Cultures of Dependency

Fact, fiction, solutions

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About the Author

Matthew Tinsley joined Policy Exchange as a Research Fellow in the Economic and Social Policy Unit in September 2011. He has researched on a range of economic issues, focussing on UK labour market and social policy issues.

Prior to joining Policy Exchange Matthew gained a Master's degree in Economics from the University of Bristol with a focus on the labour market, policy analysis and econometrics.

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Acknowledgements

About this Report

A primary source of analysis in this report was qualitative surveying carried out in Jobcentres on our behalf by SCL Social. This involved a total of 33 interviews and six focus groups in jobcentres in Hounslow, Leicester and Stockport. Further quantitative analysis was carried out by Jobcentre Plus offices in the same three areas using a survey designed by Policy Exchange. We received responses from 322 benefit claimants.

The data sources used throughout this publication were:

● Office for National Statistics. Social Survey Division and Northern Ireland Statistics and Research Agency. Central Survey Unit, Quarterly Labour Force Survey. Distributor: UK Data Archive.
● Office for National Statistics (references where relevant).
● Nomis (references where relevant).

Executive Summary

Unemployment is one of the main economic and political issues in the UK today. Spells out of work can damage employment chances and future wages for those who experience it and the costs of this can pass down through generations. On a larger scale, regions, local labour markets and specific boroughs and neighbourhoods can experience persistent problems of low employment and the wider impacts that are associated with it, like increased crime rates, poor health and reduced life expectancy.

This means that supporting people back into work is, and will remain, one of the most important public policy issues in modern society. However, even though it is far from a new phenomenon, public understanding of, and discussion over, unemployment still often lacks the depth to fully understand the problems that people face and the policies needed to tackle them.

Alongside publicly available economic data, this report uses evidence from 33 in-depth interviews, six focus groups and 322 survey responses in jobcentres in Hounslow, Leicester and Stockport to assess the depth of problems that individuals, families and communities face in finding employment. It uses this evidence along with assessments of current and previous policy interventions to argue that, alongside existing welfare provision, a radical devolution of responsibility for employment support would allow services to be better aligned with the needs of those least likely to find employment. It also recommends continued reforms to the range of support that Jobcentre Plus has at their disposal to help people into work.

Unemployment in the UK

Over recent decades the UK labour market has changed dramatically. These changes have included the major structural changes of deindustrialisation and the rise of the service sector, and the cyclical effect of a series of recessions, the latest of which pushed unemployment above 8% for the third time since 1980.

The experience of these recessions has not been felt equally across all communities. In the most recent recession, some constituencies saw unemployment rise by more than ten percentage points. Others saw unemployment fall, particularly in urban areas where unemployment has been high for a number of years.

However, unemployment is only the start of the problem, since it is often closely linked with other social problems. For instance, research in this report shows strong correlations between local level unemployment, children's educational outcomes and adult health. We also tend to see higher crime and lower quality of living environment in areas with a higher rate of unemployment.

Families are also impacted, with unemployment and low income often passed down between generations. One recent report showed that the strong correlation

between the unemployment of fathers and that of their sons remains after removing observable characteristics and is stronger when the labour market is weak. In this way, it is easy to see routes for unemployment to persist in families and communities: inequalities in health and educational outcomes can come from spells of unemployment and this can easily be concentrated in certain neighbourhoods following periods of economic decline.

Many individuals face very specific barriers such as skills, childcare and wider economic conditions when they are looking for work. However, this concentration of a range of problems in certain families and communities makes it clear that unemployment is not just something that an individual experiences: for many people it has deeper social foundations. Thus, to assess the routes of differential labour market experiences in different communities and families we must view it in the context of the range of social forces that somebody experiences. This includes asking who they come into contact with and how they gather their information about the world.

Networks and cultures of worklessness

Our surveying and the existing literature show that individuals are influenced by a broad range of people and that these tend to fall into three categories: family members, friends and community. These influences can come at an individual level or through chains of contacts, and all of these can affect people in a number of different ways. For instance, previous evidence has shown the influence of changing social norms on smoking, obesity, drink driving and, of interest for this report, job search.

Focussing on job search, unemployment and broader labour market outcomes, we see that these social networks often provide positive support. Jobseekers we spoke to often relied on friends and family for very direct assistance, for example many people got their first job using a referral from a parent or a friend's parent, especially when not seeking a specific type of position. Later in their careers referrals are often sought through former colleagues, meaning that the maintenance of these connections is vital to continued employment and chances to progress. The value of a given contact therefore often depends on the jobseeker's situation as much as what the contact can offer. Other studies have supported the value of referrals, showing the benefits of using referrals to both employers and employees. However, this also highlights how damaging it can be to lose valuable contacts when individuals become unemployed or industries decline.

We also saw motivation provided by somebody's network. Many people highlighted the importance of family members or friends who kept them positive or pressured them when they were looking for work. This was especially the case for people with children. Others we spoke to recognised that the people they have tended to associate with have a negative influence on them; separating themselves from these influences was often seen as important, although, conversely, some sought comfort in groups who put less pressure on them to work.

These negative factors have the power to entrench themselves as people's networks share similar unemployment histories and perspectives. Among the jobseekers we surveyed, people who had been out of work for longer were significantly more likely to report that they had many friends out of work. Table 1 shows that people who had been out of work for more than one year in the last

two years were three times as likely to say most of their friends were out of work (20.6%, compared to 6.5%) and nearly two thirds less likely to have no friends out of work (13.7%, compared to 38.9%).

Table 1: Time spent out of work in last 2 years and proportion of friends out of work

	Proportion of friends out of work		
	None	**Some**	**Most**
Less than 6 months	38.9%	54.6%	6.5%
6 months to 1 year	31.0%	54.9%	14.1%
Over 1 year	13.7%	65.7%	20.6%

Although not as strong, this pattern was also present when looking at people's families. This worryingly implies that those who need the referrals and support the most seem least likely to have access to them.

These pressures also scale up to the community level. For instance, living in strongly connected neighbourhoods with a strong work ethic has been shown to improve the chance of finding work, as well as reducing job turnover and increasing wages. Ambitions and aspirations also differ significantly from place to place. Analysis in the three UK towns showed that most young people in Wolverhampton aspired to "*management professional or associate professional*" jobs, however "*skilled trade occupations*" were a more common aim in Hull and Walsall. This difference was also reflected in their geographic horizons, where young people in Wolverhampton had "*more extensive social horizons*". However concentrations of negative characteristics can also negatively affect people, with problems becoming more entrenched.

Overall, it is clear that family, friends and communities play a major role in labour market outcomes, and all potentially acting in a range of different ways. This means that, along with the wide range of social and environmental factors that people experience, there is no doubt that individual outcomes can, in part, be explained by factors and relationships that can be considered cultural, whether this affects them positively or negatively.

If we ignore, or do not fully understand, the environmental factors in play and focus purely on the number of jobs available or the individual barriers that someone may face, policy will fail to identify the different situations that some people find themselves in and the barriers that need to be tackled for them to find work. In this respect, on top of the targeted individual support that many require and current policy interventions attempt to address, policy also needs to reflect the wider pressures people face if it is to address the serious barriers to work of people living in the most disadvantaged families and communities.

Policy

Over recent years, some attempt has been made to move policy in this direction. In the UK, a range of interventions have been piloted or rolled out at the national and local level. These have included the New Deal for Communities

and local authority (LA) programmes such as the Family Recovery Programme in Westminster. Jobcentre Plus has also begun to implement new approaches to engage with gangs and to use insights from behavioural economics to break down social norms, boost motivation and improve job seeking. Other countries have also implemented policy in these areas. In the United States, the Jobs-Plus programme's saturation approach targets all working age non-disabled individuals in a particular housing estate, rather than just focussing on those already claiming unemployment benefits. By doing so, the approach aimed to make sure that all residents were "*exposed to new work-promoting "messages" from program staff and neighbours*", clearly outlining the intention to influence social norms.

> "Jobcentre Plus has also begun to implement new approaches to engage with gangs and to use insights from behavioural economics to break down social norms, boost motivation and improve job seeking"

Family level interventions such as the Troubled Families Programme, as well as other LA support, have the potential to better address the range of influences and barriers that individuals face. Some LAs have made significant efforts to connect this to programmes of employment support, allowing the range of problems that individuals might face to be tackled, however these examples tend to be the exception.

These are steps in the right direction. However, too often financial support for these programmes has dried up as political priorities change. It is clear that if labour market policy is going to tackle the full range of social issues that people face when they are out of work, a new approach will be needed. This must accept the key role that networks, social norms and communication have on labour market behaviour outcomes. To reflect this, new interventions must be targeted at a community, family and individual level.

Box 1: Policy Recommendations

Community support

The current government is in the process of establishing City Deals, piloting a new level of devolution that offers control over spending priorities to 28 different areas, with a focus on economic growth. This has the potential to tie up existing local and national support and build on international experience of successful policies, however this should be more ambitious. As well as the powers already being devolved, on a pilot basis, **cities should also be given the duty of care for benefit spending for whole groups of individuals.** This approach would transfer total expected benefit spending for a whole group of individuals over a given period of time and allow cities to keep any benefit savings leveraged from helping people into work in this period. This would present them with the opportunity to gain from reductions in welfare expenditure and incentivise them to both invest and coordinate existing programmes more efficiently to improve outcomes. These pilots should include entire estates being put in the hands of cities, allowing entire communities to be targeted with interventions, in a similar way to the Jobs-Plus programme.

More broadly, **Cities should also be encouraged to bid for greater autonomy over the functioning of Jobcentre Plus, commissioning of the Work Programme and support for the very-hardest-to-help individuals.** If implemented, this approach would lead to a significant increase in devolution of employment support and would allow much more effective joining up of support locally so that specific community and family issues can be addressed.

To ensure both that suitable accountability frameworks are in place and that lessons are learnt, we also propose that government builds on a similar approach to that in Sweden and creates a Policy Bank which would detail all previous, current and future pilots and trials and require that those commissioning and delivering support analyse their programmes against a common framework and make this publicly available on the Policy Bank.

Family and individual support

In previous reports, Policy Exchange have criticised the lack of personalisation in the support that people receive. This issue is heightened by the deep issues that people's social networks create. To tackle this and improve support for all jobseekers, the government must continue to devote resources to developing and testing an assessment tool that would allow them to identify the distance individuals are from entering work. Referral to more intensive employment support should be based on the results from this tool, along with advisor discretion. A key element of this approach should be using individual's residential details and asking claimants about their network of family and friends in order to gain insight into their likelihood of finding employment.

The impact of friends, family and community also needs to be recognised more generally in Jobcentre Plus (JCP), with tools that can counter these influences made available. To do this, JCP should use the flexibilities that already exist to tailor how some claimants sign-on for benefits to target specific barriers to work that some individuals might have. These interventions must take account of the different barriers that some people face because of their family or community circumstances. They could include:

- **Family signing:** If broader family influences are deemed to be a specific issue, where appropriate[1] this would involve all members of a family claiming benefits coming in to sign-on and engage with employment support together. These discussions could involve guidance and support for how childcare is managed across the family and sign-posting to existing family-based support.
- **Commute to Sign:** To give some claimants a broader knowledge of potential opportunities in a wider area, break down perceived barriers around commuting and boost confidence, some single claimants without children should be required to sign-on in JCP offices which are located in areas where more opportunities exist (e.g. town centres within the maximum 90 minutes of travel that jobseekers are required to undertake).
- **Work Groups:** Once Universal Credit is rolled out, it is likely that some employed groups will be required to attend JCP to sign-on. We believe that these individuals could provide a positive influence on jobseekers. JCP should pilot group employment support activities which bring together jobseekers and those in-work claimants required to sign-on, with the intention to broaden perspectives on work.

1 Appropriate safeguards would need to be in place, for instance where there were concerns about domestic violence.

Each of these variations to the signing-on approach would only apply to a relatively small number of claimants or families assessed as needing support in these areas. But, by ensuring a range of tailored interventions is available, such an approach would improve the personalisation of support and boost chances of people finding work. As well as changing signing-on requirements, JCP should also build on the success they have already had in piloting a range of interventions targeted at increasing confidence, motivation and breaking down social norms. Successful pilots should be rolled out nationally and a greater range of pilots undertaken across the JCP network.

Conclusion

Tackling unemployment, worklessness and the wider social problems that they bring are essential goals for the government. To do this, it must be accepted that because of the influences of family, friends and communities, these problems can cluster together. As well as continuing to tackle the personal barriers to employment that individuals face, future policy needs to recognise these issues. Our proposals would devolve more autonomy and accountability to local areas and ensure that the support delivered through JCP is both personalised and takes account of the diverse pressures put on people by their friends, families and communities. This also represents the beginning of a process of joining up different branches of support and addressing the diverse causes of worklessness.

Together these reforms will build on the employment support that is currently available and start to provide support which recognises the wide range of influences that social networks have on an individual's employment prospects.

1
A National and Local Problem

Introduction

As the UK economy recovers from the severe economic crash that has affected the country since 2008, understanding and tackling unemployment remains one of the most important economic and political issues. Daily news stories across the full range of media outlets constantly remind us of this fact and, while employment has held up more than anyone could have expected given the fall in output that the UK has seen, unemployment is still running at 7.8%.

This makes it unsurprising that all the main political parties are putting forward proposals for tackling unemployment and reforming the welfare state. The Coalition has legislated for an ambitious and controversial programme of welfare reform, and introduced the Work Programme to target support at the long-term unemployed and disadvantaged. The Opposition has recently put forward its own proposals of a Jobs Guarantee, reform of the Work Programme and have suggested a return to the contributory principle in welfare.

> **The Coalition has legislated for an ambitious and controversial programme of welfare reform, and introduced the Work Programme to target support at the long-term unemployed and disadvantaged**

As Policy Exchange has previously outlined, there is no doubt that further changes will be needed, even when the reforms of the Welfare Reform Act 2012 have been rolled out.[2] These will be needed both to improve how the system functions and to rebuild public support. A key issue is that, while the social security and broader welfare systems are an essential part of our society, public support for them has been diminishing steadily over many years. The most recent British Social Attitudes survey showed that the proportion of people who believed the government should spend more on benefits has decreased from 43% in 2001 to only 28% in 2011. People in 2011 were twice as likely to believe that if benefits were less generous people would stand on their own two feet as they were in 1991.[3] There are many reasons for this, not least that the scope and nature of the welfare state has changed dramatically over the last two decades and that a sense of unfairness has been growing over a similar period.

Whatever the causes, a defining feature of the changing attitudes is that rhetoric of division has re-emerged over the last decade or so. It is now common to hear a rigid characterisation of unemployed people. Many people receiving benefits are described as "scroungers" if they are not seen to need or deserve the support that they receive.[4] Similarly, people are often split into "workers" and "shirkers", with little nuance involved in describing the motivations and opinions

2 Oakley, M., (2012). *Welfare Reform 2.0.* Policy Exchange, London.

3 British Social Attitudes Survey 29. NatCen Social Research.

4 Prime Minister David Cameron referenced "welfare scroungers" in a 2010 speech www.bbc.co.uk/news/10356401

that people hold.[5] As our interviews with jobseekers show later in this report, this two-sided view is often reflected in the attitudes of unemployed people towards other claimants of Jobseeker's Allowance (JSA).[6] These views are also reflected in political discourse, with commentators frequently talking of cultures of benefit dependency in families and communities and between generations.

The importance of whether or not these views reflect reality should not be underestimated. People's perspectives lie at the heart of the causes and consequences of unemployment and, ultimately, guide the policies that will be used to support people back into work. In part this is obvious: reducing unemployment relies on understanding who it affects and the range of factors that influence somebody's chances of finding work. However, it also involves looking both much more broadly and much more deeply at the ways in which people are affected by their community, friends and family and the range of different obstacles and pressures that influence people.

In this report we tackle these issues head on and go much further than the standard "worker-shirker" characterisation allows. We begin by examining how unemployment manifests itself. In particular we look at the pockets of unemployment concentrated in certain neighbourhoods and the characteristics that are so often seen come along with unemployment. These include economic inactivity, reliance on public sector employment and deeper social problems such as crime and poor health.

We then identify some of the wide variety of pressures framing the decisions people make. In particular, we focus on the crucial role played by the families and communities that people rely on; examining the social and cultural influences that they have. We also consider the way that unemployment is discussed and understood, the language that is used and people's perspectives on reform.

Finally, we examine the different policy approaches available to address the problem of unemployment and whether current reforms will be adequate to tackle the issues we highlight. Building on this we analyse previous programmes of support and outline principles that should be followed if future support systems are to tackle the depth of problems individuals, families and communities are facing.

A national problem

Unemployment and, more broadly, worklessness is one of the key issues facing the UK today. A recent Ipsos MORI poll showed that the economy and unemployment are two of the top three issues that people believe Britain faces (with 28% and 15% of people believing they were the main issues compared to 18% and 1% in 2008).[7]

Given the national data, these concerns are justified. Taking a broad definition of worklessness, including both people who are unemployed and those who are economically inactive but want to work, shows that, after a long period of decline, the proportion of people who are not in work but want to be has risen sharply during the recession. Figure 1 demonstrates that, in late 2011, close to 12.5% of the working age population was unemployed or inactive but wanted to work. This was nearly three percentage points higher than before the recession in 2007.

Figure 1: Working Age Involuntary Worklessness of people aged 16–64, by type

Legend:
- Student, wants a job
- Other, wants a job
- Discouraged, wants a job
- Long-term sick, wants a job
- Temporarily sick, wants a job
- Looking after family/home, wants a job
- Unemployed

Source: Office for National Statistics

Figure 1 also shows that nearly all of the increase in involuntary worklessness in the current recession can be accounted for by higher unemployment, rather than other forms of inactivity. Indeed, the economic inactivity rate of the working-age population is now lower than at any time in the last two decades.

This increase in unemployment clearly presents significant problems. However, even before the recession, close to one in ten working adults were workless. Also, as Figure 2a shows, while unemployment and the claimant count have both risen dramatically compared to the 1980s and 1990s recessions, unemployment has not risen as much as we might have expected, especially given that the recession has been significantly deeper and more prolonged (Figure 2b).

