:

- older economically inactive residents aged 55-64 years old (58% compared to 32% for economically inactive residents aged 25-34 years old);
- economically inactive residents with health conditions (50% compared to 41% for economically inactive residents without a health condition).

No single preventative factor stands out above all others but **flexible working conditions (25%) and health adjustments (23%) were listed most often as the interventions that could have helped people to stay in work rather than to become economically inactive** (Figure 9).

The qualitative research confirmed that **finding supportive employers is key to staying in work or re-entering work when managing multiple barriers**. Examples highlighted included: flexibility to accommodate medical appointments and errands during the work day; more flexible patterns of work to accommodate for health conditions or caring responsibilities which ebb and flow; and flexibility in the job application processes for those who have been out of work for some time. Others mentioned the absence of proactive support that could have transitioned employees into less physically demanding roles at the right time.

*"I think it's important for employers to understand, but it's hard if they've never experienced [mental health issues] themselves. So it's like – see this is what it's actually like. It's really hard."*

**Anonymous female participant, aged <45.**

Factors that could have enabled economically inactive residents to stay in work



**Figure 9: Factors that could have enabled economically inactive residents to stay in work.**

Source: IFF Research.

A4. Is there anything that could have been done to enable you to stay in work at this point? For example...?

Base: All who have worked at some point (693); only including responses of 5% and above.

## 5 Economic inactivity often compounds deprivation

Our qualitative research found that the severity of how economic inactivity impacts people varies widely but that the result is often to compound existing inequalities.

Individuals who are out of work face personal, relational and financial impacts which reduce resilience and the ability to engage with training and employment. This often happens when personal confidence or health is at its lowest ebb. The challenges of coping with ill-health, caring responsibilities, and loss of income were particularly acute for those who felt lacking in family or wider community support.

**A higher proportion of people who become economically inactive have worked in routine and semi-routine occupations than in better-paid managerial and professional roles** (Figure 10).

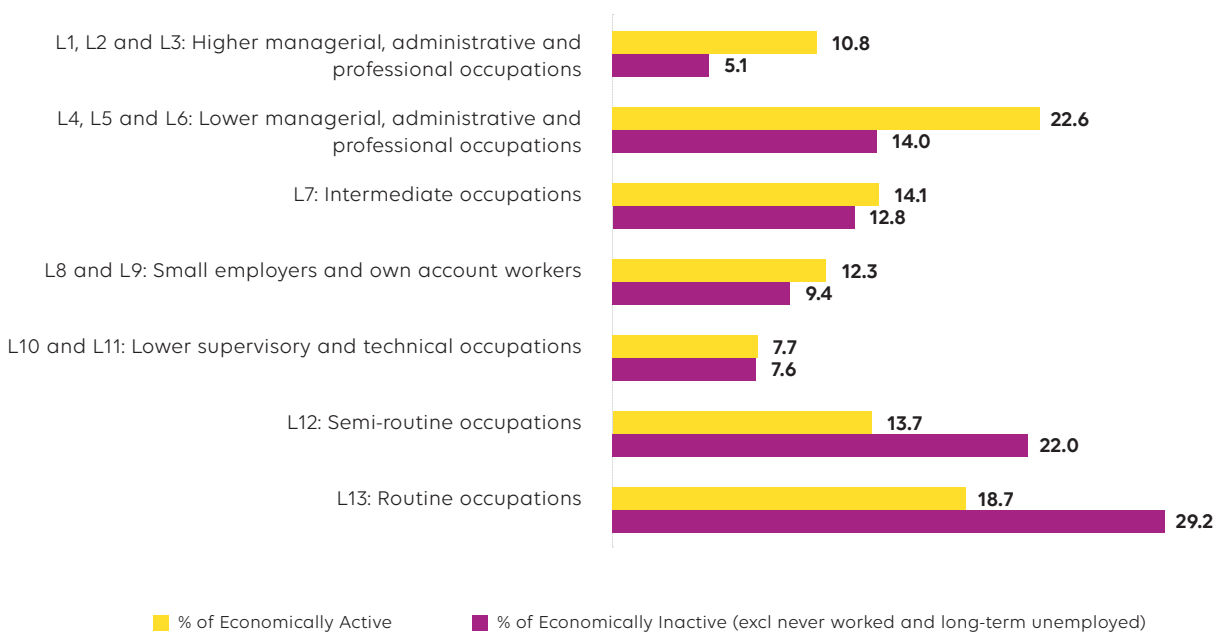
Economic inactivity rates are also far higher in areas of Barnsley with higher levels of health and income deprivation.

**Falling out of work – often at a time of personal crisis and change – is more likely to affect those with less wealth and living in areas of deprivation.** This can tip people into crisis more rapidly as barriers multiply. For some of the most vulnerable people without family networks to fall back on, the impacts of economic inactivity even for a short period will be more severe.

*“So I really am spinning all the plates on my head and I don’t have a support network.”*

**Katie, aged 35-44, managing poor health and caring for two children with additional needs.**

National statistics socio-economic classification (NS-SeC) of Barnsley working-age non-FT-students who are economically active and economically inactive (excluding those who have never worked and long-term unemployed)



**Figure 10: Socio-economic classification of economically active and inactive Barnsley residents.**

Source: ONS Census 2021, Barnsley Council analysis.

## 6 Attitudes to work can be ambivalent

Our research adds particular depth to existing national data by providing insights into the attitudes and aspirations of people out of work. **Many people want to work but the realities of employment also generate anxiety, financial uncertainty, and ambivalence** from people facing a range of barriers.

Our telephone survey found that when specifically asked about work that 'suited their skills, interests and experiences', 7 in 10 people would take a job now or in the future. This is supported by the finding **that over three quarters (77%) of economically inactive people agreed or strongly agreed that 'growing up, the people in my household were positive about the value of work'**. Only one in ten people strongly disagreed (Figure 11).

Qualitative research participants also emphasised the strong social benefits of working, making connections with friends and colleagues. Personal benefits like a sense of routine, fulfilment, variety and intellectual challenge were all valued.

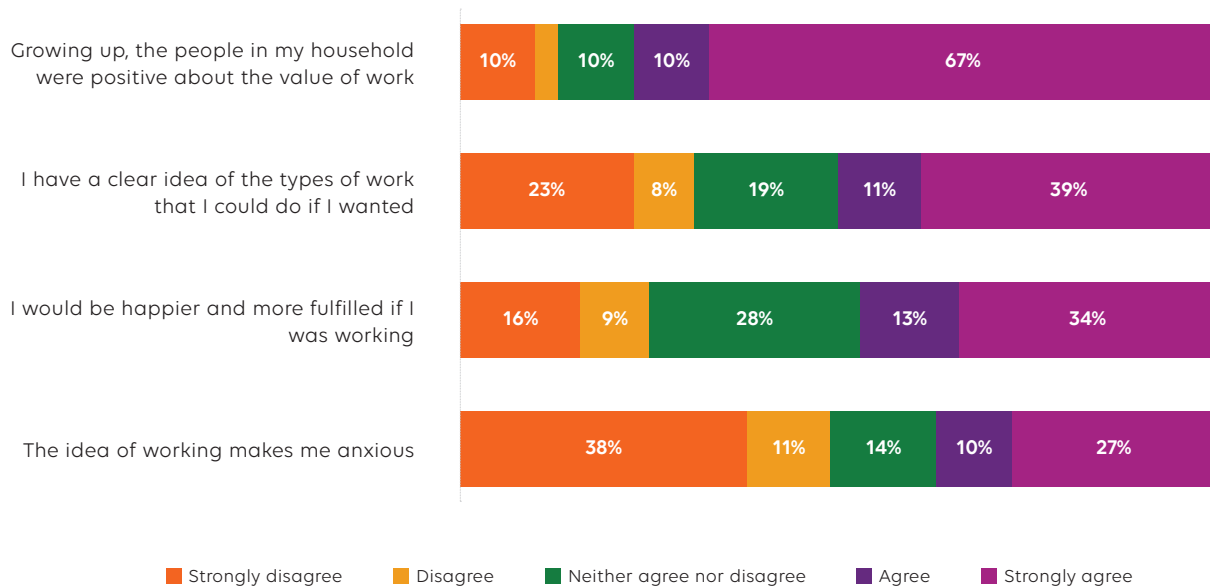
In contrast, many of those out of work described negative impacts on their self-esteem. People described feeling a sense of failure, guilt, sadness, and 'otherness'. This is sometimes connected to the stigma surrounding receiving state support.

Just under half (47%) of the economically inactive respondents to our telephone survey agreed or strongly agreed with the statement that "I would be happier and more fulfilled if I was working" while another 28% were unsure and a quarter disagreed.

Alongside this ambivalence is the reality that over a third of respondents (37%) said "the idea of working makes me anxious". **Women and those living with health conditions were more likely to say the idea of work induced anxiety.**

People also feel uncertain about the financial benefits of work. Some explained that though living on a low income was a 'struggle' that meant 'getting by' with the support of charities and social networks, financial hardship was not a driver to return to work as their health and caring responsibilities were a bigger concern. Others are not convinced they would be better off in work.

### Perceptions of work



**Figure 11: Perceived value of work responses from economically inactive people.**

Source: IFF Research.

B1. How much do you agree or disagree with the statement? Base: All (750)

Almost 2 in 5 (38%) of our telephone survey respondents thought that the effect of re-entering work on their benefit payments would leave them worse off. Another 31% were unsure of the impact.

*“That’s another thing I think I feel like, that’s why I think I feel useless, because I always felt like, even though I weren’t earning that much, I was helping or doing something to contribute to things being a bit better for somebody else.”*

Jane, aged 35-44.

## Who most needs help to work?

These insights generated from people who are experiencing economic inactivity when aligned to the data analysis we presented in Chapter One, allows us to identify the cohorts who could most benefit from help to enable many more of them into paid employment. In practice this means **identifying and overcoming barriers to work**. Evidence presented to the Commission, particularly by local health practitioners, highlighted motivation as the key in overcoming barriers and returning to work.<sup>7</sup> Some people will have the motivation and skills to achieve this themselves. Many more will require help to do so.

Of course a ‘pathway to work’ should be available to all who are able to benefit from paid employment including those who are ‘officially’ unemployed as well as those who are economically inactive. The people who are registered as unemployed already have access to a range of services to help them into work. However, **economically inactive residents are those who require the most additional help** because their contact with the Department for Work and Pensions (DWP) or mandatory job-search activities and support tends to be much more limited. In good part that is because **economic inactivity has not been a primary focus for policy-makers that is changing. But the interventions that are being initiated lack precision. Critically they are not precise enough in identifying which cohorts within the broader economically inactive population should be a priority for action and which interventions should be applied to each of them.**

In designing new programmes and targeted outreach, we believe there are four key cohorts to prioritise:

- 1 those currently economically inactive due to ill-health or disability;
- 2 those currently economically inactive due to caring responsibilities;
- 3 young adults with low qualifications at risk of not entering the labour market;
- 4 young adults with poor health at risk of not entering the labour market.

This prioritisation is based on an assessment of who is most likely to want to work and could benefit the most from interventions to enable them to do so.

### 1 Those currently economically inactive due to ill-health or disability

This cohort is growing fastest nationally. In many places like Barnsley, it is particularly large due to structural health inequalities (40% of the economically inactive cohort vs 27% nationally).<sup>8</sup> The proportion of the population living with a major illness nationally is set to continue rising to 2040, with an increase of 37% compared to 2019. **This is nine times the rate at which the working age population (20-69 year-olds) is expected to grow over the same period (4%).**<sup>9</sup> The UK also has a disability employment gap (the difference in the employment rate of disabled people and people who are not disabled) which needs tackling: in the first quarter of 2023, the gap was 29%.<sup>10</sup>

7 Commission Session Two: evidence from a local GP and stroke doctor.

8 ONS (2024e). *Labour Market Profile – Nomis – Official Census and Labour Market Statistics*. [online] Available at: <https://www.nomisweb.co.uk/reports/lmp/la/1946157120/report.aspx?town=barnsley#tabeinact> [Accessed 18 June 2024].

9 The Health Foundation (2023a). 2.5 million more people in England projected to be living with major illness by 2040. [online] Available at: <https://www.health.org.uk/news-and-comment/news/25-million-more-people-in-england-projected-to-be-living-with-major-illness-by-2040> [Accessed 30 May 2024].

10 Powell, A. (2024). People with Disabilities in Employment. Commons Library, [online] 7540. Available at: <https://commonslibrary.parliament.uk/research-briefings/cbp-7540/> [Accessed 30 May 2024].

## 2 Those currently economically inactive due to caring responsibilities

This is the second largest cohort of people out of work nationally (excluding students) but one which over time has reduced. The proportion of women economically inactive caring for family or home has almost halved since 1993 (48.5% to 25.9% today).<sup>11</sup> In Barnsley, 4 in 5 people out of work for this reason are women.<sup>12</sup> **National participation rates among low-income women aged 25-54 were just 50% in 2017-2019, compared to 94% among high-income women of the same age.**<sup>13</sup> Transitions in and out of periods of caring (for children or adults) are expected over the course of a lifetime, but many people will need additional help to re-enter work at those transition points.

## 3 Young adults with low qualifications at risk of not entering the labour market

This is a cohort at risk of not entering employment, so getting left behind before they've even started. Proportionally this is a much smaller cohort than the two above, but one where intervention now will yield large long-term benefits. **Spending time unemployed under the age of 23 has been linked to lower wages even twenty years on.**<sup>14</sup> In 2021, there were 2,035 Barnsley residents aged 18-24 whose highest qualification was a Level 1 or entry-level qualification, representing 12% of their age cohort compared to 8% nationally.<sup>15</sup>

## 4 Young adults with poor mental health

Nationally, common mental health disorders (CMD) have risen amongst young people, **with 34% of young adults aged 18-24 reporting symptoms indicating a CMD**<sup>16</sup>. If young people become ill before gaining experience of employment, they are seriously disadvantaged in the labour market even after making a recovery.

# Who most needs help to stay in work?

To stem the rise in economic inactivity action is also needed to prevent early exits from the workforce. We believe there are two cohorts who need particular focus from policymakers and practitioners:

### 1 Workers in their fifties

**Supporting older workers to remain in employment becomes more important as the population ages.** They are an asset to the labour market, with skills and experience to share. Whilst some may consider early retirement, many workers in their fifties will be seeking opportunities to change their working patterns or make a final career move.

### 2 Workers managing health conditions

This cohort is also growing nationally. **Particular attention should be offered to prevent people managing health conditions from falling out of work.** In Barnsley's Census, there were 1,745 Barnsley residents in work but in 'bad or very bad' health in 2021. This small cohort needs targeted support to allow them to stay in employment.

11 ONS (2024e). LFS: Econ. inactivity reasons: Looking after family/home: UK: female:% – Office for National Statistics. [online] Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/economicinactivity/timeseries/lf72/lms> [Accessed 30 May 2024].

12 Barnsley Council analysis: ONS (n.d.). Barnsley: Economic Inactivity Status and Sex. ONS Custom Dataset.

13 Resolution Foundation (2023). Post-pandemic participation. [online] Available at: <https://www.resolutionfoundation.org/publications/post-pandemic-participation/> [Accessed 30 May 2024].

14 Learning and Work Institute (n.d.). The Young Person's Guarantee. [online] Available at: <https://learningandwork.org.uk/resources/research-and-reports/the-young-persons-guarantee/> [Accessed 30 May 2024].

15 1 to 4 GCSEs A\* to C, Any GCSEs at other grades, O levels/CSEs. 1 AS level, NVQ level 1, Foundation GNVQ, Basic/Essential Skills.

16 Resolution Foundation (2024). We've Only Just Begun. [online] Available at: <https://www.resolutionfoundation.org/publications/weve-only-just-begun/> [Accessed 30 May 2024].



The Commission has found less evidence to suggest that it is effective to proactively target early retirees. **There is limited scope to encourage retirees to 'unretire'.** Resolution Foundation analysis in 2023 finds that only 1 in 10 economically inactive retirees who left during the pandemic rely on benefit support and retirements were disproportionately among higher-paid professionals.<sup>17</sup>

## Better pathways to work

In Barnsley, the need for better pathways to work is obvious. At the launch of this Commission in July 2023, there were an average of 4,000 job vacancies in the borough. There were only 4,030 jobseekers mandated by the DWP to look for work, but a further 6,000 economically inactive residents who wanted a job.<sup>18</sup>

**Our research has confirmed that better pathways to work are needed, particularly for those facing health conditions and multiple, overlapping barriers.** We found missed opportunities for early intervention, and avoidable exits from the labour market.

The economic case is also clear. **With less access to labour from overseas and an ageing population, employers will increasingly have to turn to those local people who – for whatever reason – have been excluded or pushed out of the labour market.**

The past decades show that progress can be made. We have seen great strides forward in enabling women to work, in reducing the disability employment gap, and in providing tailored support for vulnerable young people or care leavers. Post-pandemic, the opportunity to reduce these gaps even further is more reachable than ever with better technology to enable flexible or remote working and data-driven outreach. **National data suggests that around 17.5% of those who are economically inactive want to work. Our own telephone survey found that many more people may want to work than the national figures suggest.** Indeed, 7 in 10 people said they would take a job that aligned with their skills, interests and circumstances, and 40% would do so 'now' or 'in the near future'. Almost half of our respondents took up the offer for further support and advice from their Council's employment team.

The fact that our telephone survey demonstrated there are many more economically inactive people who want to work than official figures suggest is intriguing. This new South Yorkshire data, if applied nationally, suggests **there may be 4.56 million economically inactive people (excluding students) who would take a job that aligned with their skills, interests and circumstances now or in the future. That is 3 million more people than the number of economically inactive people who 'want a job' according to official Labour Force Survey figures.**<sup>19</sup>

This feels a long way from the prevailing narrative about economically inactive people being uninterested in work or, worse still, simply gaming the system. Of course within such a large cohort there will be some who fall into that category. But our analysis suggests the majority of economically inactive people would like to have the opportunity for meaningful work. **Our data suggests that what is missing for a large proportion of those who are economically inactive is appropriate, targeted support to help them access a labour market that offers meaningful work opportunities.**

17 Resolution Foundation (2023). Post-pandemic participation. [online] Available at: <https://www.resolutionfoundation.org/publications/post-pandemic-participation/> [Accessed 30 May 2024].

18 DWP Stat-Xplore July 2023 People on UC 'Searching for Work' requirements; and Labour Force Survey data for Barnsley July 2023.

19 Barnsley Council analysis using Pathways to Work Telephone survey results and ONS APS Jan 2023-Dec 2023. <https://www.nomisweb.co.uk/articles/1382.aspx>

**The prize for those individuals would be a life with fulfilling work. The prize for the local economy would be higher levels of growth.** Even the more conservative national figures about who might want to work would translate into at least 4,500 additional individuals in Barnsley who could be supported to **move into active job-searching or employment.** If that happened **Barnsley's labour market participation rate would grow from 72.9% to match Yorkshire and Humber's average of 75.8%.**<sup>20</sup> Earnings in the borough could increase by up to £150 million per year, based on the current average resident earning £33,264.<sup>21</sup>

The task is now to identify what helps people to work and then to mobilise services to enable many more to do so.

