

Department for Work and Pensions

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Social housing and worklessness: Key policy messages

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A report of research carried out by the Centre for Regional Economic and Social Research at Sheffield Hallam University on behalf of the Department for Work and Pensions

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The Authors

This report was produced by a team of researchers from the Centre for Regional Economic and Social Research at Sheffield Hallam University. The research project from which the report emerged was directed by Tony Gore and David Robinson, who authored this report along with Del Fletcher and Kesia Reeve. The other team members were Nadia Bashir, Rosalind Goudie and Sonia O'Toole. The full research team have also authored a separate report detailing the research findings to emerge from the project.

Summary

Introduction

This report presents the key messages for policy to emerge from a study commissioned by the Department of Work and Pensions that explored possible explanations for the relatively high levels of worklessness among tenants in social housing. The study was undertaken by a team from the Centre for Regional Economic and Social Research at Sheffield Hallam University. In addition to a review of relevant literature and secondary data, the research approach centred on in-depth, qualitative interviews with social tenants with a recent or ongoing experience of worklessness. One hundred and seven interviews were conducted with tenants living in concentrated and pepper-potted areas of social housing in four local authority districts (Derby, Islington, Peterborough and Sheffield). Interviews were also completed with 30 people with a recent or ongoing experience of worklessness living in the private rented sector. All respondents were living in neighbourhoods located close to major centres of employment.

Discussion is organised around six key themes:

Social housing as a work incentive?

Policy context

The Hills Review (2007) recognises that the operation of the social housing sector is structured in such a way that it should act as a potential work incentive. The security and sub-market rent it offers have a key role to play in supporting livelihoods and providing the opportunity for people to move into work in lower-paid segments of the economy. He concludes, however, that full advantage is not being made of this potential and goes on to outline various ways in which the sector might be reformed to play a more effective role in supporting employment.

Key research findings

The vast majority of respondents reported that living in the social rented did not present a barrier or disincentive to work. In addition, there was no evidence that levels of labour market attachment shifted when respondents moved between tenures. Some respondents explicitly referred to social housing bringing them closer to the labour market or making work a more viable option. For example, the security of tenure available within the sector was referred to as providing a position of stability and confidence from which people could think about entering work. Comments were also forthcoming about the relatively low (sub-market) rents within the social rented sector, making work a more financially viable option and less of a threat to residential security. Social landlords were also perceived as more sympathetic and flexible than private landlords, for example with regard to late payment of rent.

Policy messages and recommendations

Sub-market rents represent a potential work incentive, but the social housing system is not run in a way that seeks to maximise this potential benefit. However, there is significant potential for social landlords to support greater labour market participation among their tenants. This support might take two forms: the direct provision of training and employment opportunities; and support to help tenants secure and sustain employment.

Realising this potential will demand attention to two fundamental questions. First, why should social landlords bother? The core housing management objectives of maximising rental income and minimising rent arrears, minimising re-let times and reducing voids, and protecting the asset base, do not appear to be served by providing employment support. Of course, some landlords will regard this function as a responsibility. Indeed, there are landlords already involved in programmes designed to support tenants into work. Some others, however, might need a good reason to become involved. Whatever the motivation (commitment or compulsion), there is still the question of how such initiatives will be resourced. Second, what role will social landlords play? Social landlords cannot deliver on their potential to assist tenants into work by operating in isolation. They will need to enter into collaborative arrangements with other agencies, but it is still not clear which agencies might be involved and what form partnership arrangements might take.

Geography

Policy context

The number and proportion of people in employment in the UK has risen for a decade. At the same time the level of unemployment has fallen. However, there remain concentrations of unemployment and economic inactivity (or 'worklessness') among certain groups and within particular geographical communities. Consequently, the targeting of relatively small areas has become a

defining feature of the government's emerging approach to tackling worklessness. At the same time, planning and housing policy has promoted efforts to change the local geography of places through the creation of more mixed-income communities. The aim of this strategy is to minimise potential area effects such as stigmatisation, deteriorating service quality, and poor links to economic activity.

Key research findings

This research found no consistent evidence of cultures of worklessness in deprived areas. However, some concentrations of worklessness were characterised by strong communities and local identities and relatively low levels of population turnover. The strongest evidence of area effects was apparent in the largest estate in the study, which had a strong local identity and a committed resident population. Three particular area effects emerged in this area: postcode discrimination by prospective employers; social norms and routines or peer influences that result in a lifestyle resistant to formal paid work; and the narrow spatial horizons of local residents. However, this area was also rich in the key resources upon which people rely to 'get by'.

Policy messages and recommendations

It is questionable whether interventions intended to diversify the social mix in existing areas of social housing will have a substantial impact on levels of worklessness for two key reasons. First, there are various practical challenges associated with the creation of more mixed-income communities. Second, it is questionable whether the promotion of social mix will effectively address social polarisation and concentrations of worklessness in areas of social housing. Disadvantage in the labour market was far more commonly associated with personal disadvantages and roles and responsibilities that were incompatible with work, rather than anything intrinsic about where people were living. This is not to suggest that gains might not be forthcoming from the promotion of social mix, but to point to the importance of such activities being complementary to efforts to improve the incomes and support the livelihoods of existing residents of disadvantaged areas.

Mobility

Policy context

One of the four explanations provided in the Hills Review (Hills, 2007) for the high levels of worklessness in social housing is that the rationing system that prioritises access to social housing on the basis of need means that people who want to enter or move within the social sector for job-related reasons tend to have low priority and are forced to choose between staying put or moving into the private rented sector and giving up the advantage of sub-market rents. On this basis, limited options for moving within the sector are considered to be a disincentive to work. CLG has brought forward suggestions to address the issue of mobility within social housing, including the introducing a reasonable preference within the allocation process for people moving for job-related reasons.

Key research findings

Very few respondents reported that the difficulty of moving house within the sector acted as a barrier to securing work. Indeed, a common perception amongst respondents was that moving would not improve access to job opportunities and so did not represent a sensible option. A key aspect of this was that the jobs which many respondents were seeking, were qualified for, or were most likely to succeed in securing were low paid, often unskilled, and insecure. This was likely to remain the case wherever they lived, and hence it simply did not seem worthwhile going through the disruption of moving house and area in order to access this type of work. Some did report that their views on moving house might shift if they had a firm offer of a well paid and secure job. More commonly, however, respondents reported that the costs of moving (loss of social networks and resources) would outweigh the benefits (opportunity to enter low paid, insecure work), an observation that appears to provide at least a partial answer to the DWP's recent questioning of what constitutes 'good work'.

Policy messages and recommendations

The findings from this study suggest that restricted opportunities for mobility in social housing are not a key barrier to work, and are unlikely to account for the high levels of worklessness apparent within the sector. As long as the employment opportunities available to social housing tenants remain concentrated in the low paid, insecure segment of the labour market, the incentive to move for work-related reasons is likely to remain low. There are also considerable practical problems to the promotion of greater mobility within the social rented sector for work-related reasons. This said, there are a number of specific ways in which increasing mobility might improve the prospects of social tenants who are already 'close' to the labour market.

Tax and benefits

Policy context

The current benefit system has evolved over time and has become very complex, mixing means-tested, contributory, and universal elements, as well as entitlement based on individual circumstances. Many benefits are composed of one low basic rate with additions to provide extra help for certain groups. Some are paid by Jobcentre Plus, others by the Disability and Carers Service and others by local authorities. Tax credits, meanwhile, are administered by Revenue and Customs. Claimants are also subject to varying obligations to seek formal employment.

The Freud Report cites international evidence which suggests that this level of complexity in the benefit system may act as a disincentive to entering work. He concludes that there is a strong case for moving to a single system of working age benefits, ideally a single benefit (Freud, 2007). He also argues that that awareness and understanding of Housing Benefit (HB) as an 'in-work' benefit is low (Freud,

2007). In response, the Housing Benefit reform strategy has focused on improving administration and simplifying the system.

Key research findings

The complexities of the benefit system were found to act as a disincentive to entering work for some respondents. Some of those caught in a cycle of insecure work and worklessness, for example, identified problems returning to benefits (Housing Benefit was most frequently referred to) in between periods of employment. The combination of delays in processing claims and a lack of communication between those administering the benefits system was a cause of severe financial hardship for some respondents.

The complex interaction between earnings, Housing Benefit, tax credits and resulting net income makes it difficult for tenants to fathom the financial consequences of entering work. Difficulties understanding this interaction and being able to compare net income in work compared to out of work were apparent among the people interviewed. Few respondents appeared to be aware of the operation of Housing Benefit as an in-work benefit, raising concerns about their ability to cover housing costs when in work. This uncertainty expressed by some respondents about the income implications of entering work was in stark contrast to the certainty of their current situation, which allowed the development of personal strategies for 'getting-by'. Many also drew attention to the insecure nature of the work available to them and contrasted this unfavourably with the stability of benefits.

Policy messages and recommendations

Any reforms to the tax and benefits system should aim to make the ways that 'work pays' more easily understandable to social tenants. The present research supports the case for moving to a single system of working age benefits, ideally a single benefit, to achieve this goal. In terms of more focused reforms, respondents' concerns about meeting housing costs if they take a job suggests that the Housing Benefit regime should be a prime focus of attention. Reform of Housing Benefit is more feasible and easy to administer than alternative approaches to 'making work pay' and changes to the in-work entitlements to Housing Benefit are also likely to be easier to communicate and more readily understood by tenants. The introduction of extended entitlement to Housing Benefit would appear to be a productive way forward.

Any reform of the tax and benefits system to provide stronger work incentives will need to take account of the fact that for many social tenants the assessment of whether they might be better off in work is made in relation to the household unit, not as an individual; that attitudes towards paid work are not merely governed by economic rationality, but can also be structured through moral considerations (for example, of being a 'good parent'); and many people are too distant from the labour market for clearer messages about why work pays to have any impact upon their ability to consider looking for or finding work.

Further barriers to work facing social tenants

Policy context

A key question that this research study set out to address was whether there are any additional characteristics of social housing tenants that act as a barrier to work, but which have not already been picked up by previous analysis of secondary survey data conducted by DWP. Initial analysis of the interview data suggests that this is indeed the case, and that these characteristics may be summarised under six headings: Health; Childcare; Drug and alcohol dependence; Debt; Criminal records; and Multiple disadvantage. The existing policy context for each of these matters is examined briefly in Chapter 6.

Key research findings

The social tenants interviewed tended to face **multiple** disadvantages that were often severe in nature and sometimes **hidden** from view (for example, problems with drug or alcohol or a criminal record that people kept hidden from service providers or an undiagnosed physical or mental health problem that was reported to be impacting on functional well-being). The specifics of these multiple problems varied from individual to individual, but included mental health problems (including depression and anxiety); physical health conditions; substance misuse; low skills; lengthy spells out of the labour market; family problems; and criminal records. For most respondents facing such problems, the impact appeared to be additive, each disadvantage adding extra burdens which made it even less likely that they were able to secure and maintain a job.

Policy messages and recommendations

The multiplicity of, often, severe problems experienced by interviewees, some of which were hidden or denied, are indicative of complex personal situations likely to inhibit labour market engagement and unlikely to be fully appreciated by traditional survey measures. This finding appears to help explain why the employment effects of living in social housing are being masked. It also points to the importance of promoting integrated service provision in order to help support people into work.

Multiple disadvantage and integrating services

Policy context

In recent years there has been a strong emphasis on improving the extent to which policy making and service delivery in different domains are complementary or 'joined up'. This has been pursued through various developments - the work of Local Strategic Partnerships the introduction of co-ordinating mechanisms at local and sub-regional levels, including the City Strategy, the establishment of Skills and Employment Boards and the launch of Local Employment Partnerships.

Partnership working at the local level is also seen as a vital pre-requisite for tackling the low employment rates apparent in social housing. The Hills review found that although housing and employment support tend to operate separately, often problems in one can have its roots in the other. The Housing Green Paper (CLG, 2007) also recognised that there is significant potential for social landlords to support greater labour market participation among their tenants and DWP are currently working closely with the CLG to explore how best to achieve a more joined-up approach to the provision of employment and housing advice by social landlords and employment services.

Key research findings

The social tenants interviewed faced, often severe, multiple disadvantages that were sometimes hidden or denied. The lives of many of these individuals were found to have been made more difficult by the fragmented way in which public services operate. This can often worsen the financial difficulties faced by individuals and compromise their return to the labour market. On the other hand, the interviews did not indicate that widespread dependency was readily apparent within the lives, experiences, attitudes and actions of respondents. Rather than assuming that the state would sort out all aspects of their lives, respondents were typically making their own arrangements to 'get by'. State benefits were only part of these survival strategies, which commonly also called on assistance (financial and in-kind) from family and friends and, in some cases, involved informal, cash in hand work.

Policy messages and recommendations

The extent of multiple disadvantages amongst the respondents, and the apparent lack of readily available help to overcome these barriers, underlines the pressing need for linked interventions targeted at residents in social housing. Such activities need to display a number of common features: the organisations charged with providing employment support must have some credibility with and be able to engage with local residents; to this end, local residents might be recruited to client-facing roles; there is a need to tackle all of the issues that an individual faces; and social landlords have an important role to play in local partnerships to tackle worklessness.