Figure 2a: UK total unemployment rate since 1971

Source: Office for National Statistics

Figure 2b: Percentage change in GDP from the beginning of three most recent UK recessions

Source: Nomis
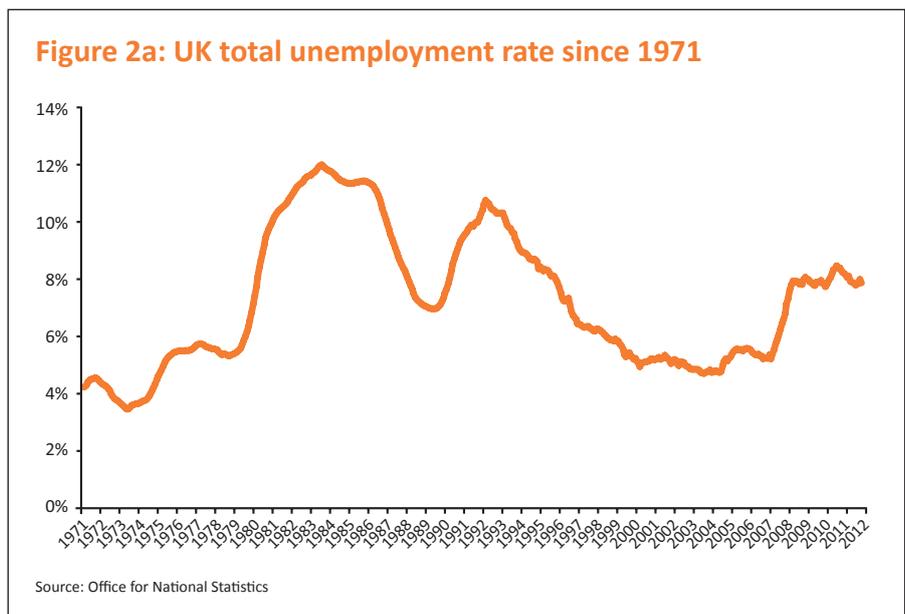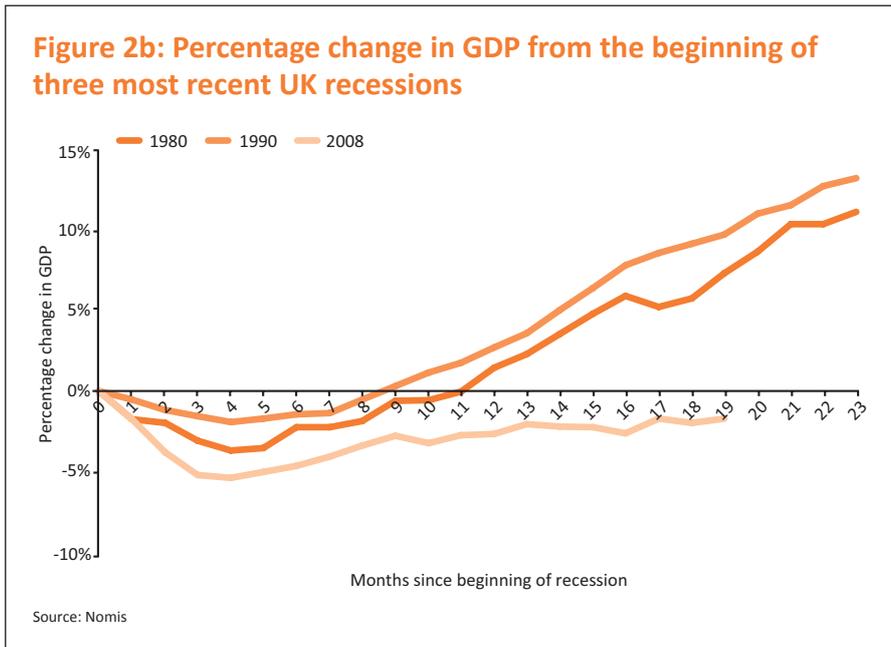
It is positive that, given the fall in output, this recession has not led to rises in unemployment or economic inactivity of a comparable scale to previous recessions. However, digging below the national figures shows a more worrying situation for many regions, local areas and communities. In part these are a result of differing impacts of the most recent recession, but they are also a reflection of how previous periods of economic decline in the UK have affected different areas.

Struggling communities

The most obvious fact to highlight is that overall levels of unemployment and worklessness vary dramatically between different localities in the UK. Figures 3 and 4 demonstrate the range of experiences of different local authorities (LAs) for unemployment and working age worklessness respectively. Figure 3 shows that unemployment rates range from 3% in Aberdeenshire to 16% in Middlesbrough; Figure 4 shows that the working age inactivity rate ranges from 19% in Orkney to 43% in Birmingham.

Figure 3: Unemployment rates in Local Authorities in England, Scotland and Wales
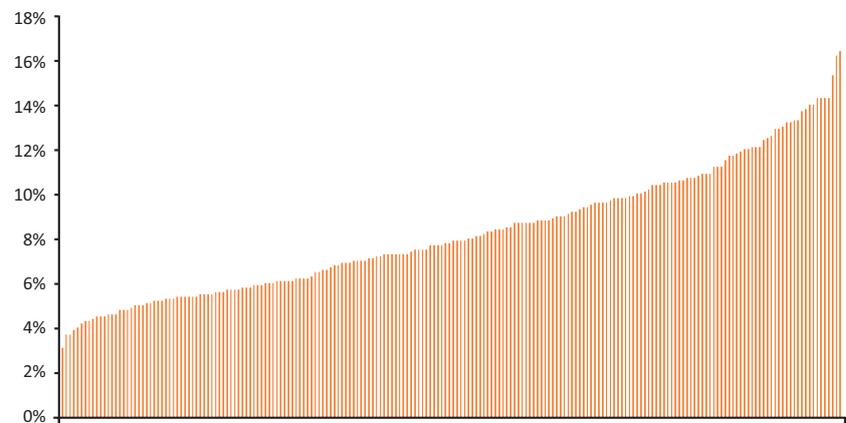
Source: Nomis

This variation is also visible within towns and cities. In this report we conducted research in jobcentres in three areas. As Box 2 demonstrates, we see significant variation between different neighbourhoods within these towns.

Figure 4: Working age inactivity rates in Local Authorities in England, Scotland and Wales
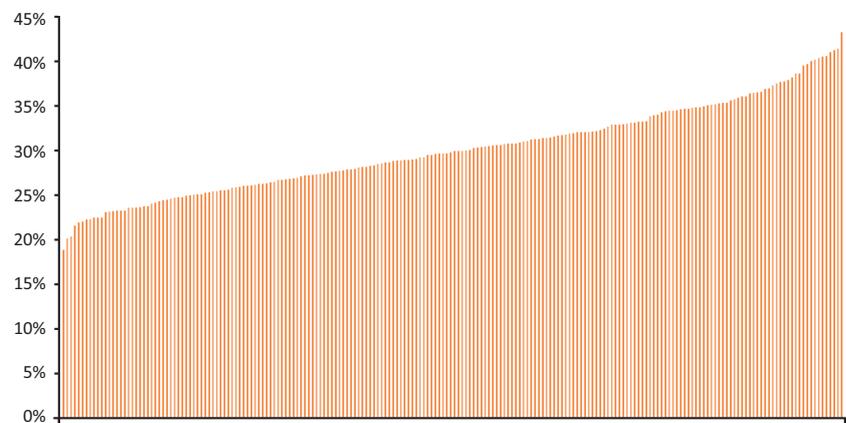
Source: Nomis

Box 2: Worklessness within English towns

In Stockport, Hounslow and Leicester we see a range of different labour market conditions, measured using an employment deprivation score which aggregates different forms of working age worklessness at Lower Super Output Areas (LSOA) of around 1,500 people.

In Stockport many areas, in particular to the south and east, saw very low worklessness; in contrast four areas towards the centre and north of the town were the only neighbourhoods in the towns we surveyed to see employment deprivation scores over 0.35. Hounslow had both the lowest average employment deprivation score and the lowest variance in scores between areas. This was primarily driven by the lack of areas with very high worklessness; the worst neighbourhood in Hounslow had less than half of the worklessness as the worst area in Stockport.

Despite not having the same extremes as Stockport, Leicester had a significantly higher average employment deprivation score and we can see that the pockets of high employment deprivation are far more spaced out around the city. Leicester has relatively few areas of very low worklessness seen in the south and east of Stockport.

Percentage point change in working age worklessness, 2007–2012

Employment deprivation score key

0.001–0.050	0.051–0.100	0.101–0.150
0.151–0.200	0.201–0.250	0.251–0.300
0.301–0.350	0.351–0.400	0.401–0.450

Stockport
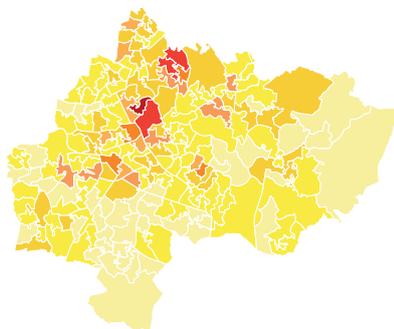
Hounslow

Leicester

Source: Contains Ordnance Survey data © Crown copyright and database right [2013]
Department for Communities and Local Government, Indices of Deprivation 2010

Before the recession

Over a number of decades structure of the UK economy has seen stark changes. In turn, these changes have affected the industries in which people work. Many communities have been affected by the decline of certain industries, in particular manufacturing and mining. The mining and quarrying industry saw the greatest proportional decline of any industry since the late-1970s, however it employed only 380,000 people in the UK in 1978; the greatest change was the more gradual decline in the manufacturing sector where total employment has fallen by four million since 1978.[8]

Figure 5: Proportional change in number of jobs in selected industries (1978=100)

Source: Office for National Statistics

These changes came with significant increases in productivity in these industries relative to other European countries. In turn, the UK's international competitiveness rose significantly. However, the proces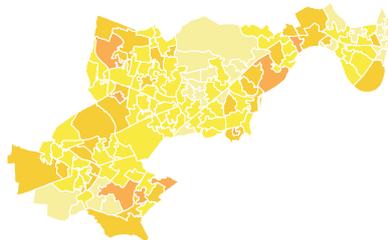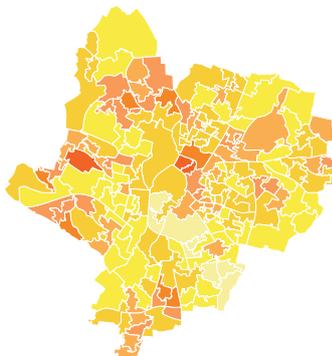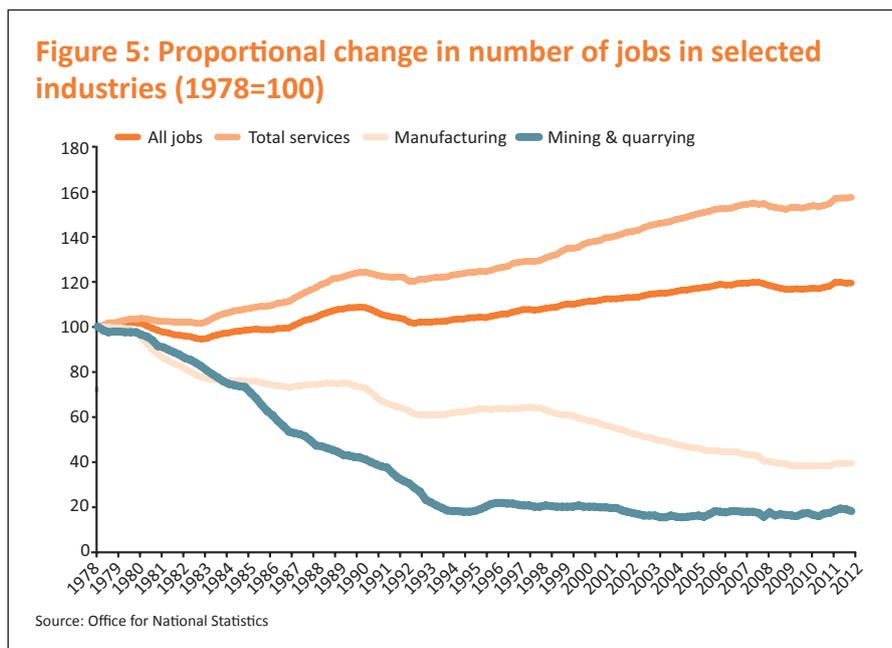s of de-industrialisation also saw employment fall significantly in certain industries and this has had a lasting effect on certain communities in Britain, not just in terms of labour market performance but also in terms of broader social outcomes.[9]

A clear example is in an analysis of the impact of de-industrialisation on one Welsh town over a number of decades. This argued that a series of labour market changes shaped society and attitudes and that this was retained and passed down over time:

> *"When people have to cope with adversity again and again over generations, not only do they find strategies for surviving, but the body, the mind, and social organisation, all must reflect the ways of dealing with that hardship, and this is passed down from one generation to the next."*[10]

This makes it clear that an area's history and social conditions affect its ability to recover from an economic shock, leaving a range of strengths and challenges. However, given these large changes in local areas over the last half a century, it is perhaps surprising that more recently we have seen the distribution of

8 Many of these trends go back further, however these official ONS statistical releases begin at 1978.

9 Crafts (1996) highlights the improved productivity relative to West Germany in the decade to 1989.

10 Walkerdine, V. and Jimenez, J. (2012). Gender, Work and Community After De-Industrialisation: A Psychosocial Approach to Affect.

unemployment across different LAs change very little. As Figure 6 demonstrates, LA unemployment rates in 1994 strongly predicted rates in 2007.

Figure 6: Unemployment Rate in 1994 and 2007, available Local Authorities in England, Scotland and Wales, with linear line of best fit[11]

Source: Nomis
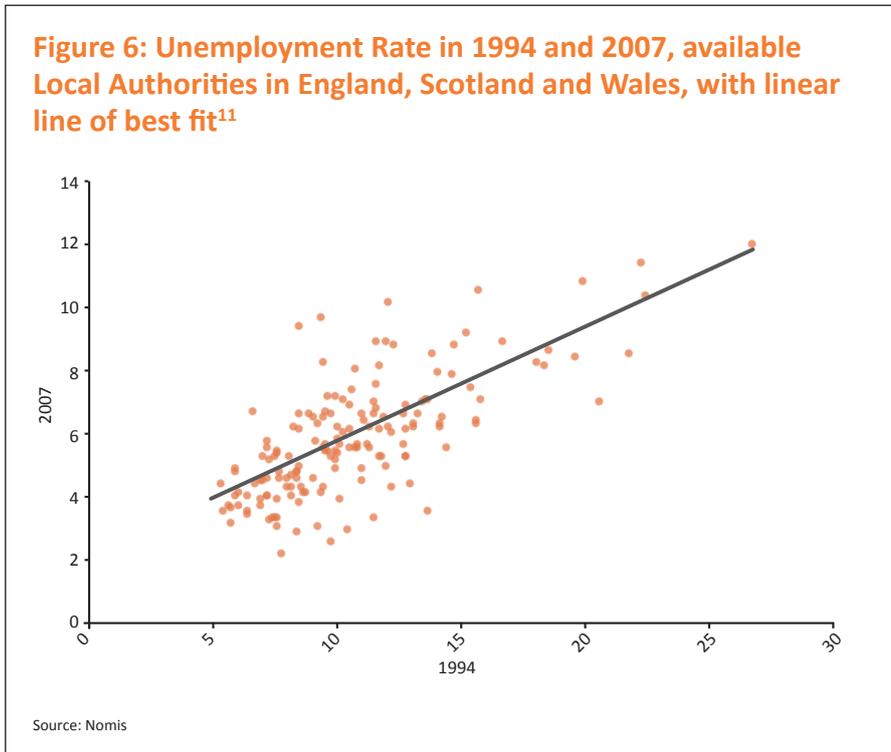
During the 13 years leading up to the recession there were some clear positive stories. The national unemployment rate fell by nearly four percentage points, only Oldham saw unemployment rise by more than a single percentage point and some of the largest falls were seen in the communities which started with the highest unemployment.[12] In this respect much of the employment growth in this period of rising output was shared. However, on the whole, it did not reverse the relative positions of different areas. LAs at both ends of the unemployment distribution overwhelmingly remained there. For example, despite having close access to potential jobs in Central London, Hackney had the highest unemployment of any LA in both 1994 and 2007, while authorities such as Leicestershire and Cheshire East remained amongst the areas with the lowest rates of unemployment. This raises the question of whether there is something area specific that determines labour market experiences.

Since the recession

The recession has had a range of impacts on worklessness in different areas. Looking across the whole of the UK we can see that there is significant variation in the change in working age worklessness seen between LAs in different regions. In some LAs, worklessness has risen by more than fifteen percentage points despite the fact that they are bordering ones where it has fallen. Figure 7 demonstrates the variation changes in worklessness across LAs.