### Jordan's story a young person with low qualifications

Jordan is in his late teens and lives with his mum and sibling. He is neurodiverse and left school a year early with no qualifications and then spent three years in college. Whilst at college he first completed his English and Maths qualifications and then went on to do courses in engineering (L2) and construction (L1). Jordan had little experience of work except a manual cash in hand job which only paid him £10 for a full day's work and a month's work which had now ended:

*"I feel like they found someone better. They just never got back to me."*

Jordan's experiences with paid work had not been positive and the temporary nature of the job left Jordan to question his own abilities – damaging his self-esteem. He explained that **"nothing really clicked"** in the jobs he'd had previously. Jordan felt **"guilty"** for being out of work and that he had **"disappointed"** his mum. Job-searching filled Jordan's days (a condition of his Universal Credit claim) and he explained the challenges of this:

*"It's still hard these days. I feel like, well, for most of my jobs I've applied to, but they always seemed to find someone better. Someone who's got more qualifications. And a lot of them need to be 19 and I don't like that. I mean, just, I feel like jobs should be more accessible. For, like, more people who don't have decent qualifications. like, master's degrees or whatever."*

The unsuccessful applications and lack of feedback from employers were negatively impacting Jordan's wellbeing and self-esteem. He explained **"It seems like I'm waiting on false hope. It's a bit sad, isn't it?"**

Jordan's qualification level had become a thorn which was damaging his confidence and an issue he felt powerless to overcome.

Jordan's aspiration was to work outside and when asked where he would like to be in ten years' time he responded, **"I want to be happy at least".**

20 Barnsley Council analysis: Barnsley Jan-Dec 2023 ONS (2024e). *Labour Market Profile – Nomis – Official Census and Labour Market Statistics*. [online] Available at: <https://www.nomisweb.co.uk/reports/lmp/1a/1946157120/report.aspx?town=barnsley#tabeinaact> [Accessed 18 June 2024]; Yorkshire and Humber Feb-Apr 2024 ONS (2024e). *Labour Market Profile – Nomis – Official Census and Labour Market Statistics*. [online] Available at: <https://www.nomisweb.co.uk/reports/lmp/1a/1946157120/report.aspx?town=barnsley#tabeinaact> [Accessed 18 June 2024].

21 Barnsley Council analysis: ONS (2024a). *Annual Survey of Hours and Earnings (ASHE) – Office for National Statistics*. [online] [www.ons.gov.uk](https://www.ons.gov.uk). Available at: <https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/annualsurveyofhoursandearningsashe> [Accessed 17 June].

## Chapter 4:

# What helps people to work

**Economic inactivity is the biggest problem facing the UK's labour market – but until recently, it has been largely sidelined in public policy.** That must change if the UK's economy is to fulfil its potential for growth and if economies like Barnsley's are to thrive.

**Raising labour market participation through tackling economic inactivity can no longer be a marginal topic. It has to become mainstream,** not just for central government but also for businesses, councils and other public sector agencies. Each of them must give fresh focus to the issue. This should be based on an understanding of the nature of the problem and the application of evidence-based solutions to address it.

Through the wide range of evidence presented to this Commission clear themes emerge as essential enablers for people to get into and stay in work. Our analysis finds that across each of the following themes, there are significant system failures which are contributing to higher rates of economic inactivity:

- 1 Leadership and funding
- 2 Tailored support
- 3 Work that is worth it
- 4 Business engagement
- 5 Health interventions
- 6 Improved education

These levers need to work in synch if we are to build better pathways to work nationally and locally. They need to be housed within a broader national strategy to address economic inactivity. It would need to include adequate and affordable childcare, care for dependent adults, tackling health inequalities, access to debt advice, good housing and suitable provision for children with additional needs. Without sufficient focus in each of these areas, there will continue to be major obstacles to many people's pathways to work.



# 1 Leadership and funding

## Systems leadership

There is a wealth of activity taking place across Barnsley – and in every part of the UK – to engage with those who need pathways to work. **Both those who need support and those who provide it have told this Commission that the wide range and eligibility criteria of support programmes can be baffling to navigate.**

The challenge of supporting people into work, particularly those furthest from the labour market, is inevitably complex. However, **the critical missing piece is systems leadership to own this challenge. No-one is in charge.**

## Provision is fragmented

Currently, contracted employment programmes (welfare-to-work) provide support such as help with job searching, CV-writing and interview techniques. They are delivered by private and voluntary sector providers via contracts with the Department for Work and Pensions (DWP). They co-exist with the public employment service provided by Jobcentre Plus, which processes benefit claims and provides largely standardised employment support for people in the earlier stages of benefit claims. This sits alongside a range of programmes commissioned at a more local or regional level, for example by local authorities, combined authorities, and integrated care boards. Some of these programmes will be limited to unemployed people whereas others will target economically inactive people or specific cohorts.

**Analysis by the Local Government Association identifies 51 different national programmes to support economically inactive people back into work. These are led by 17 public bodies/organisations** (12 government departments and 5 either executive agencies, non-departmental government bodies or organisations commissioned by central government). The Department for Work and Pensions (DWP) funds over one third of programmes, followed by the Department for Education (16%) and Ministry of Defence (10%) with the NHS supporting a further 8%.<sup>1</sup>

## The DWP's role is limited

Whilst the DWP supports an immense number of job-seeking clients nationally (at least two million newly unemployed each year)<sup>2</sup>, and administers benefits to millions more in addition, the Department's role has not been as a systems leader for the wider challenge of raising participation amongst those further away from work. In fact, **the DWP's activities are driven by a focus on the administration and monitoring of benefits and compliance – rather than a more extensive vision of its core role being a Department for Work. At a time when most of those who want to work are not officially unemployed this is a major deficit.** For example, employment advisors currently have to spend significant time in job coach meetings monitoring the requirement that individuals spent 35 hours of the previous week searching for work rather than identifying opportunities for the individual.<sup>3</sup> In November 2023, 7% of Universal Credit recipients in conditionality regimes liable to sanctioning had a live sanction for failure to meet work search or availability requirements.<sup>4</sup>

1 LGA (2023). Make It Local: Local government's Vital Role in Addressing Economic Activity | Local Government Association. [online] Available at: <https://www.local.gov.uk/publications/make-it-local-local-governments-vital-role-addressing-economic-activity> [Accessed 30 May 2024].

2 Commission Session Three: Institute for Employment Studies

3 IES (2024c). *Working for the future: five priorities for reforming employment support in the next parliament* | Institute for Employment Studies (IES). [online]. Available at: <https://www.employment-studies.co.uk/news/working-future-five-priorities-reforming-employment-support-next-parliament> [Accessed 17 Jun. 2024].

4 Department for Work and Pensions (2024). *Benefit sanctions statistics to November 2023 (official statistics in development)*. [online] Available at: <https://assets.publishing.service.gov.uk/media/6643331bbd01f5ed32793a52/data-tables-benefit-sanctions-statistics-to-november-2023.ods> [Accessed 19 Jun. 2024].

**This approach is not working. The tick box culture of JobcentrePlus has contributed to a collapse of trust and confidence in the DWP and Jobcentre Plus (JCP). Just one in five unemployed people say they use JCP to find work – down by half on a decade ago – and just one in six employers report using JCP to help them recruit.<sup>5</sup>**

The multifaceted barriers facing the cohort of economically inactive people have led to a wide range of players across government and beyond acting to support those out of work to access employment. Much of this support is effective, innovative, tailored and necessary. However, the lack of a systems leader has led to serious fragmentation which is disincentivising employer engagement and is confusing for individuals.

The DWP alone cannot solve this challenge. Its closest partner must be the Treasury, recognising the threat to long-term growth if we cannot increase our domestic labour supply. **But this challenge will require a completely cross-government approach involving the departments for health and social care, education, business and trade, transport, levelling up, housing and communities.** It will also require active engagement with integrated care boards, employers, charities, housing associations and other civil society actors to make progress. Communities and people at the local level will also have to engage in co-producing solutions. Without systems leadership to tackle the challenge, progress will be far too slow and disjointed.

## Funding, commissioning and delivery is incoherent

The diversity of the cohort of people out of work will always benefit from tailored and varied pathways to work. However, a more coherent system which aligns outcomes, secures funding sustainability, ensures quality, eliminates unnecessary duplication and enhances visibility to people and employers is desperately needed. This conclusion has been reached by other deep dives into employment support and economic inactivity elsewhere in the country.

Research into economic inactivity in Sunderland<sup>6</sup> reaches similar conclusions to our Commission, identifying a need for better partnership and collaboration, clearer accountabilities, commissioning processes which incentivise collaboration, flexible funding based on realistic targets and a common language for delivery and measurement of success.

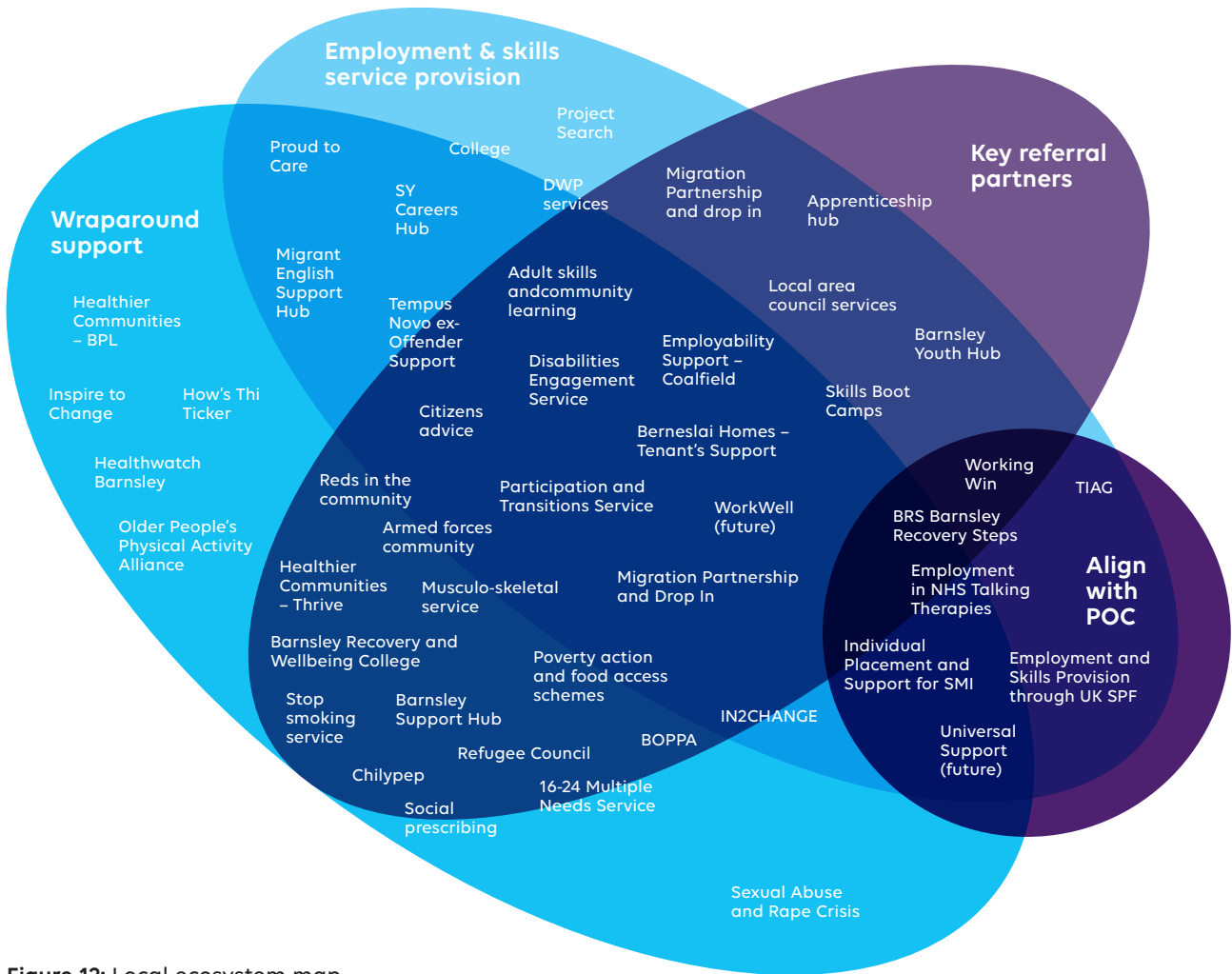
Likewise, a deep dive on employment support conducted by Demos in Birmingham and Solihull found that **'from programmes commissioned nationally, to services run by local authorities, to bespoke support delivered by small charities, [...] there is a substantial and sometimes overwhelming number of services available.'** Much like in Barnsley, relationships between individuals working across these organisations are healthy and acted as the 'glue' for the sector. But there is little sense of a 'system' being in place. It feels chaotic even to those within it. They identify **'a decline in available resources, uncertainty, competition and siloed working' with broader funding issues holding the entire employment support system back.**<sup>7</sup> Likewise, a review of London's employment and skills system by the Young Foundation in 2024 found that service providers feel the integration of services must be improved.<sup>8</sup>

5 IES (2023b). *Work in Progress, Interim Report: The Commission on the Future of Employment Support*. [online] Available at: <https://www.employment-studies.co.uk/system/files/resources/files/Work%20in%20Progress-%20Interim%20Report%20of%20the%20Commission%20on%20the%20Future%20of%20Employment%20Support.pdf> [Accessed 17 June 2024].

6 Learning and Work Institute (2023b). *Economic Inactivity in Sunderland*. [online] Available at: [https://www.sunderland.gov.uk/media/29490/Economic-Inactivity-in-Sunderland-Call-for-Evidence-Final-Report/pdf/Economic\\_Inactivity\\_in\\_Sunderland\\_Call\\_for\\_Evidence\\_Final\\_Report.pdf](https://www.sunderland.gov.uk/media/29490/Economic-Inactivity-in-Sunderland-Call-for-Evidence-Final-Report/pdf/Economic_Inactivity_in_Sunderland_Call_for_Evidence_Final_Report.pdf) [Accessed 30 May 2024].

7 Demos (2023). *A Tapestry of Services: Employment, skills and careers support in East Birmingham and North Solihull*. [online] Available at: <https://demos.co.uk/research/a-tapestry-of-services-employment-skills-and-careers-support-in-east-birmingham-and-north-solihull/> [Accessed 30 May 2024]. [p.18]

8 The Young Foundation (2024). *No Wrong Door: How an integrated employment and skills system can support Londoners*. [online] Available at: <https://www.youngfoundation.org/our-work/publications/no-wrong-door-report/> [Accessed 30 May 2024].



**Figure 12: Local ecosystem map.**

May 2024: 67 services in Barnsley were identified as likely to be in contact with adult residents who were economically inactive. These were categorised into a small number of services that aligned with the proof-of-concept (POC) proposals set out in the final chapter providing intensive case management aimed supporting residents into work. Other services were categorised as employment & skills service provision, wraparound support for residents, and key referral partners into the proposed proof-of-concept model.

This echoes comments made by those involved in employment support programmes and integrated health and work support services in Barnsley and South Yorkshire.<sup>9</sup> The diagram displayed as Figure 12 was conducted as part of the Commission’s work to map the local ecosystem of support for economically inactive (EI) individuals in Barnsley. It helped in developing proposals for a local Proof of Concept pilot described in *Chapter 6: Building better pathways to work: a Barnsley solution*.

**The sheer complexity of the local landscape of support is obvious.** Those working within it are doing their best but it is virtually impossible to navigate, not least for the economically inactive people who are supposed to benefit from it. The key **shortcomings in local operations and leadership are in efforts to coordinate, streamline and organise.** This Commission has heard examples of where other nations have tackled this challenge. For example, in Ontario (Canada), there was a review of existing funding and commissioning with a focus on delivering better support and outcomes for those that are hard to reach. A System Service Manager role was established to ‘manage’ the system regionally – providing funding, developing capability at the provider and system level, setting the outcomes framework and managing performance.<sup>10</sup> We draw on this and other international examples in Chapter 6 to identify how these local shortcomings can be addressed.

<sup>9</sup> Commission Sessions Three and Six.

<sup>10</sup> Evidence presented at Commission Session Three by Liz Forsyth and APM Human Services.

The current fragmentation of funding and commissioning of programmes which support economically inactive individuals and broader employment support is not good enough. **There is no single front door for people out of work wanting to access support; there is no single front door for employers looking to offer opportunities or receive support and advice on employing those with additional barriers; and there is no coordinating central function for providers on the ground.**

## The national problem

But these local problems merely reflect a deeper, national problem. **Fundamentally it is hardwired by design with each Whitehall department funded separately by the Treasury, bound by different funding priorities, policy frameworks and performance measures.**<sup>11</sup> This contributes to an inefficient system where complex challenges lack a coordinated response, with some people able to access no support and others forced to interact with multiple teams.

**The current structural, funding and commissioning model also inhibits policy and practice in responding to local needs and contexts.** Each local labour market is different. Local leaders are best placed to understand their labour market and the specific needs and barriers facing their potential labour supply. The Work and Pensions Select Committee find that ‘increased devolution of employment support services could help improve employment outcomes for individuals, benefit local businesses and communities, and in doing so contribute to the Government’s wider levelling up agenda’. They also find that **‘a more devolved model of employment support, separate from the administration of benefits, could improve trust between claimants and services’.**<sup>12</sup> **This could not be further from the current one-size-fits-all nationalised industry model.**

## 2 Tailored support

Ample evidence has been provided to this Commission which demonstrates that when the right support is given, it can be transformational for individuals and generate a high return on investment for the State and wider society. Within Universal Credit, there is a range of more tailored conditionality and there are a number of employment support schemes for very specific cohorts, particularly through Individual Placement and Support schemes.

Most employment support in the UK is tied to welfare benefit administration and delivered by the Department for Work and Pensions or its contractors. The implications of this system are that the majority of economically inactive residents – who often have lower or no conditionality attached to their welfare benefits – are not routinely offered employment support, even if interested in working.

In fact, **the Learning & Work Institute finds that only 1 in 10 out-of-work older or disabled people gets help to find work each year. Unemployed people are therefore ten times more likely to move into work than economically inactive people, excluding students.** They also find that economically inactive people who say they want a job are no more likely to get one than those who do not want to work.<sup>13</sup>

Given that national data suggest there are at least 1.78 million economically inactive people who want to work, and our own telephone survey suggests the true figure could be around 2.6 million people (excluding students) who would take a job ‘now’ or ‘in the near future’ that aligned with their interests and circumstances, this is an unacceptable waste.<sup>14</sup> Support needs to target the diverse cohort of economically inactive people who want to work. But **a cohort-based approach is sorely lacking at present.**

11 LGA (2024). New Local: Place-Based Public Service Budgets: Making Public Money Work Better for Communities. [online] Available at: <https://www.newlocal.org.uk/publications/research-reports/place-based-budgets/> [Accessed 30 May 2024]. [p.3].

12 UK Parliament (2024). Devolution of Employment Support. [online] Available at: <https://committees.parliament.uk/work/8303/devolution-of-employment-support> [Accessed 30 May 2024].

13 Learning and Work Institute (2023). Understanding benefits. [online] Available at: <https://learningandwork.org.uk/resources/research-and-reports/understanding-benefits/> [Accessed 30 May 2024].

14 Barnsley Council analysis using Pathways to Work Commission Telephone Survey and ONS LFS Jan 2023-Dec 2023.

## Effective support

There is some current practice that can be drawn on. The strength of Individual Placement and Support (IPS) models was evidenced to the Commission, with several IPS-based schemes operating in South Yorkshire. IPS programmes are built on eight evidence-based principles to offer intensive, individually tailored support to help people to choose and find the right job, with ongoing support for the employer and employee to help ensure the person sustains employment.