Key policy messages and recommendations

The final chapter of this report reiterates the principal messages for policy that can be taken from this discussion, by providing a summary overview of the key recommendations presented in previous chapters. To summarise:

- social housing as a work incentive – sub-market rents represent a work incentive, as does the security of tenure provided by the sector, but social housing system is not run in a way that seeks to maximise this potential. Yet, there is significant potential for social landlords to support greater labour market participation among their tenants. This support might take two forms: the direct provision of training and employment opportunities; and support to help tenants secure and sustain employment. Realising this potential will demand attention to at least two fundamental questions. First, why should social landlords bother, when their primary management objectives are not directly served by the resourcing or delivery of employment support? Second, what role will social landlords play and what partnership arrangements will be required to facilitate their contribution?
- geography – it appears unlikely that efforts to diversify the social mix in existing areas of social housing will have a substantial impact on levels of worklessness, without also taking effective steps to improve the incomes and to promote the livelihoods of existing tenants. This will need to involve outreach work to connect workless residents with services and the local provision of training and job opportunities.
- mobility – restricted opportunities for mobility in social housing are not a key barrier to work and are unlikely to account for high levels of worklessness within the sector. People whose employment opportunities are limited to low paid, insecure work see little reason to move for work related reasons. However, greater assistance with moving might be appropriate in places which are isolated from employment opportunities or where transport links are very poor. Also, efforts to widen tenants' geographical horizons with respect to the local labour market might make sense in some places, such as large estates in large conurbations.
- tax and benefits – any reforms to tax and benefits should aim to make the ways that the system 'makes work pay' more easily understandable to social tenants. The research findings would appear to support the case for moving to a single system of working age benefits. Any such reforms will need to recognise that people often assess whether or not they can afford to work in relation to the household unit, not as an individual; that for some people (such as lone parents) attitudes toward paid work are not governed by economic priorities, making them less likely to respond to economic incentives; and that some social tenants are too distant from the labour market for clearer messages about why work pays to impact on their ability to consider looking and entering work.
- further barriers to work facing social tenants – the complex personal situations found to be inhibiting labour market engagement among the social tenants interviewed point to the importance of promoting integrated service provision in order to support these people into work. The range of services included in the provision of such support will need to include health and social care, childcare providers, financial and benefit advice services, and offender support and probation services.

- integrating services – the linked interventions targeted at residents in social housing will need to display a number of common features, including the involvement of agencies possessing credibility with local residents, whose role is to enable, rather than police, which employ local residents in client-facing roles. It will also be important to recognise the need to tackle the multiple challenges that some people face before being able to consider entering work. Social landlords will have a role to play within such local partnerships.

1 Introduction

This report presents the key messages for policy to emerge from a study commissioned by the DWP that explored possible explanations for the relatively high levels of worklessness found among tenants in social housing¹. The study was undertaken by a team from the Centre for Regional Economic and Social Research at Sheffield Hallam University and sought to build on existing evidence regarding the characteristics and factors that inhibit moves into employment by social tenants. In particular, attention focused on three broad lines of enquiry:

- Are there certain characteristics that have a differential impact on employment outcomes among social tenants?
- Are there additional factors related to social housing (for example mobility, security of tenure, landlords) and area effects (for example, labour markets and other structural factors, neighbourhood culture etc.) that impact on the attitudes and orientation of social tenants to employment?
- Are there any characteristics too subtle to be picked up by survey measures that help explain the relatively high levels of unemployment and labour market detachment found among social tenants?

These lines of inquiry were explored through attention to five key research questions, which served to focus the research effort:

- 1 Are social tenants able to recognise and realise the work-related benefits of living in the social rented sector?
- 2 Does living in the social rented sector expose people to area effects that serve to distance them from work?
- 3 Do difficulties moving within the social rented sector for work related reasons serve to restrict the job opportunities available to tenants?
- 4 Does the current system of benefits and tax credits serve to distance social tenants from work and are these effects more pronounced than in the private rented sector?

¹ A separate DWP, report presents the detailed research findings.

- 5 Are there any barriers, operating in isolation or combination, that help to explain the high levels of worklessness apparent among social tenants, in addition to those that have been already examined by quantitative analysis of administrative and survey data by DWP?

The research design for addressing these questions focused on two key activities:

- further analysis of existing administrative and survey data and relevant literature;
- in-depth qualitative interviews with 107 social tenants in two neighbourhoods (a concentrated area of social housing and 'pepper-potted' area of social housing) in each of four case study local authority districts (Derby, Islington, Peterborough and Sheffield). In addition, 30 in-depth qualitative interviews were also conducted with private rented tenants.

The purpose of this report is to headline the key policy messages to emerge from the research. Each chapter considers one of the five key research questions detailed above, with attention focusing on lessons learnt for effective intervention. A sixth issue – integrating services – emerged as a policy-relevant concern during analysis of tenant experiences and is also considered.

Each chapter begins with a brief outline of the current policy context, before moving on to summarise relevant research findings and then consider the key messages for policy development aimed at tackling low levels of employment among social tenants.

2 Social housing as a work incentive?

2.1 Policy context

The low employment rate of those resident in social housing compared with other tenures has prompted concern that it is the sector itself that may present a barrier to work. Quantitative analysis indicates that the high levels cannot be explained simply by reference to higher concentrations of disadvantage within the sector. Thus, social housing tenants are less likely to work than those in the private rented sector even when many of the common factors which place individuals at a disadvantage in the labour market are taken into account. (DWP in-house analysis/Hills, 2007).

The recent Hills Review (2007) recognises that the operation of the social housing sector is structured in such a way that it should act as a potential work incentive. Thus, the stability and sub-market rents it offers has a key role to play in supporting livelihoods, providing the opportunity to support people seeking to make the transition into work in lower-paid segments of the economy. He concludes, however, that full advantage is not being made of this potential and goes on to outline various ways in which the sector might be reformed to play a more effective role in supporting employment.

These proposals and other possibilities are still at the discussion and formulation stage. For this reason, the central focus of this section is on the messages emerging from the interviews with social tenants.

2.2 Key research findings

For the vast majority of respondents, living in the social rented did not appear to act as a work disincentive. Few, if any, respondents recognised their tenure as presenting a barrier to work. In addition, there was no evidence that levels of labour market attachment shifted when respondents moved between tenures.

In other words, comparing respondents' situations when living in the private sector (typically renting) with their situations having moved into the social rented sector revealed no obvious ways in which levels of labour market engagement or attitudes to work changed. The only occasions that this did occur was when there was an accompanying change of personal circumstances (parenthood, illness, family problems and such like). This finding points to the fact that personal circumstances were a far greater and more direct influence on tenants' behaviour than their housing situation. Detachment from the labour market was typically related to personal disadvantages, which were often severe and multiple in nature (see Chapter 6). It was also closely linked to individual identities and associated roles and responsibilities that were often not compatible with work (for example, parenting and caring), and to concerns about the viability of the work available to them (low paid and insecure).

Many respondents were not readily able to identify any work-related incentives of residing in the social rented sector. Some were unaware that they were benefiting from sub-market rents (some did not know how much their rent was), and some had little notion of how rent levels and security of tenure varied across housing sectors. However, the latter subset of respondents tended to be people who were not named tenants and therefore not responsible for the rent (particularly adult children but also partners of the named tenant); had only ever been a tenant in the social rented sector and had little awareness of other tenures; or who were very distant from the labour market, rendering the potential work-related benefits of residing in the sector insufficient to enable them to work or consider working.

In contrast, some respondents did refer explicitly to social housing as bringing them closer to the labour market or making work a more viable option. For example, the security of tenure available within the sector was referred to as providing a position of stability and confidence from which people could think about entering work, particularly amongst those with previously insecure or disrupted housing careers and lifestyles. However, there were also those who saw this security more in terms of providing social stability, rather than economic opportunity.

Comments were also forthcoming, particularly from respondents with experience of the private rented sector, about the relatively low (sub-market) rents within the social rented sector, making work a more financially viable option and less of a threat to residential security. Social landlords were also perceived as more sympathetic and flexible than private landlords, for example with regard to late payment of rent. This was particularly important for those considering short-term contracts and other temporary work opportunities and where income payments can sometimes be sporadic or delayed. The needs-based eligibility and the security offered by social renting were compared favourably by some with the high entry costs of private renting (for example, deposit requirements) and the speed at which it was believed a private landlord may evict for non-payment of rent. While most respondents alluded to the general stability that this brought to their lives, a few recognised that it also allowed them to work in a context that they would otherwise have deemed too risky.

The overwhelming weight of evidence suggests that residing in the social rented sector does not, in itself, represent a barrier to work. People were not found to be out of work because they live in social housing; rather, they were in social housing because of their relatively weak position in the contemporary labour market, manifested by frequent and often persistent periods of worklessness. While sub-market rents and security of tenure potentially offer a marked work incentive, many tenants will only be able to take advantage of this opportunity if they can make themselves more attractive to potential employers.

2.3. Policy messages and recommendations

Sub-market rents, the security of tenure provided by the sector and the ethos and attitude of social landlords all represent potential work incentives, but the social housing system is not run in a way that seeks to maximise this potential benefit. The primary responsibility of social landlords is to provide decent accommodation and deliver housing management services to tenants. These services extend well beyond the core functions of allocations and lettings, repairs and maintenance and rent collection, to include neighbourhood renewal, tenancy management and support, and participation activities. As Hills (2007) acknowledges, however, the services that tenants pay for through their rent do not normally include help finding paid work. Yet, as recognised in the Housing Green Paper (CLG, 2007) there is significant potential for social landlords to support greater labour market participation among their tenants. This support might take two forms: the direct provision of training and employment opportunities; and support to help tenants secure and sustain employment.

The many millions of pounds being spent by social landlords building new housing and renovating and renewing existing stock can support the creation of local jobs, promote local businesses and increase the skills of local people. Through their delivery of the Decent Homes Standard, active engagement in neighbourhood renewal programmes (for example, New Deal for Communities and the Housing Market Renewal Pathfinder programme) and involvement in meeting local growth targets through new developments, social landlords have the potential to build local capacity and create new jobs. Examples of such supply-side initiatives do exist. For example, a recent study of the involvement and empowerment of minority ethnic tenants through renewal activities, pointed to creative ways in which social landlords can 'piggy-back' training and employment initiatives on the back of major housing renewal programmes (Mullins *et al.*, 2004). Such initiatives include the introduction of local labour agreements or compacts between landlords and their contractors, the negotiation of sub-contractor arrangements for local businesses with major construction partners, capacity building for local groups providing training in construction industry skills, partnerships with further education colleges to provide training in local centres and financial support and in-kind assistance to local businesses. Mullins *et al.* (2004) reported that such training and employment initiatives are generally welcomed by tenants and housing organisations alike.

However, they also point out that such approaches require landlords to take a wider view of their role, to manage modest increases in the level of risk and develop relevant skills and competences within their own organisations, including resource procurement.

Housing associations and local authority landlords are actively involved in the direct provision of tenancy support or have negotiated service level agreements with voluntary and community sector agencies to provide support for tenants. These support services range from practical advice, such as welfare rights or financial advice, though to support developing life skills, managing a tenancy and living independently. Supporting people into work is rarely an explicit objective of tenancy support services. Landlord motivations for providing such support typically centre round the need to limit rent arrears, tackle ASB, manage void levels, reduce turnover and foster greater community stability. The objective is to help people obtain and sustain a tenancy and to limit the number of tenants encountering problems that might lead to a housing crisis, such as abandonment or eviction. However, this service model would appear to provide significant possibilities for developing a support service aimed at assisting social tenants to obtain and sustain work. Key features of such a service might include:

- Work related support for workless social tenants – all social landlords have a potential role to play in helping social tenants into work. First, they could extend their current range of support and advice services to include attention to work-related concerns. This would involve the provision of advice and support about training and employment opportunities. A key potential of this development would be the provision of support and assistance by an agency that is more likely to be regarded as advocating on behalf of tenants, rather than coercing them into work. This is particularly likely to be the case in instances where support and advice about entering work is provided alongside efforts to increase the skills of local people, support the creation of local jobs and promote local businesses. Second, social landlords could play an important role signposting tenants to relevant agencies able to provide more specialist work-related assistance. This role, however, will demand, at very least, that housing officers have the skills and knowledge required to identify the employment related needs of tenants in order to refer them to relevant specialist services.

- Housing related support for working social tenants – all social landlords could play an important role in addressing the fundamental concerns that undercut the ability of some social tenants to consider entering work. In particular, worries about difficulties paying rent and the possibility of accruing rent arrears, which lead on to concerns about security of tenure when in work, could be addressed through financial support, such as fixed-period rental ‘holidays’ for tenants entering work, backed up by specialist advice and support, including financial guidance. Tenant fears about rent arrears are not misplaced, with movement in and out of Housing Benefit entitlement being a common cause of rent arrears. Social landlords, however, should already be engaged in efforts to prevent, and assist tenants in managing, rent arrears. Ensuring that these services attend to the financial challenges that tenants can encounter entering work should not represent a major challenge. Some landlords already provide or actively refer tenants to welfare rights support. Tenants entering work might be referred to such services as a matter of course, in a bid to ensure they are receiving full in-work benefit entitlements. Landlords might also look at the possibility of adopting more generous repayment packages and overlooking relapses in repayments for working tenants who get into arrears.

Realising this potential will demand attention to at least two fundamental questions:

- Why should social landlords bother? – while there do not appear to be any significant tensions between the management priorities of social landlords and the objective of assisting tenants into work, nor are there many obvious synergies. Social landlords do have an obvious motivation for supporting tenants who are in work - maintaining rental income and easing the headache of managing rent arrears. It is less obvious why social landlords would be motivated to extend the housing management function into the provision of assistance to tenants to find work. The core housing management objectives of maximising rental income and minimising rent arrears, minimising re-let times and reducing voids, and protecting the asset base, do not appear to be served by resourcing or delivering employment support. Of course, some landlords will regard this function as a responsibility. Indeed, some are already actively engaged in efforts to assist tenants into work. Others might require to be instructed to do so. The proposed new duty on councils to tackle worklessness could force local authority landlords to more actively address the issue through their management functions. Housing associations, meanwhile, could be prompted to tackle worklessness within their tenant base and actively support tenants moving into work through the inspection and regulation regime, as suggested in the Cave Review (Cave, 2007). Whatever the motivation (commitment or compulsion), there is still the question of how such initiatives will be resourced.