11 Data for some local authorities were unavailable in 1994.

12 Data from Nomis and ONS.

Figure 7: Percentage point change in working age worklessness in Local Authorities in England, Scotland and Wales, 2007–2012

▮	-14.0– -10.0
▮	-9.9– -5.0
▮	-4.9–0.0
▮	0.1–5.0
▮	5.1–10.0
▮	10.1–15.0
▮	15.1–20.0

Source: Contains Ordnance Survey data © Crown copyright and database right [2013]
Department for Communities and Local Government, Indices of Deprivation 2010
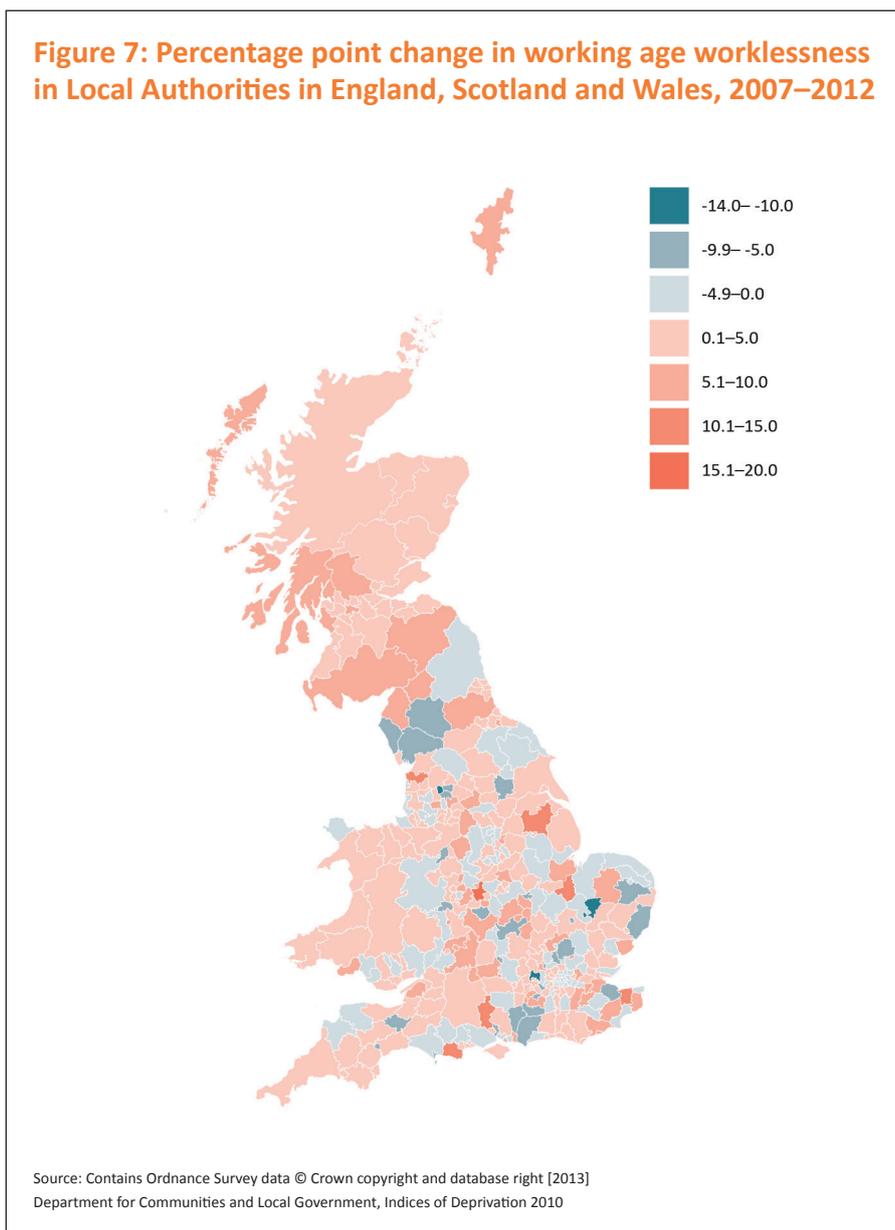
At parliamentary constituency level, since the financial crisis in 2008 the majority of areas have seen significant increases in unemployment, with a national increase of three percentage points by the time that unemployment peaked in early 2012. However, as with LAs, these changes have not occurred uniformly across different constituencies. The largest rise was in Cynon Valley, where unemployment rose from 5.3% to 19.1%, compared to the largest fall, from 12.0% to 6.5%, in North Hackney and Stoke Newington.[13]

The change in unemployment rate from 2007 to 2012 is weakly negatively correlated with pre-recession unemployment levels. Some areas which previously had relatively high unemployment rates only experienced small increases, or decreases. More often, significant increases were witnessed in areas which had lower unemployment rates going into the recession. This indicates that overall there has not been a greater entrenchment of problems in areas with weaker

13 Source: Nomis.

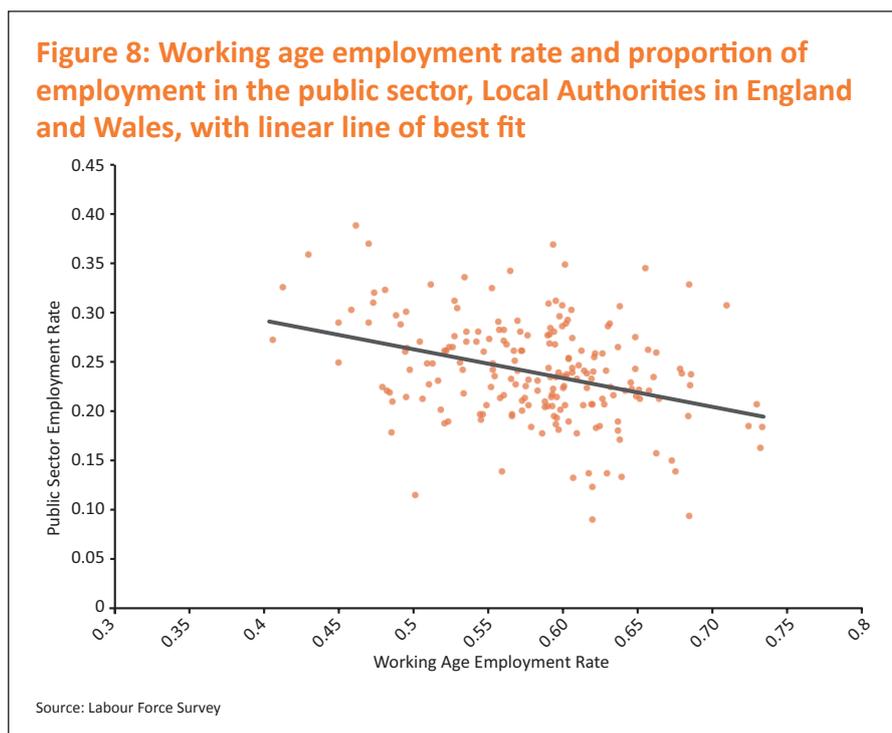labour markets coming into the recession. However, it also shows that many areas are still experiencing quite dramatic problems.

Prospects for the future

Looking to the immediate future, there may not be any respite for some areas given the potential impact of fiscal consolidation that continues to be required to bring the UK's public finances under control. In 2010 PricewaterhouseCoopers forecasted that, as a proportion of the working population, a greater number of job losses would be seen in Northern Ireland, Scotland, Wales and the North East of England.[14] As the report highlights, this does not mean that employment would have been higher without cuts in public expenditure. Indeed, an alternative strategy might have seen worse outcomes.

However the distribution of employment around the UK is likely to be affected, with communities that have relied on higher public sector employment most affected. This is especially a concern because the public sector tends to make up a larger proportion of employment in UK Local Authorities with lower employment rates; a 10 percentage point decrease in the employment rate is associated with a three percentage point increase in the proportion of employment made up by the public sector.[15]

Figure 8: Working age employment rate and proportion of employment in the public sector, Local Authorities in England and Wales, with linear line of best fit

Source: Labour Force Survey

Despite this, there are some positive signs in terms of employment growth. For example in the last 12 months the North East of England, which has the highest unemployment of any region in the UK, has seen the largest fall in unemployment. However it is still clear that many of the areas with the worst labour market performance overwhelmingly still have the most significant issues and that neither the growth years before the recession nor the different experiences during the recession have done much to reverse this.

14 Hawksworth, J. and Jones, N. (2010). Sectoral and regional impact of the fiscal squeeze: An economic analysis of the impact of spending cuts and tax rises. PricewaterhouseCoopers Public Sector Research Centre.

15 Labour Force Survey.

In part, this is a reflection of broader economic changes which leave the industries which different areas rely on growing or shrinking in the face of global competition. However, it is not just about the economic environment and demand side of the labour market. One clear example is the demographic structure of different areas and how, combined with changing economic fortunes this impacts upon the labour market. For example, as the population ages, differences in age profiles across regions and the differential outcomes for older and younger workers during the recession have the potential to impact on economic and labour market performance.

Another example of the shifts in labour market structures that different areas are experiencing is in the level of qualifications. Figure 9 shows that we have seen a dramatic increase in the proportion of individuals with a degree in London, relative to the rest of the country. Since 1995 the proportion of working age individuals with degrees has increased by more than 25 percentage points in Inner London, compared to around 20 percentage points in Outer London and around 12 percentage points in the rest of the UK. In Merseyside the proportion of working age individuals with degrees increased by less than 8 percentage points, despite starting with one of the least educated working age populations.

Figure 9: Percentage point growth in proportion of working age non-student population with a degree

Source: Labour Force Survey
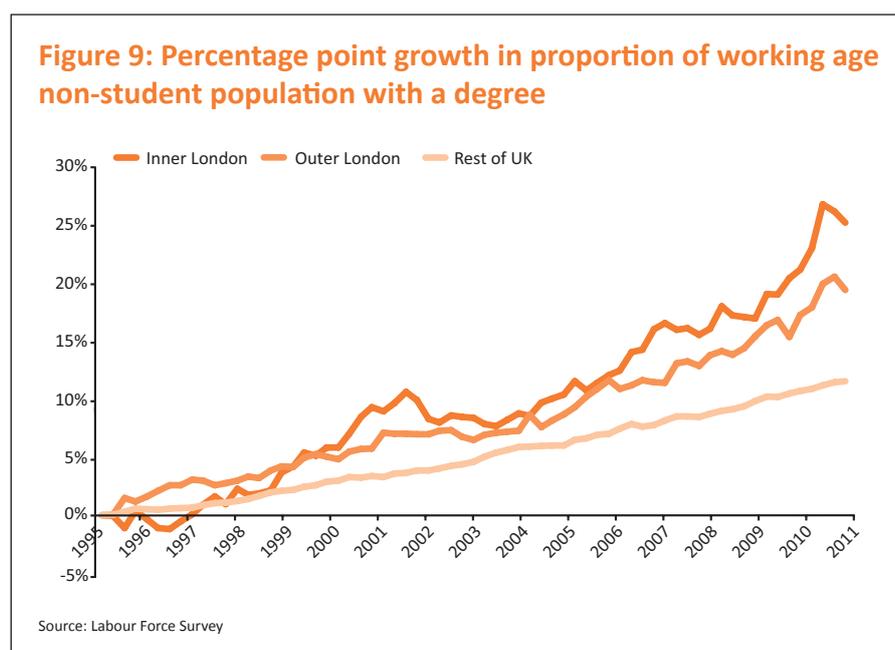
These differences in, and persistence of, labour market and educational outcomes is worrying. However it is not the case that the problems an area faces are insurmountable. For instance, once an area with persistently high unemployment, the London Borough of Hackney has experienced one of the most significant turnarounds in recent years. From previously having one of the greatest concentrations of unemployment in the country it now has a below average unemployment rate. This has come about at the same time that it has been a host borough for the 2012 Summer Olympics and has experienced a demographic shift including significant improvements in working-age qualification levels, the

qualifications received by children in the borough's schools and a ten percentage point increase in the employment rate since 2006.[16,17]

Places can therefore change. With the support of changing demographics, employment opportunities and large construction programmes, places can change quite quickly. However all of this improvement has happened during a time when close-by West Ham has seen unemployment rise from 8.9% to 16.5%. This raises the question of how two areas so close together can have such different economic and labour market performance.

This means that we must question how demographics, labour markets, local economies and the beliefs and attitudes of the people, families and communities within them interact. It also brings into question the wider social factors that might be linked to areas experiencing high levels of worklessness and how, along with a range of other factors, these impact on future economic and labour market experiences.

16 www.london2012.com/about-us/jobs/working-for-a-contractor/london-2012-contractors-faq/

17 www.hackney.gov.uk/Assets/Documents/Facts-and-Figures.pdf

2
Weak Labour Market, Poor Outcomes

The wider consequences of concentrated worklessness

Chapter 1 demonstrated that labour market problems can be clustered and persistent in relatively small local areas. A key concern is that these concentrations of unemployment present problems for an area's living standards and the conditions its children grow up in. This could have both an immediate impact on communities and families and an impact on the future prospects for the families and areas concerned.

At the most basic level, household level unemployment has an effect on household income; 18% of households who lose an earner move into relative income poverty that year, compared to an average annual movement of 7%.[18] A strong relationship between the incomes of parents and that of their children has also been identified, with recent reports suggesting that this correlation has grown over time and that social mobility has fallen.[19]

There are also much wider implications. Individuals with health or disability problems and those living in social housing or who have fewer qualifications are more likely to be out of work and are also more concentrated within certain neighbourhoods.[20]

This chapter outlines relationships that exist between labour market conditions and social characteristics at local levels.

Education

One of the biggest concerns about the poorest communities is that growing up in a more deprived neighbourhood will lead to poorer educational opportunities and poorer life chances. This intergenerational transmission of low incomes and low living standards is usually considered as a part of the social mobility agenda, with governments keen to narrow the opportunity gap between children from more deprived backgrounds and those from less deprived backgrounds.[21]

Using the English Indices of Deprivation, which are measured at the 32,482 Lower Super Output Areas (LSOA) of around 1,500 people, we can compare employment scores to education scores.[22] The LSOA-level childhood education scores are measured by aggregating a number of factors including examination results at Key Stage 2, 3 and 4, absenteeism, post-16 education attendance and

18 Department for Work and Pensions. Low Income Dynamics, 1991–2008 (Great Britain).

19 Blanden, J. Gregg, P. and Macmillan, L. (2010). Intergenerational Persistence in Income and Social Class: The Impact of Within-Group Inequality. Centre for Markets and Public Organisation. Working Paper No. 10/230.

20 Beatty et al. (2009). Understanding and Tackling Worklessness Volume 1: Worklessness, Employment and Enterprise: Patterns and Change Evidence from the New Deal for Communities Programme. Page 100.

21 Blanden, Gregg, and Macmillan (2007) identify education as a key transmission mechanism of the intergenerational persistence of income.

22 The Employment Deprivation index gives a score based on the number of people in an area that are involuntarily out of work; connecting both unemployment and involuntary inactivity as a result of barriers such as family commitments and disability.

university attendance (with high scores indicating the greatest concentration of educational issues). These scores are strongly correlated with employment deprivation. Figure 10 demonstrates that the most significant educational issues are seen in the neighbourhoods which have the highest proportion of their working age population in involuntary worklessness. It shows that 64% of the areas with the 20% worst employment scores are in the top fifth in terms of education deprivation, compared to less than 1% of those with the 20% best employment scores.

Figure 10: Employment Deprivation and Education Score for Children and Young People in 2010, by Lower Super Output Area, with linear line of best fit [23]

Source: English indices of deprivation 2010.
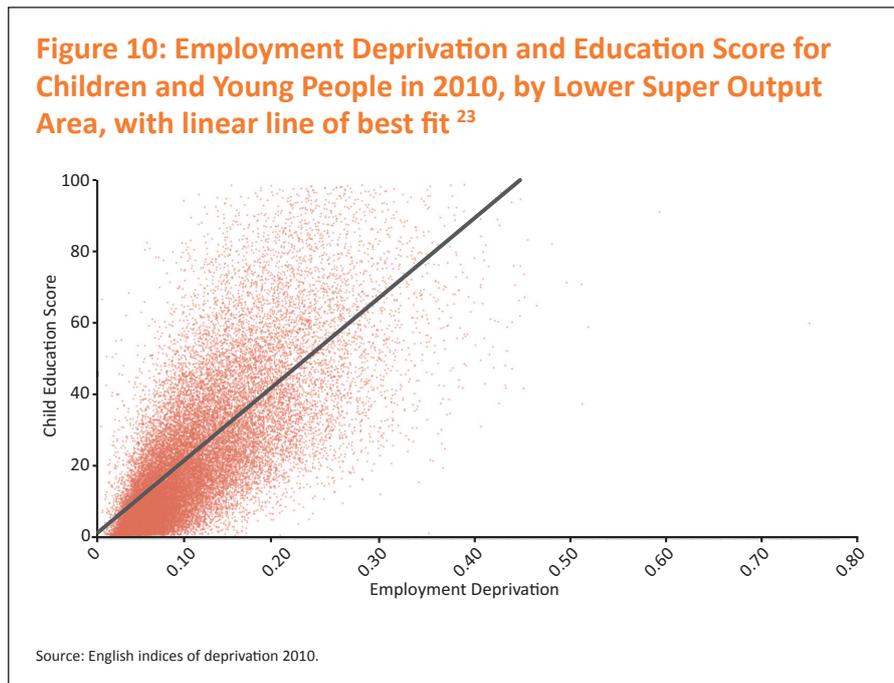
Crime

Crime rates play an essential role in determining the standard of living that people enjoy and the quality of the environment that children are growing up in. Crime can also feed back into the ability of a neighbourhood to function effectively; Taylor (1995) found that "*Crime and related problems appear to be connected to a range of psychological and social-psychological outcomes relative to neighbourhood viability*".[24]

Figure 11 shows the strong tendency for communities with the most people involuntarily out of work to experience the highest rates of crime (including violence, burglary, theft and criminal damage). In the areas with the highest rates of worklessness we very rarely see low crime scores. Nearly half of all areas in the 20% of worst crime scores are in the worst 20% areas for employment.

However there is still great variation in crime rates, especially among communities with stronger labour markets, suggesting that other forces are at play such as spill-over between different areas and concentrations of crime around transport links and businesses. This is likely because factors such as employment are dependent on where somebody lives, whereas crime is located according to where it is committed.

23 The two scores have a correlation coefficient of 0.74.

24 Taylor, R. (1995). The Impact of Crime on Communities. *Annals of the American Academy of Political and Social Science.*

Figure 11: Employment Deprivation and Crime Score in 2010, by Lower Super Output Area, with linear line of best fit [25]

Source: English indices of deprivation 2010
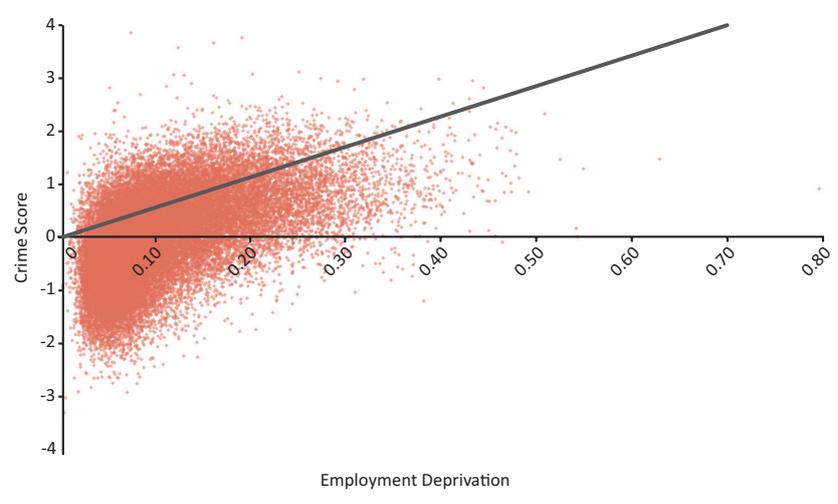
Health

Existing evidence from the UK also demonstrates that job stress, premature death and poorer self-assessed health are associated with high unemployment in the local labour market.[26]

As Figure 12 demonstrates, LA data for 2010 clearly shows life expectancy lowest in the areas where the unemployment was highest. Life expectancy is between five and six months lower for men and four months lower for women with each percentage point increase in the LA unemployment rate. As a result the gap between male and female life expectancy is greater in high-unemployment communities. The relationship suggests that each five percentage point difference in unemployment rate is associated with a 2.3 year lower life expectancy for men and 1.8 year lower life expectancy for women.

25 The two scores have a correlation coefficient of 0.54.

26 Bellaby, P. and Bellaby, F. (1999). Unemployment and Ill Health: Local Labour Markets and Ill Health in Britain 1984–1991. *Work, Employment and Society*.