The strengths of IPS schemes are their focus on:

- rapid progression to job search and competitive employment;
- finding the right job through vocational profiling and action planning;
- providing high quality one to one support;
- supporting with wider needs: skills development, welfare support, and practical barriers to work;
- effectiveness of employer engagement: job carving, job brokerage, in work support, and improving confidence in employing people with health conditions and disabilities;
- integrating work with health services through case conferencing, and co-location.<sup>15</sup>

The benefits of this approach often extend far beyond just movement into employment. They also generate a return on health and other costs. **A recent evaluation of the health-led trials including an IPS model pioneered in South Yorkshire finds that £2.01 was returned for every £1 invested in IPS services.**<sup>16</sup>

## Personalised support

Every individual is different. Needs vary and so do barriers to work. A more personalised support system can help more people back into the labour market. It would need to address the multiple barriers that people face. Participants in our focus groups were asked what support should look like and identified six key principles. It should be:

- local and easy to access close to home;
- delivered by trusted organisations and trusted one-to-one contact (or keyworker);
- visible and simple to engage with;
- timely so support can be accessed when needed, with no delay;
- tailored to individual needs and aspirations, and able to flex as circumstances and priorities change;
- able to support the wider family/household not just the individual.

These principles show that **people want personalised support which considers their wider context.**

That is a long way from how the current system operates. One of the key findings from the Commission on the Future of Employment Support is that personalisation is a central challenge, with current support offers not well tailored to individuals' needs.<sup>17</sup>

<sup>15</sup> Commission Session Three: Learning and Work Institute evidence.

<sup>16</sup> Learning and Work Institute (2019). Evidence review: Employment support for people with disabilities and health conditions. [online] Available at: <https://learningandwork.org.uk/wp-content/uploads/2020/04/WWU-Evidence-review-Employment-support-for-people-with-disabilities-and-health-conditions.pdf> [Accessed 30 May 2024].

<sup>17</sup> IES (2023). Interim Report The Commission On The Future Of Employment Support Work In Progress 2 Institute for Employment Studies. [online] Available at: <https://www.employment-studies.co.uk/system/files/resources/files/Work%20in%20Progress-%20Interim%20Report%20of%20the%20Commission%20on%20the%20Future%20of%20Employment%20Support.pdf> [Accessed 30 May 2024].



## Support to find good work

For support to be tailored to individual needs and aspirations, it must be premised on supporting people to find work which feels 'good' to them. In a study of employment support in London, the Young Foundation finds that 'good work' means different things to different people, often depending on whether someone is taking their first steps into the job market or has been looking for work for a period of time. **Responses range from expectations of being paid fairly to more aspirational hopes for jobs tailored to an individual's skills, abilities and interests.**<sup>18</sup>

Our own qualitative research with 37 Barnsley residents found a range of career aspirations, focused on both the job type and job conditions. For one young man, his idea of 'good' was 'decent hours' which for him would mean working at night. Nonetheless, there are also some well recognised universal foundations for good work in the form of work security. Three key dimensions are identified by the Work Foundation as: contractual security, financial security and access to workers' rights. These are fundamentals for developing local economies which are premised on 'good work'.

Of the economically inactive residents we surveyed, 40% said that if they could be matched with a job 'aligned with their skills, interests and circumstances', they would be interested in taking it now or in the near future. This figure is much higher than the 16.5% of Barnsley residents who the Labour Force Survey suggests may want to work. Whilst there may be benefits in challenging jobseekers' preconceptions of sectors or roles unfamiliar to them, the evidence from employers suggests that applicants pushed to apply for unsuitable roles by their benefit conditionality are unlikely to sustain the employment.<sup>19</sup> **A more effective employment support service would, wherever possible, seek to align an individual's needs with an appropriate work opportunity rather than simply assuming that any job will do.**

## Localised support

The principles for support identified by our focus groups also highlight that **support works best when it is local, visible, trusted, and able to support the wider household.** This is especially true for economically inactive residents who will often be managing health-related barriers, caring responsibilities, poor mental health or low confidence and low incomes.

At present, support in Barnsley is primarily offered in larger urban centres, with three Job Centres available for residents (two in the borough itself), and most adult skills provision is currently delivered in Barnsley town centre. This can exclude residents for whom poor public transport is a challenge, particularly those with health conditions and disabilities. With new funding streams like the UK Shared Prosperity Fund, there is a local ambition to move towards more locality-based and integrated support offers.<sup>20</sup>

However, **to future-proof routes to access support, there must also be greater innovation in becoming 'digitally place-based'**, ensuring local services (particularly for young people) can be found and accessed online. National opportunities exist to invest in evidence-based digital services to respond to growing demand. For example, Daylight is a peer-reviewed digital treatment for clinical anxiety being rolled out in partnership with the NHS.<sup>21</sup>

18 The Young Foundation (2024). No Wrong Door: How an integrated employment and skills system can support Londoners. [online] Available at: <https://www.youngfoundation.org/our-work/publications/no-wrong-door-report/> [Accessed 30 May 2024].

19 Manchester Metropolitan University (2023). Research: Universal Credit and employers. [online] Available at: <https://www.mmu.ac.uk/research/projects/universal-credit> [Accessed 30 May 2024]. [p.17]

20 Barnsley Council (2024). UK Shared Prosperity Funding (UKSPF) And South Yorkshire Mayoral Combined Authority (SYMCA) – Employment And Skills Programme. [online] Available at: <https://barnsleymbc.moderngov.co.uk/documents/s113981/Report.pdf> [Accessed 30 May 2024].

21 Big Health (n.d.). Daylight: Helping millions back to good mental health. [online] Available at: <https://www.bighealth.com/daylight> [Accessed 30 May 2024].

## Timely support

The longer someone is out of work, the less likely they are to successfully re-enter the labour market. The Office for Budget Responsibility's analysis of longitudinal data found that **among those with health problems, an average of one-in-six people return to work each quarter in the first year after leaving, a figure which drops to one-in-twenty when they have been out of work a year or longer.**<sup>22</sup>

Transitions in and out of work are to be expected within a person's lifetime. Education, parenthood, periods of illness, new caring responsibilities, career breaks, redundancies and career changes are all common drivers of transitions. The challenge is ensuring that these flows into inactivity do not lead to a permanent exit from the labour market.

For example:

- a far higher proportion of Barnsley's economically inactive (non-student) population had worked in routine and semi-routine occupations prior to becoming workless.<sup>23</sup> Given healthy life expectancy in the borough is 56 years for men, **timely support could mean a conversation at age 50 about a career-change to a less physically demanding role for the final part of a career;**
- parents and particularly mothers of young children will often consider returning to work when a child begins free state education, if not earlier. Re-entering the labour market will often require upskilling which, with the right advice, can often be started in advance of that transition moment, enabling a smoother return to work.

In both of these examples, there are some existing DWP initiatives which recognise the value of this approach: parents of young children will have occasional 'work-focused interviews' and adults over 45 can access the 'Mid-life MOT' in some trial areas.<sup>24</sup> However, evidence on the effectiveness of these interventions has been challenging to identify. The frequency of work-focused interviews for parents of young children was recently increased by the government.<sup>25</sup>

## Proactive support

Any period of time spent out of work involuntarily can have scarring long-term impacts, especially for young people. **Outcomes worsen significantly for young people who are NEET for over six months, and by age 21 people in this group are more likely to be unemployed, low paid, have no training, a criminal record and suffer from poor health and depression.**<sup>26</sup>

Our telephone survey found that whilst many people who left work felt that nothing could have enabled them to stay in work at that point in time, younger respondents were much more likely to believe they could have been supported (79% aged 16-24 vs 41% aged 45-54). There is an imperative to proactively engage with employers and young people when a new circumstance or condition emerges.

22 OBR (2023). Fiscal Risks and Sustainability – July 2023. [online] Office for Budget Responsibility. Available at: <https://obr.uk/frs/fiscal-risks-and-sustainability-july-2023/> [Accessed 30 May 2024]. [p.52].

23 Barnsley Council analysis: ONS (2023d). National Statistics Socio-economic Classification (NS-SEC) variable: Census 2021. [online] Available at: <https://www.ons.gov.uk/census/census2021dictionary/variablesbytopic/labourmarketvariables/census2021-nationalstatistics-socio-economic-classification-ns-sec> [Accessed 30 May 2024].

24 GOV.UK (n.d.). This is your digital Midlife MOT. [online] JobHelp. Available at: <https://jobhelp.campaign.gov.uk/midlifemot/home-page/> [Accessed 30 May 2024].

GOV.UK (2023). Mid-life MOT expansion to help tens of thousands assess work, wellbeing, and finances. [online] Available at: <https://www.gov.uk/government/news/mid-life-mot-expansion-to-help-tens-of-thousands-assess-work-wellbeing-and-finances> [Accessed 30 May 2024].

25 GOV.UK (2023b). Thousands of parents to benefit from more work coach support. [online] Available at: <https://www.gov.uk/government/news/thousands-of-parents-to-benefit-from-more-work-coach-support> [Accessed 30 May 2024].

26 Public Health England (2014). Local action on health inequalities: Reducing the number of young people not in employment, education or training (NEET). [online] Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/356062/Review3\\_NEETs\\_health\\_inequalities.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/356062/Review3_NEETs_health_inequalities.pdf) [Accessed 30 May 2024].

## Carers support

Evidence indicates that there has been more policy success in supporting some cohorts to return to the labour market after life transitions than others. Analysis by the Joseph Rowntree Foundation finds that maternity pay is effective at keeping unpaid child-care givers in paid work, with over 80% of those who take maternity leave returning to paid work (often part-time) the following year. **In contrast, they find that Carers Allowance is ineffective both at incentivising paid work and at replacing earnings.**

Examining new carers allowance recipients, broadly the same proportion are in work in Year 0 (15%) as in Year 2 (16%).<sup>27</sup> Transitions back into work for carers are less well supported and incentivised through the benefits system and legislation for employers.

## Support isn't working

**Currently, the support offer for those who are out of work does not reach most economically inactive people and is insufficiently tailored and localised when it does.** It is mixed in quality, degrees of personalisation, and underlying philosophy with regard to job-matching. Opportunities for more timely intervention are not routinely seized. Given the wide range of providers involved, this is not surprising – but it means that not all jobseekers benefit from high quality support schemes such as IPS-based offers or evidence-based digital interventions. **There is much room for improvement.**

## 3 Work that is worth it

It should go without saying that work should yield a worthwhile financial reward. However, **this Commission has identified that a significant proportion of employers and individuals are not convinced that the welfare benefits system is sufficiently configured to ensure that work pays.**

## Employers are paying the price

Employers told us that many people turn up for job interviews 'simply to tick boxes'. Once in work, they find some individuals 'declining pay rises because it will impact their benefits' or refusing overtime for the same reason.<sup>28</sup> In a series of employer interviews commissioned by the Council and conducted in 2023 with local businesses, over a quarter of the 44 businesses interviewed suggested that there needed to be reform of the benefit system to incentivise work and that the DWP should work more collaboratively with businesses. Several employers also expressed the view that there needs to be a greater financial differential for those taking up work to those who do not.

*"One of the biggest issues I see is that benefits system making it easier for people to move into work and less obstacles and so they aren't losing money and better off on benefits. Is there a way around this? As this system seems crazy and provides no incentive."*

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<sup>27</sup> Joseph Rowntree Foundation (2023). The Caring Penalty | Joseph Rowntree Foundation. [online] Available at: <https://www.jrf.org.uk/care/the-caring-penalty> [Accessed 30 May 2024].

<sup>28</sup> Business quotes from Barnsley Council Employer Stakeholder Interviews, 2023, conducted by Enable Growth Associates.

**Employers we heard from believe there is a cohort of individuals who are required to actively look for work and attend interviews who may not genuinely want to move back into work.** Inevitably, this leads to wasted resources reviewing applications and arranging interviews. Research by Manchester Metropolitan University in 2023 confirmed this employer critique of the 'long-established approach which emphasises moving into any job quickly', 'resulting in a high volume of inappropriate applications which is costly to manage.'<sup>29</sup>

*"We have no involvement with the Jobcentre to recruit as it has been fruitless, and we get a fair few applicants that don't want to work who just turn up so they can tell the DWP they have attended an interview but we never see them again."*

**Barnsley business**

## People don't think they will be better off in work

The truth is that many individuals who are out of work feel the same. Our telephone survey of economically inactive residents in Barnsley and South Yorkshire (excluding students) found that 38% or almost 2 in 5 people thought that if they started working, the effect on their benefit payments would leave them worse off. A further 31% were unsure of the effect.

When offered a range of suggestions for potential support in the telephone survey, the most popular response (with the support of 62% of our economically inactive residents) was 'a scheme that guaranteed for the first year that you would not be worse off financially if you took a job'.

**There is a clear fear that re-engaging with work is a financial risk.**

These perceptions are critical, given that 82% of people surveyed were receiving state benefits of some kind. Of these, only 1 in 10 had to take steps to find work in order to receive their benefits – demonstrating that it is those economically inactive residents who aren't actively engaged in job search who are nervous that re-entry to the workforce, even if possible, may not be 'worth it' financially. Put simply, they feel the risk for them is too high.

## Work lifts families out of deep poverty...

This perception of risk is damaging, given that the benefits of work for families and communities are clear. The Joseph Rowntree Foundation has found that 89% of people in destitution in the UK are workless, **but someone in a working-age workless household is 50% more likely to move out of very deep poverty if someone in their household moves into work.**<sup>30</sup>

The benefits for children are also evident, with a significant reduction in child poverty when a two-adult family is earning between them the equivalent of 1.5 salaries. Child Poverty Action Group found that 40% of children are in poverty when the single earner in a two-adult household is full-time, versus only 15% in poverty with one full-time and one part-time earner, or 6% in poverty with two full-time earners.<sup>31</sup>

## ...but disincentives to work are embedded in the welfare system

Others have explored what the real and perceived disincentives to work inherent in the welfare benefits system may be in much greater depth than this Commission but three particular issues have been brought to our attention:

<sup>29</sup> Manchester Metropolitan University (2023). Research: Universal Credit and employers. [online] Available at: <https://www.mmu.ac.uk/research/projects/universal-credit> [Accessed 30 May 2024].

<sup>30</sup> Joseph Rowntree Foundation (2024). 'Work First' Can Work Better. [online] Available at: <https://www.jrf.org.uk/work/work-first-can-work-better> [Accessed 30 May 2024].

<sup>31</sup> IEP (2023). Journal – Issue 8 – March 2023. [online] Available at: <https://mailchi.mp/ieployability/iepjournallissue6-1369370> [Accessed 30 May 2024]. [p.42].

- the first is **the current level and structure of work allowances which have diminished the financial incentive to seek work for certain groups**. There is no work allowance for the second partner in a couple on Universal Credit, reducing work incentives.<sup>32</sup> Adults on Universal Credit without children or 'limited capability for work' do not receive a work allowance,<sup>33</sup>
- the second is the taper rate. Child Poverty Action Group highlight that second earners, without a work allowance, will see all of their net earnings reduced by the 55% taper rate in Universal Credit. Coupled with the costs of transport, childcare, training and clothing, and the loss of time with their children and partner, **incentives to work are particularly low for potential second earners in couples**,<sup>34</sup>
- the third is **the impact of the work capability assessment and permitted work limits**. For people with health conditions and disabilities, being assessed as unfit to work is a welcome reflection of their felt limitations and the financial burden of their condition. However, it also prohibits them from taking a role paying any more than £183.50 per week if they were to successfully identify an opportunity and employer who could adapt to their needs and allow them to engage in some paid work.<sup>35</sup>

The risk of these perceptions that work is not worth it needs urgent attention if we are to ensure that individuals are willing to take the personal risk of venturing back into employment. Ultimately, of course, **the long-term answer to this problem is to ensure that wages rise so that the gap between working and not is closed**.

**Benefits reform is also needed.** Analysis by the Institute for Fiscal Studies found that there are now 4.2 million working-age individuals (10.2% of the working-age population) receiving at least one health-related benefit, up from 3.2 million in 2019 (7.9%). The rise is driven by rapid increases in the number of people starting a new benefit claim. Prior to the pandemic, both incapacity and disability benefits saw about 20,000 new claims each month. By November 2022, there were 51,000 new claims for incapacity benefits and 43,000 new claims for disability benefits each month.<sup>36</sup>

It is hard for many to understand how such an increase in such a short period of time reflects real deteriorations in the health of the population over the same period. They point instead to **perverse incentives within the system which seem to be incentivising people to claim incapacity benefits rather than unemployment-related benefits**. The limited nuance in the Universal Credit conditionality regimes have created a system where unless an individual proves through the Work Capability Assessment that they are too ill to work, they are subject to full work-search conditionality. This means that they have to engage with the work-related activities required by their job coach, such as training and job applications, or face sanctions. By contrast **those claiming incapacity-related benefits do not have to engage or risk sanctions**. Perhaps even more significantly for those with health conditions, there are also higher levels of financial support available through the 'limited capacity for work and work-related activity' element of Universal Credit (reflecting inability to earn income) up to an extra £ £416.19 a month.<sup>37</sup> This can be in addition to Personal Independence Payments (for the additional costs generated by ill-health).

32 GOV.UK (2019). Understanding Universal Credit – How Earnings Affect Universal Credit. [online] Available at: <https://www.understandinguniversalcredit.gov.uk/new-to-universal-credit/universal-credit-and-work/> [Accessed 30 May 2024].

33 House of Commons Library (2022). Reducing the Universal Credit Taper Rate and the Effect on Incomes. [online] Available at: <https://commonslibrary.parliament.uk/reducing-the-universal-credit-taper-rate-and-the-effect-on-incomes/> [Accessed 30 May 2024].

34 IEP (2023). Journal – Issue 8 – March 2023. [online] Available at: <https://mailchi.mp/iemployability/iejournalissue6-1369370> [Accessed 30 May 2024]. [p.42].

35 Disability Rights UK (n.d.). Permitted Work. [online] Available at: <https://www.disabilityrightsuk.org/resources/permitted-work> [Accessed 30 May 2024].

36 IFS (2024). Recent trends in and the outlook for health-related benefits. [online] Institute for Fiscal Studies. Available at: <https://ifs.org.uk/publications/recent-trends-and-outlook-health-related-benefits> [Accessed 30 May 2024].

37 Turn2us (2024). Additional Elements of Universal Credit (UC). [online] <https://www.turn2us.org.uk/>. Available at: <https://www.turn2us.org.uk/get-support/information-for-your-situation/universal-credit-uc/additional-elements-of-universal-credit-uc> [Accessed 17 June 2024].

**For those who are able but unwilling to work, conditionality should be strongly applied. The taxpayer has a right to expect that people who can work should work. But nuance is needed. Different cohorts require different approaches. For those with health conditions who are willing to work if they can find the right opportunity, the welfare regime needs to shift towards a less punitive, more personalised and supportive approach.** In particular, the DWP must find ways for eliminating the fears held by half of this group about losing additional health benefits to cover costs if paid employment does not 'work out'.<sup>38</sup> Many people will need ongoing support to meet their needs to live and work.

## 4 Employer engagement

There is a vital role for employers to play. They will be the beneficiaries of a strengthened labour supply as the population ages. But they also carry many of the risks of employing people who have been out of work for a long time and need appropriate support and incentives to make this possible. Their role in preventing flows into inactivity through providing secure work and protecting workforce health are also critical in the long-term.