- What role for social landlords? – housing management has the potential to play an important role in supporting tenants to secure and sustain paid work. Social landlords cannot deliver on this potential by working in isolation. Rather, they will need to enter into collaborative arrangements with other agencies, but it is still not clear which agencies might be involved and what form partnership arrangements might take. The most obvious development is the commissioning of expert advice and support regarding welfare rights and personal finances. Referral arrangements might also be negotiated with statutory and third sector employment advice and training agencies. More formal collaboration with statutory agencies, however, could undermine the perception that social landlords are advocating on behalf of tenants, rather than coercing them into work. Experience also suggests that binding social landlords into partnerships co-ordinating efforts to reduce worklessness is unlikely to be an easy process.

3 Geography

3.1 Policy context

The number of people in employment in the UK has risen for a decade. At the same time the level of unemployment has fallen in terms of both the Jobseeker's Allowance (JSA) claimant count and the International Labour Organisation (ILO) definition. However, not all groups have benefited equally from recent improvements in the economy and labour market. Unemployment and economic inactivity (together termed as 'worklessness') have become progressively concentrated within certain groups and within particular geographical communities. Consequently, the targeting of relatively small areas ('neighbourhoods' or 'communities') has become a defining feature of the Government's emerging approach to tackling worklessness: *'Many problems are of a more local nature, and can only be tackled at the level where concentrations of worklessness occur; the very local level.'* (HM Treasury and DWP, 2003, p.46).

Many of these initiatives have been an integral part of wider regeneration efforts; others have been directed explicitly at worklessness itself. A good example of the latter are the StepUp pilots which provided transitional employment opportunities and work experience for disadvantaged jobseekers in 20 areas. Similarly, Employment Zones have been implemented in 15 areas of high long-term unemployment, and Action Teams for Jobs have also been established in 63 deprived areas to help overcome local barriers to work. Between 2004 and 2006 the Working Neighbourhoods Pilot targeted concentrations of worklessness in 12 localities across Britain. More recently, the City Strategy seeks to harness the commitment, energy, ideas and funding streams of local public sector partners and employers to tackle worklessness in urban communities.

At the same time, planning and housing policy has promoted efforts to change the local geography of places through the creation of more mixed-income communities. The aim of this strategy is to minimise area effects such as stigmatisation, deteriorating service quality and poor links to economic activity. The promotion of income mix within new housing developments is actively supported by policy instruments such as Planning Policy Statement 3 (CLG, 2006), which identifies

the creation of sustainable, inclusive, mixed communities as one of four key strategic housing objectives. The recent Hills Review (Hills, 2007) lends support to a possible association between social housing and area effects which adversely affect people's employment prospects, pointing out that social housing is often located in disadvantaged areas and on particular estates characterised by poor transport links. Possible peer group effects of having few models of regular work participation, which can be compounded by poor quality local services, including schools, are also noted from the literature. However, Hills goes on to argue that ensuring that new social housing is built as part of mixed developments will do little to address the social mix in existing stock, which tends to be clustered in deprived neighbourhoods with relatively high levels of worklessness. Hills, therefore, points to five types of intervention that might serve to diversify the social mix in existing areas of social housing: large scale remodelling and rebuilding; reform of allocation policies; 'pepper-potting' the social rented stock; densification and infill; and retaining higher income tenants

3.2 Key research findings

Area effects refer to the effects (independent of a person's characteristics) that living in an area with many other people out of work has on individual outcomes, such as people's chances of entering the labour market. There are two main ways in which an individual's chances of finding work may be reduced simply because of where they live:

- 'place' effects, which stem from the characteristics of places, such as its location and infrastructure, for example limited training opportunities or variation in the quality of local services; and
- 'people' effects, that relate to the damaging effects of living with many other workless people, for example a lack of information about job opportunities or postcode discrimination.

Some would also include 'culture of worklessness' among the 'people' effects, but the findings from this research concur with the evidence from a study by the Social Exclusion Unit (2004), which found no consistent evidence of cultures of worklessness in deprived areas. Interviewees were not separated culturally from the rest of society but followed a value-orientation in which material dependency upon the wage relation was seen as natural and necessary to personal identity. However, family breakdown and being brought up in deprived communities where the available labour market opportunities are invariably low paid and chronically insecure, had led some to participate in the informal economy and criminal activities. For many men in particular, such courses of action appeared to be as much driven by a 'work ethic' as their participation in the formal labour market.

This study found that some neighbourhoods experiencing concentrations of worklessness were characterised by strong communities and local identities and relatively low levels of population turnover. The case study neighbourhood in our

research conforming most closely to this description (the Manor estate in Sheffield) also provided the strongest evidence of area effects, although there were also some more isolated examples of area effects in other case study neighbourhoods. Three particular area effects emerged from the interviews:

- postcode discrimination by prospective employers;
- social norms and routines that result in a lifestyle or peer influences antithetical or resistant to formal paid work (this includes family and social routines and responsibilities as well as more damaging criminal and drug-using networks);
- and the narrow spatial horizons of local residents – or ‘estate as universe’ attitude – which serve to restrict travel to work and job search areas.

Evidence from this study suggests that area affects are more likely to be apparent in large estates (i.e., areas of concentrated social housing), with a strong sense of ‘*local identity*’. In contrast to respondents living on the Tollington estate in Islington, for example, those on the Manor estate in Sheffield tended to express a distinct estate identity and took a certain pride in this fact. Such areas are also likely to be characterised by a relatively high degree of stability – low turnover and high ‘internal’ demand as the population reproduces itself from within – and very limited housing demand from elsewhere. Many residents have long-standing (and multi-generational) links with the community and are firmly embedded in close locally-concentrated family and social networks.

The geography of such areas may also be relevant. Although many social housing estates that share these characteristics may be rather isolated or peripheral, the Manor itself lies between two and three miles south-east of major employment concentrations in Sheffield city centre and the lower Don Valley, both of which are accessible by public transport. The estate is, however, surrounded by a number of other large social housing estates. This contrasts with some of the other areas of concentrated social housing where we undertook interviews. For example, the Tollington estate is situated in close proximity to markedly different neighbourhoods, in terms both of tenure (for example, private or mixed tenure areas) and urban form (for example, non-estate layout).

Such characteristics are likely to lead to such estates gaining a poor ‘external’ reputation amongst employers, service providers and others. These negative external perceptions were also detected in other areas of concentrated social housing (for example, the Welland estate in Peterborough), but the impact on local residents appeared to be quite different. Thus, in the Manor, the indications are that some residents feel proud of their tough reputation which forms part of the ‘*local identity*’. In contrast, several respondents from the Welland estate in Peterborough and the Austin estate in Derby felt that the area had recently improved, but that they were still treated as guilty by association. Some admitted that they had only moved there because that was what they had been offered. Some respondents on the Welland estate reported that they were now keen to escape the stereotype, either by a change of lifestyle or, more commonly,

by seeking a move to another part of town. Despite these differences, though, interviewees from all these areas felt that this notoriety may underpin 'postcode discrimination'.

It is important to acknowledge that these neighbourhoods are also rich in the key resources upon which people rely to 'get by'. The strength of family and social networks can be invaluable, particularly to people experiencing severe deprivation, with a range of support (looking after children, financial help, transport) often provided through these networks. There was also evidence that residents secure work (formal and informal) through these networks.

Area effects were least evident in the 'pepper potted' neighbourhoods, with some respondents in these locations identifying advantages of living there for their prospects of securing employment. Interestingly, this included the close proximity to the city centre and/or other employment opportunities, factors also present on the Manor estate but not recognised as an advantage by most respondents. In contrast to respondents living on the Manor estate, those in the pepper potted neighbourhoods also reported that employers were more likely to discriminate against particular groups (such as the long-term unemployed or minority ethnic people) rather than residents of particular areas.

However, it would be a mistake to conclude from this that area effects are inevitably associated with, and likely to influence, levels of worklessness in areas of concentrated social housing. Despite sharing many similarities (including poor external reputations and high concentrations of deprivation), only one of the four concentrated social housing estates in the study revealed the full range of area effects noted in the Hills Review.

3.3 Policy messages and recommendations

It appears unlikely that interventions intended to diversify the social mix in existing areas of social housing will have a substantial impact on levels of worklessness for two key reasons: First, there are various practical challenges associated with the creation of more mixed-income communities. Our research findings point to particular problems regarding two specific interventions:

- Large-scale remodelling and rebuilding – as well as being the most expensive option, the social costs of large-scale remodelling are potentially significant. The strong communities and complex social networks that many respondents in this study were relying on to manage and ‘get by’ would be severely disrupted, if not completely destroyed, by a programme of demolition and rebuilding. Even if existing tenants were guaranteed a place to live on the remodelled estate, it is questionable how many would end up back in the area with their social networks and resources intact. The case of a 47 year old lone parent of three children residing on the Manor estate is instructive. She was previously reliant on her mother for taking her children to and from school which had allowed the interviewee to hold down work in sandwich shops and snack bars. However, the ongoing redevelopment of the estate meant that she was recently rehoused much further away from her parent’s house on the estate. The result has been that her mother can no longer fulfil this important function which has severely limited the interviewees’ options in the labour market. Experience from the New Deal for Communities and Housing Market Renewal programmes also points to the significant practical, political and financial challenges associated with the large-scale remodelling of a neighbourhood, the specifics of which vary in form and intensity from place to place (Cole and Flint, 2007; Bennington *et al.*, 2005). The approach can work in specific circumstances, but such situations are far from universal.
- Allocation policies – the operation of allocation policies might be revised in a bid to reduce the extent to which they serve as an ‘engine of polarisation’, concentrating the most disadvantaged households in particular neighbourhoods. There are, however, a number of factors that are likely to militate against such reform. First, many of the respondents in this study had actively chosen and wanted to continue to live in neighbourhoods that analysis might characterise as disadvantaged or less desirable. Often these people were already part of the local community, having grown up in the area, and were keen to remain. Second, other respondents had been in urgent need of accommodation when they moved to their current address, for example, fleeing violence in the home or escaping homelessness. They were therefore in no position to exercise choice by waiting for an offer of housing in a more popular neighbourhood. Third, social landlords are unlikely to favour allowing households in urgent and extreme need greater opportunity to exercise choice in the lettings process. In the case of homeless households, for example, greater choice (for example, removing the requirement that many local authorities place on homeless applicants to accept the first tenancy offer they receive) could mean more time spent in temporary accommodation, at what can be great mental and physical cost to the applicant and financial cost to the authority. In addition, extending the choice available to applicants in the weakest position would present social landlords with the management headache of generating demand for less desirable sections of their stock, where these households have traditionally been allocated housing.

The second question regarding the likely gains to be secured through the promotion of social mix is more fundamental. The research findings underline the uncertainty about the extent to which such approaches can tackle social polarisation and concentrations of worklessness in areas of social housing. Certainly, what our findings suggest is that without taking effective steps to improve the incomes and to promote the livelihoods of existing tenants, such approaches are bound to fail. Only in one case study neighbourhood did respondents readily identify anything particular about where they live that serves to disadvantage them in the labour market. Rather, disengagement from the labour market was typically related to personal disadvantages, which were often severe and multiple in nature, individual identities and associated roles and responsibilities that were often not compatible with work (for example parenting and caring), and concerns about the viability of what work was available locally (low paid and insecure).

This is not to suggest that gains might not be forthcoming from the promotion of social mix, but to point to the importance of such activities being complementary to efforts to improve the incomes and support the livelihoods of existing residents of disadvantaged areas. To this end, the research has raised a number of issues that policy will need to heed:

- The narrow spatial horizons and territorial behaviour characterising some residents means that outreach work may be a vital prerequisite for reaching the workless in deprived communities. Many distrust statutory agencies such as Jobcentre Plus, some even to the extent of not claiming any benefits. Recent initiatives such as Action Teams for Jobs and some Working Neighbourhoods pilots have managed to establish credibility and trust amongst local residents by recruiting a proportion of their advisers from the areas served, so that they are relating to people who share similar experiences and are part of the same community.
- People with a lack of skills are amongst the most disadvantaged in the labour market, and unlikely to travel very far to try to improve their situation. Policy makers need to ensure that measures to improve residents' human capital and to stimulate job creation are readily accessible to such communities. Although some schemes are already underway, there is much wider scope here for social landlords to provide links to training and work experience programmes relating to their own work (for example, construction and property maintenance, security or administration).
- Area effects can and do impact on some residents' chances of seeking or securing employment. However, area effects are not inevitable in areas of social housing characterised by high levels of worklessness. Rather, they are more likely to be apparent in particular kinds of places (large estates with a strong local identity and poor external reputation, low turnover and high internal demand). Interventions designed to combat the adverse effects associated with where one lives, and to tackle worklessness more broadly, will need to acknowledge and be sensitive to this fact.

4 Mobility

4.1 Policy context

One of the four explanations provided in the Hills Review (Hills, 2007) for the high levels of worklessness in social housing is that the management of social housing, in the context of high demand, makes residential mobility for work-related reasons difficult. In particular, Hills (p. 20-21) suggests that the rationing system that prioritises access to social housing on the basis of need means that people who want to move for job-related reasons are in practice required to choose between staying put or moving into the private rented sector and giving up the advantage of sub-market rents. On this basis, their limited options for moving within the sector are considered to be a disincentive to work. To address this, Hills suggests that job-related reasons might be added to the factors that establish priority for those who can move, and the expansion of Choice Based Lettings on to a scale that permits cross-authority or sub-regional mobility.