Figure 12: Unemployment rate and life expectancy at birth, 2010 by Local Authority in England and Wales, with linear lines of best fit

Source: Nomis and ONS
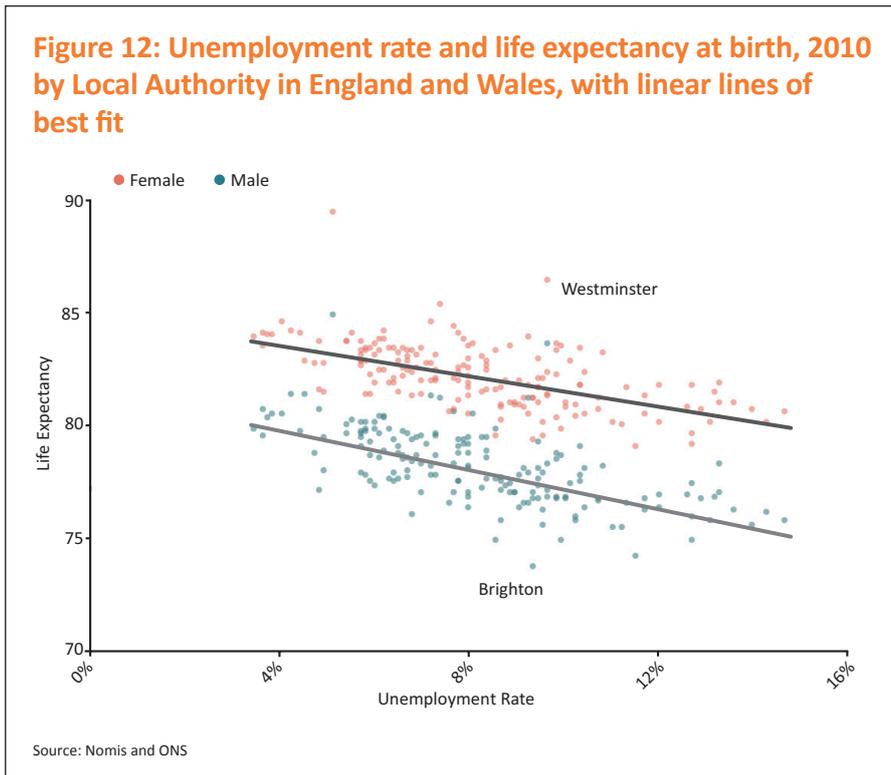
There are a number of noticeable outliers in this relationship. When these data were available in 2010 the second highest life expectancy of any area is seen in Westminster, despite the area having an unemployment rate of 9.7%. This is a common occurrence in London, which has five of the seven areas with the highest life expectancies, despite often having relatively high unemployment rates. In contrast, Blackpool, had a slightly lower unemployment rate than Westminster (9.4%), but male life expectancy was the lowest of any LA and female life expectancy amongst the lowest, with men expected to live 10.2 years less and women expected to live 7.3 years less than in Westminster. This suggests that we should look at a geographical level below local authority.

Using the English Indices of Deprivation data, Figure 13 demonstrates the strong correlation between worklessness and the occurrence of health issues and disability (including years lost due to poor health, comparative disability and morbidity rates and emergency hospital admissions).

Long-term employment issues have been shown to predict health issues (morbidity and mortality) across areas in England.[27] Indeed, it has been argued that the relationship between health and employment at the individual level in the UK got stronger between 1973 and 2009.[28]

27 Riva, M. and Curtis, S. (2012). Long-term local area employment rates as predictors of individual mortality and morbidity: a prospective study in England, spanning more than two decades. .Journal of Epidemiology & Community Health.

28 Milton, J. Pickett, K. and Dorling, D. (2012). Health, employment and economic change, 1973-2009: repeated cross sectional study. British Medical Journal.

Figure 13: Employment Deprivation and Health Deprivation and Disability Score in 2010, by Lower Super Output Area, with linear line of best fit [29]
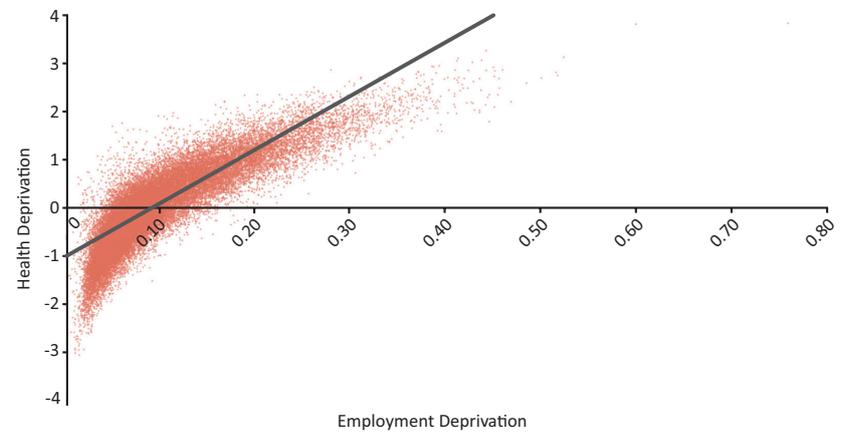
Source: English indices of deprivation 2010

Living environment

The worst living environments, measured by looking at housing quality, housing affordability, air quality and local traffic accidents, tend to have higher rates of worklessness. However, as Figure 14 shows, the exact relationship is less clear than it is for some of the other characteristics, suggesting that environmental factors vary quite significantly between areas with similar levels of worklessness.

Figure 14: Employment Deprivation and Living Environment Deprivation Score in 2010, by Lower Super Output Area, with linear line of best fit[30]

Source: English indices of deprivation 2010
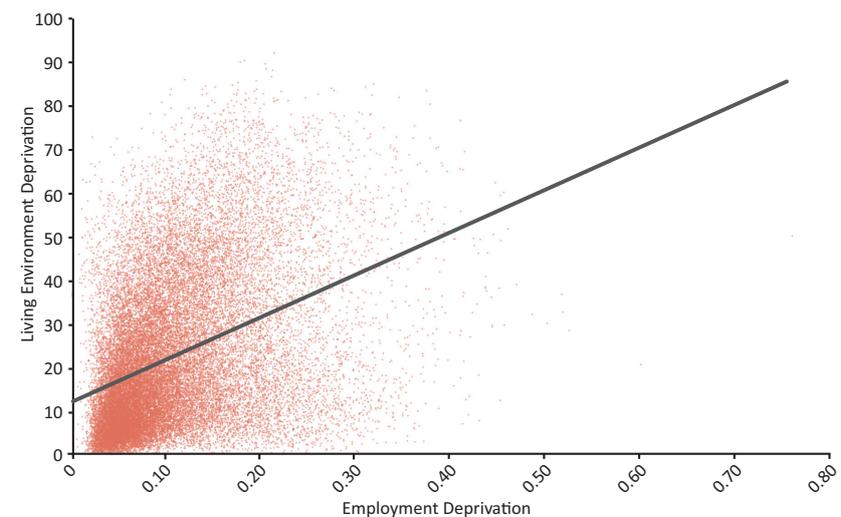
29 The two scores have a correlation coefficient of 0.86.

30 The two scores have a correlation coefficient of 0.39.

Conclusion

The evidence in this chapter makes it clear that areas with high concentrations of worklessness have significantly poorer experiences across a wide range of outcomes. These affect areas both at the point in time that they are measured and, since they include health, educational and crime outcomes, will also impact on the future prospects for the areas and families and individuals inside them.

This suggests that in order to understand the causes and consequences of worklessness and how it might be tackled, we must look much deeper than just the characteristics of individuals affected or the macroeconomic factors influencing people. Communities across the UK have been hit by a range of shocks through de-industrialisation and multiple recessions, shaping the lives of people living in them today. Understanding the broad range of challenges facing an area is therefore essential. It also introduces the possibility that there are deeper cultural issues in some areas. The remainder of this report assesses these issues in more detail and outlines policy recommendations which recognise this, as well as the wider range of problems that people can face.

3
Where You Live, Who You Know, Who You Are

Clusters of worklessness

The first two chapters of this report have outlined how economic and labour market experiences of different parts of the UK can vary dramatically. These differences are clearly persistent over time, with even the long period of growth up to 2008 and the recent recession having little impact on the distribution of unemployment across LAs: unemployment rates in 1994 were a very good predictor of unemployment rates in 2012.

These ingrained and persistent weaknesses in the labour market also go hand in hand with a range of significant social issues, with areas of higher unemployment having a greater risk of severe health problems, higher rates of crime and children achieving worse results in school. This raises the question of what it is about these areas and communities, and the families and individuals inside them, which causes unemployment and broader social problems to be clustered in the same families and communities around the UK for long periods of time.

One explanation which is often overlooked is the way in which the area that somebody lives in and the people that they make contact with influence their opportunities and behaviour. In this sense, differences in the information individuals receive about the opportunities that are available and variations in both attitudes to rights and responsibilities and social norms around work and welfare can all contribute to creating clusters of worklessness.

This can be a controversial area of research. Describing worklessness in families and communities in terms of cultures has been rejected by some.[31] Instead, counter arguments based purely on economic factors have been put forward. However, while macroeconomic circumstances play a significant part and many individuals face problems which require support focussed at the individual level, the very different outcomes of broadly similar communities and areas in close proximity to each other make it important that we explore these issues. Doing so takes us a step beyond seeing employment and welfare dependency as a simple function of local labour demand and individual characteristics.

By understanding the social networks that people develop we can examine the impact that they have on the decisions they make, the information they have and their perspectives. Specifically, we begin to understand whether and how people influence each other and the extent to which the problems that they face become more entrenched by being surrounded by people who share similar problems and perspectives.

31 Shildrick et al. (2012). Are 'Cultures of Worklessness' Passed Down the Generations? Joseph Rowntree Foundation.

The key is that, if policy fails to understand and address these pressures and cultures, the employment and community level support that people receive could be significantly undermined and the problems people have left unaddressed.

In an effort to try and better understand these forces, we conducted in depth qualitative interviews with 33 jobseekers who had been unemployed for more than six months at three Jobcentre Plus (JCP) offices across England (Hounslow, Leicester and Stockport). We also conducted two focus groups with a selection of these individuals in each of the Jobcentres. These sessions looked at individuals' experiences of work and unemployment and barriers to work, before discussing the role played by their family, friends and communities in helping them back to work. Alongside these in-depth interviews and focus groups, we also conducted quantitative surveying in the same sites, asking a range of questions about jobseekers, their social networks and their perspectives on welfare reform. We received 322 responses across the three JCP sites that we used. This chapter outlines results from this research and how it links with the existing literature on the clustering of worklessness, social networks and communication.

Why networks matter

A body of research demonstrates that who we know plays a major role in defining the way that we receive information, make decisions and understand the world around us.[32] The friends, family, neighbours and colleagues that people have can come in many forms and influence them in many different ways.

These influences can be as simple as the information that is received, with somebody's social network being instrumental in determining how they understand job opportunities and wider economic conditions. However, other influences run deeper. Often attitudes and perspectives will not appear completely rational; they are built over time, potentially influenced by people met a long time ago or never met directly. Disproportionate importance can also be placed on the information given by certain people such as parents or teachers. This can skew people's opinions and potentially narrowing their perspectives. Box 3 outlines the basic concepts of networks and ties from a theoretical perspective.

Box 3: Social networks – a primer

People often interact with certain people because of their similarities, such as geography, social class, employment status or industry. This means that they can build a wide array of networks that can influence their perspectives, opinions and behaviour, often through the formation of social norms.

A large body of literature has looked to formalise these networks and their impacts. Mark Granovetter's 1973 paper "The Strength of Weak Ties" was one of the earliest and most instructive.[33] This considered the effect of the strength of a given contact, modelling from an individual level how large groups of people interact with each other.

"the strength of a tie is a (probably linear) combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services that characterize the tie"

Granovetter, M. (1973). The Strength of Weak Ties. American Journal of Sociology

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It showed that a dominance of strong ties can lead to tight groups of very similar people; this introversion could see wider communities become more fragmented as people limit their networks to people with the strongest connections. Strong links to one's community can therefore have negative consequences in situations where diversity is crucial in finding work; it might also leave people more vulnerable to the negative influences in their community. Strong ties within communities can also help individuals manage change and cope with adversity. However, in turn this may limit the extent to which individuals respond to the economic and labour market signals around them.

In contrast to strong ties, developing and maintaining weak ties allows individuals to make connections to a more diverse range of people, potentially opening up more opportunities, revealing different perspectives and connecting groups of people from different backgrounds. A recent report in Ireland showed that "participation in sports, social, civic, community, religious and political groups increases an individual's probability of being in employment by about 4%"; spending time with family and friends had no direct significant effect on employment. This indicates that the development of weak ties improved employment opportunities, whilst strong ties tended not to.[34]

From a more practical perspective, networks and ties contribute to factors such as immediate employment opportunities, wider career prospects and education. In many cases where somebody lives will be integral to the nature and extent of the ties that they form and, in turn, their labour market outcomes.

For instance, one of the most important periods of time for human capital accumulation is entry into higher education, with ambition and perceived horizons playing a significant role in determining outcomes. A recent report found that we see a lower proportion of children from less affluent backgrounds attending university partly because of a lower probability of equally capable children applying.[35] This identifies a very powerful effect of social networks and the norms they create, where individuals from poorer backgrounds are less likely to apply to a university, even after controlling for ability. Here social networks within the education process seem to be having an influence over the accumulation of human capital and future career paths.

This should in turn affect the policy response; the author argues that "policies aimed at reducing the university participation gap at the point of entry are likely to face small rewards. More likely to be successful are policies aimed at closing the substantial applications gap".[36] The goal should be to change attitudes, information and the qualifications achieved rather than focussing on institutional structures within universities.

Similar arguments can also be made around the impact of social networks and norms around employment and attitudes towards work. At the most basic level, an individual with a wide network of contacts (weak ties) may have access to a large range of information on potential job opportunities whereas someone with a small number of close contacts (strong ties) may have less access to such information. However this might not always be the case, with strong contacts needed to make appropriate matches.

This makes it clear that, an understanding of somebody's career options and their opportunities to get back to work must recognise that no two individuals access the same information about the opportunities available. People living in

34 Brady, G. (2013). Network social capital and labour market outcome. MPRA Paper No. 47391.

35 Anders, J. (2012). The Link Between Household Income, University Applications and University Attendance. *Fiscal Studies*, vol. 33, no. 2, 185–210.

36 ibid.

different communities, with separate social networks, are going to be exposed to different information, experiences and attitudes. Our research highlighted three key routes of influence on individuals: friends, families and communities.

Key routes of influence

Family

Some of the clearest examples of social pressures, social norms and transferring information come from close family members. A growing literature on social mobility has demonstrated that labour market outcomes are closely related to those of an individual's parents, with social mobility in the UK low and possibly having fallen over recent years.[37]

This also has important implications for communities. If family ties root people into certain areas, any transmission of family characteristics between generations will limit the extent to which communities can overcome their problems.

In turn, these negative factors have the potential to impact on an individual's opportunities to work. With this in mind, it is not surprising that there is evidence for cycles of unemployment between generations in the UK. Some of the most recent work identifies a strong correlation between unemployment of fathers and that of their sons, and suggests that this relationship remains after removing the potential influence of unobservable characteristics.[38] This relationship seems to be especially strong in weak labour markets with higher unemployment and more competition for jobs, suggesting that the current economic climate could again have long-term costs for the families and communities affected.[39]

Other analysis from Norway found a causal link between a parent receiving disability insurance and their child claiming disability insurance in the future.[40] The authors argue that this relationship is a result of children learning from parental experience, rather than stigma or parental investments.

This is also particularly relevant given the on-going debate around intergenerational worklessness in the UK. Box 4 summarises this debate.

Box 4: Intergenerational worklessness

One of the biggest debates around the existence of cultures of worklessness is whether there are families who have not worked for multiple generations. The Secretary of State for Work and Pensions Iain Duncan Smith has pointed towards families where "three generations are unemployed".[41] The same reference was used by Tony Blair in June 1997, soon after he became Prime Minister.[42]

However, there is clear opposition to the idea of cultures of worklessness. Shildrick et al. (2012) argue that the cases of three or even two generations of worklessness are very rare and that:

> "The long-term worklessness of parents in these families was a result of the impact of complex, multiple problems associated with living in deep poverty over years".[43]

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37 Blanden, J. Gregg, P. and Macmillan, L. (2007) Accounting for Intergenerational Income Persistence: Non-cognitive Skills, Ability and Education. The Economic Journal Vol. 117.

38 Macmillan, L. (2010). The Intergenerational Transmission of Worklessness in the UK. Centre for Markets and Public Organisation. Working Paper No. 10/231.

39 Macmillan, L. (2011). Measuring the intergenerational correlation of worklessness. Centre for Markets and Public Organisation. Working Paper No. 11/278.

40 Dahl, G. Kostoly, A. and Mogstadz, M. (2013). Family Welfare Cultures.

41 Iain Duncan Smith interview on The Andrew Marr Show, November 2012.

42 Tony Blair in a speech to an audience at Aylesbury housing estate, London, June 1997.

43 Shildrick et al. (2012). Are 'Cultures of Worklessness' Passed Down the Generations? Joseph Rowntree Foundation.

Box 5: Intergenerational worklessness

They therefore reject the idea that unemployment can be explained by cultures of worklessness and recommend that politicians abandon theories based on it.

This assessment misses the point. It should not be a surprise that complete worklessness in multiple generations is very rare. In 2012, whilst 15.1% of children lived in workless households, only 2.1% of children lived in households where nobody had ever worked.[44] The chance of these households not working at some point in the future and the children living in them also not working is going to be very small, even when children's labour market outcomes are correlated with those of their parents.

However, there is large body of evidence clearly showing that worklessness, earning potential and wider economic outcomes are passed down between generations of the same family. This means that we cannot escape the fact that there are currently a significant number of households where nobody works and that there is the potential for significant negative influences on the children within them. Ignoring these facts undermines the development of policy that looks to help some of the most disadvantaged individuals in society into work.

As Box 5 outlines; rejecting cultures of unemployment or intergenerational worklessness only works when a very narrow definition is taken. With this in mind, it is essential that we assess the routes of influence that lead to these outcomes.

There are a number of direct ways that people find themselves relying on their family when it comes to job searching. Given the family are likely to have a strong understanding of another member's suitability for a position they are well suited to making a recommendation. Unemployed people we interviewed made it clear that family connections had helped to link them to job opportunities. One highlighted the benefit of having somebody else looking out for positions:

Q: *And when did you manage to find that one [job]?*

A: *Um, it's my partner's dad. He found it in the… I think it was the Stockport Express.*

27 year old unemployed man from Stockport

Another had the benefit of family members directly helping them into their first job:

"Yeah, the first job I actually got was through my mum because I think it was my mum, my brother, and my sister were all working through the same company. And my mum knew there was an opening coming in the store. And my Mum was friends with the manager, and she recommended me…"

Unemployed male focus group participant in Hounslow

Motivational support from the family was also considered very important.