### Employers need labour...

Nationally, labour recruitment has been particularly challenging post-pandemic. Alongside a significant rise in vacancies generally, there has also been a rise in skill-shortage vacancies (SSVs<sup>39</sup>). They comprised 36% of all vacancies in 2022, substantially higher than in 2017 (22%).<sup>40</sup> **The CBI found that if left unaddressed, labour and skills shortages could see the UK economy lose around £30bn-39bn annually.**<sup>41</sup>

Whilst vacancy rates in Barnsley were near 4,000 per week in July 2023, they have since dropped to around 1,500 per week. Some employers have shared with the Commission that access to flows of migrant workers settling in the UK has eased the recruitment crisis.<sup>42</sup>

However, the UK's labour supply challenges are not a short-term post-pandemic blip. Recent research and commentary has emphasised that they are the early signs of the UK population ageing and getting sicker, creating structural long-term labour supply constraints.<sup>43</sup> **Businesses will have to develop strategies to recruit from wider local talent pools in addition to relying on migrant labour.**

A survey of 500 employers conducted by Regenerate finds that about 70% of employers feel that most marginalised groups (specifically young care leavers, people who are homeless, those who are neurodiverse, those with mental health conditions and with criminal records) would fit well in their organisations.<sup>44</sup> The awareness and willingness to recruit from marginalised or disadvantaged groups is present among a large proportion of employers in Barnsley and nationally.

38 The Centre for Social Justice (2023). Over 700,000 on sickness benefits want to work, Centre for Social Justice analysis reveals. [online] Available at: <https://www.centreforsocialjustice.org.uk/newsroom/over-700000-on-benefits> [Accessed 30 May 2024].

39 Vacancies which are reported to be hard to-fill because applicants lack relevant skills, qualifications or experience.

40 Department for Education (2023). Employer Skills Survey 2022. [online] Available at: [https://assets.publishing.service.gov.uk/media/65855506fc07f3000d8d46bd/Employer\\_skills\\_survey\\_2022\\_research\\_report.pdf](https://assets.publishing.service.gov.uk/media/65855506fc07f3000d8d46bd/Employer_skills_survey_2022_research_report.pdf) [Accessed 30 May 2024].

41 CBI (2022). The True Cost of Labour Shortages. [online] Available at: [https://www.cbi.org.uk/media/y14juzo0/employment\\_trends\\_survey\\_2022.pdf](https://www.cbi.org.uk/media/y14juzo0/employment_trends_survey_2022.pdf) [Accessed 30 May 2024].

42 Pathways to Work Proof-of-Concept Design Week (April 2024) Employer Session.

43 Commission Session Three: Institute of Employment Studies evidence.

44 Commission Session Four: Regenerate Good Jobs Project.

## ...but risks feel significant

However, the same survey finds that only around 20% are taking action to recruit from these groups.<sup>45</sup> One employer running a small business explained to Commissioners the challenge of knowing how to support and manage those with additional 'issues', particularly with tight profit margins.<sup>46</sup>

**The willingness to recruit from harder-to-reach cohorts may be present amongst employers but it is not translating into action rapidly enough to impact high rates of economic inactivity.**

Many employers have voiced to this Commission the risks they feel of employing those out of work for a longer period or facing additional barriers.<sup>47</sup> It was clear to many that more care and support was required for people searching for work who may have been economically inactive for some time, often with mental health conditions.

Interviews with 44 employers commissioned by Barnsley Council in 2022 found that **aspiration and attitudes towards work were cited as one of the greatest challenges experienced by those recruiting for staff with over 75% of interviewees raising this as a key issue.** Issues highlighted included a general lack of respect for the workplace and others, a lack of work ethic and willingness to comply with instructions and work rules among some candidates. **The biggest skills gaps identified were in basic work readiness, basic numeracy, literacy and digital skills.**

*"From our perspective we are looking at personality and attitude to work – skills is something we can train people and we train ourselves – but they need to have the right approach and reliability which we look for and their background, and we find the challenge has grown over the past few years."*

**Barnsley business**

Some employers described concern over what seemed to be increasing numbers of younger people showing little or no interest in developing themselves, their careers or having longer term plans for their working life. There was also a view that, particularly following the extended lockdowns during the Coronavirus pandemic, many people had a changed experience of work life balance influencing their perception about what this balance meant for them and their families.

## Opportunities to mitigate risks

Despite these barriers, local employers were keen to creatively explore how to engage with people and communities and support them into work. Many have engaged in our Commission process with great interest. There was also an acknowledgement that public transport was a significant issue for several businesses across all sectors, particularly around lack of services, lack of local stops, and services not being available at shift times both early morning and late evening.

In our Commission sessions, **one of the most cited mechanisms for mitigating the 'risk' of recruiting people with lower skills who may need more training or young people transitioning into the labour market has been the apprenticeship levy.** However, the Chartered Institute of Personnel and Development (CIPD) has found that 53% of employers paying the apprenticeship levy would prefer to see it replaced with a more flexible training levy, and a fifth of levy-paying employers, including 35% of small and medium sized enterprises don't intend to use the levy at all to develop apprenticeships, simply writing it off as tax instead.<sup>48</sup>

<sup>45</sup> Commission Session Four: Regenerate Good Jobs Project.

<sup>46</sup> Commission Session Four: SME Panel.

<sup>47</sup> Commission Session Six.

<sup>48</sup> CIPD (2018). More than Half of Employers Who Pay the Apprenticeship Levy Want an Overhaul. [online] Available at: <https://www.cipd.org/uk/about/news/half-employers-want-apprenticeship-levy-overhaul/> [Accessed 30 May 2024].

**The apprenticeship levy is failing to incentivise employer investment in training and failing to create pathways into work** for those who might most benefit from roles with an additional upskilling offer. Total apprenticeship starts have fallen since the introduction of the levy, and the numbers of under-19s and 19-24-year-olds starting apprenticeships have also both reduced by a third between 2016/17 and 2019/20. In the same period, overall employer investment in training has also fallen by £2.3bn in England (for employer funded off-the-job training).<sup>49</sup> This investment in training has fallen in lower wage sectors whereas it has increased in higher value, more knowledge intensive sectors.<sup>50</sup>

## A shortage of quality jobs...

In Barnsley, the largest recruiting employers are public sector organisations. Analysis of a year's worth of vacancy data found that the top occupations advertised in the borough were:

- programmers and software development professionals
- care workers and home carers
- sales related occupations
- cleaners and domestics
- warehouse operatives
- managers and directors in retail and wholesale
- customer service occupations
- social workers
- other registered nursing professionals

There is sufficient local employer demand for work which should be accessible to lower-skilled residents re-entering the labour market. There is a risk, however, that **many of these roles will be more insecure and may fail to offer opportunities for upskilling and higher earnings. There is a clear perception among those out of work that their prospects for career and job progression are poor.** This accentuates fears about the risk of stepping back into employment for those who are economically inactive. **Many conclude that the gain from being in work is just not worth the pain. This is a wider structural labour market challenge that must be addressed. There are not sufficient high quality jobs paying higher wages in the area.**

## ...and a surfeit of insecure work

**Higher rates of severely insecure work in Barnsley (24.9%)<sup>51</sup> also expose residents to work that may be contributing to worsening physical and particularly mental health and driving labour market exits – and reluctance to re-enter employment.** Analysis by the Work Foundation finds that insecure workers are two times more likely than secure workers to experience job related stress 4-6 days a week (26% compared with 13%). The higher propensity for poor mental wellbeing among insecure workers might be related to unpredictability of wages and the danger this poses to financial resilience for those already in low-paid roles.<sup>52</sup>

49 CIPD (2021). Apprenticeship Levy has failed on every measure and will undermine investment in skills and economic recovery without significant reform, says CIPD. [online] Available at: <https://www.cipd.org/uk/about/press-releases/010321apprenticeship-levy-reform-budget/> [Accessed 30 May 2024].

50 Learning and Work Institute (2021). Learning at work: Employer investment in skills. [online] Available at: <https://learningandwork.org.uk/resources/research-and-reports/learning-at-work-employer-investment-in-skills/> [Accessed 30 May 2024].

51 The Work Foundation (2023). South Yorkshire City Region Employment Profile. [online] Lancaster University. Available at: <https://www.lancaster.ac.uk/work-foundation/publications/south-yorkshire> [Accessed 30 May 2024].

52 The Work Foundation (2023a). Limiting Choices: Why people risk insecure work. [online] Available at: <https://www.lancaster.ac.uk/work-foundation/publications/limiting-choices-why-people-risk-insecure-work> [Accessed 30 May 2024]. [p.22].



**The structure and conditions of employment can contribute to preventing flows into economic inactivity.** Around 1 in 2 of our telephone survey respondents felt that nothing could have enabled them to stay in work. However, for those who felt their labour market exit could have been prevented, the top missing interventions were:

- flexible working or flexible shifts (25%)
- support with your health/adjustments to your work arrangements to accommodate your health needs (23%)
- better management or a better line manager (20%)
- support to move into a different, more appropriate job role (20%)

For young adult respondents, 'job-specific skills or training' was also ranked highly. Alongside adjustments for health conditions, there are opportunities for employers to invest in retaining valuable staff through training for managers, identification of job transfer opportunities, and greater support for flexible working. Public sector anchor institutions in areas like Barnsley represent many of the largest local employers. **Local authorities, education providers and the NHS are particularly well-placed to be mandated to take a more proactive approach in developing inclusive employment practices to stem flows out of work.**

## Investing in workforce health

**Employers have the power to ensure that wherever possible, people are enabled to continue in employment** – whether through reasonable adjustments, amended working patterns, or transition to a new role. Where an individual is unable or unwilling to carry on in work, there is also an opportunity for employers to be part of a more proactive system ensuring that departing employees are connected with the relevant local support services.

The value of prevention is particularly evident for those who exit the labour market due to a health condition. The Office for Budget Responsibility cites DWP analysis which finds that health costs increase by around 50% following a move from employment to unemployment. In today's prices, this suggests that an employed person moving out of work costs the NHS around £1,000 a year more on average than if they had remained in work. For someone with a disability, this rises to around £2,000 a year.<sup>53</sup>

**There has been progress in employer contributions to workplace health over the last 15 years.** Dame Carol Black, who is the former Government's Occupational Health Tsar, highlighted in her evidence to the Commission the growing understanding that health and wellbeing in the workplace affects absence, presenteeism, turnover, engagement and productivity. Alongside this growing understanding, we have seen an increased number of toolkits, guidance and training for employers, and structural change such as the establishment of the Government Health and Work Unit.<sup>54</sup>

In parallel, however, the rate of working-age people with work-limiting health conditions (limits the type or amount of work they can do) has risen. **Analysis by the Health Foundation found that 3.7 million working-age people are in work with a work-limiting health condition, an increase of 1.4 million over the past decade. That figure (3.7m) is now similar to the number of people with work-limiting conditions who are not participating in the labour market.**<sup>55</sup> There is significant variation in the proportion of the working age population with work-limiting health conditions by ethnicity too: 20% for White British and Bangladeshi British groups compared to 13% for Indian British and 5% for Chinese British.

53 OBR (2023). Fiscal Risks and Sustainability – July 2023. [online] Office for Budget Responsibility. Available at: <https://obr.uk/frs/fiscal-risks-and-sustainability-july-2023/> [Accessed 30 May 2024].

54 Commission Evidence Session Six, Dame Carol Black.

55 The Health Foundation (2023b). What We Know about the UK's working-age Health Challenge. [online] [www.health.org.uk](http://www.health.org.uk). Available at: <https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge> [Accessed 30 May 2024].

These conditions are primarily musculoskeletal and cardiovascular, but **the actual rise in work-limiting conditions is being driven by poor mental health particularly among younger workers.**<sup>56</sup>

**The infrastructure to support workplace health in the UK continues to lag behind international comparators.** Evidence suggests that around 51% of employees in the UK have access to occupational health services, compared to countries such as Finland, France and Poland with coverage of over 90%.<sup>57</sup> This figure hides significant variations by company size (65% in large organisations vs 21% in small organisations) and sector (72% in the public sector vs 39% in the private sector).<sup>58</sup>

Given that rates of self-employment in Barnsley are 7.4% (vs 9.2% nationally), it is also worth considering the uptake of health insurance which is an alternative route to accessing health provision for many including those without employer-provided occupational health. Data collected by the Association of British Insurers suggests that in 2021, 1.6 million people accessed health services through insurance 5.5 million times.<sup>59</sup> Previous national attempts to extend occupational health provision to SMEs have failed at the implementation stage, with the DWP's 'Fit for Work' 2015 access to occupational health advice programme shut down by 2018 due to low take-up from employers and employees.<sup>60</sup>

**In short, occupational health is too small a piece of the nation's health eco-system.**

## 5. Health interventions

**The correlation between high rates of ill-health and high rates of economic inactivity is clear both locally and nationally. Breaking that link is key to getting many more people back into work.**

### Waiting, waiting, waiting...

For those who are out of work due to a worsening health condition, rapid treatment is vital. But we heard that in South Yorkshire, referrals for NHS elective care have increased significantly with a large knock-on effect on the numbers waiting for more than 18 weeks from GP referral to treatment: a quadrupling from around 20,000 to 80,000 people between 2020 and late 2023.<sup>61</sup> Whilst these waiting times are now reducing, treatment delays are a real concern as contributors to health deterioration and longer periods of detachment from the labour market. One General Practitioner told Commissioners they have been seeing patients wait so long for routine operations that they subsequently have to be signed off work.<sup>62</sup>

**Driving down waiting times is one key intervention which will support people to achieve pathways back to work more consistently.** However, we have also heard that more could be done to make use of the time where people are waiting. Just under half (47%) of our economically inactive telephone survey respondents agreed that 'proactive support with upskilling or retraining for people on NHS waiting lists' would be useful. In other words, **more could be done to engage proactively with people who may be unable to work whilst waiting for treatment.**

56 The Health Foundation (2023b). What We Know about the UK's working-age Health Challenge. [online] [www.health.org.uk](https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge). Available at: <https://www.health.org.uk/publications/long-reads/what-we-know-about-the-uk-s-working-age-health-challenge> [Accessed 30 May 2024].

57 Department for Work and Pensions (2023). Occupational Health: Working Better. [online] Available at: <https://www.gov.uk/government/consultations/occupational-health-working-better/occupational-health-working-better> [Accessed 30 May 2024].

58 Department for Work and Pensions (2019). Health in the workplace: Patterns of Sickness absence, Employer Support and Employment Retention. [online] Available at: <https://www.gov.uk/government/statistics/health-in-the-workplace-patterns-of-sickness-absence-employer-support-and-employment-retention> [Accessed 30 May 2024]. [p.22]

59 ABI (2023). Futureproofing Workplace Health Scaling up the Impact of Protection and Health Insurance. [online] Available at: <https://www.abi.org.uk/globalassets/files/publications/public/health/abi-and-wpi-economics-futureproofing-workplace-health-report.pdf> [Accessed 30 May 2024]. [p.16].

60 Briefing note on DWP's 'Fit For Work' scheme, produced by PricewaterhouseCoopers and shared privately with the Commission.

61 Commission Evidence Session Six: South Yorkshire ICB.

62 Commission Evidence Session Six: local health stakeholders roundtable.

## ...with mental health services under strain

Good mental health is a clear enabler for sustaining employment. A peer support worker at Barnsley's health-funded Recovery College<sup>63</sup> shared how being employed initially as a 'peer support worker' drawing on her own experience of facing and managing poor mental health was an empowering first step back into work.<sup>64</sup> For most, however, some form of treatment precedes re-entry into work.

**It is deeply concerning that local health partners, residents interviewed in our deep dives, and national data all point to NHS mental health provision under serious strain.** This particularly impacts young people who are seeing the fastest rises in poor mental health. The British Medical Association found that since 2016 the number of children and young people in contact with child and adolescent mental health services has expanded at over 3 and a half times the pace of the psychiatry workforce.<sup>65</sup> More positively, Barnsley's average waiting time between referral and second contact for children and young people accessing secondary mental health, learning disabilities and autism services were significantly below national average.<sup>66</sup> But it is clear that **demand for mental health support vastly outweighs supply of services. Unless this gap can be closed it is hard to see how rates of economic inactivity can be reduced.**

## Aligning health and employment support

Ill health is driving higher rates of economic inactivity. But **employment support and health services do not properly connect and operate in vertical silos.** That makes it hard for someone wanting to move from being economically inactive to becoming active to do so. General practitioners in South Yorkshire spoke of their concerns at the lack of integration with Job Centres, particularly as DWP decision-makers review Work Capability Assessments. Though social prescribing in GP surgeries is seen in Barnsley as a success, integration with the DWP has been lacking.<sup>67</sup>

Of course there are examples of where this organisational divide is being bridged. The Commission heard of the value of prevention-based approaches including through proactive employer and community engagement.<sup>68</sup> Barnsley's How's Thi Ticker campaign to check men's blood pressure in barbershops and markets is an example of interventions to support prevention in a cohort at risk of falling out of work.<sup>69</sup> But these examples are all too rare and are marginal to how employment support and health services operate day-to-day. That needs to fundamentally change.

The role of the NHS as a major employer is also a critical lever for tackling rates of economic inactivity. South Yorkshire's Integrated Care Partnership has a stated ambition to 'work together to increase economic participation and support a fair, inclusive and sustainable economy', which is an important recognition of their role.<sup>70</sup> However, local stakeholders felt that pressures on the NHS workforce and the numbers of staff considering cutting hours or leaving the workforce required new approaches to recruitment and retention.<sup>71</sup> **Health and social work is the biggest sector in Barnsley – the ambition to increase economic participation needs to be addressed head-on in the NHS first.**

63 Barnsley Recovery College (n.d.). What can we help you with today? [online] NHS South West Yorkshire Partnership. Available at: <https://www.barnsleyrecoverycollege.nhs.uk/> [Accessed 30 May 2024].

64 Commission Evidence Session Two.

65 British Medical Association (2023). Mental health pressures data analysis. [online] The British Medical Association. Available at: <https://www.bma.org.uk/advice-and-support/nhs-delivery-and-workforce/pressures/mental-health-pressures-data-analysis> [Accessed 30 May 2024].

66 Resolution Foundation analysis of NHS Digital, Additional statistics to support the measurement of waiting times into children and young people's mental health services 2021-22 dataset.

67 Commission Session Six: roundtable with South Yorkshire health partners.

68 Commission Session Six: Be Well@Work.

69 BBC (2024). Barnsley men targeted for blood pressure checks at barbers. BBC News. [online] 12 Feb. Available at: <https://www.bbc.co.uk/news/uk-england-south-yorkshire-68257665> [Accessed 30 May 2024].

70 South Yorkshire ICP (2023). *South Yorkshire Integrated Care Partnership Strategy Working Together to Build a Healthier South Yorkshire Our Initial Integrated Care Strategy*. [online] Available at: [https://syics.co.uk/application/files/6816/8666/8429/015307\\_SYB\\_South\\_Yorkshire\\_Integrated\\_Care\\_Strategy\\_Doc.V20.pdf](https://syics.co.uk/application/files/6816/8666/8429/015307_SYB_South_Yorkshire_Integrated_Care_Strategy_Doc.V20.pdf) [Accessed 17 June 2024].