The Housing Green Paper (CLG, 2007) accepted this conclusion, and CLG has brought forward suggestions to address the issue of mobility within social housing. These have included a consultation exercise on a new reasonable preference category, so that existing tenants looking to move to find work can expect to receive higher priority, and investment in 18 new sub-regional Choice Based lettings schemes intended to offer the chance for people to move across different local authorities (Cooper, 2007). The Green Paper also proposes that the new homes agency, which will bring together English Partnerships, investment functions from the Housing Corporation and certain delivery roles from CLG, will be expected to tackle worklessness. Reinforcing this point, the recent Cave Review of Social Housing Regulation (Cave, 2007), points to the need to deal with the problem of mobility on a 'domain wide basis' as a key reason why the whole social housing domain should come under one regulator. Recommendations from the Cave Review are proposed in the current Housing and Regeneration Bill.

On the other hand, there are no general or explicit labour market policies that relate to residential mobility, per se. While it is possible to find out about work opportunities across the UK via the internet-based job vacancy service provided

by Jobcentre Plus, there are no relocation schemes connected to such job search activity. However, some attention has been paid to geographical mobility in terms of potential travel-to-work areas. Indeed, a key underlying policy assumption has been that there are many unfilled job vacancies within easy reach of where most workless people live. One result of this has been increased pressure on many unemployed job seekers to expand their geographical area of job search, and to amend their Jobseeker's Agreement accordingly. There have also been a number of schemes offering free or subsidised transport to help people gain access to areas where there are new job opportunities. These include travel passes, bus links and moped/scooter loan schemes on the one hand and travel training schemes (mainly for disabled people) on the other (Department for Transport, n.d.). The latter have mostly been geared to securing greater independence for participants, although some examples (for example, South Tyneside) have shown their applicability to certain categories of job seeker. Overall, however, assisted transport provision appears to have had mixed results as far as employment outcomes are concerned.

4.2 Key research findings

Some respondents were frustrated by the limited opportunities for mobility within the social rented sector, but their desire to move was predominantly for non-work reasons. Thus, most were seeking to move in order to improve their housing conditions, to live in a 'better' neighbourhood, to escape problems such as anti-social behaviour or to be closer to family and friends. This picture is borne out by our analysis of the CORE data.

Very few respondents reported that the difficulty of moving house within the sector acted as a barrier to securing work. Principally, this appears to reflect a lack of motivation amongst respondents to move for job-related reasons. Indeed, a common perception amongst respondents was that moving would not improve access to job opportunities and so did not represent a sensible option. A key aspect of this was that the jobs which many respondents were seeking, were qualified for, or were most likely to succeed in securing were low paid, often unskilled and insecure. This was likely to remain the case wherever they lived, and hence, it simply did not seem worthwhile going through the disruption of moving house and area in order to access this type of work. The same considerations also meant that most respondents were unlikely to be willing to expand their travel-to-work horizons very far either, since prospective wage levels would be insufficient to cover an increase in travel costs. Respondents also cited time considerations as well as distance and cost, particularly in terms of fitting in with commitments and routines around family and (to a lesser extent) friends. Of course these points apply to most employees. For respondents to this research, however, the gains from work were not considered sufficient enough to offset these costs

Some did report that their views on moving house might shift if it were to represent an opportunity to improve their economic circumstances – for example,

if they had a firm offer of a well paid and secure job. More commonly, however, respondents reported that the costs of moving (loss of social networks and resources) would outweigh the benefits (opportunity to enter low paid, insecure work), an observation that appears to provide at least a partial answer to the DWP's recent questioning of what constitutes 'good work' (DWP, 2007b).

This also challenges the notion that individuals are necessarily 'better off' in work; wages alone are not delivering some households out of poverty. For some respondents it was the resources available to them locally which allowed them to consider working, and made entering the labour market financially viable. This was true, for example, of respondents whose friends or family members were able and willing to provide childcare or help with transport. For these individuals, relocating would result in them losing these resources and, therefore, present a further barrier to entering employment. Interestingly, when talking about these costs, respondents rarely referred to the housing consequences of moving for employment reasons.

'You don't just up and leave all your family and everything else just to get a job. That's a bit stupid isn't it? Because, I've got a family here. She [girlfriend] has got family you know.'

(26 year old man)

4.3 Policy messages and recommendations

The findings from this study suggest that restricted opportunities for mobility in social housing are not a key barrier to work, and are unlikely to account for the high levels of worklessness apparent within the sector. As long as the employment opportunities available to social housing tenants remain concentrated in the low paid, insecure segment of the labour market, the incentive to move for work-related reasons is likely to remain low. The uncertainties connected with moving are also compounded by the operation of the tax and benefits system (see Chapter 5). This implies that wide-ranging interventions to promote greater mobility within the social rented sector are unlikely to have much impact on worklessness levels.

Sub-market rents are acknowledged as being good for reducing the poverty trap, but concerns have been raised about the creation of residence trap, as the rationing model that informs allocations serves to restrict mobility. Possible measures to increase the number of moves for job-related reasons outlined by Hills (2007) and in the process of being fleshed out by CLG (Cooper, 2007) include the awarding of reasonable priority to people wanting to move within the social rented sector for work-related reasons and the expansion of Choice Based Lettings onto a scale that permits cross-authority or sub-regional mobility. However, there are a number of challenges to be overcome in implementing these options: First, there is the issue of how a sector that is struggling to meet its statutory obligations to people in housing need and people recognised as homeless under the legislation could deliver on responsibilities to an additional needs group (people needing to move for employment reasons). Of course, movement within the sector is a zero

sum game – transferring tenants fill a new tenancy but leave a vacancy behind them – but the transfer system is governed by attention to housing needs (for example, overcrowding) and efficient use of the stock (for example, tackling under occupation), raising questions about how landlords might prioritise moving for work-related reasons against other dimensions of need.

A second issue is what incentives will persuade social landlords to support moves to increase job-related mobility within their stock and across the sector. While some landlords are already mainstreaming efforts to help tenants into work within their management function, for others, there remain significant disincentives. For example, increased mobility can raise management headaches and drive up management costs for social landlords. Also, cross-authority or sub-regional choice-based lettings schemes might be seen as a threat to the sustainability of more unpopular neighbourhoods and prompt asset management concerns. Social landlords, therefore, need to be given good reason to concern themselves with levels of worklessness, above and beyond broad and untested assumptions that working tenants are ‘better’ tenants. This challenge will need to be taken forward by the new homes agency.

This said, there are a number of specific ways in which increasing mobility might improve the prospects of social tenants who are already ‘close’ to the labour market:

- Greater assistance with moving might be appropriate for those who live in places which are isolated from employment opportunities or where transport links are very poor. Such interventions should also be directly linked to vocational training programmes that will help participants improve their position in the labour market.
- Enhanced mobility initiatives should also focus on those tenants for whom the incentive to move will be greatest, for example the limited numbers qualified for and seeking higher paid jobs not available in the local vicinity.
- Efforts to widen tenants’ geographical horizons with respect to their local labour market may make sense in some places, such as in large estates which are located in large conurbations. They should be backed up with some form of assistance with initial travel costs and travel advice on how best to access job locations.
- However, they may not be realistic in smaller, more free-standing towns and cities, where distances to other employment concentrations are too great for low-wage or part-time work to be worthwhile. In such cases (and elsewhere), a more fruitful avenue might be to expand the range of job types considered. This has been tried in some of the areas piloting the Jobseeker’s Mandatory Activity scheme for the over-25s, with some success reported in job entry but more particularly in motivation.

- Other avenues that could also be considered include increased links to local employers (for example, recruiting them to Local Employment Partnerships and the 'jobs pledge'), and incorporating travel advice with the advertising/notification of job vacancies.
- Clearly there is a need for local responsiveness in such matters, depending on the relative locations of job opportunities and those living in social housing. Those places with access to fewer job opportunities in the immediate vicinity might benefit from assisted transport to work or travel training initiatives, but it should be recognised that these circumstances do not apply to all people or to all places.

5 Tax and benefits

5.1 Policy context

The last 20 years have witnessed a move from passive labour market policies to a much more active welfare system which prioritises work and individual responsibility. *'In the past the welfare state was largely passive...but the Government is now establishing a far more active system based on work.'* (HM Treasury, 2001, p.27). As a consequence the 'rights and responsibilities' regime has been extended to people on 'inactive' benefits such as those on lone parent and sickness benefits. Thus, the Government is seeking to reduce the number of Incapacity Benefit (IB) claimants by one million over the next decade. As part of this strategy, a new 'Employment and Support Allowance' will replace IB in 2008 and most claimants will be paid in return for work-related interviews, for agreeing to follow an action plan, and for participating in some form of work-related activity. The new benefit will be reduced in a series of slices to the level of JSA if some individuals fail to fulfil their responsibilities (DWP, 2006a).

The Government is also seeking to increase the number of lone parents in work by 300,000 by 2010 to reach a lone parent employment rate of 70 per cent. The latest employment Green Paper, for example, recommends a move to JSA in October 2008 for lone parents whose youngest child is seven years old. There is, however, a commitment to ensuring that lone parents moving into work are financially better off – *'We do not want to repeat the US experience, where welfare reform resulted in many lone parents moving into work, but remaining mired in poverty. We want to support lone parents into employment that reduces poverty for them and their children as much as possible.'* (DWP, 2007a, p.45). The Government are, for example, attracted to Australian reforms introduced in 2006 which dictate that parents with a youngest child over six years are only obliged to accept an offer of employment which makes them better off (DWP, 2007a).

Deindustrialisation and the growing service intensity of the economy have been associated with a rise in low paid work, in part-time, temporary and flexible employment (voluntary and involuntary) and in the growth of the informal economy (Gans, 1996). Previous research has suggested that a lack of opportunities in the

formal labour market can lead to participation in the informal economy. Leonard's (1998) research in Belfast found that 49 per cent of unemployed men and 27 per cent of economically inactive women interviewed on the Newbury estate had some type of informal work. Smith (2005) also discovered widespread participation in undeclared employment among residents of the St Helier estate in London. It is against this background that the Government has actively promoted the merits of 'flexible labour markets' and introduced the national minimum wage and tax and benefit changes intended to 'make work pay'.

The current benefit system has evolved over time and has become very complex, mixing means-tested, contributory, and universal elements, as well as entitlement based on individual circumstances. Many benefits are composed of one low basic rate with additions to provide extra help for certain groups. Some are paid by Jobcentre Plus, others by the Disability and Carers Service and others by local authorities. Tax credits, meanwhile, are administered by HMRC. Claimants are also subject to varying obligations to seek formal employment. Those on JSA, for example, are required to be available for and to actively seek work, while those in receipt of lone parent or IB must attend Work Focused Interviews at specific points during their claim. This will change with the introduction of the Employment and Support Allowance and the proposals for lone parents.

The Freud Report cites international evidence which suggests that this level of complexity in the benefit system may act as a disincentive to entering work. He concludes that there is a strong case for moving to a single system of working age benefits, ideally a single benefit (Freud, 2007).

Freud (2007) also argues that awareness and understanding of HB as an 'in-work' benefit is low. The Welfare Green Paper (DWP, 2006a) recognises a number of fundamental problems that limit its effectiveness in helping to lift people out of poverty and promote opportunity. In particular, its administration is recognised as being overly complex and falling below acceptable standards in too many local authorities, despite substantial improvements in recent years. This results in delays in processing claims and uncertainty among claimants about the level of support they can receive. Both of these can act as barriers to work. HB is also criticised for failing to promote personal responsibility. Most claimants have it paid directly to their landlords, meaning that they are often unaware how much rent is paid on their behalf. In the private rented sector, this issue has been addressed through the development of the Local Housing Allowance, which involves payment of HB to the tenant rather than the landlord. The level of these payments is based on a set of standard allowances, which vary according to the size of the household and average rents for this property size in the local area.

In response, the HB reform strategy has focused on improving administration on the one hand, and simplifying the system on the other. However, no detailed proposals have yet been forthcoming about how to take forward these reforms.

5.2 Key research findings

The present study provides some support for the view that the complexities of the benefit system may act as a disincentive to entering work. Some of those caught in a cycle of insecure work and worklessness, for example, identified problems returning to benefits (HB in particular) in between periods of employment. In some cases, a previous experience was now deterring them from accepting temporary or insecure employment. One male respondent, for example, explained that the problem with taking such jobs was: 'then you've got to go through the rigmarole of making a fresh claim, then you've got to wait ages because its bureaucracy and red tape'.

This is compounded by a lack of communication between Jobcentre Plus and some local authorities. Another individual reported: *'It's an absolute nightmare because it takes at least 2 or 3 months to sort it out. And it can be stressful because on one hand you've got your landlord saying "Where's your rent?"...and the Benefits who pay the rent say "well we're looking into it".'*

The combination of delays in processing claims and a lack of communication between those administering the benefits system was a cause of severe financial hardship for some respondents. This then quickly resulted in the accrual of debts. Debt, in turn, then becomes another barrier to labour market participation, with respondents explaining that repayments would increase or be reactivated were they to take up employment, affecting the financial viability of working (see also Chapter 6).

The complex interaction between earnings, HB, tax credits and resulting net income makes it difficult for tenants to fathom the financial consequences of entering work. Difficulties understanding this interaction and being able to compare net income in work compared to out of work have been identified by other studies as an important barrier to work (Turley and Thomas, 2006). This was undoubtedly the case among the people interviewed, who often reported or displayed limited understanding and awareness of the relationship between earnings, in-work benefits and tax credits. In particular, few respondents appeared to be aware of the operation of HB as an in-work benefit, and were therefore concerned about their ability to cover housing costs when in work.