Q: *And do your family…you said they were alright, they were quite understanding – do they nag you about doing your job applications or do they just leave you to it?*

A: *My mum does, she's always on my case. Yeah, I suppose they do.*

Q: *Do you think that helps, or is it just irritating?*

A: *It gets irritating. Sometimes it helps, sometimes I feel like I just can't be bothered and that I'm going to get nowhere with it anyway, but then she gives me that kick to do it. So in that way, yeah.*

<div align="right">30 year old unemployed man in Hounslow</div>

In contrast, having to be self-reliant was seen as a problem, with people recognising when they did not have a strong network around them for support

Participant 1: *It [absence of family] makes it harder because you don't have someone to lean on.*

Participant 2: *It makes you more harder as a person, but it makes it a lot harder as an individual where you don't have that…*

Participant 3: *Back up…*

Participant 2: *Yeah.*

<div align="right">Three unemployed women in Hounslow focus group</div>

It was also clear from the interviews that the extent to which individuals were able to rely on their family varied greatly. A number of factors had an influence on this. One person interviewed had lost contact with their family as a result of spending time in prison, another was in touch with his family but they lived abroad. Another potential issue is that family support networks are not unambiguously positive. For instance, a 2007 report identified a concern that parents might give their children limited or false information about the labour market. It summarised that:

"Given labour market restructuring and reforms of the educational and training system, it appeared that parents' knowledge was often outdated or irrelevant to current opportunities, particularly if based on what was available to them when they were young. The experience of older siblings or friends may be of more immediate relevance".[45]

Overall this means that the influences that families exert on jobseekers can be extremely diverse. In terms of policy, delivering employment support without recognising these influences is likely to ignore the depth of barriers to work that people face. This is likely to be a particular problem when family-level interventions such as help with childcare or broader social services are not connected to employment support and, even if problems are identified, they are not communicated across different agencies.

45 Green, A. and White, R. (2007). Attachment to place: Social networks, mobility and prospects of young people. Joseph Rowntree Foundation. Page 58.

Friends

Friends also offer a significant assistance to people looking to work. However different friends offer a range of different forms of support and motivation. As with the role of families, sometimes this support is very direct:

> **Q**: *Do you have friends or acquaintances or a network of people who let you know about [employment opportunities] that they hear about?*
>
> **A**: *I've got a few, yes.*
>
> **Q**: *And has that been helpful for you?*
>
> **A**: *It has. They've told me about jobs that have shown up and I've looked into it and applied. My network's not particularly big, but I've got friends who keep an eye out for me.*

> 26 year old unemployed man in Leicester

Sometimes referrals come directly from friends; however other examples saw people getting jobs through wider networks requiring chains of contacts, such as a friend's parent. For instance, one 30 year old man who grew up in Hounslow, West London, got his first job through his friend's father.

From an employer's perspective, a report from 2000 argued that social networks are a significant part of organisational routines and are commonly used in recruitment.[46] Looking at call centres in the USA the authors found that offering rewards for referrals allowed employers to make significant savings. Some organisations go as far as to offer monetary rewards for their employees if they can refer a suitable person for an available position.

This reliance on referrals was also identified by Newham Council who found that 51% of local businesses only used personal contacts to recruit.[47] This has important implications for policy. If somebody does not have these personal networks that link them to jobs, they could easily find themselves with significantly fewer opportunities. Similarly, if government policy focuses on pushing benefit claimants to seek jobs through formal advertisements, it risks undermining the formal networks and referrals that are vital for jobseekers to find work.

One area where government policy has acknowledged this is through the provision of work experience. Analysis from the Netherlands shows that temporary employment can support young people into regular work through the development of social networks.[48] Creating one's own network of friends that can be useful in the future can therefore start as soon as somebody enters the labour market and this suggests routes through which the government's work experience schemes may be effective in boosting employment.

Academic evidence also shows the value of referrals. One recent report identified higher wages and an increased chance of being hired by firms where a high proportion of people from the same ethnic background worked and therefore referrals were more likely.[49]

This clearly demonstrates the importance that networks and referrals can have in helping people find work. However, our surveying found that the longer someone has been unemployed the less friends and family they have who are

46 Fernandez, R. Castilla, E. and Moore, P. (2000). Social Capital at Work: Networks and Employment at a Phone Centre. *American Journal of Sociology*, vol. 105, issue 5, pp 1288 – 1356.

47 Community Resilience in Newham. Newham Council, 2012.

48 De Graaf-Zijl, M. van den Berg. G. and Heyma, A. Stepping stones for the unemployed: the effect of temporary jobs on the duration until (regular) work. Journal of Population Economics, vol 24, no. 1 pp 107–139.

49 Dustmann, C. Glitz, A. and Schönberg, U. (2011). Referral-based Job Search Networks. IZA Discussion Paper No. 5777.

in work. Table 2 shows that, compared to people who had been unemployed for less than six months in the last two years, people who had been out of work for more than one year were three times as likely to say most of their friends were out of work (20.6%, compared to 6.5%) and nearly two thirds less likely to have no friends out of work (13.7%, compared to 39%). This again shows how employment experiences can cluster, with the worst employment rates disproportionately seen among the friends of people who had been out of work the longest. In short, those who need the referrals and support the most seem least likely to have access to them.

Table 2: Time spent out of work in last 2 years and proportion of friends out of work

	Proportion of friends out of work		
	None	**Some**	**Most**
Less than 6 months	38.89%	54.63%	6.48%
6 months to 1 year	30.99%	54.93%	14.08%
Over 1 year	13.73%	65.69%	20.59%

In part this will reflect that when a network of individuals has a lower proportion of employed members, it is likely to have less access to information about available job opportunities. However, it could also suggest that networks can also have a negative impact on their members.

For example, our surveying highlighted the impact of being close to networks of individuals who had previously committed crime or been involved with drugs. One respondent who had previously been in prison highlighted the need to get away from certain friends:

Q: *Do you reckon your friends help you find work, or make it harder, or not much impact?*

A: *To be quite honest with you, no, they're just…. A lot of my associates, I need to get rid of them to be quite honest. They're down and outs, not very good people. They're the people that pull me down, really. If I'm on a bad day I'll go down the road, they will… and that ain't the right road to go and when I do go down that road, that's when I get in trouble. So I need to get away from that and that's why I do want to move in with my partner, to get away from all that.*

28 year old unemployed man from Hounslow

Another respondent highlighted how difficult it could be to remove themselves from these negative influences, even when they wanted to.

Q: *Do you think people get stuck in their networks as well? If that's all they know, is it hard…*

A: *(interrupts) Definitely…*

Q: *To be someone who steps out of that [unemployment]*

A: *Definitely, yeah, yeah*

As well as potentially having a negative influence, our surveying also demonstrated that some individuals could have very small networks on which to rely and that networks built on workplace referrals can be precarious. *One* respondent told of how personal circumstances meant he lost contact with former colleagues and that this had broken down routes through which his ties could help him find employment. Other respondents highlighted a lack of contacts:

Q: *And I want to talk a little bit about your friends. Do you reckon most of your friends are employed or most of your friends are unemployed?*

Participant 1:*You know, I think I'm quite the loner. I do have acquaintances, but I wouldn't cast them as friends. But I like to be on my own and left alone if you ask me.*

…

Q: *[participant 2], what about your friends? Are they unemployed?*

Participant 2: *Same as me, I'm just alone. I just keep myself to myself.*

Q: *[participant 3], what about your friends?*

Participant 3: *Mostly employed, yeah. Some of are… but I'm like you, I have lots of acquaintances.*

Three unemployed women in Hounslow focus group

Overall, it is clear that friends offer a wide range of influences. Chains of friends can be useful, potentially creating wide and diverse networks through which job referrals and support can be gained. However these links can be fragile and some people have very small networks on which they can rely. We have also seen that some of those who need these links and contacts most are those least likely to have them. Furthermore connections can be negative, for instance where they are associated with criminality or perceptions of a reduced importance of work.

Communities

Given the importance of friends and family in supporting and influencing individual's chances of finding work, it is important to ask how these factors combine within communities. Existing research shows that influences of networks within communities and local areas can have both positive and negative impacts on labour market experiences. On the negative side, one recent report argued that living in a more deprived neighbourhood can impact on an individual's labour market outcomes because of an overwhelming amount of negative influences. Higher long-term unemployment at postcode level increases the probability of unemployment after removing other external effects, with regional shocks such as

the closure of big companies having spill-over effects on individuals not directly affected.[50] Another recent report suggests that this is not driven by discrimination in firms that are recruiting, suggesting that characteristics, attitudes and behaviour of individuals and communities may be more important.

Along these lines, a 2013 report identified a more positive spatial aspect of labour markets in the United States, where people who were more connected to their neighbours had lower job turnover and higher wages.[51] This was put down to both productive network effects such as good flow of information and improved job matching of residents, indicating an effect of referrals.

Similar evidence has been found to show that immigrants benefit from the opportunity to find work through other immigrant contacts who are in work, regardless of the employment of natives.[52] Wage premiums have also been found for individuals living in close proximity to people from similar ethnic backgrounds in Sweden.[53]

However, this result has not always been found. Another recent report found no clear evidence that network connections exist simply because of a shared ethnicity. Instead, in the United States, much network segregation along racial lines seems to come because of geographical segregation, which itself had labour market consequences:

> "…residence-based labor networks can help explain how ethnic and racial residential segregation reinforces poorer labor market outcomes for minorities – a longstanding question in urban economics – to the extent that minorities have weaker network connections to jobs held by whites." [54]

This again demonstrates the role that networks have in explaining differential labour market outcomes for different individuals and groups and the crucial role played by geography.

As well as the variation in direct contacts; views, attitudes and aspirations have also been shown to vary between communities. An analysis of young people in three UK towns identified the significant differences in aspiration that existed:

> "More of the young people surveyed in Wolverhampton aspired to a managerial, professional or associate professional job than in Hull or Walsall. In Walsall and Hull, a majority of males indicated that they were aiming to work in skilled trades occupations." [55]

This was coupled with a recognition that they might need to "get out" of their area in order to "get on" and make the most of opportunities in education, employment and the housing market.

However it is not necessarily the case that somebody's social network will be determined by geography alone. Communities with people from a mix of socioeconomic backgrounds are often seen as positive for exactly these network reasons but evidence suggests that they have failed to lead to improved employment outcomes. One report summarised that:

> "There was little evidence that better-off residents acted as 'role models' who help in finding better employment opportunities or raising expectations of attainment. Nor was there evidence that mixed tenure had enhanced social capital." [56]

50 Bauer, Fertig and Vorell (2011). Neighborhood Effects and Individual Unemployment. RUHR Economic Papers #285.

51 Hellerstein, J. Kutzbach, M. and Neumark, D. (2013). Do labor market networks have an important spatial dimension? NBER Working Paper No. 18763.

52 Daam, A. P. (2012). Neighborhood Quality and Labor Market Outcomes: Evidence from Quasi-Random Neighborhood Assignment of Immigrants. NORFACE MIGRATION Discussion Paper No. 2012-25.

53 Edin, P-A. Fredriksson, P. and Åslund, O. (2003). "Ethnic Enclaves and the Economic Success of Immigrants – Evidence from a Natural Experiment." *Quarterly Journal of Economics, Vol. 118, No. 1.*

54 Hellerstein, J. Kutzbach, M. and Neumark, D. (2013). Do labor market networks have an important spatial dimension? NBER Working Paper No. 18763.

55 Green, A. and White, R. (2007). Attachment to place: Social networks, mobility and prospects of young people. Joseph Rowntree Foundation.

56 Mixed Communities: Success and Sustainability. Joseph Rowntree Foundation, March 2006.

Often this was because families of different housing tenures did not develop personal relationships, instead they tended to occupy different social worlds. This shows that even within a given geography, socioeconomic factors are crucial in determining who people interact with. Within communities we might therefore expect to see tiers of people separated by their socioeconomic characteristics.

Another factor we must consider when looking at the influence of where somebody lives is the pressure they have to stay in or leave their area. A number of people we talked to showed desire to leave their neighbourhood as a result of deprivation or crime, especially because of the desire for their children to grow up in a nicer area.

Q: Here's a different question, would any of you move away for work?

A: Yes, yes. Well hopefully I'm moving anyway. Do you know Hayling Island, near Portsmouth?

Q: Yeah.

A: It's near there.

Q: Why are you moving there?

A: Because I live on Ivy Bridge…. (laughs)

Q: So somewhere nicer you reckon?

A: Yeah.

Unemployed single mother in Hounslow focus group

In other cases the opposite was true, with people tied to an area and having children making the idea of moving far more complicated.

Q: Would you move again if there was a job?

A: Not now because I've got such a strong network of friends — I'd be absolutely out on my own and with a child it would be absolutely ridiculous. There'd be no point.

Unemployed single mother in Hounslow

57 Belot, M. and Ermisch, J. (2006). Friendship Ties and Geographic Mobility: Evidence from the BHPS. IZA Discussion Paper No. 2209.

58 Rainer, H. and T. Siedler (2005), O Brother, Where Art Thou? The Effect of Having a Sibling on Geographic Mobility and Labor Market Outcomes, Discussion Paper 513, CRIEFF, School of Economics and Finance, University of St Andrews.

Analysing friendship groups in the UK, a 2006 report found that larger networks reduce the chance of an individual moving, with the number of local friends rather than the frequency of contacts crucial.[57] Using data from Germany and the United States another report argues that, as a result of sharing caring responsibilities for their parents, there is a greater level of geographic mobility and stronger labour market outcomes among people who have siblings.[58]

Overall the networks created by where somebody lives have a strong impact on their educational or labour market opportunities. Who people's networks consist

of often depends on geography but it also must be recognised that socioeconomic divisions often cannot be overcome by geography alone.

The picture of how these networks affect people is clearly not a simple one. Strong ties to a certain area can provide constraints to geographic mobility, impacting on horizons and career trajectory; getting out can be a good thing. However these strong ties can often provide the motivation and connections to find work, especially if their socioeconomic similarities provide more scope for useful contacts.

Who you are

Friends, family and community clearly have an impact on labour market opportunities, but our surveying and the existing evidence also shows that strength of response to these influences vary between different individuals. One key aspect that our surveying and others have picked up is the influence of age, where the informal networks that young people build can have a large impact on their behaviour.

However, the most significant single factor influencing people's social networks and their opportunities to work that we found was parenthood.

Some of the impacts were relatively straight forward. For instance, having children limits whether people can work and, if they can, the hours they can work.[59]

Q: *What about the rest of you guys, what areas have you been looking in?*

A: *Anything that's the right hours for school times.*

Q: *So the hours are important*

A: *It's the hours, yeah.*

Unemployed female focus group participant in Hounslow

Having children also provided a major motivation for many parents, identifying the influence that they believed they had on their children and the desire to provide more for them as key motivators to find work.

But my main motivation obviously is because I don't want my son to see that I get money for sitting at home watching Jeremy Kyle. A lot of people here seem to think that that's an easy way out, I want him to know that to get money, to get things to live you have to go out and work for them. I don't want him to be in the same circumstances.

30 year old unemployed single mother from Hounslow

It's hard, it's hard. Because they want things, and you're not employed so you can't give it to them.

Unemployed male focus group participant in Hounslow

59 The UK maternal employment rate was below the OECD average in 2009 www.oecd.org/els/family/38752721.pdf

Others mentioned their children directly helping them to find them job adverts or pressuring them to find work in other ways.

My daughter will sit on the computer, "Mum, there's this one and this one…"

Unemployed female focus group participant in Hounslow

However there were some wider effects of having children on social networks. Having a child or becoming a single parent can affect opportunities to maintain friendship groups, meet new people and use these connections to find work. This adds a crucial layer to our understanding of social networks. Some connections can be lost easily, with changes to one's circumstances happening quickly, having major impacts on their networks and therefore their opportunities to find work or progress from their current position.

Q: *Have you stayed in touch with your friends from [previous employer]?*

A: *Not regularly. I was to start off with, but the trouble is life changes so much when you become a single parent … you drift away. People want to go out for the weekend; they want to do this or that. You can only say no a certain amount of times before people stop calling. And certainly within the first few years I lost most friends, you become quite isolated.*

46 year old unemployed single father of two in Hounslow

We have also seen the change to geographic mobility as a result of children being settled into an area. This has the potential to significantly limit somebody's opportunity to pursue their career, however could also provide motivation to move to a better area and seek better opportunities.

Networks in practice

The previous sections have outlined the many different characteristics somebody's network might have and the many ways in which it can influence their knowledge, beliefs and behaviour. The following section outlines evidence for how these influences impact directly on labour market behaviour and outcomes. We highlight three key areas: social norms, or what people think is normal; their attitudes and expectations; and their understanding of the welfare state.

Social Norms

One of the clearest consequences of people building strong social networks is that their relationships will shape their views on important issues and their beliefs about what is "normal". The example of applications to university introduces the idea that people might act in a certain way because it is considered normal within their community, family or school. Attending university, spending time on benefits and choosing what the age to retire could all be influenced by the social norm formed within somebody's family, friendship group or wider community.

These norms can have significant power over how people act, often through a social pressure or stigma where individuals fear a reaction should they act against the social norm. Alternatively they might worry about an internal cost,

such as a guilt or shame, associated with deviating from what is seen as normal. Surveys have suggested that the most common social effect of unemployment comes from the process of claiming benefits, followed by social stigma but with a much smaller number of people believing themselves that claiming benefits is shameful.[60]

Evidence from Switzerland shows the impact that norms can have on unemployment. Shorter average durations of unemployment were found in areas with stronger norms towards living off one's own income; these effects were found to be weaker in larger communities, perhaps due to increased anonymity.[61] The authors also found that the effect of unemployment on life satisfaction was greatest in communities which had the strongest social norm to work "*A social norm to work that is one standard deviation stronger than average reduces the probability of high satisfaction scores by 17.1 percentage points*", suggesting an internalised cost as well as an external stigma effect.