71 Commission Session Six: health partner roundtable.

## 6. Improving education

If ill-health has become more of a driver of rising economic inactivity levels over recent years, low education attainment is the foundation of much of the UK's labour market weakness. As our economy becomes ever more knowledge and technology based it relies on higher levels of skills. Our education system has many strengths but it also has significant weaknesses, not least the significant and persistent attainment gaps between students from disadvantaged backgrounds, certain ethnicities and between the sexes. The adequacy of provision and support for children with education, health and care plans has also come under pressure in recent years.

The curriculum's focus and relevance has been much debated, with criticisms that it emphasises traditional academic subjects over vocational and technical education. Participation in and quality standards of vocational pathways have declined since the early 2000s and provision sees significant regional variation. These shortcomings and **the narrow focus of the curriculum draw criticism from employers and leave students inadequately prepared for work.**

### Schools need to do better...

Analysis by the Resolution Foundation found that the near-doubling of economic inactivity amongst young adults (18-24 years-olds) in the past decade was concentrated most heavily amongst those with lower qualifications. **Four in five (79%) young adults who are too ill to work only have qualifications at GCSE level or below.** This cohort are 'doubly-disadvantaged' and face poor prospects for flowing into the labour market and risk becoming long-term inactive.<sup>72</sup>

There is a well-known attainment gap between the poorest and most-well off young people in school. Over 70% of children from the wealthiest tenth of families earn five good GCSEs, whereas less than 30% from the poorest households achieve this.<sup>73</sup> The long-term legacy of this is significant. Workers with fewer qualifications are not only more likely to be made unemployed during economic downturns, but they also tend to take longer to find new employment and when they do are more likely to take a larger pay cut than more highly qualified workers.<sup>74</sup>

In Barnsley, educational attainment has improved over recent decades. Children at the end of Key Stage 2 are now performing at the national average. However, by Key Stage 4, attainment remains 4% lower than the national average for GCSEs in English and Maths, despite exceeding the performance of statistical neighbours. **The percentage of students classed as disadvantaged achieving a Grade 5+ (C+) in both English and Maths is 31.9% lower than the national average.**<sup>75</sup> **These are the young people most likely to struggle to make positive onward transitions into further education, training and employment.**

Evidence presented by local businesses suggested that more could be done to strengthen the links between employers and schools.<sup>76</sup> This is essential for equipping all students with work-ready skills through careers education, information, advice and guidance, in addition to quality work experience and placements. Positively, apprenticeship starts and achievements are higher in Barnsley than nationally.<sup>77</sup>

72 Commission Session Two: Louise Murphy, Resolution Foundation.

73 IFS (2022b). The UK Education System Preserves Inequality – New Report. [online] Institute for Fiscal Studies. Available at: <https://ifs.org.uk/articles/uk-education-system-preserves-inequality-new-report> [Accessed 30 May 2024].

74 Joseph Rowntree Foundation (2021). Low-paid Workers Who Lose Their Jobs Likely to Face Intense Competition for New Roles. [online] Available at: <https://www.jrf.org.uk/work/low-paid-workers-who-lose-their-jobs-likely-to-face-intense-competition-for-new-roles> [Accessed 30 May 2024].

75 Evidence provided by Barnsley Council for Commission Session Seven.

76 Commission Session Four: SME Panel.

77 ONS (2023e). *Local indicators for Barnsley*. [online] [explore-local-statistics.beta.ons.gov.uk](https://explore-local-statistics.beta.ons.gov.uk). Available at: <https://explore-local-statistics.beta.ons.gov.uk/areas/E08000016-barnsley/indicators#education-and-skills> [Accessed 17 June 2024].

## ...and home education is one to watch

This Commission heard of the rapid rise in elective home education particularly post-pandemic and for those children with additional needs. There were an estimated 86,200 home educated pupils known to local authorities in England in January 2023<sup>78</sup> (though some estimates put the figures as high as 125,000).<sup>79</sup> Some survey data has found 89% of parents cited their child's mental health as an important factor in deciding to home school, while 40% said one or more of the children they educated had SEND, mainly with autism or attention deficit hyperactivity disorder.<sup>80</sup>

This is a trend worth noting in relation to labour market participation and could pose a significant risk to the future flows of young people. **Local authorities have no formal powers or duty to monitor home education.** However, they do have duties to identify children not receiving a suitable education, and to intervene. The previous Government had intended to legislate for a register of children not in school, but this is not yet a reality.<sup>81</sup> **Barnsley Council data clearly demonstrates that children electively home educated in the borough were far more likely to become NEET at age 16,** despite the Council's non-statutory investment in Targeted Information, Advice and Guidance for Year 11 students educated at home.<sup>82</sup>

Getting the foundations right of basic qualifications for all school leavers is a non-negotiable in setting young people on a long-term pathway towards consistent employment.

## Adult education is more needed than ever

**Lifelong learning has long been an aspiration. Today it is a necessity if our labour force is to adapt to the rapid pace of change we are seeing in workplaces. Making good quality adult community education more widely available must be part of the holistic response to a cohort of adults out of work who tend to have lower skills and multiple barriers.** Adult community education tends to target groups including the long-term unemployed, vulnerable families, people with substance issues and young people who are not in education, employment or training. Many learners are economically inactive – and high proportions of this cohort, as we have shown, have no or low levels of qualification. But **the number of adult learners has declined dramatically since 2010** falling by 38% overall and 50% in classroom-based adult education in response to funding cuts.<sup>83</sup> **This fall has been largest in areas of higher deprivation.**<sup>84</sup> In Barnsley, adult learner numbers declined by 30% between 2017 and 2023, from 7,546 to 5,247 people.<sup>85</sup>

Widening access to adult community education would provide some of the more holistic support which is needed by those who are furthest from the labour market. It must be paired with onward progression routes into vocational and technical further and higher skills – and ultimately, to employment.

78 House of Commons Library (2022). Home education in England. [online] Available at: <https://researchbriefings.files.parliament.uk/documents/SN05108/SN05108.pdf> [Accessed 30 May 2024].

79 Schools Week (2023). Home Education Soars in the Wake of the Pandemic. [online] Available at: <https://schoolsweek.co.uk/home-education-soars-in-the-wake-of-the-pandemic/> [Accessed 30 May 2024].

80 Schools Week (2023). Home Education Soars in the Wake of the Pandemic. [online] Available at: <https://schoolsweek.co.uk/home-education-soars-in-the-wake-of-the-pandemic/> [Accessed 30 May 2024].

81 House of Commons Library (2022). Home education in England. [online] Available at: <https://researchbriefings.files.parliament.uk/documents/SN05108/SN05108.pdf> [Accessed 30 May 2024].

82 Barnsley Council Children's Services Activity Survey data.

83 From 2010-11 to 2020-21: IFS (2022). Adult education: the past, present and future. [online] Institute for Fiscal Studies. Available at: <https://ifs.org.uk/publications/adult-education-past-present-and-future> [Accessed 30 May 2024].

84 National Audit Office (2022). Developing workforce skills for a strong economy Department for Education. [online] Available at: <https://www.nao.org.uk/wp-content/uploads/2022/07/Developing-workforce-skills-for-a-strong-economy-Summary.pdf> [Accessed 30 May 2024].

85 ONS (2023c). *Further education and skills, Academic year 2022/23*. [online] Department for Education. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/further-education-and-skills/2022-23> [Accessed 18 June 2024].

## Data to glue the system together

These six drivers – leadership and funding, tailored support, work that is worth it, business engagement, health interventions, and improved education – are the key to getting levels of economic inactivity down. A far more cohesive approach is needed. It has to be enabled by a data-led approach. This Commission has found that **better data would support more people back into work** through:

- a more sophisticated understanding of who needs help to work, in real time, in local areas, across public agencies, so enabling better targeting of key cohorts at risk or likely to benefit;
- more consistent and rich data on spend, outcomes, and return on investment which would facilitate the evidence-based strengthening and streamlining of support offers over time.

Currently **it is challenging for services in local areas to identify and offer proactive support to those cohorts of people who most need help**. At a local level, the Office for National Statistics' Labour Force Survey has limited data with reduced reliability. Census data allows for very granular analysis and mapping, but is point-in-time and includes no measure of the individual's desire to work. The Department for Work and Pensions does not use the labour market definition of economic inactivity in any of its routine data gathering and analysis. Reliable local data to inform service design is limited.

In local datasets, individuals are rarely categorised as economically inactive except in certain employability programmes. Residents out of work will encounter and provide some data to a wide range of services including education providers, councils, healthcare providers, the DWP, and voluntary sector organisations. However, **there is very limited data linkage between partner organisations locally who may all be interacting with – or failing to interact with – the same residents in need of holistic support to re-enter work**.

Poor data quality and linkage is leading to a reactionary system geared towards supporting only those who proactively seek help and those who are unemployed with a mandate to seek work. Take one example: DWP data. In July 2023, the DWP estimated that the Jobcentre Plus (JCP)s in Barnsley were interacting regularly with 7,089 customers. They estimated there were still therefore 29,611 economically inactive residents who receive no regular contact or support from DWP services.<sup>86</sup>

Further analysis of local DWP benefit combination data found that there are 26,862 working-age people receiving out-of-work benefits in Barnsley.<sup>87</sup> Of these, 46% or 12,286 people were on out-of-work benefits which were not on the basis of incapacity or limited capability for work and work-related activities.<sup>88</sup> Of these, a further 1,192 had limited capability for work (not as severe) and a further 1,038 had a live fit note indicating some ill-health. The majority of the 10,000 residents remaining were in receipt of Universal Credit with requirements which will range from searching for work, planning for work, preparing for work and no work requirements. If not actively searching for work, these residents would have limited interaction with the DWP.

**There is no current data-sharing agreement which would allow a wider system offer of support to be put forward to workless individuals known to the DWP. This is a huge missed opportunity.**

<sup>86</sup> Evidence presented to the Commission, 24 July 2023.

<sup>87</sup> Barnsley Council analysis of DWP Stat-Xplore Benefit Combinations (Out of Work), series May 2023.

<sup>88</sup> Barnsley Council analysis of DWP Stat-Xplore Benefit Combinations (Out of Work) by UC Health Journey in Barnsley, series May 2023.

## Knitting data together...

But DWP is only part of the landscape of services that need to be working together to tackle economic inactivity. Data silos are preventing this from happening. As part of this Commission, a short data pilot supported by Palantir<sup>89</sup> was launched to establish whether any more current, granular data on economic inactivity and its causes could be identified. The most promising data sources identified were internal local authority datasets, particularly Council Tax data acting as a proxy for DWP data (with indications of household employment status). Opportunities were identified to join up internal datasets where other local authority services also map inactive or probably inactive residents such as 'Not in Education, Employment or Training' data, households with an electively home educated child, and potentially adult social care data.

The potential of analysing data on self-declared employment status in online product applications (where individuals' have consented for this to be captured and shared) was also explored. This was supported by a private sector supplier who also did some data modelling. However, the data insights were less reliable and useable than hoped, pointing to the complexities of disaggregating households and individuals, of data time lags for those moving in and out of work, and of the large variety within the cohort of inactive residents.

For the purpose of analysing the hyperlocal distribution of inactivity and other contextual barriers, the pilot was successful in providing a useful tool. This could also be built on to help prioritise very small geographical areas for pilot interventions. However, **no suitable substitute was found for deeper sharing of DWP data with local authorities and other key partners to enable holistic and proactive support to individuals out of work.**

## ...and focussing on outcomes

Data is also key to ensure return-on-investment from employment support programmes once individuals have been identified. The evidence sessions we held identified that **several programmes struggle to provide robust data on the cost of their interventions per head, the long-term outcomes, and the return on investment of public funds. This is not serving the taxpayer well.**

Programmes with external evaluations, such as South Yorkshire's pioneering 'Working Win' (which offers support to people who have a health condition to find and stay in employment) have much more robust data on return on investment but even these programmes struggle to track long-term outcomes.<sup>90</sup> The lack of accessible data on provision, spend and outcomes is preventing the streamlining and strengthening of local support offers. Indeed, one provider of a local-authority funded service for a targeted cohort who attended one of our Commission sessions was entirely unaware of another local service presenting a similar offer for a slightly different cohort in the borough.

**This double-sided lack of data is inhibiting the necessary intelligence to target the most effective support programmes at those who need them most. Combined with the issues highlighted in relation to leadership, funding and commissioning, this is generating a system which is failing to deliver impact for those most in need or ensuring value for public money.**

89 Palantir UK: <https://www.palantir.com/uk/>.

90 Commission Evidence Session Three, Working Win delivery partners: Shaw Trust.

## Mel's story a worker managing health conditions

Mel is in her forties and lives with her partner and child. Mel's episodes of ill health have created a sporadic work history as she was unable to stay in work for long periods of time. Mel described the lack of understanding she had experienced from employers due to her fluctuating health. When she finally had a diagnosis, it helped her make sense of her past and develop an understanding of her capabilities.

Prior to her current job, Mel had been out of work for eight years and described how *"I needed to just completely take time off work to try and rebuild myself."* Mel needed to rebuild herself physically, due to her long-term health condition, and in terms of her confidence and self-esteem as she explained *"I felt like I lost who I was"* through being out of work.

Mel began her journey back to paid employment through volunteering which gave her a sense of routine, the opportunity to slowly build up her confidence, and develop new skills, as well as improve her wellbeing. The voluntary role gave her the opportunity to:

*"get my brain back up again. Because my brain was just fried, if you like. And literally in six months of doing it, I felt like I could actually hold a proper conversation."*

Mel found a part-time job which she has been in for around two years. Mel enjoys working and likes being able to help people with similar experiences to herself. She can work flexibly which helps to manage her health condition. Mel explained:

*"I have to risk assess my days, because obviously I know I've got to be able to manage every day."*



Locke Park



# Chapter 5: Building better pathways to work: changing national policy

## A new mission

Over the 25 years before the pandemic, the labour force grew by on average one million people every four years. In the last four years, it has not grown at all.<sup>1</sup> **The current system, designed to get more people into the labour market, is not working.** This is not sustainable, economically or socially. Economic growth is stalling, employers are struggling to get workers and too many citizens who wish to be active in the labour market are locked into inactivity.

**The election of a new government is the opportunity to chart a new course. It should have as its foundation the ambition to build a more inclusive economy where people have a right to work, and an expectation that those who can should be helped to do so.**

**That will entail significant reforms in public policy and practice.** The late 20th Century saw the introduction of significant welfare to work programmes, designed to help long-term unemployed people find work and come off unemployment benefits. At a time of soaring rates of cyclical unemployment such fresh approaches were needed. And they had a positive impact. Youth unemployment fell by 47% from 1994 to 2024.<sup>2</sup> Women's participation in the labour market rose by 20% in the same period.<sup>3</sup>

Today the challenge of unemployment remains. But compared to 1984 when there were 3.2 million people officially classified as unemployed, today there are 1.5 million. The biggest challenge today is a new one: the rapid growth in the numbers of people who are experiencing (often health-related) economic inactivity which has soared from 8.7 million in 2018 to 9.4 million today. **The challenge today is different and so must be the solution.**<sup>4</sup>

Both the previous government and the new one have recognised the need for change. A range of measures were announced in 2023, including childcare affordability, extending access to employment support, and the integration of work and health services. In scale and ambition, however, the steps taken to date do not fundamentally address the root causes of high rates of economic inactivity. Nor do they build better pathways to work for more people.

This Report has outlined the nature of economic inactivity, the characteristics of different cohorts, the barriers facing people who need help to work and the structural issues that need to be addressed if more are to do so. In what follows we identify the changes in national policy that we believe are most needed to bring about sustainable reductions in economic inactivity. Inevitably these reflect only a proportion of the possible changes required, but are those we believe can make the biggest difference.

1 IES Labour Market Briefing, April 2024 <https://www.employment-studies.co.uk/system/files/resources/files/IES%20briefing%20-%20Labour%20Market%20Statistics%20April%202024.pdf>

2 Barnsley Council analysis: ONS (2024i). *LFS: Unemployed: Aged 16-24: Not in full-time education: UK: All: 000s: SA – Office for National Statistics*. [online] [www.ons.gov.uk](https://www.ons.gov.uk). Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/timeseries/agol/lms> [Accessed 17 June 2024].

3 Barnsley Council analysis: ONS (2024h). *LFS: Economically Inactive: UK: All: Aged 16-64: Thousands: SA – Office for National Statistics*. [online] [www.ons.gov.uk](https://www.ons.gov.uk). Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/timeseries/lf2m/lms> [Accessed 17 Jun. 2024].

4 ONS (2019). *LFS: Unemployed: UK: All: Aged 16+: 000s: SA: Annual = 4 quarter average – Office for National Statistics*. [online] [Ons.gov.uk](https://www.ons.gov.uk). Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/timeseries/mgsc/unem> [Accessed 17 June 2024].

**Raising labour market participation and tackling economic inactivity must become the national mission shaping welfare and employment policy over the next decade. Critically, however, a new more holistic approach will require action beyond the remit of the new government.** It will also need a

concerted response from employers, local authorities, charities, communities and, of course, citizens themselves. Participation in paid employment will only rise if as a whole society, public and private, we foster genuinely inclusive growth where anyone who wants to work, can work.

We have established that nationally at least 1.78 million economically inactive people want to work, rising to potentially 4.56 million people (excluding students) who would take a job that 'aligned with their skills, interests and circumstances' based on our unique telephone survey of 750 economically inactive South Yorkshire residents.

Whilst the circumstances of those who are out of work vary widely, we have identified that those who are economically inactive receive the least proactive support on a journey back towards learning and work. The two cohorts of particular concern to policymakers should be those out of work due to ill-health and caring responsibilities – which our research has found often overlap.

Policymakers also need to be concerned about stemming flows into economic inactivity, with a particular focus on workers in their 50s or managing ill-health in the workplace, carers who expect to re-enter employment in future, and young adults who are managing ill-health, low qualifications or both.

Maximising the opportunities to move from inactivity to activity for those cohorts requires national action on the following fronts:

- new national ambition and architecture
- new place-based ownership
- new ways of engaging employers
- new alignment between health and employment support services
- new approaches to ensure the best start in life
- new incentives in the benefits system.

## National ambition and architecture

The legacy of a focus on welfare-to-work and historical mass unemployment has been a system focused on unemployment but lacking leadership and ambition in relation to labour market participation in the round. The multiplicity of programmes and bodies involved in offering support back towards employment for economically inactive people is simply unworkable for individuals and employers. The architecture of government is not currently set up to enable a mission-driven response involving multiple departments to tackle this critical challenge. **From the national to the local, the current structure of government is not enabling the kind of cohesive and targeted action to shift the dial on a weakening labour market fast enough.**

Government must urgently:

### 1 Publish a new national strategy for raising labour market participation

This is the time to pivot from welfare-to-work to a new focus on supporting people to move from economic inactivity to activity. This ambition cannot be solved by just one department – instead, it will require changes to multiple areas of public policy and the active engagement of employers and civil society. The Government should publish within 6 months a new national strategy to raise labour market participation which sets out cross-government roles and responsibilities.

## 2 Set a target to achieve a major reduction in economic inactivity over a 5-year period

This national ambition for higher rates of labour market participation, driven by enabling all those who want to work to achieve pathways to employment, should be quantified. The Government has stated that it will target an increase in the employment rate from 75% to 80%, which would be the highest in the G7 and mean over 2 million more people in work across the UK. It should set a corresponding target to be owned by the Department for Work and Pensions for reducing economic inactivity (excluding for the purpose of study) over a 5-year period. This will have the benefit of ensuring that labour market expansion is not overly reliant on migration.