However, this limited understanding had not stopped some respondents from drawing firm conclusions about whether they could afford to work, or about the level of income they would require for work to become a viable option. In contrast to claims that people are always better off in work (Freud, 2007), respondents often ruled work out as 'unaffordable'. In some instances this conclusion was contrary to the outcome of Better-Off calculations provided by Jobcentre Plus. Some respondents found that the calculations were too difficult to understand, others doubted the veracity of these calculations (one, for example, reported that her calculation had not included childcare costs). There were also instances of respondents reporting that their view of work as unaffordable had, in fact, been reinforced by a Better-Off calculation.

The opinion that work was 'unaffordable' or financially not worth while, was rarely (if ever) rooted a detailed calculation of the financial implications. Respondents making such comments did appear to be aware, however, about the kinds of work available to them. Many acknowledged that they possess low human capital that constrains the opportunities that they are able to realise in the labour market. Many had, for example, disrupted school careers, had left education early and had no vocational qualifications. For many, experience (and indeed prospects) of formal work were characterised by low paid (minimum wage), insecure employment. Within this context respondents explained the consequences (or their perception of the consequences) of entering work in the following terms:

'I was working all week for nothing, just to pay my bills and my house.'

(21 year old male)

'I've not got many qualifications so when I go out and work it's for minimum wage...so in one way I would be working just to pay the child care.'

(26 year old male)

'There's plenty of jobs that you can get but it wouldn't make sense financially. I'd still be struggling and possibly need to get two or three jobs.'

(32 year old female)

It was also striking that the financial calculations made by many respondents (whether accurate or otherwise) tended to incorporate consideration of the circumstances of all members of the household. In some cases these were very involved. The interviews clearly underlined the complexity of many respondents' individual circumstances, and demonstrated that decisions are often influenced by other household members. Household incomes were often made up from a range of sources, including benefits, formal employment, payments for education and training, informal employment and work 'in kind' such as childcare. There were a number of cases where the actions and decisions of other household members were having an impact on the respondent's entitlement to benefit, and hence, on total household income.

This uncertainty expressed by some respondents about the income implications of entering work was in stark contrast to the certainty of their current situation, which allowed the development of personal strategies for 'getting-by'. Many also drew attention to the insecure nature of the work available to them and contrasted this unfavourably with the stability of benefits. In the words of one female respondent: *'At least with benefit you know what's coming in each week.'* Thus, for some it was the prospective insecurity of moving from benefits to work which was a key barrier to labour market engagement. This was sometimes expressed as a rational financial decision but further probing often revealed that the respondent had no clear idea whether they would or would not be better off. Findings from this study concur, then, with research that has uncovered evidence of the perception that

the loss of benefits serves to undermine long-term security (DWP, 2003). Concerns about leaving the relative security of benefit were particularly acute for people who had been out of the labour market for some time and for lone parents.

Having said all that, there were some respondents who remained committed to work despite the short-term problems of low pay and chronic insecurity, and despite sometimes encountering serious financial problems as a result. The indications are that this was partly related to the importance of work in certain respondents' self-identity. These individuals often identified the importance of work in generating social and psychological benefits.

5.3 Policy messages and recommendations

Any reforms to the tax and benefits system should aim to ensure that the ways that work can pay are more easily understood by social tenants. This is particularly important for those who are relatively 'close' to the labour market and would be encouraged to move into work. The present research supports the case for moving to a single system of working age benefits, ideally a single benefit. This would help to minimise some of the delays and confusion inherent in the present system. It would also make it much easier for individuals to ascertain whether they would be better off in work.

In terms of more focused reforms, respondents' concerns about meeting housing costs if they take a job suggests that the HB regime should be a prime focus of attention. Reform of HB is more feasible and easy to administer than alternative approaches to 'making work pay', such as moves to reduce rent levels in the social rented sector or revisions to the tax credit system. Changes to the in-work entitlements to HB are also likely to be easier to communicate and more readily understood by tenants seeking reassurance about their ability to meet housing costs when in work. In contrast, the complexities of the tax credit regime appeared to be a mystery to most respondents and subtle changes to the system are likely to impact on perceptions regarding the financial viability of work.

Freud (2007) suggests that the 'design' of HB is unlikely to be the reason for worklessness, arguing that HB does not create an employment trap, in that people are almost always better off in work. However, the design of HB is making it difficult for people to understand the financial implications of entering work and redesign would allow HB to be better understood as an in-work benefit. One approach to reforming HB in a bid to tackle deep-seated concerns about the housing-related consequences of entering work, would be to focus on the rate at which in-work HB is withdrawn as earnings rise. This could be achieved in at least two ways: First, the income taper on HB could be reduced from the current level of 65p for each £1 of income in excess of what a claimant would theoretically receive on benefits. Second, an increase could be made to the 'earnings disregard' – the amount of income that HB recipients are allowed to earn before benefit is withdrawn.

However, such reforms represent adjustments to the current regime and, although providing enhanced benefit run-on, they would not tackle the difficulties that respondents in this study encountered understanding the HB implications of entering work. They are, therefore, unlikely to provide the reassurance that people need regarding the financial viability of entering work. Reforms to the HB taper would also have significant public expenditure implications, as well as having to be framed in the broader context of the tax/benefit system.

The introduction of extended entitlement to HB would appear to be a more productive way of providing assistance in a form that can be easily explained and the implications understood. One suggestion is to fix HB payments for longer periods, regardless of changing circumstances (including moving into work). This approach is relatively simple to understand, from the claimant's point of view, and relatively easy to administer. The disadvantage of this approach, however, is that the reassurance provided diminishes as time passes and the reassessment period gets closer (i.e. the entitlement comes up for 'renewal'). Furthermore, while providing stability for people moving into work, people whose circumstances change for the worse could be faced with severe hardship and the possibility of rent arrears. A more simple, and potentially more productive, form of extended payments is a system that commits to provide payments to tenants entering work for a fixed period (for example, of three, six or 12 months). As well as being simple to convey, this system would also be simple to administer. As the Chartered Institute of Housing suggest in their response to the Welfare Reform Green Paper, one approach could be to fix the extended payment period according to the length of time that a tenant has been out of work (CIH, 2006).

A number of other important pointers have emerged from the study regarding tax and benefits policy:

- Efforts to 'make work pay' will be more successful with some groups than others. Those with a strong formal work ethic and recent contact with the labour market will be particularly receptive to such an approach. However, it is likely to be much less effective for groups that are further from the labour market. Many have multiple barriers that need addressing before work can become a realistic proposition (see also Chapters 6 and 7).
- Policy makers could adopt two main approaches to the issues of job insecurity and inefficiencies in the tax and benefits system: First, there should be a stronger focus on improving the human capital of residents to help improve their job prospects. Secondly, the benefit system could be changed to ensure that those taking up employment are 'fast-tracked' back onto the appropriate benefits as soon as possible if they lose their job. This requires more joined-up working between those that administer the benefit system (see also Chapter 7).

- The ongoing experience of In-Work Credit (IWC) is also instructive here. In-Work Credit is payable to eligible lone parents at a rate of £40 per week for up to 12 months in order to encourage them to leave benefits for work. Economic theory suggests that IWC should encourage lone parents to leave benefit because it makes jobs at any given hourly wage more attractive, that is, it reduces the reservation wages of potentially eligible claimants. (Here the reservation wage is defined as the lowest gross hourly wage that would induce a lone parent to move into work.) A recent evaluation has found that its impact has been greatest for those that would have left benefit for work anyway because their recent contact with the labour market (including New Deal for Lone Parents (NDLP)) means that they are more likely to respond to financial incentives (Brewer *et al.*, 2007).
- The research also underlines the centrality of three other considerations which need to be taken into account in redesigning the tax and benefits system to provide stronger work incentives: First, for many social tenants the assessment of whether they might be better off in work is made in relation to the household unit, not as an individual. Secondly, for some people (particularly lone mothers with a weak labour market position) their attitude towards paid work is clearly not governed by economic considerations, but rather structured through moral considerations (for example, of being a 'good parent'). As such, their poor work prospects make them less likely to respond to any changes in the economic incentives to work offered by tax and benefit entitlements. Given low rates of pay and the short hours of work that can fit around childcare responsibilities, many respondents felt that moving into a job was not an option. In this sense, the conjecture that there are 'switching points' at which work becomes attractive appears to be illusory. Thirdly, many respondents are too distant from the labour market for clearer messages about why work pays and reassurances about meeting housing costs when in work to have any impact upon their ability to consider looking for, or finding, work.

6 Further barriers to work facing social tenants

6.1 Policy context

A key question that this research study set out to address was whether there are any additional characteristics of social housing tenants that act as a barrier to work, but which have not already been picked up by previous analysis of secondary survey data conducted by DWP. Initial analysis of the interview data suggests that this is indeed the case, and that these characteristics may be summarised under six headings:

- health;
- Childcare;
- drug and alcohol dependence;
- debt;
- criminal records;
- multiple disadvantage.

The existing policy context for the first five of these matters is examined briefly in the remainder of this section. The issue of multiple disadvantage is addressed separately in Chapter 7.

6.1.1 Health

Increasing attention has been given to providing help to the large numbers of workless people who are claiming some form of IB. This has taken the form of both new activation measures at local level, and legislative changes to the benefits system itself.

At the local scale, Pathways to Work is a tailored work-focused programme aimed at helping people to move off IB and other health-related payments. After successful piloting, it is now operating in 19 Jobcentre Plus districts (including

Derby and Sheffield but not Islington and Peterborough), with full nationwide implementation due in 2008. It applies to new or repeat IB and Severe Disablement Allowance (SDA) claimants, who are required to attend an initial Work Focused Interview with a trained personal adviser. Most then go on to attend another five monthly Work Focused Interviews with the same adviser. The interviews focus on the claimant's future life and work goals, the barriers to achieving them, and the support needed to overcome them. As part of this, the Personal Capability Assessment has been redesigned to focus on capability rather than entitlement; the Condition Management Programme (CMP) has been introduced to help people understand and manage their health condition in a work environment; and Return to Work Credit of £40 a week is payable to people starting work of at least 16 hours a week and earning up to £15,000 per year. The scheme also supports GPs and primary care teams to help people back to work, including piloting employment advisers in GPs' surgeries and identifying interventions that lead to a return to work.

A number of similar local initiatives have been established in areas with high concentrations of IB claimants. These include the Aim High Routeback scheme in Easington, and the Want to Work project in Merthyr Tydfil.

As outlined in Chapter 5, in 2008 the Employment and Support Allowance (ESA) will replace the wide range of incapacity-related benefits currently available. In the past, the latter have represented a passive, dependency approach to welfare whereas the ESA will be paid to people in return for undertaking Work Focused Interviews, agreeing an action plan and engaging in work-related activity. This principle of 'conditionality' will also be applied to other benefits, with the exception of those with severe health conditions or disabilities.

However, as the recent Black Review highlights, reintegration of an increasing number of those facing health issues requires further exacting challenges to be met. These include changing perceptions of fitness to work amongst employers and medical practitioners, and the wider availability of occupational health support and mental health services (Black, 2008).

6.1.2 Childcare

The provision of accessible and affordable childcare remains a key priority within the Government's pledge to 'end child poverty'. The central element remains the National Childcare Strategy (NCS), originally launched in 1998. This sets out to establish quality childcare for children aged 0 to 14 (and to 16 for those with special educational needs or disabilities) in every neighbourhood. The result has been a major expansion in childcare provision, with substantial numbers of new places in the public, private and voluntary sectors and with a wide range in the types of provision on offer. This includes day nurseries, playgroups, out of school clubs and child minding.

The NCS also contains a number of other objectives, and progress has been made towards achieving these:

- training, developing and increasing the size of the childcare workforce;
- National Standards highlighting a series of minimum quality levels for Under 8s childcare;
- strengthened regulation and inspection of providers; and
- improved information about what is available.

The next phase of the programme involves the establishment of a network of children's centres in disadvantaged areas, building on and bringing together existing programmes such as Sure Start, Early Excellence Centres and Neighbourhood Nurseries. These are planned to provide good quality childcare with early education, family and health services, and training and employment advice, for up to 650,000 children and their families. The overall aim is for 'wrap-around' childcare to be available to parents at either end of the school day, enabling them to consider employment and to balance work and family life. However, as a recent evaluation report on Sure Start commented, such provision needs to be more inventive and creative if it is to find ways in which the full range of disadvantaged groups can be reached (National Evaluation of Sure Start, 2007).

Parents have also been given substantial help with the cost of their childcare with the introduction of the Working Families' Tax Credit, including a childcare tax credit element.

Along with Working Tax Credits, flexible working rights and investment in New Deal, it is hoped that this will strengthen the support package for lone parents, as called for in the Harker Report (DWP, 2006b), and encourage them into work more easily.

6.1.3 Drug and alcohol dependence

Drug action teams (DATs) are the partnerships responsible for delivering the drug strategy at a local level, combining representatives from local authorities (education, social services, housing) health, probation, the prison service and the voluntary sector. The DATs ensure that the work of local agencies is brought together effectively and that cross-agency projects are co-ordinated successfully. DATs take strategic decisions on expenditure and service delivery within four aims of the National Drugs Strategy (Home Office, 2004); treatment, young people, communities and supply. Activity is mainly aimed at reducing criminal activity, via treatment and continuity of care, and it is not clear how strong their links are with employment-related service providers.

The next steps in the National Alcohol Strategy were announced in August 2007 (HM Government, 2007). This outlines further national and local action to achieve reductions in alcohol-related ill-health and crime. The emphasis is on raising awareness of safe levels of consumption, addressing under-age drinking, promoting responsible retailing and tackling crime and violence. Potential links to employment-related services are generally not mentioned.