Along these same lines, analysis in Germany found that the negative effect of unemployment on happiness was smaller in areas with weaker norms against relying on welfare, however worsening job prospects can have a negative effect, leading to lower happiness in areas with higher unemployment.[62]

Social pressures can sometimes focus on specific types of work. A report analysing the aftermath of industrial decline refers to hostility towards certain new sectors because they are considered "too feminine" by older generations, discouraging younger men from finding work in them.[63]

These social norms carry over into how people experience unemployment, where having a partner can lower the emotional wellbeing of unemployed men but increases life satisfaction of unemployed women. This suggests that the social norms of traditional gender roles have an influence over the experience of unemployment.[64]

This demonstrates the importance of social norms which are created by the networks that individuals possess and the need for policy to take these into account. For instance, achieving genuine behaviour change will be more difficult if it comes up against strong social norms. In these cases, policy may need to be targeted at changing or influencing social norms. For instance, Interventions to help people back to work must go hand-in-hand with policies that try to create more positive norms in areas where they may be set against work.

Labour market expectations

The entrenchment of social norms and the pressures that they create to act in certain ways highlight the power that social networks have over people's perceptions of what is normal. Networks and the information that is passed between members also have a key role to play in shaping individuals understanding of the economy and labour market and their own opportunities. The implication is that, even where information about work, benefits and employment opportunities are communicated in exactly the same way by government, the media and intermediaries, we could still see significant variations in how this information feeds through and in how it affects people's attitudes, beliefs and behaviour.

The impact that this has on outcomes should not be underestimated. Research has shown that, on top of vocational and academic skills, information that jobseekers have about the labour market and the decisions this leads them to make

60 Baumberg, B. et al. (2012). Benefits Stigma in Britain. Turn2us.

61 Stutzer, A. and Lalive, R. (2003). The Role of Social Work Norms in Job Searching and Subjective Well-Being. Working Paper No. 51., Institute for Empirical Research in Economics, University of Zurich.

62 Chadi, A. (2013). Regional Unemployment and Norm-Induced Effects on Life Satisfaction. IAAEU Discussion Paper Series in Economics No. 06/2013.

63 Walkerdine, V. and Jimenez, J. (2012). Gender, Work and Community After De-Industrialisation: A Psychosocial Approach to Affect.

64 Knabe, A. Schöb, R. and Weimann, J. (2012). *Partnership, Gender Roles and the Well-Being Cost of Unemployment.*

plays an essential part of job search.[65] This is important because the people we interviewed had a range of perspectives on work, welfare and the opportunities available to them. These came from a range of sources, varying in the type, quality and range of the information that they provided. There were a number of examples of people developing or backing up their opinions on key issues from their contact with friends and family members.

Q: Do you read the news at all about the economy or…?

A: I've not really watched the news though to be honest now.

Q: Yeah, or do you read the news either?

A: My boyfriend tells me a lot about it, so I hear much…

Q: Okay, what does he read?

A: He told me basically, how rubbish it is. Like my mum and dad, they read it a lot in the newspapers and they've said to me how bad it is.

28 year old unemployed woman from Stockport

Q: Is there a general pessimism about work among the people you know?

A: Really, yeah it's…. the building game seems to be picking up a little bit. A few of my mates who run their own businesses, they seem to be doing all right now but there's still a lot to do.

34 year old unemployed man from Stockport

Rather than relying on friends, others had received much of their information through their own research or because they are used to following the news closely.

A: Leicester's… where it's based regionally is a hub because it's almost in the centre of England, not including Wales and Scotland, the whole is the United Kingdom but it's England itself. Leicester's positioned in a quite a good area, because you have the surroundings like Magna Park – that's a hub for distribution warehousing and certain other things, car distribution parts, you have a massive Nissan warehouse, you have the main Argos Distribution Centre, as does Britvic Drinks Corporation. You have a lot there.

…

Q: Where do you tend to get your information from on that sort of thing?

A: Um, well I read constantly.

31 year old unemployed man in Leicester

As well as these a number of people stated that they knew nothing about the labour market outside of their local area.

> **Q**: *Do you have any sense for what's available outside of Leicester at all? Do you have any idea about the job market?*
>
> **A**: *Couldn't tell you.*
>
> **Q**: *No, or about the greater UK in general?*
>
> **A**: *No.*

<div align="center">35 year old unemployed man in Leicester</div>

As well as this, research has previously shown young people in different towns in England to have a wide range of perspectives and horizons:

> *…in general, young people in Wolverhampton had more extensive spatial horizons than those in Hull and Walsall, while those in Hull and Walsall tended to have more detailed knowledge of the immediate local area than those in Wolverhampton.*[66]

As well as the perspective on employment opportunities we also see a significant link drawn between somebody's attitudes to receiving benefits and their own work history.

> **Q:** *How does your family feel about it?*
>
> **A:** *They just want me to do well, really. My mom's not happy with me, because it's like… my sister's doing well and I'm like… the black sheep. Because obviously it's like… 'cause I've not got a job. My dad's more understanding because he's been there before.*
>
> **Q:** *He has been there before. Right, because I guess if your mom's had the same job for 30 years it must be hard for her to understand.*
>
> **A:** *Yeah, she's old-fashioned.*

<div align="center">25 year old unemployed woman from Stockport</div>

The pressures that people place on others around work can therefore depend on their own experiences, with the influences of one person potentially affecting their own social network.

This also raises questions over what people expect of work, in particular how much they expect to earn or, more importantly, the minimum that they are willing to accept for work (their reservation wage). A 2008 report estimated an elasticity of reservation wages with respect to benefit levels of around 0.2, meaning that a 10% increase in out-of-work benefits increased the lowest wage that people were willing to accept by around 2%.[67] This minimum requirement can have a significant influence over the way they approach work, with evidence showing

66 Green, A. and White, R. (2007). Attachment to place: Social networks, mobility and prospects of young people. Joseph Rowntree Foundation. Page 58.

67 Addison, J. Centeno, M. and Portugal, P. (2008). Unemployment Benefits and Reservation Wages: Key Elasticities from a Stripped-Down Job Search Approach. Economica, 2010, 77 (305), 46–59.

that individuals who have reservation wages below their predicted wage have a higher probability of finding work and receive higher wages.[68] Ensuring that job-seekers have correct information informing their labour market expectations is therefore very important.

Understanding of the welfare state

As well as impacting upon labour market expectations, networks and communication also influence people's views and understanding of the welfare state. This has been seen in two key ways both in our surveying and in the broader evidence: views of benefit claimants; and understanding of work incentives.

Views of benefit claimants

Ipsos MORI have recently demonstrated that broad support for the statement "The government spending more money on welfare benefits for the poor, even if it leads to higher taxes" has fallen steadily over the last 25 years, with the proportion of people agreeing halving since 1987. This decrease has partly come from all generations less willing to increase welfare spending over this period of time. However there has also been a clear generational shift, with the current young generation (generation Y) much less supportive of redistribution than the "pre-war" or "baby boomer" generations. This shift makes it very possible that national support for welfare could fall further in the future.

The majority of jobseekers we spoke to had a negative opinion of many other claimants. A number of interviewees held the belief that up to half of all claimants could find work easily or simply did not need the benefits that they were claiming.

> *I bet like 50% of the people that are actually on benefits don't actually need it. That 50% could go towards a different department or for people that actually do need it… you know, push it a bit further to help people that actually do need it.*

<div align="right">27 year old unemployed man from Stockport</div>

> *50% of the people I think would rather be working, another 50% are probably just lazy*

<div align="right">34 year old unemployed man from Stockport</div>

This was usually seen in a very two-sided way where they themselves were deserving of the support they received but many other people were not. There seemed to be little sense of gradient, with jobseekers defined as either trying to find work or exploiting the benefit system. In many ways this view of claimants echoes the arguments made within politics, where dividing lines are often made between "workers" and "shirkers", with reforms described to hit "welfare scroungers".[69,70] Often these opinions led to support for tougher action towards some jobseekers being taken. This included taking away benefits, limiting the amount of time that people could claim for and a belief that benefits should not increase according to family size.[71]

In reality, our research shows that there is a much greater variety of claimants, with a large range of circumstances, barriers to employment and attitudes. This also chimes with research from the Department for Work and Pensions which

68 Brown, S. and Taylor, K. (2011). Reservation Wages, Expected Wages and Labour Market Outcomes: Analysis of Individual Level Panel Data. Economic Modelling 28, pp. 1317-27.

69 Shadow Work and Pensions Secretary Liam Byrne referenced "shirkers" and "workers" in his 2011 Labour party conference speech www.telegraph.co.uk/news/politics/labour/8790389/Labour-Party-Conference-Liam-Byrnes-speech-in-full.html

70 Prime Minister David Cameron referenced "welfare scroungers" in a 2010 speech www.bbc.co.uk/news/10356401

71 For instance see O'Brien, N., (2011). *Just deserts: attitudes to fairness, poverty and welfare reform.* Policy Exchange, London. Also Oakley, M., (2012). *Welfare reform 2.0: long-term solutions, not short-term savings.* Policy Exchange, London.

placed jobseekers, claimants of Employment Support Allowance and claimants of Income Support into a broader range of categories.[72] Some jobseekers were seen as determined to find work, others felt defeated or pessimistic. There were then a small proportion who were happy claiming benefits as a choice and a further 11% who considered themselves to be better off on benefits and therefore do not feel the need to seek work.

While this shows that there is a minority of benefit claimants who might not be doing all they can to re-enter employment, it also paints a much more nuanced picture of benefit claimants than that generally given by other jobseekers, the media and politicians. This situation was summarised by a member of one of our focus groups:

I wish they wouldn't go and, like you said, put everyone in the same boat. We want to work.

Unemployed woman in Hounslow focus group

In terms of policy, it is worrying that the generally held impression that many jobseekers are exploiting the system could impact on jobseekers more generally. For instance, these views could clearly impact upon their confidence of finding work and their views of how effective they believe the system is and the effort they feel they should be putting in. Even if people do not think these negative characterisations are being made of them, a more balanced view of jobseekers and benefit claimants as a whole might positively impact on the confidence with which people approach job search.

Making Work Pay

Making sure that the value of work always outweighs the value of benefits has been a major policy focus of successive governments. In this Parliament, the most significant change in this area is the introduction of Universal Credit. However, as we have outlined in previous reports, it is not enough that the system creates incentives to work. Individuals, families and communities need to understand and believe that the system makes work pay.[73] Again social networks, norms and communication play a key role: if a commonly held belief is that work does not pay this could be extremely hard to break down in order to change behaviour and encourage work. Our research supports previous evidence that suggests that benefit claimants do not believe that the current system makes work pay. One participant summarised:

I'm better off not working, which is a shame, because I hate that.

46 year old unemployed man in Hounslow

Recent DWP research also confirms this finding and, worryingly, shows that it was not necessarily understood that Universal Credit was primarily targeted on this:

"Respondents felt that Universal Credit should positively incentivise work to ensure that it is unquestionably more rewarding to work than receive benefits. However, [Universal Credit] as described was interpreted as more focused on removing barriers and excuses to working."[74]

72 Department for Work and Pensions (2011). Beliefs about work: an attitudinal segmentation of out-of-work people in Great Britain. DWP Customer Insight Research Report 1.

73 Oakley, M., (2012). *Welfare reform 2.0: long-term solutions not short-term savings.* Policy Exchange, London.

74 Rotik, M. and Perry, L. (2011). Perceptions of welfare reform and Universal Credit. Department for Work and Pensions Research Report No 778.

It was also apparent that making work pay may not be enough to encourage everybody to find work

"*the degree of the financial incentive was not seen as sufficiently compelling to those who did not value work for other reasons*"[75]

A further problem is a lack of understanding of the welfare reforms being introduced. As Table 3 demonstrates, the surveying we conducted in jobcentres found that only a third of jobseekers were aware of Universal Credit. Of these fewer than half believed it would increase the financial incentive to work. These results were nearly identical across the three jobcentres which conducted the surveying, indicating that the problem of communicating these changes is not limited to a specific region or jobcentre site.

Table 3: Awareness of Universal Credit and belief that it will help work incentives across Jobcentre sites

	Aware of UC, think it will help	Aware of UC, think it will not help	Not aware of UC
Stockport	14.9%	17.8%	67.3%
Hounslow	15.2%	17.9%	67.0%
Leicester	15.6%	17.4%	67.0%

Many people we interviewed had no understanding of Universal Credit at all. Others had a vague understanding of the reforms but had not got this information from friends or their own sources.

Participant 1: I heard about it on the news – no, word of mouth.

Q: Word of mouth? Was it just a friend or someone?

Participant 1: Well my ex-girlfriend told me, I don't know how she knows. She works, but she said she heard that you're going to get it paid all at one.

…

Participant 2: I actually asked them here about it about three or four weeks ago and they didn't seem to know an awful lot about it at all. So if the Jobcentre doesn't know an awful lot about it, how am I going to know? If they don't know anything about Universal Credit when you're one of the advisors here, you're not going to…

Two unemployed men in Leicester focus group

Overall it is clear that the making work pay agenda is important in helping to remove the structural issues that can make the prospect of finding work significantly more daunting. However our research and existing evidence shows the real challenges that exist in communicating these issues effectively. As we have

75 ibid.

outlined, we must recognise that people are open to a wide range of influences and norms which make building an understanding of the making work pay agenda extremely difficult. It is essential that more communication of reform is used to remove misconceptions and reinforce the push towards making work pay.

Conclusion

Using arguments around cultures of worklessness to explain how and why worklessness becomes ingrained in families and communities over time is controversial. However, this chapter has demonstrated that the range of influences people receive and the perspectives and social networks they have, exert a significant effect over the way they approach work and the opportunities that they come into contact with.

On their own these pressures show people to be dependent on specific sources of information or vulnerable to specific influences. They also mean that families and communities experience pressures which push them to conform to commonly held beliefs or norms in their own family or their wider communities.

This should not be seen to remove the importance of the individual factors that affect people. Barriers to work such as childcare responsibilities, transport or skills often affect individuals outside of their interaction with their friends, family and community. Furthermore job creation and wider macroeconomic conditions will be essential to employment in any community. However, in many cases, who somebody's parents are, the community they live in and the people they come into contact with also play a major role in labour market outcomes. This means that, in part, individual outcomes can be explained by factors and relationships that can be considered cultural.

> "Barriers to work such as childcare responsibilities, transport or skills often affect individuals outside of their interaction with their friends, family and community"

In particular, it is essential to recognise that cultures and influences within families and communities can play both positive and negative roles in helping and encouraging individuals to get into work. It is also clear that the way in which individuals get information about work, the economy and the welfare system is an important driver of their own beliefs, attitudes and behaviour. In turn, we have shown how these factors can influence an individual's prospects of finding work, their beliefs about the availability of jobs and the state of the labour market and, more generally, their attitudes towards the benefit system and those claiming benefits.

This means that if we ignore, or do not fully understand, the environmental factors in play and focus purely on the number of jobs available or the individual barriers that someone may face, policy will fail to identify the different situations that people find themselves in and the barriers that need to be removed for them to find work. In turn, such a failure would make it unlikely for policy to ever be effective in tackling the ingrained disadvantage and worklessness we see across some parts of the UK. The following chapters consider the effectiveness of policy interventions that have attempted this in the past and make recommendations for future policy.

4
Policy at an Individual, Family and Community Level

The previous chapters have shown that the process of looking for and finding work often relies on having links to the right job opportunities, with referrals or job search assistance often important. On other occasions we can see social norms and expectations about work dictating the way that people approach their education, careers and job search.

On top of the individual focus which currently drives employment support in the UK, developing services which deliver support in a way that recognise the complex influences on people is crucial if they are to overcome the deep obstacles they can face and so that unemployment can be tackled more effectively in the future.

In this section we examine previous and existing interventions which look to target support on individuals, families and whole communities and assess the extent to which they have been successful in delivering services that use knowledge of people's social networks and the range of influences that affect them within their communities.

Individuals

The majority of employment support offered to jobseekers in the UK is delivered at an individual level. For claimants of Jobseeker's Allowance (JSA), Jobcentre Plus (JCP) provides administration, enforces the conditions put on claimants and provides a limited amount of employment support for people who have been out of work for less than one year.

Various other active labour market policies have been introduced in the past to address long-term unemployment. Under the last Labour government the New Deal programmes targeted additional support on the long-term unemployed, focussing programmes on groups of people including young people, older jobseekers, lone parents and people with disabilities.[76] The current coalition government introduced the Work Programme to provide employment support to the long-term unemployed and disadvantaged, using private and non-profit providers in a payments-by-results system.[77]

These services provide an essential function and, whilst we continue to argue in favour of further reform, for many people support delivered at the individual level is needed to help them overcome the barriers that they face.

An assessment of the support currently available also shows that the majority of the interventions aimed at individuals have been restricted to addressing their

76 www.parliament.the-stationery-office.co.uk/pa/cm199798/cmhansrd/vo970710/text/70710w22.htm, www.hmrc.gov.uk/manuals/eimanual/eim01660.htm, www.delni.gov.uk/employees-2.pdf

77 www.gov.uk/government/policies/helping-people-to-find-and-stay-in-work/supporting-pages/managing-the-work-programme

personal barriers to employment. Far fewer have been aimed at tackling the sorts of barriers that might exist because of unfavourable social norms or wider barriers that individuals might face. However, more recent reforms and pilots have begun to acknowledge the importance of networks, communication and norms. Box 6 shows an example of a pilot launched by the Cabinet Office's Behavioural Insights Team and JCP.

Box 6: Behavioural Insights Team Loughton Trials

The government's Behavioural Insights Team have recently conducted a significant trial in the Essex town of Loughton focussing on improving outcomes of JSA claimants, recognising the range of motivations that individuals have and focussing on interventions that could generate behavioural change, citing parts of the existing behavioural psychology literature.[78]

Three broad changes to the delivery of employment support were made. Firstly there was recognition that the initial experience of Jobcentre Plus has too little emphasis on job search and instead focussed on administration and conditionality. The pilot ensured that claimants would not leave their first visit to the jobcentre before they had a job focussed diagnostic interview.

The second intervention saw jobseekers make job search commitments, rather than focussing on the minimum they had to do. Finally they engaged in expressive writing and strengths exercises which have been shown to either improve employment outcomes, or to help indirectly by improving resilience or reducing the incidence of depression.

By focussing policy changes in areas that try to break down social norms around job search, publicly commit claimants to increase job search and improve JCP communication and claimant motivation, these pilots explore many of the barriers we highlighted above that could come from social networks. Preliminary findings have shown significantly increased off-flow from benefits three months after signing on of 15-20%.[79] This shows that there is significant scope for behavioural interventions to counter the barriers to work people face, with both direct and indirect improvements in employment outcomes.

Other issues being addressed by pilots currently or recently conducted have included:

- Provision of employment support in environments that are friendlier for families, including children's centres (Work Focussed Services pilot) and primary schools (School Gates Employment Support pilot).[80]
- Demand side pilots include focuses on working with employers to provide jobs suitable for parents with young children (Sefton pilot).[81]
- Provision of support and programmes through JCP that are targeted at gang members. Box 7 provides further detail.