## 3 Reorientate the Department of Work and Pensions to act as a department for work and create a cross-government mission board to lead strategy implementation

The DWP focusses too little on work. It has become a department for administering benefits, not for increasing employment, spreading opportunity or powering the economy. That must change. It must reorientate itself and its significant job coach resource to focus on economic inactivity and to lead cross government efforts to raise labour market participation. DWP's key partner must be HM Treasury, given the risks economic inactivity poses to economic growth and government finances. Together they should power a new cross-government mission board, which should also include the Department of Health & Social Care and the Department for Education, charged with creating and executing the national labour market participation strategy. The mission board should reflect the multifaceted nature of the challenge by drawing in the expertise and engagement of employers, trade unions, local government, health professionals, employment support providers, adult skills providers, representatives of the voluntary and community sector and the voices of those with lived experience.

## 4 Initiate a governmental review of spending on economic inactivity

Government must identify the scale of the current inputs in tackling economic inactivity and the current outputs of that spend. This review should enable the mission board to recommend the rationalisation and realignment of funding sources and programmes to support the new national strategy and simplify the landscape. We expect major savings to be released as a result through reduced welfare costs and rising productivity gains.

## Place-based ownership

**Economic inactivity is a place-based challenge. Labour markets vary enormously.** Not only are there whole regions of the country which have to catch up on health, wealth and skills, there are hyperlocal areas within even one borough which have differential rates of worklessness. **But public policy has adopted a one-size-fits-all approach.** Jobcentre Plus is run from Whitehall and sees its role as delivering nationally determined targets. It looks upwards to Whitehall not onwards to local communities. It is far too disconnected from local labour markets. Meanwhile, **local provision of employment support, healthcare and economic development is fragmented. No-one is in charge of the local 'system'.** There is currently no mandate for integrated place-based strategies to raise participation. Short-term funding settlements and poor data integration driven by national policy compound the fragmentation problem. **A different approach is sorely needed: one that within a national framework of accountability lodges responsibility at a local level for delivering higher levels of economic activity and for integrating the services that can help achieve that objective.**

We make the following recommendations to bring that shift about:

### **1 Devolve funding and powers for tackling economic inactivity to Mayoral Combined Authorities wherever possible**

Mayoral Combined Authorities should become responsible for raising economic inactivity rates in their areas working closely with NHS Integrated Care Boards and local authorities. Building on and going further than the precedent set for devolving employment and skills budgets to the Greater Manchester Combined Authority, the national funding review should enable consolidation and simplification of funding streams to enable place-based ownership of solutions and simplified commissioning. The local MCA should have responsibility for consolidating funding streams including devolved DWP programme spend, NHS-provided employment support, devolved skills funding and other local resources or provision. The MCA should ensure that local provision is working as one system rather than separate streams of activity.

### **2 Local areas should produce a strategy for raising labour market participation with the best-performing areas entitled to use savings achieved to reinvest**

Each Mayoral Combined Authority or equivalent area should work with key partners to produce a local delivery plan based on the national strategy for raising labour market participation. It should include clearly identified Key Performance Indicators and outcomes based on the national strategy, adapted for the place-based context. Places should be granted the freedoms to innovate and personalise through an earned autonomy model, with those performing best being entitled to retain any benefits savings to reinvest in employment support systems. This will mark a radical departure from the current centralised DWP model.

### **3 Multi-year funding to address economic inactivity in local areas should be made available**

Annualised funding makes the planning and integrating of local services virtually impossible. Without a clear line of sight about what level of resource is available local agencies are unable to make longer-term decisions. Realigning local services to address economic inactivity requires funding to be available for a minimum of three years to enable more sustainable and strategic service delivery. Longer budget cycles will promote further investment in prevention up front.

### **4 A new cohort-based approach to tackling economic inactivity should be introduced underpinned by new data-sharing agreements**

At present employment support and benefits system largely operate a one-size-fits-all approach to tackling economic inactivity. Those who are classified in this way are largely treated as if they were all the same. But as our research has identified, there are many different cohorts of people within the broad-brush definition of economically inactive. Some are more able to work than others. Many have health needs or caring responsibilities. To be effective, interventions need to identify which cohorts would most benefit from which programmes. The ambition should be to create a much more personalised approach fitted to realise the needs and aspirations of the individual person. This should be the new approach that DWP and Jobcentre Plus take. To make that possible, the various agencies that need to work together to address economic inactivity – who are currently often prevented from sharing data – should be enabled to do so. Without deeper data-sharing agreements, local agencies cannot work with partners to identify and proactively engage those economically inactive residents who want to work. Urgent attention should be given to identifying legally appropriate opportunities for sharing data about individuals between the DWP, NHS and local public sector partners.

## Engaging employers

**Reducing economic inactivity is not a job for government alone. It cannot be done without the active engagement of employers.** Employers are the key to the most cost-effective method of maintaining high participation rates: stemming flows out of the workforce. Many also recognise that with an ageing and shrinking workforce the imperative to widen recruitment routes and commit to recruiting from a more diverse talent pool is critical. But **the current system for matching employer demand for labour with potential supply is not working.** Only one in six local employers use Jobcentre Plus for recruitment purposes.<sup>5</sup> The complexity of the current support landscape is leading to employer disengagement. **Existing government incentives for investment in training and recruitment of young people, such as the apprenticeship levy, are failing. The provision of workplace health remains patchy. A rethink is needed if employers are to be able to play a bigger role in tackling economic inactivity.**

We recommend that government should:

### 1 Develop a new offer of support for businesses to help them successfully integrate economically inactive people into their workforces

Businesses need one 'go-to' access point for a local labour supply of jobseekers and formerly economically inactive people now looking for work. The government's proposal to integrate Jobcentre Plus with the National Careers Service will help to achieve that. But more is needed to equip employers to be able to support new entrants to the workforce, many of whom may have been inactive for many years. A new support and advice service for employers could be integrated into the reformed Jobcentre Plus model that government is contemplating. This will provide an opportunity through the 'system steward' outlined in proposals below to build on the service already provided by the DWP and co-located within Job Centres but with more focus on job matching and holistic support for economically inactive individuals as they enter the workforce.

### 2 Reform the apprenticeship levy to refocus it on supporting young people into employment

The apprenticeship levy is not working and employers are increasingly disengaging from it. It needs to be refocussed if it is to become a more effective tool for creating pathways to work for young people, particularly those disadvantaged by low skills or poor health. A majority of the levy (75%) should be ringfenced for under-25s, with flexibility to spend the remainder of the levy on training other staff or providing additional support to help young apprentices sustain their employment. This will address the significant decline in apprenticeship starts for under-25s under the current levy and divert young adults away from pathways into inactivity. This reform will help to deliver the new Government's plan for a Youth Guarantee of training, an apprenticeship or job support for all 18-21s.

### 3 Make work pay and make flexible working the norm

Too many economically inactive people do not believe that work pays. They are financially sensitive and rightly want to know that it is worth their while to move back into employment. It is imperative that Government continues to raise the National Living Wage to deal with in-work poverty. But that is only part of the equation. Flexible work suits many economically inactive people, but it is often highly insecure. So Government should engage with employers and trade unions to develop new industry standards of best practice for enabling flexible contracts with strengthened job security provisions. This could include a shift from zero-hours contracts to guaranteed hours contracts (whether per week, month or annualised) and a statutory notice period for shift changes. The aim should be to make flexible work the default.

<sup>5</sup> IES (2022). *Launch Report for the Commission on the Future of Employment Support the Future of Working*. [online] Available at: <https://www.employment-studies.co.uk/system/files/resources/files/Working%20for%20the%20Future%20-%20Launch%20Report.pdf> [Accessed 19 Jun. 2024].

#### 4 Work with employers to create a national Good Employer Charter

Getting people back into the workplace from economic inactivity relies on employers providing good employment opportunities. Too many people outside of the labour market worry that their needs, whether as carers or with mental health concerns, will not be accommodated by employers. This then becomes a barrier to work. We found in our research interviews that perceptions of what employers are like and definitions of what a good employer should be vary widely. But there are some common characteristics that potential workers are looking for – the opportunity for fulfilling work, decent pay, flexible hours, good conditions and career advancement to name but a few. Many employers strive to provide just such work opportunities. But if negative perceptions amongst economically inactive people are to be overcome there is a strong case for codifying these attributes of good employment in a national charter. It should be drawn up by employers with support from government and others. Employers who adopt the Good Employer Charter would be able to brand themselves as such. Government could ensure that public sector employers take a lead in adopting the Charter.

#### 5 Make occupational health a part of the nation's health infrastructure

Many employers provide good occupational health care for their employees. It is critical for ensuring that workers – especially older ones – do not drop out of the labour market and add to the problem of economic inactivity. But good occupational health services can also help with the recruitment and retention of those who have been outside of the labour market. Government should actively encourage more employers to provide such services and consider how that could be tax incentivised. Evidence from other countries also clearly indicates that legislation is a powerful tool to ensure very high rates of occupational health coverage<sup>6</sup>. So government should also consider whether for large employers in particular there should be a legislative requirement for some form of health protection mandated in law. Occupational health provision may not be the most appropriate solution for all businesses, but alternatives could include health insurance or mandatory participation in a scheme like a revitalised version of DWP's Fit for Work offer to SMEs (initially launched in 2015). As part of its deliberations government should consider how SMEs could be provided with collective forms of occupational health care for their employees.

### Aligning health services to support employment

**The role of ill-health in driving lower levels of labour market participation is undeniable.** Though the Covid-19 pandemic contributed to declining health and longer waiting times, health inequalities and increasing rates of economic inactivity driven by ill-health are not new. Our analysis found that regional inequalities in the labour market are closely tied to health inequalities, and **many opportunities to align health services to support employment outcomes are currently being missed.** The impacts of ill-health and particularly the rise in poor mental health as a driver of youth worklessness are serious barriers to the flourishing of individuals and communities. Yet **currently health services do not align with employment services and their role in breaking the link between ill health and economic inactivity is often not acknowledged in how priorities are set.** The NHS of course is under unprecedented strain and government has to be careful in not adding to the already heavy burdens it faces. But healthcare has a critical economic function to play in ensuring a supply of adequate labour to meet employers' needs. That function is not being properly discharged. **Change is needed. If economic inactivity is to be systematically tackled there needs to be more seamless health and employment support system in place.**

<sup>6</sup> Department for Work and Pensions (2023b). Occupational Health: Working Better. [online] Available at: <https://www.gov.uk/government/consultations/occupational-health-working-better/occupational-health-working-better> [Accessed 30 May 2024].

We recommend that government takes the following actions:

### **1 Integrated Care Boards should be given a duty of engagement with the local delivery plan for raising labour market participation**

In light of the critical role health is playing in determining people's employment status and prospects, local health improvement plans must be aligned to the local economic inactivity reduction strategy. The way that local services are assessed by the Government and the uses to which national funding is allocated will need to take account of this new duty. Delivering against the new duty will also require ICBs to clearly identify how the NHS will contribute to support more people back into the labour market through its roles as a service provider, procurer of goods and services, and as an employer. For example, local NHS employers should seek to become accredited Good Employers and ensure their recruitment practices are offering employment opportunities to people who are currently economically inactive.

### **2 Local health services should be better integrated with employment support services**

Building on successful schemes like placing employment advisors within Talking Therapies, the NHS should identify and invest in further integration of employment support services and health services, particularly for the major conditions driving the rise in health-related benefits. This will likely mean expanding existing cardiovascular disease prevention work and supporting more people with the multiple long-term conditions (such as mental health and musculoskeletal conditions) that are driving increased economic inactivity. It should be made easier for clinicians to recommend physical activity and for non-NHS staff (such as the 1,250 people working in gyms and leisure services in Barnsley) to provide services to enable people back into work.<sup>7</sup> In addition, Integrated Care Boards should routinely collect employment status data as part of medical consultations, allowing more consistent analysis and referrals to integrated support services.

### **3 The NHS should expand effective mental health services to more people by revisiting its current Workforce Plan and accrediting digital services**

Mental ill health is a growing contributor to rising levels of economic inactivity. NHS mental health services are sorely stretched, staff shortages are commonplace and patients often wait too long for treatment. The current NHS Workforce Plan aims to grow the number and proportion of NHS staff working in mental health, primary and community care but if the NHS is to do more to address economic inactivity these plans will need to be re-assessed. An urgent review is needed. It should take into account the need to invest both in the rollout of Mental Health Support Teams in educational settings, as set out in the NHS Long-Term Plan, and targeted investment in MHSTs in post-16 settings for those young people at critical transition moments where support is currently less widely available than in secondary schools.<sup>8</sup> The review should also include the contribution private and third sector providers can make in expanding effective mental health services – such as Talking Therapies – to people wanting to get back into work and the role of digital mental health services. The number of mental health online apps is growing at pace but there is no process for accrediting which are most effective. NHS England should make that assessment and ensure that local services refer patients to them.

7 ONS (2022a). Business Register and Employment Survey – Office for National Statistics. [online] Available at: <https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/businessregisterandemploymentsurvey> [Accessed 2 Jul. 2024].

8 Resolution Foundation (2024). We've Only Just Begun. [online] Available at: <https://www.resolutionfoundation.org/publications/weve-only-just-begun/> [Accessed 30 May 2024].

#### 4 Address hyperlocal health inequalities through focused multiagency action.

Areas facing particularly deep health deprivation, which is driving inactivity, would benefit from more focused action to improve health, unlock prosperity and stimulate growth. This Commission supports the recommendation for Health and Prosperity Improvement Zones (HAPI) as outlined in 'Healthy places, prosperous lives' 2024 report published by the IPPR and the Commission on Health and Prosperity.<sup>9</sup> Local authorities would have the power to designate HAPIs much like Clean Air Zones, mobilising multiagency and local people-led responses to areas with the most entrenched challenges with strategic central government resourcing. This should be aligned to local delivery plans for tackling inactivity.

## Ensuring the best start in life

**Perhaps the most worrying trend this Commission and others have uncovered is the growth in economic inactivity amongst young people.** The reasons are, of course, complex. But some basics are obvious.

**Too many children do not get a good start in life. Too many pupils do not get a good education.**

**Too many young people lack the skills to unlock decent job opportunities. Too many young carers lack support. In areas of deprivation those deficits are particularly acute.** The combination of low qualifications with worsening health outcomes for young people is a threat not just to their futures but to the future growth of the economy. We cannot afford a generation who miss out on fulfilling employment. **A revitalised approach to ensuring that every young person has the best start in life is needed.** This is the foundation for increasing levels of economic activity amongst this and future generations.

We recommend that Government should:

### 1 Invest in the areas where limited childcare is having the biggest impact on parental employment rates

Over recent decades successive governments have done much to improve childcare and early years services. Today, all parents of 3- and 4-year-olds can access 15 hours of free childcare per week, with plans for major expansion entitling most working families with children aged between 9 months and 5 years old to 30 hours of childcare support by September 2025. However, provision is currently insufficient and providers report that the funding rate does not sufficiently reflect the costs of quality provision. The Government have announced plans to enable councils to offer childcare services, increase family entitlements, and provide free breakfast clubs in all primary schools. These additional services are badly needed. This Commission heard repeatedly from those who are economically inactive that childcare is a major barrier to them returning to work. So as part of its plan to expand early years and childcare services the Government should work with local authorities to map the areas where the availability and suitability of childcare provision is having the most significant impact on parental employment rates. Additional investment should be focused in these areas to boost availability, quality and flexibility of provision.

### 2 Continue to raise educational attainment nationally with a sharper focus on narrowing the gap between socio-economic groups

School standards have been the subject of intensive attention over recent decades. This attention has paid dividends in rising standards and better exam results. But the correlation between education attainment and social background has not been broken. Poorer pupils still do far worse at school than their better-off peers. Inevitably they also do far worse in the labour market. A number of changes are needed to address these issues. Alongside the existing 2030 target for attainment of expected standards in English reading, writing and maths by the end of primary school, the government should set an additional attainment target specifically for students in

<sup>9</sup> IPPR (2024). Healthy places, Prosperous Lives. [online] Available at: <https://www.ippr.org/articles/healthy-places-prosperous-lives> [Accessed 30 May 2024].



receipt of Free School Meals. The target should aim to narrow the education attainment gap between those students and better off pupils. Finally, government should consider establishing a national register of electively home educated children in England and monitor their educational attainment and post-16 destinations given worrying evidence that this is creating new attainment gaps.

### 3 Ensure that young people are work ready

We heard repeatedly from employers that too many young people preparing to enter the labour market are not work ready. This echoes employer concerns across the country about the lack of basic skills and attributes such as communication and collaboration skills. It is welcome that the Government is aiming to deliver 1,000 new careers advisers in schools, alongside good quality work experience, and providing specialist mental health support in every school. These changes will undoubtedly help more young people into work. But a more fundamental change is needed: to the school curriculum. There needs to be a better balance between the acquisition of academic and life skills and a new focus on creativity, collaboration and communication. The Government has promised a curriculum review. It should have as part of its core deliberations how curriculum changes can ensure that NEET rates and economic inactivity rates amongst young people are dramatically reduced.

### 4 Review and strengthen technical education

Technical and vocational education is an essential pathway for many young people and a key skills pipeline for employers. But it is not working as well as it should.<sup>10</sup> A national review is needed. It should focus on how to devolve skills funding so it is better aligned to the needs of local labour markets, increase employer input into decision-making and improve quality.

## Changing incentives in the benefits system

**How the benefits system works is helping to drive economic inactivity. It operates in a perverse way.**

Those who are classified as officially seeking work are offered some support to do so but also face harsh conditionality and lower payments than those who are classified as unable to work. By contrast, the latter economically inactive group get little support to find work but face no conditionality and receive higher payments than those actively seeking work. **It pays to be classified as incapable of work rather than actively seeking it.**

Of course, many people who are in receipt of incapacity benefits have severe disabilities and the higher payments they receive rightly reflect their greater needs and their inability to earn through employment. But within the wider cohort of those receiving incapacity benefits are many people who would like to be able to work. Our survey of economically inactive people found that seven in ten would take a job that suited them. But whilst **over eight in ten economically inactive people in South Yorkshire (excluding students) are in receipt of some form of state benefits, only one in ten had to demonstrate taking steps to find work.** For over 90% of economically inactive residents, there is very limited regular contact with the Department for Work and Pensions or wider support services. Many people are left unaware of the support available to them and without advice and guidance to achieve their aspirations.

**If the intention is to reduce economic inactivity the current benefits system could not be set up more wrongly.** It is little wonder that both individuals and employers in our surveys agreed that the **work incentives in the benefits system produce perverse outcomes and generally are not functioning well enough. People are not convinced that 'work pays'** – particularly for second earners in couples and those managing ill-health or disability. **Reform is needed.**

<sup>10</sup> UK Parliament (2023). *Government must pause post-16 education shake-up or risk making skills shortages worse*. [online] Available at: <https://committees.parliament.uk/committee/203/education-committee/news/194988/government-must-pause-post16-education-shakeup-or-risk-making-skills-shortages-worse/> [Accessed 17 June 2024].