6.1.4 Debt

The Government's approach to the growing scale of personal debt in the UK has concentrated primarily on two dimensions: improving 'financial literacy' on the one hand, and greater availability of debt advice and counselling on the other. Both feature prominently in the White Paper on consumer credit (DTI, 2003).

In terms of financial literacy, three main problems were listed: the difficulties faced by many in identifying appropriate financial services; their consequent susceptibility to malpractice or exploitation by some providers; and their lack of knowledge about benefit or credit entitlements that would help them to increase their incomes. Action to address these has been following three courses:

- integration of financial awareness into the citizenship, personal and social elements of the National Curriculum in schools;
- initiatives targeted at adults, such as the Basic Skills Agency's 'Skills for Life' programme and the Community Financial Learning Initiative backed by Department for Children, Schools and Families (DCFS); and
- the National Strategy for Financial Capability being co-ordinated by the Financial Services Authority.

A commitment has also been made to the provision of free debt advice for all those who need it. The first step towards this was the launch of a strategy and action plan to combat debt problems in 2004 (DTI and DWP, 2004). To date, this has comprised four main elements:

- a single telephone gateway (the Debt Advice Helpline) for those wishing to access debt counselling, involving a partnership of all the main providers of such services;
- allocation of additional funding from the Financial Inclusion Fund to support a large increase in capacity;
- formal cross-referral arrangements between providers and increased signposting of their availability by other public services; and
- forging links between the debt advice system and the administration of HB and Council Tax Benefit (CTB).

Although there is no formal evaluation evidence on hand, the impression is that further progress along these lines is still required. Thus, despite the expansion in the number of debt advisers, many providers report that their services are fully subscribed, and that they are unable to meet all the requests that they receive. Similarly, many providers remain locked into a cycle of short-term funding, relying heavily on grants from time-limited social policy and regeneration initiatives.

6.1.5 Criminal records

UK policy-makers have increasingly sought to improve the employment prospects of offenders as a means of reducing the rate of re-offending. A report by the Social Exclusion Unit (2002) suggested that work could reduce this rate by between a third and a half. It also found that the low skills of ex-prisoners fed into low employability, with only half of prisoners possessing the reading skills, one-fifth the writing skills and less than a third the numeracy deemed necessary for 96 per cent of all jobs.

This focus was further developed by the December 2005 Green Paper *Reducing Re-offending through Skills and Employment*. This confirmed that '*an important strand of the strategy...is concerted action to transform the skills and employment prospects of offenders.*' (HM Government, 2005, p.11). This is being translated into the development of new programmes and the allocation of increased funding for prison-based learning and skills provision. Two test-bed regions (East of England and West Midlands) have been established for taking forward the Government's proposals to improve offenders' skills.

6.2 Key research findings

The social tenants interviewed tended to face multiple disadvantages that were often severe in nature and sometimes hidden from view (for example, denied problems with drug or alcohol or a criminal record or undiagnosed physical and mental health problems reported to be impacting on functional well-being). The specifics of these multiple problems varied from individual to individual, but included mental health problems (especially depression and anxiety); physical health conditions; substance misuse; low skills; lengthy spells out of the labour market; family problems; and criminal records. For most respondents facing such problems, the impact appeared to be additive, each disadvantage adding extra burdens which made it even less likely that they were able to hold down a job.

6.2.1 Health

One of the key difficulties in assessing the impact of poor health on employment rates is the question of severity. Thus, for some respondents it was clear that their condition is such that they are unlikely to be able to work again. For others, on the one hand, their physical impairment would prevent them from doing many types of work, as they require some element of carrying, lifting or mobility, but it would not preclude them from more sedentary jobs. However, many of these thought that their lack of skills and qualifications (and the nature of their personal aptitudes) would probably exclude them from the latter type of work.

Similarly, for those facing severe mental health issues, it may be difficult to hold down a job, as essential aspects such as time-keeping, attendance, reliability or team-working can be affected when/if such problems recur. However, no comments were forthcoming from respondents about a lack of support and assistance dealing with such challenges as representing a barrier to employment.

Another clear message from the interviews was that some respondents were prevented from considering formal work by the poor health of a family member, who they had taken on responsibility caring for, sometimes on a full-time basis. Respondents rarely, if ever, suggested that if only they could receive help or assistance with caring for their relative they might allow them to consider entering work. Rather, respondents were very much of the mind that caring for their relative was their role and responsibility and that work could, therefore, not be considered at the present time.

6.2.2 Childcare

The interviews highlighted the fact that childcare acted as a barrier to work for some social tenants for a number of reasons. These included the common issues of restricted availability (particularly with respect to timing), lack of affordability and the difficulties posed by the separate types of provision for different age groups.

However, in line with many lone mothers acting in terms of a moral imperative (see also Chapter 5), there was also widespread reluctance to make use of formal childcare. This was not just related to the strength of people's parenting instincts; it was also a matter of trust in the people providing the care. Thus, many respondents were happy for family members (mainly mothers, grandmothers or sisters) to look after their children now and then, but they were uncomfortable with the idea that 'strangers' would do the same day in, day out.

This desire to take prime responsibility for their children's care then provides the main structure to that person's life. This would include being at home before and after school, so that any job would have to fit around these times. This approach then ran into two difficulties: the general lack of job opportunities available at these relatively restricted times; and the low levels of prospective take-home pay from such work. Many in this position still expressed a desire to find a job but their childcare responsibilities usually took precedence. A few reported having worked night shifts in the past as a way of getting round the problem, but that eventually the lack of sleep meant that they were unable to sustain it.

There were also some with two or three children of different ages (often a mixture of school and pre-school) who thought that arranging different types of childcare would be too complicated in terms of co-ordination with work commitments, as well as being too expensive in relation to the likely income to be obtained from work.

6.2.3 Drug and alcohol dependence

Given the nature of our interview programme, it was unlikely that we would pick up many respondents currently in this situation. However, a number had been through rehab, and were looking to rebuild their lives. Indeed, it was notable that three of the four in Peterborough had moved there from another town to make a 'clean break' or 'fresh start'; and the other was looking to move to another part of

town with their new partner for the same reason. Similarly, a Sheffield respondent had previously moved away from the Manor estate (concentrated area of social housing) for the same reason, but eventually the lack of support from family and friends led her to move back to Manor. The relative isolation and weak social networks was apparent amongst those who had moved. Indeed, for one '*keeping himself to himself*' was a definite choice.

The instructive aspect of this subset of respondents was that, while they had overcome the primary barrier facing them (addiction), they were now faced by others in terms of getting back into work. These included disability, ill-health, young children or impending maternity, lack of qualifications, recent bad experiences with insecure and unreliable agency work and debt. This issue of multiple barriers is examined further in Chapter 7.

There were also cases where the drug or alcohol dependence of other family members prevented the respondent from considering formal work. Thus, one female respondent from the Manor estate felt that she had to be on hand to provide care, support and help to her daughter, who lived in another house nearby.

6.2.4 Debt

Three main sources of debt were apparent from respondents:

- Self-generated, by over-extending spending commitments via mail order, credit cards, sub-prime loans, etc. Examples included those who had taken on commitments when in work, but then found the payments unmanageable after they lost their job; those who missed rent and other payments so that they could cover the cost of new clothes for their children (for example, school uniforms); and doing the same so that Christmas presents could be bought.
- Work-related, involving things like unpaid wages after a job has finished, promised entitlement to Statutory Sick Pay later being denied, etc.
- Tax and benefit system mix-ups, such as delays in start of HB and CTB payments, overpayment of tax credits or HB (see above) and subsequent need to repay.

Some people had multiple debts, often from more than one of these sources.

In trying to find solutions to their debt problems, there was little evidence of people accessing debt advice services. One woman in Peterborough had contacted CAB, but found that they couldn't really help with her specific case (and she wasn't passed on to anyone who could). She is now pursuing matters through the courts. A similar route is being taken by another woman who is being declared bankrupt as a way of clearing her debts. For both, dealing with their debt problem has taken up a lot of the time that they might have devoted to job search (both were keen to get back into work in the near future).

6.2.5 Criminal records

A number of respondents indicated that they had spent time in prison. Others may also have done so, but were unwilling to disclose the fact to the interviewer. The Social Exclusion Unit (2002) has previously acknowledged that this issue is more prevalent in deprived communities such as social housing estates, in particular amongst young men. Having a criminal record is also strongly associated with several other barriers such as drug and alcohol problems, poor skills and mental health issues.

The evidence from our interviews highlights these difficulties well:

- Lack of success in obtaining formal employment may have pushed some respondents into informal economic activity. This was highlighted especially by some of those living on the Manor estate who had criminal records.
- In other cases, however, having a record was not necessarily seen as the main barrier to work (indeed for some the conviction was 'spent' anyway). Rather these respondents focused on other issues, such as disability, childcare responsibilities, drug-related problems and debt. One female interviewee thought that she was more hampered by her address and then her appearance. *'I've been for jobs, and people say "Oh, you're from the Welland", and then they see the tattoos all over my face, and you can see them decide before I've even said anything.'*
- Another issue to emerge was the way in which rehabilitation through training and work operated in some prisons. Thus, one respondent chose to train as a hairdresser because it offered the highest financial reward within the prison, rather than any interest in such work. She now has little desire to make use of her qualification in searching for a job.

6.3 Policy messages and recommendations

The multiplicity of, often, severe problems experienced by interviewees, some of which were hidden or denied, are indicative of complex personal situations likely to inhibit labour market engagement and unlikely to be fully appreciated by traditional survey measures. This finding appears to help explain why the employment effects of living in social housing are being masked. It also points to the importance of promoting integrated service provision in order to help support people into work, an issue addressed in more detail in Chapter 7.

6.3.1 Health

Our interview findings provide a number of pointers for developing policy in the health/work arena:

- it should be explicitly recognised that many people claiming IB will be unable to make the transition back to work, particularly those with ailments that limit or prevent them from a wide range of physical activities that would be part and parcel of the jobs they might be expected to obtain;

- even so, there remains a pressing need for greater engagement by a range of public services and existing IB claimants. These need to be made available via locally based outreach services that are sensitive to people's condition;
- such services should offer much more than just Work Focused Interviews, seeking as well to link people to the other forms of support and assistance that they might require (see Chapter 7);
- we would concur with the recent briefing paper issued by the Sainsbury Centre for Mental Health (2007), which recommended:
 - stronger links between day services for mental health patients and mainstream vocational and employment-related services;
 - expansion of individual placement and support schemes (IPs);
 - in terms of primary care, extended reach of specialist mental health support and therapy services to assist more of the large numbers who are currently left untreated;
 - a greater amount of preventative work with employers, for example around stress management, awareness raising with line managers, liaison with GPs and occupational health professionals;
 - there is a strong case for this activity to be strongly targeted at areas of social housing.

6.3.2 Childcare

- Further expansion of children's centres is a positive move. In areas of social housing, however, their establishment will need to be accompanied by outreach work and awareness raising in the local community to ensure that as many parents and children as possible can participate. As already stated in Section 6.1, this will require innovative ways of working if all groups are to be reached successfully (see also Section 7.3). Another important facet will be to get otherwise reluctant parents more accustomed to the idea of placing their children with such 'external' childcare services.
- There should also be formal links between these centres and vocational training, skills development and access to employment (for example, work placements), especially for lone parents living in social housing. The aim must be to prepare them for jobs that will be attractive and worthwhile to them in financial terms – so that they can think of it in terms of bringing material improvements to their children's lives.
- One of the problems here is that many of the jobs currently open to lone parents involve unconventional or 'unsocial' hours (including night work). This is largely due to their relatively weak position in the labour market. At present, it will only be by improving their competitive situation that they will be able to access better paid, more traditional jobs that can be made to fit better with their children's needs.

6.3.3 Drug and alcohol dependence

- Onward referral from successful rehabilitation is required. This means that links to other service providers who can address other barriers should be improved. These will include specific labour market reintegration activities. Such liaison may well need to transcend local geographies, as many people like to move elsewhere to make a 'fresh start' but then seem unsure where they can access help in their new location.

6.3.4 Debt

Our research revealed that debt was extensive amongst our interviewees, but also that very few people had had contact with any form of counselling or advice service. This suggests that:

- further expansion of debt advice capacity is urgently required;
- such provision needs to become more proactive, particularly in areas of social housing, where awareness of its existence appears to be very limited;
- this could be done via outreach and cross-referral from other agencies (see Chapter 7);
- awareness raising is required amongst other public service agencies, as well as local residents who might be in need;
- expanded debt advice services need to be moved to a more sustainable and long-term model of funding, rather than the time-limited project basis on which they typically survive today;
- labour market participation, skills training, career development and moves to more secure employment need to become part and parcel of the debt advice package, to avoid future recurrence of the problem.

6.3.5 Criminal records

In tandem with other research findings, our interviews underline the need for a major improvement in the employment-related services provided for prisoners and ex-prisoners:

- policy-makers should support the long-term attachment of offenders to the formal labour market in occupations that are attractive to them and which tap into their interests and aptitudes;
- pre-release vocational training initiatives have an important role to play in this. Linking participation to paid work within prison can be beneficial but only if there is some degree of parity of remuneration between different occupations;
- continuity with post-release employment support should be readily available, perhaps by onward referral to other specialist agencies. This may require the development of improved cross-boundary working between agencies;
- this assistance should seek to address all of the barriers and problems that an ex-prisoner might face (see Chapter 7);
- there is a pressing need to establish training and employment schemes close to the estates to which those with a criminal record eventually return following their release.