78 Information received directly from the Behavioural Insights Team.

79 http://blogs.cabinetoffice. gov.uk/behavioural-insights-team/2012/12/14/ new-bit-trial-results-helping-people-back-into-work/

80 www.education.gov.uk/ childrenandyoungpeople/ families/childpoverty/ b0076325/local-approaches-to-tackling-child-poverty/ supporting-families-into-work-and-achieve-financial-independence

81 ibid.

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Box 7: Jobcentre Plus working with gang members

In the wake of the riots across England in 2011 the government recognised that, whilst gangs did not orchestrate the riots, they played a significant role and have strong negative effects on communities.[82] This strategy recognised the wide range of interventions that a gang member and their family would be in contact with, including health, education and the criminal justice system. Employment plays a significant role in the support that people have offered to them; however the significant influences that somebody's social network has on them makes delivery of this support to individuals involved in gangs more complicated.

Jobcentre Plus has played a significant role in demonstrating that alternative options are available. Dedicated gang advisors have been introduced in 19 boroughs in London and the Home Counties. Further steps have been taken in areas such as Hackney, where a Jobcentre Plus adviser is now included in its Integrated Gangs Unit. Other authorities have made strong links between gang policies and other areas such as troubled families support workers and mental health officers.[83]

Specifically targeting young people involved in gangs recognised the significant effects that they can have on communities and therefore the broad social benefit that can come from reduced gang activity. It also recognises that individuals in gangs are strongly ties to negative influences within their networks and that strong interventions are need to break them. This is a clear example of both how interventions can be joined up to tackle specific issues and the importance of tackling the networks of negative influences people have.

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While many of these approaches are in their infancy, and are confined to relatively small-scale pilots, it is encouraging that the need to focus how networks, communication and norms might impact upon jobseekers is being recognised. As we look to develop support that recognises the range of influences on people, these pilots will be a powerful tool.

Families

One of the most important themes picked up in our research was the strong connection between the problems of families and an individual's employment prospects. Similarly employment can be crucial for families seeking greater independence and stability. Understanding the barriers that family contacts can create and connecting employment and family support services is therefore essential if support is going to address these interconnected issues. A number of current and previous government interventions have looked at this area. Individual LA's also engage in activities in this area. Three key examples are outlined below.

Troubled Families Programme

The most significant family-level intervention in England under the current government is a focus on providing support to 120,000 troubled families, increasing to 400,000 in the 2015/16 spending year.[84] The number of troubled families in an LA is estimated by the government; the LA then classifies a family as being in this group if they qualify under all three of crime/anti-social behaviour, education and work. If they qualify under only two of these categories a family

82 HM Government. (2011). Ending Gang and Youth Violence: A Cross-Government Report including further evidence and good practice case studies.

83 HM Government. (2012). Ending Gang and Youth Violence Report: One Year On.

84 www.gov.uk/government/news/massive-expansion-of-troubled-families-programme-announced

might be categorised as troubled at the discretion of the LA, with priority put on them if they are high cost to local services or have certain health issues.[85]

The government estimated that these families cost a total of £9bn per year, most of which had been spent reacting to the problems they created rather than on preventative measures. They estimated that an average investment of £10,000 per family would be needed, with up to £4,000 offered to the LA by the Department for Communities and Local Government (DCLG). There will be an up-front payment made, followed by the rest of the £4,000 if they achieve certain goals. These goals include making progress to work or being moved into continuous work for at least six months. The payments made by DCLG will begin with only 20% dependant on outcomes, however by 2014/15 60% will be based on results. Local authorities are encouraged to leverage other funding schemes to make up the remainder of their funding requirements.

Supporting Families Programme, Stockport

Family-level interventions in Stockport are conducted through the council's Supporting Families Programme, with an explicit goal of moving families closer to the labour market. This programme benefits from Manchester being a pilot site for the Whole Place Community Budget, which looks to promote cooperation across different support services.

The Supporting Families Pathway was launched in the spring of 2011 and is now being integrated fully with local skills and employment support services. The pathway screens people who have been presented to the council's Contact Centre using a multi-agency screening tool. Families who are thought to require employment support then have it integrated into the team that works with them coordinates this to ensure the 'employment conversation' takes place and necessary support is offered. Families are offered support via the Common Assessment Framework and this is monitored for effectiveness and quality. This process is therefore looking to connect employment and family-level support for individuals who require both, allowing the agencies able to communicate with each other. In addition, Employment and Skills advisors can accept direct referrals for adults requiring bespoke employment support.

This demonstrates that formal structures to personalise support to the needs of a given household can be used to join up different interventions. Issues such as poverty, education and crime might also be addressed by linking service delivery in this way. However there are issues in areas such as the provision of employment support because of the centralised nature of Jobcentre Plus and the Work Programme and the limited LA control over funding streams such as the European Social Fund or the Skills Funding Agency. This rigidity and lack of control over spending and commissioning could provide a significant barrier to creating sustainable support structures at the local level.

Family Recovery Programme, Westminster

In 2008, Westminster Council identified only 40 families that were responsible for large amounts of crime and anti-social behaviour and 35 families where children were deemed to be suffering or likely to suffer harm that could lead to entry into the care system.[86] The Team Around Family (TAF) brought together the different interventions in a more coordinated way, including education, housing and preparation for training and work.

85 Department for Communities and Local Government. March 2012. The Troubled Families programme. Financial framework for the Troubled Families programme's payment-by-results scheme for local authorities.

86 City of Westminster (2010). Repairing broken families and rescuing fractured communities.

This clearly places employment support as a part of a broad family intervention, with interaction between different forms of support. For example, one component of the assessment that focuses on mental health includes building self-esteem and helping them to find work or take up training.

They have estimated a saving from the programme across 25 different measures of £2.10 per £1 spent. However much of this seems to have occurred because of reduced crime; only a small amount of the costs of these troubled families were associated with employment.

This intensive intervention was clearly both highly targeted and intensive. It is not clear whether savings of this size are possible from a broader programme, targeting families facing less significant or less obvious challenges. Furthermore none of the primary outcomes focus on employment, raising important questions over whether family-level support can promote employment directly or whether it has to work as an additional consequence of reductions in crime and antisocial behaviour and improvements in general family cohesion.

Communities

The final area of influence that Chapter 3 outlined is that of the community that individuals and families live within. Addressing the pockets of disadvantage that exist in certain areas has been a key policy concern for decades; it has been argued that under New Labour "*the neighbourhood emerged prominently as a site for policy interventions and as a space for civic activity, resulting in the widespread establishment of neighbourhood-level structures for decision-making and service delivery*".[87]

However examples of long-term impacts in terms of closing the gaps that exist are limited.

> *If we stand back and look at the legacy of regeneration policy across the UK…it is impossible not to be struck by the tenacity of deprivation and the difficulty of shifting it from those places where it was – and still is – most entrenched.*[88]

A range of different programmes have been attempted and these have been delivered by LAs, central government and third and private sector bodies.

Central government initiatives

New Deal for Communities
One of the largest regeneration schemes over recent years was the Labour government's New Deal for Communities (NDC). 39 neighbourhoods included in the programme received an average of £50m each to cover a range of interventions in areas including housing, health, education, crime and community. By 2005/6 11% of the funding had gone to the employment/business theme.[89]

Assessment of employment outcomes from the NDC highlighted "low aspirations and narrow horizons limiting residents' search for job opportunities" as one of the key problems facing areas at the beginning of the programme.[90] The supply-side interventions focussed primarily on information and guidance around employment and training, job-matching services and skills development projects.[91]

87 Durose, C. France, J. Ruth Lupton, R. and Richardson, L. (2011). Towards the 'Big Society': What role for neighbourhood working? Evidence from a comparative European study. Centre for Analysis of Social Exclusion Paper No. 154.

88 Bacon, N. (2012). Plugging the Gap: Turning Strangers Into Neighbours. RSA Public Services, Arts and Social Change report.

89 Beatty et al. (2009). Understanding and tackling worklessness: Lessons and policy implications. Evidence from the New Deal for Communities Programme. Page 10.

90 Dickinson, S et al (2008). Tackling Worklessness in NDC areas – a policy and practice update. Some lessons from the New Deal for Communities Programme. Department for Communities and Local Government. Page 4.

91 Beatty et al. (2009). Understanding and tackling worklessness: Lessons and policy implications. Evidence from the New Deal for Communities Programme. Page 11.

Some programmes had successes over and above the mainstream provision, however there were a range of projects run and many did have such an impact. In terms of overall results, worklessness fell in NDC regions at a faster rate than occurred nationally, however there was little effect relative to comparable areas. One analysis concluded:

"There is no evidence as yet to indicate that NDC areas were seeing more in the way of improvements to worklessness than were similar neighbourhoods in the same local authority" [92]

Evaluation based on NDC areas allowed analysis of the movements of individuals into and out of the communities. One report found that, compared to people moving into the areas, people leaving were older, more likely to be employed and tended to move into owner-occupied housing.[93] The authors argue that this represents the idea of a "moving escalator" where employed people tended to leave, being replaced by people less likely to be employed, who also tend to be less affluent.

However the same report also argued that in-movers can present opportunities, offering a "potential resource on which to build longer term sustainable change in that they are younger, healthier and better educated than those who stayed in NDCs between 2002 and 2004".

A number of reasons are highlighted for people moving, in particular crime and anti-social behaviour are considered important, as is the need to satisfy their housing and environmental needs, which may not be possible in their current area. The opportunity to create more mixed communities is restricted when there are not a range of housing solutions available. Employment opportunities were rarely a reason for leaving, indicating that labour demand was not such an issue.

It is unclear how much of this movement is representative of other areas, however it does highlight the importance of understanding how the socioeconomic and demographic needs of an area change. It also means that the problems an area faces, particularly in terms of employment and skills, will not be solved by a single intervention. As people move out of an area and are replaced by in-movers the need for employment support is renewed, the priority should therefore lie in creating sustainable programmes of employment support.

This planning for the future management of assets and services is another area where an NDC evaluation saw the need for improvement.[94] One area where many of the support structures have been maintained is on the Braunstone estate in Leicester.

Box 8: b-inspired, Braunstone

In the East of Leicester, the Braunstone estate was the site of a NDC programme. The assets from the programme were then transferred to The Braunstone Foundation after the NDC ended. These assets include a significant amount of property currently housing the b-inspired services and other properties which provide revenue to the Foundation.

The b-inspired scheme is made up of four parts; providing employment support (b-working), supporting community networks and activities (b-connected), encouraging healthy living (b-active) and supporting self-employment (b-enterprising).

92 Beatty et al. (2009). Understanding and tackling worklessness: Lessons and policy implications. Evidence from the New Deal for Communities Programme. Page 15.

93 Cole, I. Lawless, P. Manning, J. and Wilson, I. (2007). The Moving Escalator? Patterns of Residential Mobility in New Deal for Communities areas. Department for Communities and Local Government.

94 Dickinson, S et al (2008). Tackling Worklessness in NDC areas – a policy and practice update. Some lessons from the New Deal for Communities Programme. Department for Communities and Local Government. Page 42.

These depend on a range of funding sources, employment support from b-working was largely financed by the Working Neighbourhood Fund and is reliant on funding from the Braunstone Foundation and sources including the European Social fund and some external contracts, along with housing one of Leicester Council's Multi-Access Centres.

B-connected demonstrates a significant effort to increase people's social networks and provide certain services for the community. The outcomes of this range from improving the aspirations of children, a food share scheme for struggling families and a local newsletter.

The setup shows support can be delivered in a way that is tailored to the characteristics and the needs of the community. In this way it can use social networks in a positive way and try to create more positive social norms. However the voluntary nature and range of goals of its services make comparison with other programmes quite difficult. This problem is exacerbated by the overlap between different support services, with b-inspired responsible for Braunstone residents, regardless of whether they are also using Jobcentre Plus or the Work Programme.

Much of the legacy of the Braunstone NDC lies in the structures that it left behind. Maintaining employment support and community engagement relied on structures that deliver this direct support and allow volunteers to engage in community activities as well as the assets which can provide an income source. However there are concerns in the area that, despite the significant problems that remain, it might not receive significant funding in the future as it is seen to have already received its fair share in the past.

Overall, the NDC scheme offered a lot to the neighbourhoods it looked to support, however much can be learnt from the uncertainty which surrounds some of its legacy, with a clear risk of services not being maintained. It also demonstrates the important balance between place-based investments such as the housing and environmental measures which encourage people to stay in an area and the measures focussing on people, such as skills and employment, which often give people the opportunity to leave.

Working Neighbourhood Fund

The Working Neighbourhood Fund (WNF) was a dedicated payment devolved to local partnerships to help people back to work in 65 of England's most deprived neighbourhoods, costing a total of £1.4bn over the three years until 2011/12.[95] The most common interventions covered outreach and involvement, employability support, engaging local employers and direct employment support (e.g. apprenticeships and job placements).

While there is some evidence that it improved parts of the "customer journey" and supported relationships between different agencies, there was difficulty identifying significant impacts or assessing value for money, especially given the number of other interventions that have been used in the fund areas, the range of interventions and the different importance that was put on assessing value for money.[96]

As we have already identified in this report, analysis of WNF pointed to a need for greater cohesion between different sources of funding, arguing for it to be pooled for local authorities to use:

There were requests for one local pot to cover worklessness programmes and/or one single capital pot – as well as bringing the European Social Fund within scope to facilitate a Total Place approach to tackling worklessness.[97]

At the least, they argue, WNF and European Union funding should be used in ways that complement each other more. They also argued that there should be more local say on commissioning of contracts so that they could augment existing Department for Work and Pensions and European Social Fund contracts.

Furthermore there were also calls to improve the sharing of best practice and evidencing of the impact of various multi-agency interventions.

City Deals

A significant part of the coalition government's devolution of power to smaller economic areas, the City Deals have offered personalised packages, including giving significant decision making and spending power to eight of England's largest cities in the first wave, followed by a further 20 large or growing cities and economic areas.[98]

This offers a clear opportunity to make sure that a significant proportion of their growth strategies, infrastructure decisions and skills and training are determined locally. Three of the first wave cities received control over the Youth Contract investment for young people not in education, employment or training. However there is little in the City Deals which looks to solve the problems in specific neighbourhoods, meaning that the problems created and sustained by some social networks seem unlikely to be addressed.

As we only have information for a limited number of the areas that will eventually receive a City Deal it is unclear whether powers sufficient to allow delivery of a significant amount of employment support will be devolved. If cities were able to utilise the gains from decreased expenditure on other services such as benefits or receive the tax benefits which come with higher employment then there would be a direct incentive to invest in supporting people back into work.

These reforms are in their earliest stages so any insights they might give into the most effective strategies for economy redevelopment are currently unclear. However, like the New Deal for Communities, it only promises to target certain areas; as long as the UK's pockets of concentrated unemployment are scattered across different towns and cities a broader approach is likely to be required.

Local authorities

A number of Local Authorities that we have spoken to provide employment support on top of the national provision from Jobcentre Plus and the Work Programme. These tend to offer support in a different way to the main programmes, often providing a voluntary service focussed on support with less conditionality being placed upon individuals given the absence of benefit administration as part of their responsibilities. There are also some examples of broader community support programmes delivered at this level.

Utilising Social Networks in Newham

Newham council identified that half of all employers recruit exclusively through their networks, with two thirds relying on them in some form.[99] The importance

97 Johnstone et al. (2010). Working Neighbourhoods Fund Project Study. Department for Communities and Local Government. Page 54.

98 Unlocking growth in cities: city deals – wave 1. HM Government, July 2012.

99 Community Resilience in Newham. Newham Council, 2012.

of these networks means that, regardless of how well employment support structures help people with strong networks, many people will not have access to some jobs. Fostering more social connections in communities should reduce the number of people whose networks do not connect them to employment prospects.

In order to do this Newham have planned to establish a series of Community Hubs which aim to facilitate greater community resilience and connect members of the local community, with two hubs currently being piloted.[100] Their goal is to support and co-ordinate volunteers and deliver local events, reaching members of the community who have been more detached in the past. This local focus also aimed to understand the assets and problems of areas more clearly in order to allow the council to address issues in the community.

> "Their goal is to support and co-ordinate volunteers and deliver local events, reaching members of the community who have been more detached in the past"

Newham also run a chain of voluntary employment support services. Originally founded under the Working Neighbourhoods Fund, Workplace centres look to help people find work by maintaining links with employers and pre-screening applicants before they are put forward. This aims to keep employers connected by only sending the most relevant applicants and could increase outcomes. It also allows advisors to form strong connections between the types of roles that it suggests people apply for and those that are available.[101]

Non-government initiatives

Housing Associations

We have identified the complexity of employment problems that communities of individuals can face. Delivering support close to the problem could therefore allow the best understanding of problems faced. Of all of the agencies who might want to develop a relationship with the most disadvantaged families and communities, providers of social housing are one of the closest.

One example is Orbit housing association which runs a number of employment-related projects being undertaken within its communities.[102] These include employment support, training and development of community activity. Analysis of these programmes pointed to the importance of community links and local participation for the delivery of successful projects.

International evidence also supports the importance of place and housing. The Jobs-Plus programme operated in housing developments six US cities, providing employment services, financial work incentives and community support (strengthening ties between neighbours).[103] One of the most important elements of this was the use of a saturation model which targeted all working age non-disabled individuals rather than just focussing on those already claiming unemployment benefits, as is the case with standard JCP-type interventions. By doing so, the approach aimed to make sure that all residents were "exposed to new work-promoting "messages" from program staff and neighbours". This clearly has the potential to influence entire communities by changing the messages that people receive and creating more positive communication within somebody's social network. Analysis of the programme pointed to widespread improvements,

amounting to a significant rise in employment and an average earnings increase of 6.2%, however the wage effect was greatest among non-claimants. This analysis highlighted the importance of making the most of financial incentives (especially rent breaks) and strong housing authority leadership.

Conclusion

Together these programmes offer a range of employment support options for individuals, families and communities. Successes at joining up different levels of support, especially at the family level, have the potential to get to the bottom of the varied problems individuals face, rather than providing support through a series of unconnected channels. Similarly community-led projects might be able to go significant further to identify the deep social norms and informational issues within neighbourhoods with the most significant barriers to work. Furthermore, pilots of individual support programmes which go further to investigate the motivations and influences on people might also allow support programmes to get to the bottom of the problems that people face from their social networks.

However many of these problems do not target social influences directly. There are therefore important considerations that need to be built into the services that people receive and scope for further reform to employment support and broader welfare delivery so that the powerful negative social network influences that people receive are tackled successfully and network strengths are utilised.