We recommend that government should:

## 1 Create an annual 'duty to engage' for economically inactive people in receipt of state benefits

We found that 7 in 10 economically inactive people want to work at some point, but the majority are not getting equal access to advice, signposting and support as jobseekers. To address this, employment support services should have a duty to engage with all working-age benefit recipients with a personalised support offer. That duty should be reciprocal and those in receipt of State support should be required to interact in an aspiration-focused conversation with a 'system navigator' rather than simply a jobs coach. That process should aim to identify individual capabilities and needs in order to help more economically inactive people return to the labour market. The aim would be to equip individuals to access the support which they may be entitled to and to map out future transitions alongside any training or development they may benefit from. This would represent a big shift in how the system interacts with its users, primarily the cohort with little-to-no regular contact and support. Tough conditionality rules will still need to apply to those who are healthy and able to work but for the cohort of economically inactive people who have complex barriers to overcome in order to return to work the emphasis would be away from compliance towards engagement, and away from a one-size-fits-all approach to a much more personalised one.

## 2 Strengthen work incentives in the welfare benefits system

In our evidence we heard how almost 2 in 5 economically inactive people believe that working would leave them worse off because of the impact on their benefit payment. Incentives were particularly weak for potential second earners in couples and those with health conditions or disabilities. A work allowance for second earners should be introduced within Universal Credit to support more women to take up paid employment with a meaningful financial differential. The roll-out of the proposed 'Chance to Work Guarantee' should be accelerated and proactively piloted in local areas such as South Yorkshire, allowing people receiving disability benefits to try work with no fear of reassessment or losing their benefits and health top-ups.<sup>11</sup> This approach would help address the widespread uncertainty about whether work is worth it and, together with a new focus on providing good work with better pay, help to close the gap between wages and benefits. There is also a gap between what a claimant can receive from being on incapacity-related benefits compared to unemployment-related benefits, so weakening work incentives. DWP should review how it can close that gap whilst protecting payments to people with severe disabilities.

## 3 Reform the Work Capability Assessment

Since the introduction of the Work Capability Assessment in 2008, there have been significant changes in the type of work available (greater remote working) and the most prevalent work-limiting conditions (mental ill-health). The current assessment has been widely criticised for its lack of transparency and a deficiency-focused approach.<sup>12</sup> Government should therefore maintain the commitment to review the Work Capability Assessment, aligned to a more personalised and enabling approach from DWP. More regular reviews of work capability should occur through the annual 'duty to engage'. These changes to the national welfare benefits system would not be without cost or controversy. But we believe that the overall costs to the Treasury would be offset by higher numbers of people choosing to risk re-entering the world of work following proactive and personalised support.

11 Department for Work and Pensions (2023a). New 'Chance to Work Guarantee' Will Remove Barriers to Work for Millions. [online] Available at: <https://www.gov.uk/government/news/new-chance-to-work-guarantee-will-remove-barriers-to-work-for-millions> [Accessed 30 May 2024].

12 UK Parliament (2023). *Proposals to abolish the Work Capability Assessment*. [online] Available at: <https://commonslibrary.parliament.uk/research-briefings/cbp-9800/> [Accessed 17 June 2024].

Cracking the challenge of economic inactivity and raising labour market participation will require sustained effort over a number of years. It will also require brand new approaches and reform to many existing services and ways of working. Experimentation and innovation will be needed. That experimentation should be led locally, recognising the place-based nature of economic activity rates and labour markets. Central Government should explicitly empower places with the appetite and political leadership to pilot new approaches – starting with Barnsley and South Yorkshire, as outlined in the following chapter.

## Adele's story a worker in their fifties

Adele is in her fifties and cares for her partner whose health deteriorated quickly, significantly, and unexpectedly. Adele works part-time so she can manage her employment alongside her caring responsibilities with her partner **"...reliant on [her] for everything"**. She reflected on how she felt after her partner's initial diagnosis:

***"I was just so shocked, stunned, upset, scared, thinking my whole life, all these plans that we've got for the future, they've all gone. It's not just his life that's gone. It's like my future's gone."***

The range of emotions and considerations over her future shows the impact on Adele's life now and in the years ahead. She described how she struggled in the beginning to juggle her new caring responsibilities and work: **"...I couldn't function because I was trying to do everything. And I couldn't do anything."** Adele's mental health suffered, and she took sick leave from work which provided her time to recover and adjust to her new reality. A new line manager allowed her to return to work part-time after her original manager had been reluctant to adjust her hours. Her employer is now understanding of her caring responsibilities and provides flexibility such as being able to work from home a few days a week and start work early.

She enjoys working which provides the opportunity to socialise and a break from the **'vigilance'** required when she is at home caring for her partner. Adele is concerned that her caring responsibilities will increase in the future and is exploring options for external support to enable her to continue to work. She explained:

***"So for me to stay at work, I need people to help look after them. To enable me to continue to work."***



Elsecar Heritage Centre



Cawthorne Cricket Club



## Chapter 6

# Building better pathways to work: a Barnsley solution

### A local solution

**Changes in public policy nationally are essential if economic inactivity is to be reduced. But it is in a local community that change is executed.** In Barnsley, and South Yorkshire more widely, this Commission has been struck by a genuine appetite – amongst policymakers, employers, public agencies, charities and citizens – to do everything possible to provide fairer opportunities for all residents to enjoy the social, personal, and financial benefits of paid employment.

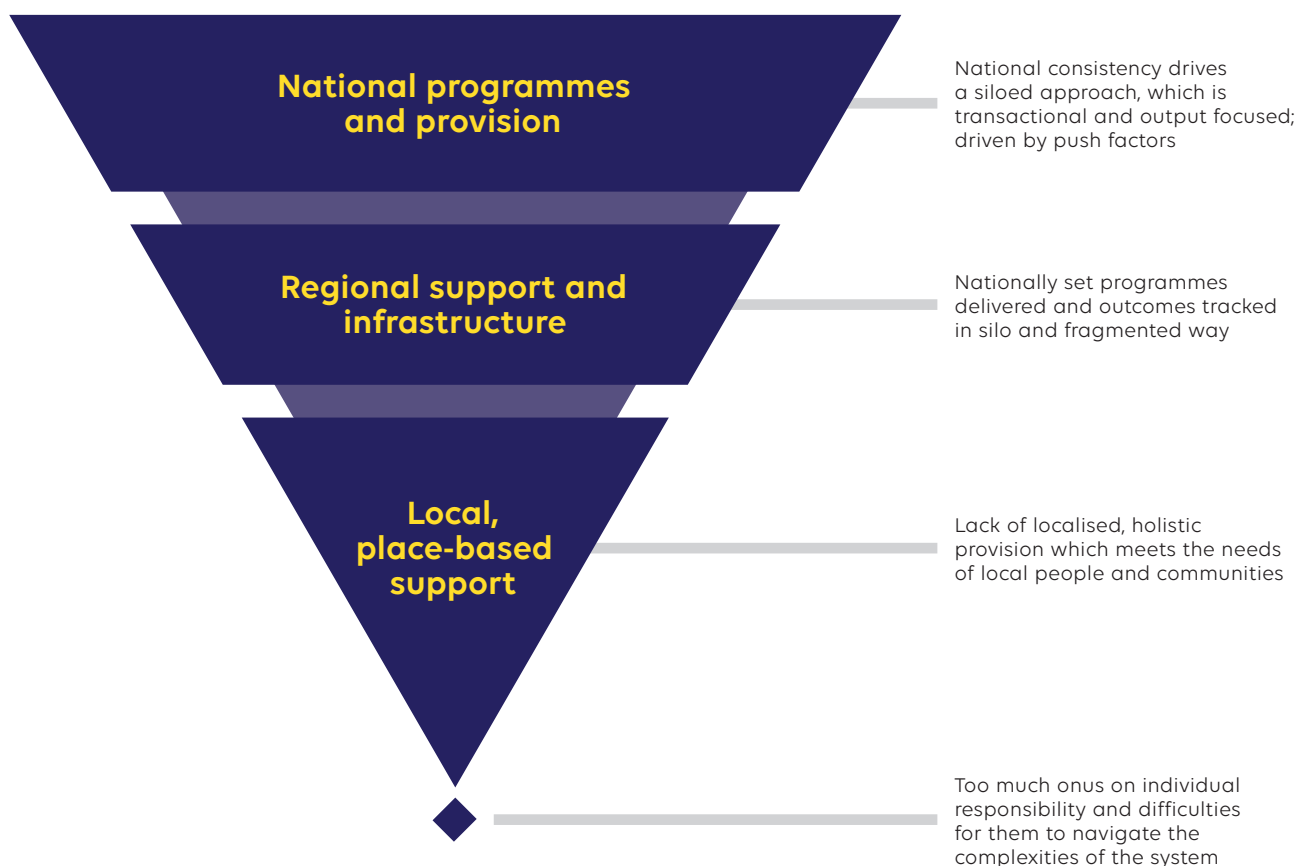
It is to be hoped that this local coalition for change is empowered by the new government to test new approaches to what is a fiendishly complex issue. **The opportunity exists in Barnsley and South Yorkshire to innovate new solutions that are aligned to the proposed national policy shifts** outlined in Chapter 5. In other words, regardless of the impacts this report has nationally, we believe that Barnsley, with the support of the South Yorkshire Mayoral Combined Authority, should be committed to driving forward local changes that can build a future driven by inclusive growth. We believe that to be the case and applaud the shared determination that exists in the local community to proceed at pace.

In what follows we suggest how that rapid progress can be achieved. We outline a proposed local pilot for a new form of employment support that we hope central government will endorse and support. And we go on to suggest how local agencies, most notably Barnsley Council, can make further changes that can positively impact economic inactivity and which lie within their gift.

### Developing a local proof-of-concept model

**It is usually the case with reports like this that there is a time gap between recommendations being made and actions being taken. We have chosen to take a different path. The idea is to move to action immediately.** Throughout Spring 2024, under the auspices of this Commission, colleagues in Barnsley and South Yorkshire have worked with PwC and global experts to craft a costed roadmap for the implementation of a local proof-of-concept (PoC) employment support model. This work was borne out of a desire to build on the Commission's emerging findings, seize the opportunity to make immediate progress and invest in an innovative place-based solution for Barnsley that can be iterated, tested and scaled over time.

This proof of concept is based on some core design principles. For complex societal issues like economic inactivity, an integrated, holistic systemic response is required to respond effectively to complex and overlapping challenges faced by a diverse cohort of residents. As such, **place-based provision needs to move towards a whole-system response with shared outcomes and responsibilities across a number of agencies.** It should be informed and responsive to need at the local level, with regional direction setting and governance to create the necessary enabling environment and transform the wider and overarching barriers that sit at the core of this issue.



**Figure 13:** Issues identified with current national, regional and local support structures.

The concept is also founded on our analysis of the fault lines in the current system of employment support provision (Figure 13). As this Report has identified, whilst there are individual pockets of effective provision, the current system overall is neither holistic nor joined up. It is composed of disparate programmes that are governed and funded in silos with varying objectives and outcomes. The system – if that is what an anarchic patchwork of provision can properly be called – is nationally determined and regionally enforced. It does not work either for employers or citizens with far too much onus placed on the individual to navigate its complexity. Solutions are not tailored to individuals or responsive to their needs. For those furthest from the labour market, this presents a significant blocker to accessing work.

To address these challenges, a systemic response is required that combines practice and provision at the local and regional level. **The Barnsley PoC employment support model aims to evaluate and refine a system-wide and place-based response to address economic inactivity, which can be scaled across South Yorkshire and influence national policy through evaluation and learning.** The model will:

- 1 Sort the system:** building capacity through a system steward at the regional level and a system manager at the local level to fix the fragmentation issues;
- 2 Prepare the jobs:** innovating with businesses to build training and roles for people who've been out of work for some time;
- 3 Journey with people:** recruiting system navigators to journey with people one-to-one through their pathway to work, accessing the help they need and finding good employment;
- 4 Work upstream:** investing in prevention by getting partners on board with a youth guarantee and a good employer charter;
- 5 Invest in data:** collecting, integrating and using data better across the system to monitor the quality of support and identify those who need help to work at the right time.

By leveraging a mixture of evidence-based approaches and more innovative promising practice from around the globe, this model aims to:

- provide a **user centric and holistic approach**, particularly through a focus on relational support and co-production within Intensive Case Management;
- leverage what already exists and **create new capacity to align the system around key outcomes**, across system partners and at multiple levels of government;
- provide **an inductor for innovation** through a focus on iterative design, experimentation and adaptation which can be scaled out more broadly to South Yorkshire;
- enable **data sharing and integration** to benefit the individual service user as well as inform evaluation and optimisation of the PoC model.

**The proposal is for a borough-wide implementation in Barnsley starting in Spring 2024 to support 2,200 people who are economically inactive into sustained employment by 2028.** To minimise financial and operational risk the model will be rolled out over four years. It is estimated that the annual costs once it is fully operational will be about £3 million. **We estimate the total cost over four years will be £10.8 million. If successful we expect the financial benefit of placing 2,200 economically inactive Barnsley residents into work to be substantial: the individual gains through improved wellbeing and income from employment equate to £39.7 million per annum and the locality impact through reduced costs to the public purse and job creation equate to £28.8 million per annum.**

**We further recommend that this approach is then rolled out to the rest of the South Yorkshire Mayoral Combined Authority with support from DWP.**

## Components of the Proof-of-Concept model

Bringing together six key system components, the Barnsley PoC is differentiated from other approaches to address economic inactivity in the UK but draws upon best practice both from this country and elsewhere in the world. The intention is to identify the core components of a model that can be scalable and responsive to the needs and priority cohorts of each locality (Figure 14).

The six key components are as follows.

### 1 System Steward

The System Steward is responsible for the effective operation of the system to support those that are economically inactive to secure employment.

It is a function that operates at the regional level and provides the required governance, oversight and direction setting for all services in the local system assisting those that are economically inactive. It also provides funding and establishes the performance and quality parameters for the system. It is proposed that the System Steward will be positioned at the South Yorkshire level so that it can readily align with the Government's devolution strategy – in areas such as skill policy – and already existing coordination infrastructure such as the NHS Integrated Care Board and DWP.

### 2 System Service Manager

The System Service Manager is the delivery agent of the Service System Steward. It is responsible for managing the requirements set out by the System Steward and works with providers targeting those that are economically inactive.

Its focus is on building service provider capacity so that it is effective and meets performance requirements. In addition, it manages the operation of the service system identifying and addressing barriers to support for those that are economically inactive. It also highlights areas of underperformance at the provider and system level and works to address these limitations.

A local third-party System Service Manager is proposed at the borough level (Barnsley), that will be independent from existing council services and service provision, so it builds capability and enhances performance across all elements of the system.

# A whole system approach with interdependent components and the individual at the heart

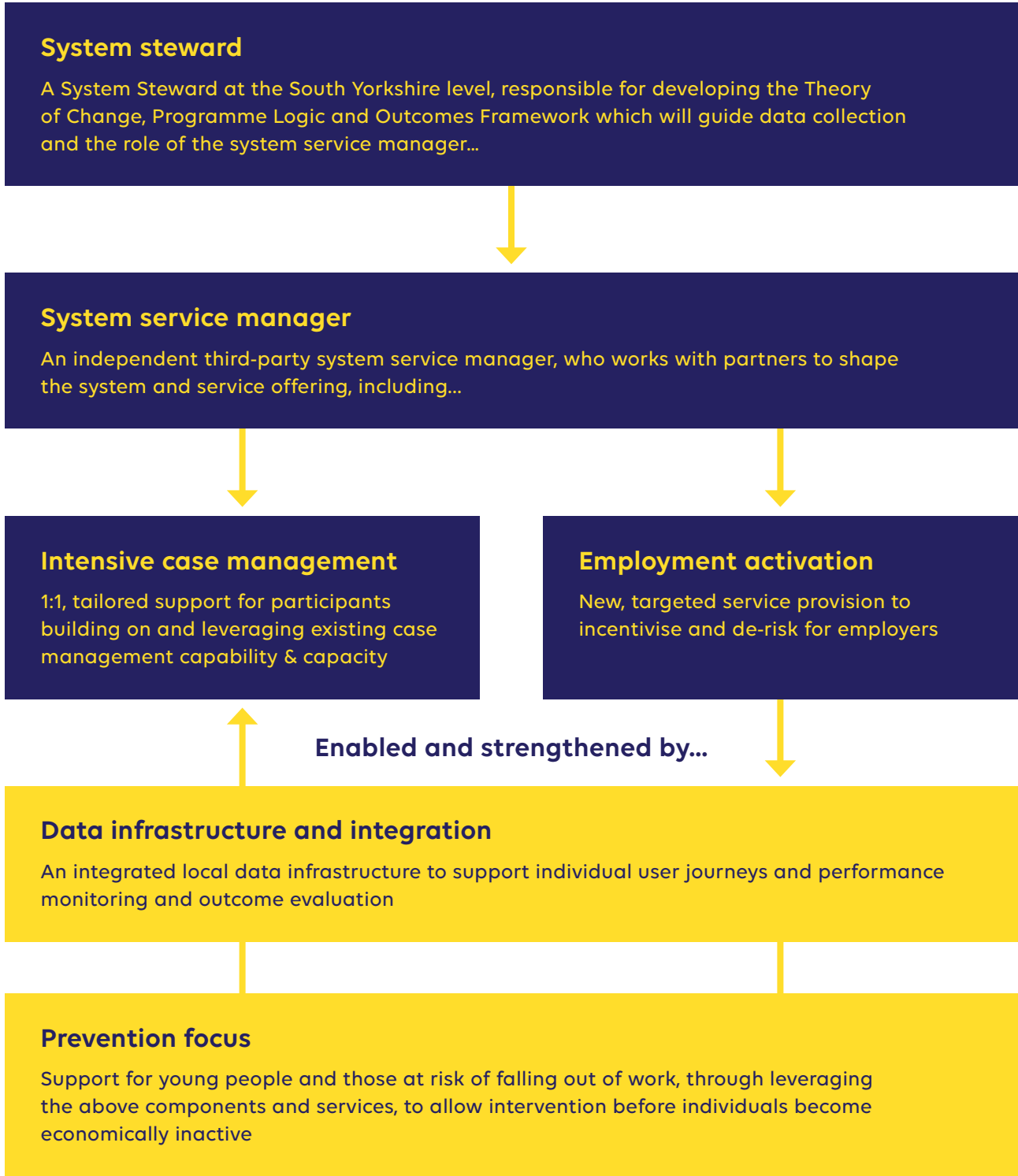


Figure 14: Proposed Barnsley model for a proof-of-concept.



### 3 Intensive Case Management

Intensive case management (ICM) support is one-to-one support provided by a professional for those who require assistance to achieve their goals. The support is built on a therapeutic relationship that helps an individual address barriers impeding their ability to realise their potential.

Underpinned by a focus on the individual's strengths and abilities, a plan of action, developed between the parties, guides the work of the case manager. In addition to providing individualised support, case managers often take the role of case coordinators, navigating the service system bringing together the necessary support required to meet the individual's goals.

Intensive Case Management Services will be the core service available for individuals who are economically inactive. Due to the existence of similar functions and capability already within Barnsley, the proposed ICM function will leverage and build on existing capacity, through the provision of additional flexible funding aimed at bolstering and enhancing existing case management capacity.

### 4 Employment Activation

Employment activation describes a set of targeted interventions focused on employers to create employment opportunities for those that are economically inactive. These programmes will be informed by an assessment of local labour market conditions (such as the nature and type of employment vacancies) along with the specific needs of individual employers.

Employment activation interventions are many and varied and can include, for example; work preparation and conditioning for those that are seeking employment; on the job 1:1 training for specific employment opportunities; onsite training in an employer's place of work to facilitate the development of core skills so candidates are effective workers from the commencement of their employment; access to specific skills training and credentials to meet employment requirements for job placement.