7 Multiple disadvantage and integrating services

7.1 Policy context

The Freud Report (2007) showed that different disadvantages often work together and reinforce each other. A lack of qualifications often combines with other indicators of disadvantage to depress employment rates. Harder to measure barriers, such as addiction, criminal records, and homelessness, are thought to lower employment rates even more. However, it felt that the Government's 'client group' approach meant that multiple disadvantage does not receive the attention it deserves. Nevertheless, a great deal of attention has been given in recent years to the joining up, co-ordination and integration of public services. This has occurred at both strategic and operational levels, and as a result partnership working between different policy domains is now widespread. Given the direct connection between multiple disadvantage and the integration of service delivery at the local scale, this chapter focuses on the extent of progress to date, the nature of the problems facing social tenants in particular, and means and directions in which effective tailored support might be provided.

In recent years there has been a strong emphasis on improving the extent to which policy making and service delivery in different domains are complementary or 'joined up', particularly at local level, where new structures and mechanisms have been put in place to facilitate the adoption of common objectives and to foster practical collaboration between different organisations.

In England the most prominent of these are the Local Strategic Partnerships (LSPs). These bring together the different parts of the public sector as well as the business, community and voluntary sectors. Their aim is to ensure that different local initiatives and services support each other and work together. The LSP is also intended to provide a single overarching local co-ordination framework within which other partnerships can operate, and is responsible for developing and driving the implementation of Community Strategies and Local Area Agreements (LAAs).

The latter set out the priorities for a local area agreed between central Government and the local authority, the LSP and other key partners at the local level. They seek to simplify some central funding, help to join up public services more effectively and to allow greater flexibility for local solutions to local circumstances.

However, the national evaluation of LSPs has shown that, although some progress had been made, joining up different services has remained a major challenge. It is constrained particularly by the nature of existing resource commitments, the need to meet sectoral targets and demands, and in some cases a lack of partner commitment (ODPM/DfT, 2006).

To address such issues, more recently a number of co-ordinating mechanisms have been introduced at local and sub-regional levels to explicitly address these issues as they affect employment-related services. The broadest of these is perhaps the City Strategy, designed to '*promote employment opportunities for the most disadvantaged in society*'. Fifteen pathfinders are operating in the most employment-deprived areas over a two-year period until April 2009. They are a good example of current modes of partnership working at a local level, with local authorities, private businesses, third sector organisations, Jobcentre Plus and the LSC working in concert to plan and develop services to meet local need. The idea is that local partners can deliver more if they combine and align their efforts behind shared priorities, and are given more freedom to try out new ideas and to tailor services in response to local need.

At the same time, Leitch (2007) suggested that a basic way of improving the job prospects of the most disadvantaged would be to bring about more joined-up working between the welfare to work and skills services. A key recommendation was the establishment of Skills and Employment Boards. These are now in place in a number of cities and sub-regions, including Greater London (though in some places called Employment and Skills Boards). They are bringing together local authorities, the LSC, the Regional Development Agencies (RDA), Jobcentre Plus and local employers. Their principal role will be to ensure that skills training is demand-led, reflecting the needs of local employers, to persuade employers to invest more in the development of their workforce and to empower local residents to meet their full potential.

In parallel, Local Employment Partnerships are a recently launched demand-led approach, involving a 'jobs pledge' on the part of major employers who guarantee job interviews for those on benefit who are work-ready, in return for services offered by Jobcentre Plus. Over 100 employers have now committed themselves, in principle, to this scheme. They represent a range of sectors, such as banking and finance, hospitality, retail and local councils. Full details of how these are to operate at local level and how they mesh with other initiatives, are still being worked out.

There are several instances in the UK where local schemes are seeking to link up housing and employment-related services in some form. Thus, the 'Working

Future' pilot project in East London combines employment support and training with improving the returns to work through reduced rents. In the same area the recently launched Newham Mayor's Employment pilot is providing workless residents in the borough with support to find and retain employment, including full HB run-on for a year after taking up a job. The pilot represents a local response to concerns about the labour market barriers created by the benefits system. The scheme will help participants to find employment and offer a HB top-up of 12 months to those who find themselves financially worse off by returning to work. The initiative will also provide advice and guidance on all aspects of moving off benefits, including childcare, housing, debt and in-work benefits such as tax credits.

Other projects feature more direct involvement by social landlords. For example, the Notting Hill Housing Group in West London provides three different employment and training schemes for local residents. One of these focuses on construction training, another on opportunities within the community and the third is more generic. They all offer job aptitude assessments, careers advice, job search assistance, work placements and job brokerage. Similarly, the Devon and Cornwall Housing Association has also set up a variety of schemes to enable and encourage their tenants into work. These include affordable childcare provision and training for parents as childminders in Plymouth; and a neighbourhood renewal project in west Cornwall led by residents and recruiting staff locally. (Both of these are quoted by the SEU report (2004).)

Another recent initiative is the partnership between Sheffield Homes and Jobcentre Plus to recruit hard-to-reach tenants to undergo pre-employment training, with a view to accessing job openings with the former. Potential occupations include neighbourhood wardens, customer service, tenant liaison, administration and housing management. Sheffield Homes are also assessing their recruitment process to ensure that it is inclusive. A similar approach has been adopted by the South Yorkshire Training initiative, which offers an NVQ in construction skills and site experience, enabling people from deprived communities to find work on the Decent Homes programme across the four participating boroughs. This was based on the Construction JOBMatch project which worked with community groups to identify potential trainees in deprived communities and then provided a financial and support programme to help induce contractors to recruit and train appropriate individuals. These initiatives presage the recent announcement by CLG of five new pilot projects to pioneer housing options services and bring together advice on housing and employment (Cooper, 2007).

However, for many workless people the problems extend much more widely than a straightforward balancing act between earnings from work and housing costs. The multiple nature of the disadvantages involved has already been explored above, and this suggests that there should be ready access to a range of assistance and advice services. Some of the Working Neighbourhoods pilots sought to apply this holistic approach to their activities, bringing together a network of key providers

to which participants could be referred for specialist help and guidance. As well as the standard employment-related assistance, services provided or signposted included basic skills, ESOL and IT training, debt counselling, childcare, ex-offender support, drugs and alcohol teams, mental health and self-esteem groups and credit union facilities. Pilots followed either a 'one-stop shop' model, with most providers co-located in the same neighbourhood centre; or a 'hub-and-spoke' arrangement, where providers maintained their existing premises, and participants were referred there from the neighbourhood centre (Dewson *et al.*, 2007).

The Green Paper (DWP, 2007a) reinforces the recent policy-focus on meeting individual needs and envisages Jobcentre Plus playing a key role in delivering on the vision of a joined up government service to citizens, offering access to a wider range of services or acting a broker in finding the right solutions to individuals' needs.

Partnership working at the local level is also seen as a vital prerequisite for tackling the low employment rates characterising those in social housing. The Hills Review found that although housing and employment support tend to operate separately, often problems in one can have its roots in the other. DWP are currently working closely with the Department for Communities and Local Government (DCLG) to explore how best to achieve a more joined-up approach to the provision of employment and housing advice by social landlords and employment services (DWP, 2007a).

Attempts to forge greater integration between agencies working in the housing, tax and benefits system have also been made. Thus, in a North Tyneside trial reported in Freud (2007), Jobcentre Plus staff are helping people moving into work to claim tax credit; at the same time they close their other benefit claims. Conversely, when someone registers as unemployed, they pursue possible HB and CTB claims in conjunction with local authority staff. Not only has this made people more aware of what is available, it has also enabled them to claim and receive in-work benefits and tax credit entitlements more quickly. When someone leaves work and claims JSA, Jobcentre Plus staff share information as appropriate with colleagues in HMRC, so that appropriate tax credit can be stopped immediately, avoiding overpayments and debts, and with the local authority, to initiate or amend a claim for HB or CTB.

The Government appears committed to encourage delivery on this potential. Thus, the Housing Green Paper (CLG, 2007) recognised that there is significant potential for social landlords to support greater labour market participation among their tenants (see also the examples above). To this end, it proposes that the new homes agency, Communities England, will be expected to work to tackle worklessness. The Cave Review (2007) of social housing regulation points to how this responsibility might be delivered, raising the possibility of Government directing 'the regulator' to extend standards in social housing into services ancillary to housing, that relate to a broader definition of need, such as measures to combat homelessness (p74). It would then be the regulator's job to set more detailed standards and set

timescales for their achievement and to monitor implementation. Cave also raises the possibility of requiring housing associations to liaise constructively with local authorities to address worklessness.

7.2 Key research findings

The evidence reviewed in Section 6.2 underlines the extent to which the social tenants interviewed faced, often severe, multiple disadvantages that were sometimes hidden or denied. At present, the more complex a person's needs, the more likely they are to fall between the gaps in services provided. Although our interview survey did not also explicitly address the nature and quality of local public services to address these, issues relating to what kinds of help were – or were not – available inevitably arose during the course of our discussions. The ways in which different parts of the system conflict or fail to communicate with each other also featured prominently.

Thus, the study team encountered many individuals whose lives have been made more difficult by the fragmented way in which public services operate. This can often worsen the financial difficulties faced by individuals and compromise their return to the labour market. A 21 year old male resident of the Manor estate, for example, reported: *'I went to prison and they carried on paying my HB even though they gave me a form that I wasn't living there; my keys and everything had been handed in. My mum had phoned them and told them that I'd been sent to prison, but they carried on paying it so I came out to about £2,000 worth of debt.'*

On the other hand, the interviews did not indicate that widespread dependency was readily apparent within the lives, experiences, attitudes and actions of respondents. Rather than social tenants assuming that, as with their housing, the State will sort out other aspects of their lives, the evidence points to most people making their own arrangements to 'get by'. This often involved people in a complex array of resourceful activities, including short spells of formal and informal work, as well as mutual assistance. People were also tapping into a range of resources, including, but extending well beyond, State benefits and statutory service provision. Networks of 'kith and kin' emerged as being of particular importance, as well as engagement with voluntary and community sector services (see Section 3.2). Furthermore, the interviews have shown that over time some have developed routines which are resistant to the changes that would be brought about by employment.

7.3 Policy messages and recommendations

The extent of multiple disadvantages amongst the respondents, and the apparent lack of readily available help to overcome these barriers, underlines the pressing need for linked interventions targeted at residents in social housing. Such activities need to display a number of common features:

- The organisations charged with providing employment support must have some credibility with local residents. Many respondents from all areas appeared to find it easier to build relationships of trust with those who shared similar experiences and were part of the same community. Recruiting a proportion of advisers from the areas served has been shown to work well for both Action Teams for Jobs and some Working Neighbourhoods pilots. Many community-based organisations also employ local residents.
- Service providers must be able to engage residents and the community-based organisations that can act as a conduit to them and build the necessary relationships of trust. The decision to combine 'enabling' with 'policing' roles in Jobcentre Plus has been counterproductive in this respect. Consequently, many of the Working Neighbourhoods pilots sought to distance themselves from Jobcentre Plus. A key challenge here will be to devise different methods of reaching and serving groups that find it difficult to access public services that are delivered in traditional ways (see also Section 6.3 with respect to childcare).
- Many community-based organisations employ local residents for client-facing roles. The evaluation of the Working Neighbourhoods pilots has found that this might secure several key benefits: First, it helps to create local employment opportunities. Second, residents are often able to help the process of engagement by drawing upon their own networks of friends and relatives in the local community. Third, they may also be able to relate to, or empathise with, individuals better. Fourth, residents usually have a better appreciation of the community and the (often complex) array of help that is available locally. Finally, they may represent positive role models to other residents.
- There is a need to tackle all of the issues that an individual faces, either in tandem or sequentially, before they can consider returning to employment. A key implication of this is that interventions designed to encourage those who are detached from the labour market back into work should adopt an holistic approach. This requires the purposive building of local partnerships of providers, plus the development, improvement or expansion of specific services where these do not already exist or currently lack the capacity to meet the need. Their strength will also depend heavily on the effectiveness of referral mechanisms between them. This, in turn, may involve assignment of employment outcomes (as a performance measure) to the partnership as a whole, rather than to particular organisations.

- Social landlords should play a clearly defined role within these local partnerships. This would fit with their wider engagement in the regeneration of the areas that they serve. This support to tenants could be provided in a number of ways, such as extending the current range of support and advice services to include explicitly work-related projects; signposting or referral from this to other relevant services; physical co-location of neighbourhood offices with other providers; provision of work experience; and the direct provision of employment-related support, for example, childcare, to enable tenants to get a job. However, there should also be recognition of the need to develop the relevant skills and competences of social landlords, including resource procurement and staff development regarding knowledge of employment and related advice services. For those already with contracted-out tenant support services, some of these could involve extensions to the existing service level agreements with voluntary and community sector agencies.
- In line with existing projects (see above), other social landlords should be encouraged to provide links to construction training programmes and work experience with contractors undertaking Decent Homes modernisation or other repair and maintenance work (see Chapter 2 for details of appropriate options).

8 Key policy messages and recommendations

8.1 Introduction

The preceding chapters have outlined the policy context and summarised the key findings to emerge from the study. They have also presented detailed policy recommendations relevant to six areas of potential intervention. This final chapter reiterates the principle messages for policy that can be taken from this discussion, by providing a summary overview of the key recommendations presented in the previous chapters.

8.2 Social housing as a work incentive

Sub-market rents represent a work incentive, but the social housing system is not run in a way that seeks to maximise this potential benefit. The primary responsibility of social landlords is to provide decent accommodation and deliver housing management services to tenants. The services that tenants pay for through their rent do not normally include help finding paid work. Yet, there is significant potential for social landlords to support greater labour market participation among their tenants. This support might take two forms: the direct provision of training and employment opportunities; and support to help tenants secure and sustain employment.