5
Changing Cultures and Supporting Networks

Throughout this report we have outlined the influences that groups of people have on each other when they look to make decisions about work, welfare and job seeking. A range of problems manifest themselves through social pressures that encourage people to conform to norms, and inaccurate and often conflicting information that people receive about job opportunities through their networks. Certain families and communities also face entrenched social problems that impact on their present and future labour market outcomes.

These factors meant that, rather than purely focussing simply on personal characteristics, it is essential that labour market policy looks to tackle the full range of social issues that people face when they are out of work. In this section we outline principles for programmes that tackle unemployment and support individuals or groups of people into sustainable work, as well as creating the cultures which promote work and create opportunities for people. We also outline some immediate initiatives that can be implemented to support some of the most disadvantaged individuals and communities, as well as collect information on what interventions work effectively. We finally consider the role of communication in welfare and reform, focussing on principles to improve the way that jobseekers can be both communicated with and represented more effectively.

Individual support that recognises networks and norms

Providing a system of employment support which looks to support people in a way that tackles the problems of whole networks and joins up the different branches of support is essential. However, individual support is also incredibly important and we must recognise that there is more than can be done within the current system.

Personalising support

Recent reforms in JCP have looked to increase personalisation and tackle some of the broader social barriers to work that individuals face. The example of their work with gangs shows how changing working practices to take account of social context and reach out beyond JCP offices can be effective in engaging individuals and changing behaviour. However, this approach is still in its infancy and it is clear that similar approaches need to become mainstreamed across the JCP network, for all claimants. The Policy Exchange report *Personalised Welfare: Rethinking Employment Support and Jobcentres* argued that one of the most important reforms that

can be made is a day-one identification of the barriers to work people face.[104] Once identified, those jobseekers with the deepest barriers could be provided with more intensive support immediately, rather than having to wait for up to a year as is currently the case.

This report has demonstrated the power of the employment status of somebody's friends and their community in predicting their barriers to work and how long they have been out of work for. As we have already argued this suggests that any attempt to assess how far individuals are from the labour market should incorporate questions about friends and family. In particular, it should ask about employment statuses of a jobseeker's close contacts and the attitudes towards work opportunities that are received.

This information could be gleaned from interviews with the individual, or from data sources in the private sector (for instance large amounts of insight can be obtained simply from an individual's postcode).

> **Recommendation 1:** The government should continue to devote resources to developing and testing a tool that would allow them to identify the distance individuals are from entering work. Referral to more intensive employment support should be based on the results from this tool, along with advisor discretion.

> **Recommendation 2:** As part of this process government should assess the advantages of using data on an individual's family, friends and community in determining the likelihood of long-term unemployment. This could be collected from the individuals themselves, or from private and public sector data sources. A key element of this approach should be using individual's residential details (postcode) to gain insight into their likelihood of finding employment.

This approach would go some way towards recognising that confidence, motivation and information play major roles in the way that people approach work and that they can be significantly influenced by the networks that people are a part of. However, as well as this, new policies will need to be put in place that target behaviour change and support through the same channels. This means that as well as understanding these influences, employment support should attempt to tackle the confidence and misinformation issues that people have.

We have already seen areas where flexibility and innovation in JCP have led to improved outcomes in this respect. For instance recent work in engaging with gang members and the use of social psychological techniques to improve confidence and the likelihood of individuals finding employment have proven to be successful. JCP should be encouraged to extend these pilots and continue testing new ideas.

> **Recommendation 3:** Jobcentre Plus should continue to pilot a range of schemes, focussing on working with positive social influences and breaking down more negative ones. To do this, JCP should use the flexibilities that already exist to tailor how some claimants sign-on for benefits to target specific barriers to work that some individuals might have. These pilots

104 Holmes, E. (2011). Personalised Welfare: rethinking employment support and Jobcentres. Policy Exchange.

should be determined locally and should be tailored to meet the needs of individual jobseekers, but could include:

Family signing: Given the influence that families exert on individuals, both in terms of attitudes and opinions and directly in terms of barriers to work like childcare and caring arrangements, when barriers to work are seen to be driven by family circumstances JCP should pilot family signing. Where appropriate,[105] this would involve all members of a family claiming benefits coming in to sign-on and engage with employment support together. Discussions could involve guidance and support for how childcare is managed across the family and sign-posting to existing family-based support.

Commute to Sign: Currently, jobseekers tend to be assigned to JCP offices near where they live. In areas of relatively few job opportunities, this could reinforce beliefs around the lack of work. To give some single childless claimants a broader knowledge of potential opportunities in a wider area, break down perceived barriers around commuting and boost confidence with navigating public transport, some claimants should be required to sign-on in JCP offices which are located in areas where more opportunities exist (e.g. town centres). This should be within the accepted travel to work time (legislation stipulates that jobseekers should be prepared to travel for up to 90 minutes for work) and JCP would be required to pay associated travel costs until the individual found work (for instance through the flexible support fund).

Work Groups: Once Universal Credit is rolled out, it is likely that some employed groups will be required to attend JCP to sign-on.[106] We believe that these individuals could provide a positive influence on jobseekers by extending their networks and giving them access to potential opportunities with employers. They could also break down any norms around a lack of employment opportunities or worries about work. For this reason, JCP should pilot group employment support activities which bring together jobseekers and those in-work claimants required to sign-on.

Each of these areas of flexibility would likely only apply to a relatively small number of benefit claimants, but could provide tailored support and conditions for individuals and families facing particular barriers to work. They are unlikely to be appropriate for the majority of benefit claimants, but underline the importance of taking a more flexible and personalised approach to employment support. As well as providing more effective and tailored employment support, more also needs to be done to ensure that communication is improved. Throughout this report we have highlighted the importance of the information people receive around finding work, career opportunities and the benefits system.

However we have seen that jobseekers both lack information about reforms and have limited information about employment opportunities within and outside their local area. As Chapter 3 outlined, just one in three of the jobseekers we interviewed knew what Universal Credit was and many had found out about the reforms themselves, through friends or from their family. This raises significant concerns both about the way that jobseekers see work and the benefit system and how they rate their chances of finding employment.

105 Appropriate safeguards would need to be in place, for instance where there were concerns about domestic violence.

106 Garaud, P., & Oakley, M., (2013). *Slow Progress: improving progression in the UK labour market.* Policy Exchange, London.

Given the significance of the behavioural changes that the coalition's welfare reforms are trying to motivate, the fact that very few jobseekers genuinely understood the welfare reforms that were being introduced and the implications that these changes had for them is extremely concerning. Many of those who did understand the changes that were being implemented did so because they had researched it themselves, with little or no information available through JCP. To ensure that Universal Credit is effective in driving behaviour change, urgent action needs to be taken to ensure that jobseekers understand that it will improve incentives to enter and progress in work and that the risks currently associated with moving between unemployment and work will be significantly reduced. Without this action, the government risks losing the moment of change, which will be essential in convincing claimants that the new system is fundamentally different.

> **Recommendation 4:** Communication of Universal Credit must be an immediate priority for the government. Communication to and training of Jobcentre staff should be put in place immediately and a broader advertisement campaign launched. This may require spending more on these areas in the short-term, but it is clear that raising awareness is an essential part of the behavioural change that reforms are looking to encourage.

Alongside better communication of the introduction of Universal Credit, there are also significant opportunities to improve the influence that communication can have on jobseekers expectations, attitudes and confidence. The success the Behavioural Insights Team is having is a clear indication of the possibilities here.

> **Recommendation 5:** A larger range of pilots aimed at increasing confidence and motivation in jobseekers should be tested within DWP. Successful pilots should then be rolled out nationally. These pilots should be decided locally with collaboration with academics and experts including the Behavioural Insights Team, but should include a better-off-in-work calculator that presents results in terms of the lost income from being on benefits, rather than gains from moving into work.

Area based approaches

As well as employment support and communication that takes account of networks, norms and beliefs, our research clearly outlined the importance of communities and areas. A number of programmes and interventions along these lines have been attempted in the past, but none have shown consistent and widespread success. In part this has been due to a regularly changing policy landscape, meaning that initiatives have often not had chance to bed-in and prove their effectiveness. Alongside this, we have demonstrated that many programmes have replicated or cut across existing provision rather than added to it. Relatively little consideration has been paid to how to join up, streamline and rationalise different streams of support at a local level on a consistent basis. This means that, ultimately, implementing policies that are successful in these areas will require significant reform. These reforms should strive towards five principles:

- Identifying community needs
- Sustainability of support
- Supporting every neighbourhood
- Joining up welfare locally
- Sharing evidence and best practice

Box 9 outlines the importance of these principles.

Box 9: Principles for Community Support

Principle 1: Identifying Community Needs

The services provided for employment support often fail to recognise the broad range of influences on people from within their family, friends and community. Place-based regeneration has also tended to focus on physical changes to an area without recognising the social factors that affect people.

In the future employment support must better understand the social networks and communities that exist within local areas. A number of approaches exist, ranging from a broad identification of the most troubled parts of a town or city and the specific problems they face to much more granular identification of the assets and liabilities in different neighbourhoods. This form of identification can lay the foundation for targeted employment support for the neediest groups of people.

Principle 2: Sustainability of support

One of the most frequent criticisms of schemes which have sought community renewal and employment support is that they have been temporary. Some New Deal for Communities (NDC) sites have seen successful structures left in place with the assistance of physical assets, as highlighted by Braunstone. However this was not always the case, with limited planning of these transitions.

Creating sustainable support structures is essential given the ongoing problems that individuals and communities face. However, it was, and still is, unrealistic to sustain funding levels close to the intensity of that offered to the NDC sites. In the future, new programmes should focus on creating support structures that can be maintained through the existing funding for employment support, skills and regeneration from a local, national and European level. This does not mean that structures cannot be augmented with temporary or targeted funding. Indeed suitable local knowledge and delivery mechanisms could help target this funding more successfully, however there must be a solid foundation beneath this to ensure that support is delivered with an understanding of the needs of a given individual, family or community.

Principle 3: Supporting every neighbourhood that needs it

A further criticism of NDC programmes, WNF and City Deals is that they restricted their support to certain communities, local authorities or cities. However the neighbourhoods experiencing significant problems of unemployment and other social issues are rarely concentrated to certain areas to the extent that this approach will reach every community that needs support. If the pockets in towns and cities across the UK which experience the most significant issues are to receive the required support systems need to be put in place across the whole country, even if interventions are targeted and funding priority is determined by need.

Principle 4: Joining up welfare locally

Many of the programmes of support that we have examined in this report operate at different levels, despite targeting the same individuals. Broad regeneration programmes often do not have control over the wide range of funding an area receives.

For example Jobcentre Plus is operated centrally by the Department for Work and Pensions, the Work Programme is operated by external providers and commissioned by DWP, the Troubled Families Programme is operated by LAs and Housing Associations have good opportunities to intervene but no incentive. Additionally education, health and justice services are delivered by authorities at a range of different levels. Many other funding streams look to support the same families, often tackling the same problems, from a range of different sources.

In this respect the different services that a community or family might need to overcome complex problems are often delivered by different authorities with different purpose. It should be seen as a priority to make sure that different funding sources maintain the same goals. This could be done by communicating the goals of different policies and sharing information which might lend itself to improving services. More ambitious than this would be to make sure that the control over public services is held at the same level locally, making sure that different forms of support are delivered with funding and control in the hands of a single agency.

Principle 5: Sharing evidence and best practice

Whoever delivers employment support and whether or not this support is joined up, there is still significant value to be generated from proper evaluation of policy impact and sharing of the most effective methods.

This is particularly important when policy is delivered at the local level as there is a great potential to learn from the diversity of approaches being taken. This opportunity could drive meaningful innovation in the identification of the problems people face and the delivery of support. Combined with systems which reward the most effective schemes through investment agreements this could provide a strong platform to innovate and invest in the most effective support structures.

Creating a structure that fulfils these principles would be a significant step forward in the personalisation of employment support in the UK and bringing together the different interventions which affect people at the individual, household and community level. Perhaps the most challenging of these will be the principle of joining up welfare and this will be the focus of a Policy Exchange report later in 2013. Before then, we believe there are a number of reforms that the government should begin to implement as early as possible.

City Deals

One of the clearest current opportunities for immediate reform comes from the implementation of the City Deals across England. These will allow a coherent accountability framework to be built around local interventions and could be used to facilitate a wide range of pilots to be undertaken.

Recommendation 6: The City Deals process should be used to devolve a significant portion of welfare and employment support policy to a more local level. This would allow a large increase in the potential to pilot and test the effectiveness of new ideas and to learn from what works in order to implement best practice across the country. Areas where decision making should be devolved include:

- Types of support and levels of requirements placed on in-work claimants who are claiming Universal Credit.
- Programmes of support for those claimants judged to be furthest from the labour market and that the Work Programme might not be able to help effectively. Our report Route2Work outlined a new programme that could be piloted at a City Deal level to provide support for these groups and those leaving the Work Programme after not finding a job for two years.
- More generally, it should be explored whether successful cities could have a broader role in co-commissioning employment support services, for instance from Work Programme providers.

Each of these areas of autonomy would allow local areas flexibility over the functioning of the largely national system of employment support. However, they would work within the current delivery system. As we have already shown, more successful approaches can be achieved by more closely aligning different areas of support: for instance through Sure Start Children's Centres or the approach taken to engaging with gangs where support was delivered outside of JCP. International evidence also shows that this approach can be successful. For example, as Chapter 4 demonstrated, the Jobs-Plus programme in the United States used a saturation technique, sending the same messages to all working age people without a disability in a certain housing group. This clearly has the potential to transform an entire community by changing social norms and attitudes towards work.

Recommendation 7: The government should work with Housing Associations and through the City Deals to pilot employment schemes which target whole communities, most likely a housing estate. Rather than just aiming to influence people attending JCP, this should focus employment support and messaging around work and the opportunities available to all working age individuals not in receipt of disability benefits using a "saturation strategy" tested in the USA. This would build on the existing support that many housing providers give and join it up more closely and coherently with nationally determined support.

Of course, delivering each of these pilots would require that, along with autonomy, budgets would need to be devolved in order for City areas to have the capacity and incentives to innovate and improve outcomes. In this respect, the City Deals have already offered some rewards to LAs whose investment leads to cost saving or increased revenue for central government. For example a process allowing Greater Manchester to "earn back" from the increased tax receipts that come as a result of its own investments.[107] However, we believe a more ambitious approach should be piloted.

Recommendation 8: As part of the City Deals process, successful Cities should be given a duty of care over whole cohorts of individuals over a given period and in return they would receive funding equivalent to the total benefit costs over that period. For instance, this could mean a City receiving the equivalent of two years of Universal Credit costs for a whole estate. Liability for benefit payments would then transfer to the City and they would keep savings made from improving employment on the estate. This would provide cities with the autonomy and incentives to join up and improve existing employment support provision in order to move more people back to work and helping people to progress through work.

Communicating best practice

As well as the delivery of support services it is paramount that the schemes that are delivered are not only assessed for their effectiveness but that this information is used to inform subsequent programmes, with best practice and innovation shared and adopted where it will be most effective. The government have already planned to introduce "What Works" centres to gather and review policies over a range of areas.[108] However this might not have the scope to assess all programmes, it should therefore be an expectation for all LAs and other agencies to analyse and report the outcomes of their interventions themselves.

Recommendation 9: Building on a similar approach in Sweden, the government should create and maintain a central Policy Bank for all support services delivered at a local and national level. This should outline existing pilots, trials and past and present evaluations. It should be freely available publicly. A common framework for outcomes should be developed in order for different policies to be judged against each other in a transparent manner. Assessing the impact of their policies and making this available to the Policy Bank should be seen as an expectation of the different agencies providing support.

Setting a new standard for assessing policy is essential if policymakers are to learn from past experience and the programmes delivered in the UK are to be of the highest standard. It is also vital to ensure that alongside a greater devolution of control for the delivery of support services, accountability and risk is also transferred to those controlling the programmes.

108 http://blogs.cabinetoffice.gov.uk/behavioural-insights-team/2013/03/20/264/

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Conclusion

Despite a number of years of interventions targeting the most deprived individuals, families and communities, we still see concentrations of unemployment within small pockets of the country and problems passed down from one generation to the next. These are both in terms of labour market outcomes and broader measures such as educational disadvantage, higher crime rates and poorer health outcomes.

This raises questions of why these problems have continued over time and how they can be tackled in the future. One important but underappreciated force that we see is the influence that the social networks that people have through their childhood, in adult life and, in particular, when looking for work has on their career prospects and their chance of finding work when they find themselves unemployed. In turn, this has a knock-on effect on their families and the communities in which they live.

When supporting jobseekers with the most serious problems, we need to recognise the diversity of social influences that people have and the cultures of unemployment which develop. Current and previous employment support programmes have taken crucial steps to address the individual problems that people face and this targeted support should continue to be developed. However they have often failed to recognise the broad range of influences on people, with community based support often failing to put in place structures that can genuinely understand the most deprived communities and deliver tailored support.

One of the clearest opportunities presenting itself at the moment is the devolution of power and funding through the City Deals. However decisions around welfare have been left out of these deals; the government should go further to devolve control over employment support and skills funding, as well as sharing the rewards of any benefit reduction that they cause. This can create innovation, join up the different branches of support more effectively and reward the most successful programmes.

On an individual level Jobcentre Plus should receive greater freedoms to tackle specific problems that somebody's network and perspectives can create. This should be done on top of greater attempts to identify the problems that individuals have, with early diagnosis which includes the range of influences from their friends, family and communities being tested.

Focussing support in this way and building on the models of joined up support being established in some parts of the UK is essential if the significant barriers that individuals face are to be addressed.

Over a number of decades the UK labour market has seen a number of changes. This came to the fore most recently, with unemployment rising to more than 8% of the economically active population for the third time since 1980. Supporting people back into work is therefore a critical focus for public policy. However much of the employment support in the UK focusses on individuals and fails to recognise more complicated influences.

In reality individuals face a wide range of influences. In this report we show how the motivations, information and social norms that somebody comes into contact with through their life have a profound effect on their employment opportunities today. Families, friends and communities shape the opportunities that somebody has, the way they approach work and, ultimately, their employment outcomes.

Existing employment support is essential to ensure that barriers such as low skills, poor job matching and lack of affordable childcare are addressed. However policies must also address the depth of challenges created by people's social networks.

In this report we outline a range of policies which can address this problem. Firstly the government should devolve a significant amount of control over welfare and support programmes to city level to ensure those in control of support have the most accurate local knowledge. On top of this we require piloting a range of approaches to providing support to communities and extension of the freedoms given to Jobcentre Plus advisors so they can personalise support in a way that addresses these issues.