New service provision dedicated to employment activation for those that are economically inactive is intended to incentivise and de-risk the provision of employment opportunities for employers.

### 5 Data focused and informed model

Development of an effective and joined up system level data model and infrastructure is required to underpin the proposed approach to enable ongoing performance monitoring as well as the evaluation and refinement of the proposed solution. The data model will be integrated into current reporting arrangements to reduce duplication and administrative burden on providers.

### 6 Preventative approach and provision

A focus on prevention to support individuals before they become economically inactive will be critical to enhance the sustainability of the proposed solution. The intention of this element, using the system level data on those that are economically inactive, is to identify the factors that lead people to becoming economically inactive and to create diversionary pathways to reduce the likelihood of this occurring. For example, the new Government's proposal to merge Jobcentre Plus with Careers Services will help prevent young people falling into economic inactivity and is an approach that could be trialled in Barnsley and South Yorkshire. Similarly, a Barnsley Youth Guarantee could be developed with a target that no young person should become NEET and working with employers on a Good Employer charter could help stem flows out of work.

A focus on prevention will complement other system components while reducing the numbers 'at risk' of becoming economically inactive in the community. Due to the priority aim of placing 2,200 currently economically inactive individuals into work, this element will commence in the later stages of the solution implementation.

## A better journey for individuals

**This new model of employment support will shift the onus away from the economically inactive person to navigate the system, services and resources** that could help them back into employment. Provided at the local level where people live, support will not only focus on removing the barriers that are stopping people from seeking and securing work, but will also help individuals to secure sustainable, decent employment (Figure 15). **At the centre of the approach is ensuring that the individual can access services at the right time and in the right place enabling them to move forward and access realistic employment options.**

**For employers, the solution de-risks the employment of economically inactive individuals through targeted support programmes that ensure that people are ready, willing and able to take on the employment opportunities.** Employment Activation with a focus on work conditioning and work preparation will ensure people re-entering work understand the expectations of employers and are able to undertake the tasks and standards required.

**The new offer could be initially targeted at the 600 Barnsley residents aged 25-49 who are economically inactive yet hold a Level 3 qualification or above.<sup>1</sup> Two thirds of this cohort are in good health.**

## Benefits of trialling a new model

A Barnsley model with opportunities for early expansion to the rest of South Yorkshire will yield benefits at several levels.

### 1 Nationally

Economic activity poses the biggest challenge to the UK labour market. Historically, ways of tackling this challenge have proved ineffective, with economically activity steadily rising – it is clear that something needs to change. The PoC puts forward a way to do things differently, leveraging international best practice, and setting out an evaluation approach that enables learning at a national level. Tackling economic inactivity will be a priority for the new government and the rich data that will be generated through the PoC can serve to inform and guide the rapidly evolving national policy landscape.

### 2 Regionally

SYMCA's 2021-2041 Vision is underpinned by driving economic growth and improving health across the region. With research evidencing the correlation between improved health and supporting people into work, the model supports SYMCA's aims to address deep rooted health inequalities across the region. The PoC offers the opportunity to set the foundations for this longer-term strategic transformation, starting first in the borough with the clearest case for change and a setting out a blueprint for wider implementation across South Yorkshire.

### 3 Locally

Barnsley's 2030 strategy recognises the interconnectedness of health, wellbeing and employment and seeks to support everyone in the borough to achieve their potential. The PoC evidences Barnsley's commitment to becoming a place of possibilities for everyone by putting forward a solution to support those who are furthest from the labour market – often those with the most complex challenges and facing significant barriers to work. The model may also act as a magnet for investment into the region, which supports the borough's (and region's) ambitions for wider economic development. A preventative approach to create a thriving, self-sufficient economy and healthy place will also better support the council's longer term financial sustainability at a time when local authorities are facing significant financial challenge.

<sup>1</sup> Barnsley Council Census 2021 analysis.

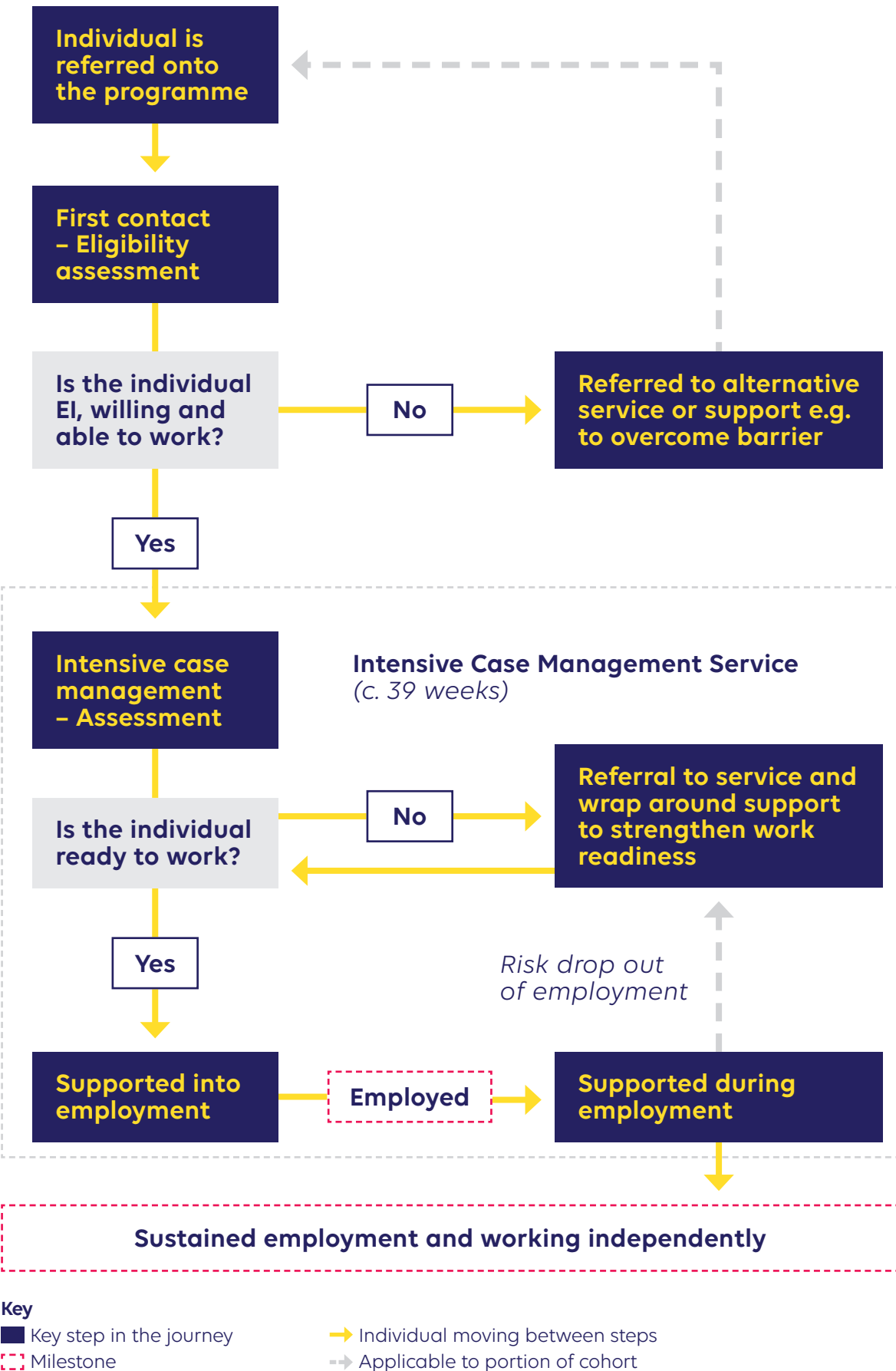


Figure 15: Proposed client journey through new Barnsley model.

## 4 Hyper-local

At a local area council level, the PoC model offers a framework through which to better understand Barnsley's residents and to make evidence-based decisions, moving towards a support offer that is holistic and centred on root causes across geographies. This will enable commissioned programmes to address local challenges whilst also delivering improved overall outcomes across health, wellbeing and employment.

**For these reasons we recommend that local agencies press ahead with rapid implementation of the PoC employment support model subject to identification of funding, and that the new government finds ways to financially support its roll-out.**

## Further recommendations for Barnsley and South Yorkshire

We have identified two additional areas in need of sustained local action in the borough of Barnsley and two opportunities at the South Yorkshire level. We recommend:

### In Barnsley:

#### 1 Tackling educational attainment gaps

Barnsley Council's focus on raising educational attainment is to be commended, and the progress made over the past decade in the percentage of young people achieving GCSEs in English and Maths is notable. Performance outcomes for children in the care of the local authority are also impressive and Barnsley College is rated as outstanding. However, without bridging the 4% gap to the national average for young people achieving a GCSE in English and Maths by age 19, too many students will be left behind with severely restricted options for the future.

Particular attention must be given to supporting low-income families in the borough to achieve in line with their wealthier peers. **Barnsley Council should invest financially in a programme working with partners to target support at those households with the most barriers to achieving adequate educational foundations for life. This should include all young people achieving an English and Maths GCSE.** This could be achieved through investment in the proposed Great Childhoods Ambition.



Barnsley Market

## 2 Developing the nature and quality of work

The borough of Barnsley has seen its labour market transform over the last 40 years. But the local economy is still too skewed towards low skill and low wage employment. Working closely with the Chambers of Commerce, Barnsley Council's economic development team and the Barnsley 2030 board should set **an ambitious strategy for Inclusive Economic Growth which should focus on ensuring there is more 'good' work on offer in the borough with a wider range of industries and more higher-skilled roles. Long-term economic development should focus on developing the quality of work and future-proofing the labour market.**

That will entail continuing to invest in the development of its digitally-focused economy, its digital campus, and its ambitions to raise the levels of digital education in schools and colleges. This could be achieved through investment in Great Childhoods initiative and the 'Every Child a Coder' programme, alongside **the establishment of a national centre of excellence for digital and artificial intelligence technologies including through close collaboration with partners providing higher and further education locally.**

### In South Yorkshire:

#### 3 Invest in transport access for areas with the highest transport-related social exclusion

Public transport is a key enabler for all workers, but particularly young people, those with low disposable income, and those with health conditions or disabilities. Availability and frequency of services varies widely across the region. Communities with high levels of economic inactivity (excluding students and retirees) tend to overlap with areas of deprivation and transport-related social exclusion. **In making decisions about new public investment in transport provision across South Yorkshire, additional attention should be given to those areas where transport-related social exclusion is at its highest** (based on the detailed analysis by Transport for the North).<sup>2</sup>

#### 4 Launch a Good Employer Charter with major employers

The role of businesses as employers is one of the key levers to stem flows out of the workplace, and to create pathways to work. **South Yorkshire MCA should work with its major employers, including in the public sector, to develop a Good Employer Charter. As part of this process, employers could give a public commitment to increase employment amongst people who are currently economically inactive.**

<sup>2</sup> Transport for the North (2022). Transport-related Social Exclusion in the North of England. [online] Available at: <https://transportforthenorth.com/reports/transport-related-social-exclusion-in-the-north-of-england/> [Accessed 31 May 2024].



# Conclusion

**Raising labour market participation is the key to economic growth.** It recognises the aspirations of many people out of work, who want and need better pathways into suitable employment. A focus on unemployment is insufficient in today's labour market, where 1 in 5 working-age people are economically inactive. **Finding new ways to engage with employers, coordinate existing support systems, and innovate with proactive help for economically inactive citizens is the new labour market opportunity.**

To be most effective, **support programmes should target those who want to work, whilst robust conditionality should remain in place to address any fraud in the system.** The major cohorts who will benefit from support to move into work are those out of work due to ill-health or caring responsibilities, and young adults with poor health and/or low qualifications at risk of not entering the labour market.

Our unprecedented survey of 750 economically inactive people and accompanying qualitative research provides fresh insight into the demographics, experiences and attitudes of this part of our population. Though 8 in 10 of them receive state benefits, only 10% of this group have to demonstrate taking steps towards work. The vast majority of those who would be interested in taking a suitable job receive no support and guidance from the state.

**Our systems are fundamentally not set up or designed to identify, reach, and support economically inactive citizens on a pathway back towards work.** There are missed opportunities to stem flows out of work and poor data linkage and quality at the local level inhibits more targeted approaches once people have left employment. Links between employment services and health services will have to be strengthened. Businesses must be enabled and expected to play their vital role in the system, keeping people healthy in work and supporting inclusive employment practices.

**Fundamentally, work must be 'worth it' for individuals and families.** The support they access as part of a pathway back towards employment must be effective, personalised, and positively experienced. At present, however, far too few people out of work receive any proactive help them find good work that suits their skills, interests and circumstances.

**To drive up labour market participation, there are a wide set of national enablers which a new government should deliver. Leadership on this issue must be a priority. However, local areas should not wait for national changes. Local leaders should recognise the opportunities and drive innovation locally to support everyone who wants to work, into good work.**

## A pathway for action

A set of four wider local recommendations should be taken forward immediately as part of existing service provision and planning. The summary of the national recommendations below are presented as a programme of actions to kickstart the change needed to raise labour market participation over the next two years.



**Within the next three months (October 2024):**

Local and regional government should invest in doing detailed design of a proof-of-concept model for launch in Spring 2025. National government should fund a South Yorkshire pilot.

**Within the next six months (January 2025):**

- 1 Begin to reorientate the Department of Work and Pensions to act as a department for work and create a cross-government mission board to lead strategy implementation
- 2 Initiate a governmental review of spending on economic inactivity
- 3 Start to strengthen work incentives in the welfare benefits system

**Within the next twelve months (July 2025):**

- 4 Publish a new national strategy for raising labour market participation
- 5 Set a target to achieve a major reduction in economic inactivity over a 5-year period
- 6 Reform the apprenticeship levy to refocus it on supporting young people into employment
- 7 Multi-year funding to address economic inactivity in local areas should be made available
- 8 Local health services should be better integrated with employment support services
- 9 Integrated Care Boards should be given a duty of engagement with the local delivery plan for raising labour market participation
- 10 The NHS should expand effective mental health services to more people by revisiting its current Workforce Plan and accrediting digital services

**Within the next eighteen months (January 2026):**

- 11 Work with employers to create a national Good Employer Charter
- 12 Local areas should produce a strategy for raising labour market participation with the best-performing areas entitled to use savings achieved to reinvest
- 13 A new cohort-based approach to tackling economic inactivity should be introduced underpinned by new data-sharing agreements
- 14 Create an annual 'duty to engage' for economically inactive people in receipt of state benefits
- 15 Reform the Work Capability Assessment
- 16 Develop a new offer of support for businesses to help them successfully integrate economically inactive people into their workforces
- 17 Devolve funding and powers for tackling economic inactivity to Mayoral Combined Authorities wherever possible
- 18 Review and strengthen technical education

**Within the next twenty-four months (July 2026):**

- 19 Address hyperlocal health inequalities through focused multiagency action
- 20 Invest in the areas where limited childcare is having the biggest impact on parental employment rates
- 21 Continue to raise educational attainment nationally with a sharper focus on narrowing the gap between socio-economic groups
- 22 Ensure that young people are work ready
- 23 Make occupational health a part of the nation's health infrastructure
- 24 Make work pay and make flexible working the norm



# The Pathways to Work Commission

The Pathways to Work Commission was established in July 2023 as an independent Commission for Barnsley with one question:

**How does Barnsley enable all of our working age population, particularly those currently outside the labour market, achieve pathways to employment?**

*The Commission is jointly convened by Barnsley Metropolitan Borough Council and the South Yorkshire Mayoral Combined Authority, with support from our partners in the private, public and voluntary & community sectors. The Barnsley 2030 Board<sup>1</sup> is the local reference group.*

## Our Commissioners

**CHAIR: Rt Hon Alan Milburn**, Chair of the Social Mobility Foundation and Chancellor of Lancaster University

- Oliver Coppard, Mayor of South Yorkshire
- Dan Jarvis MBE, Labour MP for Barnsley Central (Commissioner until 5 July 2024)
- Jennifer Dixon, CEO of the Health Foundation
- Torsten Bell, Director of the Resolution Foundation
- Ben Harrison, Director of the Work Foundation
- Salma Yasmeen, CEO of Sheffield Health and Social Care Trust
- Dr Cath Sleeman, Head of Data Discovery at NESTA
- Alan Richardson, Chief Financial Officer at Evri
- Denise Hampson, CEO & Behavioural Designer at Desire Code
- Valerie Hannon, Co-founder of the Global Education Leaders Partnership
- Sue Pember, Director of Policy at External Relations at HOLEX

*Note: roles correct as at the launch of the Commission in July 2023.*

We have also had regular Commission observers including:

- Sharon Riding, Strategic Partnership Manager at DWP
- South Yorkshire Mayoral Combined Authority representatives
- Sir Stephen Houghton CBE, Leader of Barnsley Council
- Sarah Norman, Chief Executive of Barnsley Council
- Katie Johnson, Public Sector Director for PwC

The Commission secretariat and key officers: Hannah Tower (Pathways to Work Project Manager), Matt O'Neill (Executive Director Growth & Sustainability), Kathy McArdle (Service Director Regeneration & Culture), Tom Smith (Head of Employment & Skills), Joseph Belbin (Project Support Officer), Elise Davis-Tormey (Undergraduate Project Assistant).

<sup>1</sup> Barnsley Council Barnsley 2030 Board. [online] Available at: <https://www.barnsley.gov.uk/services/our-council/barnsley-2030/barnsley-2030-board/> [Accessed 30 May 2024].

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- Camden Council
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- Centre for Regional Economic and Social Research
- Chilypep
- Cineworld Barnsley
- Coalfields Regeneration Trust
- Confederation of British Industry
- Creative Minds
- Department for Work and Pensions
- Doncaster & Bassetlaw Teaching Hospital
- Evri
- Federation of Small Businesses
- Forged Solutions
- Fosters Bakery
- GXO
- Health Foundation
- Henry Boot PLC
- Humankind
- Industrial Communities Alliance
- Institute for Employment Studies
- Joseph Rowntree Foundation
- Learning & Work Institute
- Liminal Space
- Liverpool University
- LNS Turbo
- Local Government Association
- Manchester Metropolitan University
- NHS Talking Therapies
- North of Tyne Combined Authority
- PricewaterhouseCoopers
- Recovery College
- Regenerate
- Resolution Foundation
- Resurgo
- Rotherham, Doncaster & South Humber Mental Health Trust
- Rotherham Metropolitan Borough Council
- Sheffield Children's Hospital
- Sheffield City Council
- Sheffield Hallam University
- South West Yorkshire NHS Foundation Trust
- South Yorkshire Housing Association
- South Yorkshire Integrated Care Board
- South Yorkshire Mayoral Combined Authority
- Station House Community Association
- System Innovation Initiative
- Target IS
- Wellhouse Leisure
- Work Foundation
- Working Win (Shaw Trust)
- Yorkshire Ambulance Service
- Youth Employment Hub

# Appendices

- APPENDIX A** Proposals for a Proof of Concept, developed by PwC and ForsythClement with Barnsley Council, South Yorkshire Mayoral Combined Authority and partners.
- APPENDIX B** Written summary report of IFF Research Telephone Survey for the Pathways to Work Commission.
- APPENDIX C** Written summary report, Phase 1 report and Phase 2 report from Kada Research qualitative interviews and focus groups for the Pathways to Work Commission.

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**Barnsley – the place of possibilities.**