The many millions of pounds being spent by social landlords building new housing and renovating and renewing existing stock can support the creation of local jobs, promote local businesses and increase the skills of local people. Through their delivery of the Decent Homes Standard, active engagement in neighbourhood renewal programmes and involvement in meeting local growth targets through new developments, social landlords have the potential to build local capacity and create new jobs. Examples of such supply-side initiatives do exist. However, such approaches require landlords to take a wider view of their role, to manage modest increases in the level of risk and develop relevant skills and competences within their own organisations, including resource procurement.

Housing associations and local authority landlords are actively involved in the direct provision of tenancy support or have negotiated service level agreements with voluntary and community sector agencies to provide support for tenants. These support services range from practical advice, such as welfare rights or financial advice, though to support developing life skills, managing a tenancy and living independently. This service model would appear to provide significant possibilities for developing a support service aimed at assisting social tenants to obtain and sustain work. Key features of such a service might include:

- Work related support for workless social tenants – all social landlords have a potential role to play in helping social tenants into work. First, they could extend their current range of support and advice services to include attention to work-related concerns. This would involve the provision of advice and support about training and employment opportunities. A key potential of this development would be the provision of support and assistance by an agency that is more likely to be regarded as advocating on behalf of tenants, rather than coercing them into work. Second, social landlords could play an important role signposting tenants to relevant agencies able to provide more specialist work-related assistance.
- Housing related support for working social tenants – all social landlords could play an important role in addressing the fundamental concerns that undercut the ability of some social tenants to consider entering work. In particular, worries about difficulties paying rent and the possibility of accruing rent arrears, which lead on to concerns about security of tenure when in work, could be addressed through financial support, such as fixed-period rental ‘holidays’ for tenants entering work, backed up by specialist advice and support, including financial guidance. Social landlords should already be engaged in efforts to prevent, and assist tenants in managing, rent arrears. Ensuring that these services attend to the financial challenges that tenants can encounter entering work should not represent a major challenge. Landlords might also look at the possibility of adopting more generous repayment packages and overlooking relapses in repayments for working tenants who get into arrears.

Realising this potential will demand attention to at least two fundamental questions:

- Why should social landlords bother? – the core housing management objectives of maximising rental income and minimising rent arrears, minimising re-let times and reducing voids, and protecting the asset base, do not appear to be served by resourcing or delivering employment support. Of course, some landlords will regard this function as a responsibility. Others might require to be instructed to do so. The proposed new duty on councils to tackle worklessness could force local authority landlords to more actively address the issue. Housing associations, meanwhile, could be prompted to tackle worklessness through the inspection and regulation regime. Whatever the motivation (commitment or compulsion), there is still the question of how such initiatives will be resourced.

- What role for social landlords? – housing management has the potential to play an important role in supporting tenants to secure and sustain paid work. Social landlords cannot deliver on this potential by working in isolation. Rather, they will need to enter into collaborative arrangements with other agencies, but it is still not clear which agencies might be involved and what form partnership arrangements might take. The most obvious development is the commissioning of expert advice and support regarding welfare rights and personal finances. More formal collaboration with statutory agencies, however, could undermine the perception that social landlords are advocating on behalf of tenants, rather than coercing them into work.

8.3 Geography

It appears unlikely that interventions intended to diversify the social mix in existing areas of social housing will have a substantial impact on levels of worklessness for two key reasons: First, there are various practical challenges associated with the creation of more mixed-income communities. In particular, the research findings point to problems regarding two specific interventions: the large scale remodelling and rebuilding of estates and the reform of allocation policies in a bid to reduce the extent to which they serve to concentrate the most disadvantaged households in particular neighbourhoods (see Section 3.3).

The second question raised by the research regarding the likely gains to be secured through the promotion of social mix is more fundamental. To summarise, the findings of this study suggest that without taking effective steps to improve the incomes and to promote the livelihoods of existing tenants, such approaches are bound to failure. Only in one case study neighbourhood did respondents readily identify anything particular about where they live that serves to disadvantage them in the labour market. Rather, disengagement from the labour market was typically related to personal disadvantages, which were often severe and multiple in nature, individual identities and associated roles and responsibilities that were often not compatible with work (for example parenting and caring), and concerns about the viability of what work was available locally (low paid and insecure).

This is not to suggest that gains might not be forthcoming from the promotion of social mix but to point to the importance of such activities being complementary to efforts to improve the incomes and support the livelihoods of existing residents of disadvantaged areas. To this end, the research has raised a number of issues that policy will need to recognise and respond to. The fact that:

- the narrow spatial horizons and territorial behaviour of some residents mean that outreach work will be essential if services are to reach the workless in certain deprived communities. Many mistrust statutory agencies, such as Jobcentre Plus, but some recent initiatives, such as Action Teams for Jobs and some Working Neighbourhoods pilots, have managed to establish credibility and trust amongst local residents by recruiting a proportion of their advisers from the areas served;

- people with a lack of skills are amongst the most disadvantaged in the labour market, and unlikely to travel very far to try to improve their situation. Policy makers need to ensure that measures to improve residents' human capital and to stimulate job creation are readily accessible to members of such communities;
- area effects can and do impact on some residents' chances of seeking or securing employment. However, area effects are not inevitable in areas of social housing characterised by high levels of worklessness. Rather, they are more likely to be apparent in particular kinds of places. Interventions designed to combat the adverse effects associated with where one lives, and to tackle worklessness more broadly, will need to acknowledge and be sensitive to this fact.

8.4 Mobility

The findings from this study suggest that restricted opportunities for mobility in social housing are not a key barrier to work, and are unlikely to account for the high levels of worklessness apparent within the sector. As long as the employment opportunities available to social housing tenants remain concentrated in the low paid, insecure segment of the labour market, the incentive to move for work-related reasons is likely to remain low. The uncertainties connected with moving are also compounded by the operation of the tax and benefits system (see Section 8.4). This implies that wide-ranging interventions to promote greater mobility within the social rented sector are unlikely to have much impact on levels of worklessness.

In addition to questions about the impact of greater mobility within the social rented sector on levels of worklessness, there are also practical questions about the feasibility of implementing the proposed interventions. One suggestion is that social landlords award priority to tenants seeking to move for work-related reasons. This raises the question of how a sector that is struggling to meet its statutory obligations to people in housing need could deliver on responsibilities to an additional needs group (people needing to move for employment reasons). Of course, movement within the sector is a zero sum game – transferring tenants fill a new tenancy but leave a vacancy behind them – but the transfer system is governed by attention to housing needs, raising questions about how landlords might prioritise moving for work-related reasons against other dimensions of need, such as overcrowding.

A second suggestion centres on expansion of choice-based lettings schemes to facilitate cross-authority and sub-regional mobility. This raises the question of how to persuade social landlords to support moves to increase job-related mobility within their stock and across the sector, when the disincentives are many. For example, increased mobility can raise management headaches and drive up management costs for social landlords. Also, cross-authority or sub-regional choice-based lettings schemes might be seen as a threat to the sustainability of more unpopular neighbourhoods and prompt asset management concerns. Social landlords therefore need to be given good reason to concern themselves with

levels of worklessness, a challenge that will need to be addressed in the Housing and Regeneration Bill and taken forward by the new homes agency.

This said, there are a number of specific ways in which increasing mobility might improve the prospects of social tenants who are already 'close' to the labour market:

- Greater assistance with moving might be appropriate for those who live in places which are isolated from employment opportunities or where transport links are very poor. Mobility initiatives should also focus on tenants for whom the incentive to move will be greatest, for example the limited numbers qualified for, and seeking, higher paid jobs not available in the local vicinity.
- Efforts to widen tenants' geographical horizons with respect to the local labour market may make sense in some places, such as in large estates which are located in large conurbations. Here, they should be backed up with some form of assistance with initial travel costs and travel advice on how best to access job locations. In smaller towns and on isolated estates, a more fruitful approach might be to expand the range of job types considered.

8.5 Tax and benefits

Any reforms to tax and benefits should aim to make the ways that the system 'makes work pay' more easily understandable by social tenants. This is particularly important for those who are relatively 'close' to the labour market and could be encouraged to move into work. This research supports the case for moving to a single system of working age benefits, ideally a single benefit. This would help to minimise some of the delays and confusion inherent in the present system. It would also make it much easier for individuals to ascertain whether they would be better off in work.

In terms of more focused reforms, respondents' concerns about meeting housing costs if they take a job suggests that the HB regime should be a prime focus of attention. Reform of HB is more feasible and easy to administer than alternative approaches to 'making work pay', such as moves to reduce rent levels in the social rented sector or revisions to the tax credit system. Changes to the in-work entitlements to HB are also likely to be easier to communicate and more readily understood by tenants seeking reassurance about their ability to meet housing costs when in work.

The design of HB is making it difficult for people to understand the financial implications of entering work and redesign would allow HB to be better understood as an in-work benefit. One approach to reforming HB in a bid to tackle deep-seated concerns about the housing-related consequences of entering work would be to focus on the rate at which in-work HB is withdrawn as earnings rise (see Section 4.3). The introduction of extended entitlement to HB would, however, appear to be a more productive way of providing assistance in a form that can be

easily explained and the implications understood. The most simple, and potentially productive, form of extended payments is a system that commitments to provide payments to tenants entering work for a fixed period (for example, of three, six or 12 months). As well as being simple to convey, this system would also be simple to administer. One approach could be to fix the extended payment period according to the length of time that a tenant has been out of work.

Finally, the research also underlines the centrality of three other considerations which need to be taken into account in redesigning the tax and benefits system to provide stronger work incentives: First, for many social tenants the assessment of whether they might be better off in work is made in relation to the household unit, not as an individual. Secondly, for many others (particularly lone mothers) their attitude towards paid work is clearly not governed by economic rationality, but rather structured through moral considerations (for example, of being a 'good parent'). As such, they are less likely to respond to any changes in the economic incentives or disincentives to work offered by tax and benefit entitlements. Thirdly, many respondents are too distant from the labour market for clearer messages about why work pays and reassurances about meeting housing costs when in work to have any impact upon their ability to consider looking for or finding work.

8.6 Further barriers to work facing social tenants

The multiplicity of, often, severe problems experienced by interviewees, some of which were hidden or denied, are indicative of complex personal situations likely to inhibit labour market engagement. This finding points to the importance of promoting integrated service provision in order to help support people into work (see Section 8.7).

8.6.1 Health

Our interview findings provide a number of pointers for developing policy in the health/work arena. In particular, there remains a pressing need for greater engagement by a range of public services with existing IB claimants. These need to be made available via locally based outreach services that are sensitive to people's condition. Such services should offer much more than just Work Focused Interviews, also seeking to link people to the other forms of support and assistance that they might require.

More generally, the research findings support a number of the recommendations contained in the recent briefing paper issued by the Sainsbury Centre for Mental Health (2007). These include: the need for stronger links between day services for mental health patients and mainstream vocational and employment-related services; the expansion of IPSs; extending the reach of specialist mental health support and therapy services to assist the large numbers who are currently left untreated; more preventative work with employers; and the targeting of activity at areas of social housing.

8.6.2 Childcare

Further expansion of SureStart and similar centres is a positive move. In areas of social housing, their establishment will need to be accompanied by outreach work and awareness raising in the local community to ensure that as many parents and children as possible can participate. Another important facet will be to get otherwise reluctant parents more accustomed to the idea of placing their children with 'external' childcare services.

Formal links will need to be developed between these centres and vocational training, skills development and access to employment (for example, work placements), especially for lone parents living in social housing. The aim should be to prepare them for jobs that will be attractive and worthwhile to them in financial terms – so that they can think of it in terms of bringing material improvements to their children's lives. However, only by improving their competitive situation will they be able to access better paid jobs that fit better with their children's needs.

8.6.3 Drug and alcohol dependence

Onward referral from successful rehabilitation is required. This will demand that links to other service providers able to address other barriers, including access to work, are improved. Such liaison may well need to transcend local geographies, as many people like to move elsewhere to make a 'fresh start', but then seem unsure where they can access help in their new location.

8.6.4 Debt

Our research revealed that debt was extensive amongst our interviewees, but also that very few people had had contact with any form of counselling or advice service. This suggests that further expansion of debt advice capacity is urgently required and that such provision needs to become more proactive, particularly in areas of social housing, where awareness of its existence appears to be very limited. This could be done via outreach and cross-referral from other agencies (see Section 8.7). Awareness raising is also likely to be required amongst other public service agencies. Labour market participation, skills training, career development and moves to more secure employment need to become part and parcel of the debt advice package, to avoid future recurrence of the problem.

8.6.5 Criminal records

The research findings underline the need for improvements in the employment-related services provided for prisoners and ex-prisoners. Policy-makers should support the long-term attachment of offenders to the formal labour market in occupations that are attractive to them and which tap into their interests and aptitudes. Pre-release vocational training initiatives have an important role to play in this. Linking participation to paid work within prison can be beneficial, but only if there is some degree of parity of remuneration between different occupations. Continuity with post-release employment support should be readily

available, perhaps by onward referral to other specialist agencies. This may require the development of improved cross-boundary working between agencies. Finally, there is a pressing need to establish training and employment schemes close to where people live upon release.

8.7 Multiple disadvantage and integrating services

The extent of multiple disadvantages amongst respondents and the apparent lack of readily available help to overcome these barriers, underline the pressing need for linked interventions targeted at residents in social housing. Such activities need to display a number of common features:

- The organisations charged with providing employment support must have some credibility with local residents. Respondents from all areas appeared to find it easier to build relationships of trust with those who shared similar experiences and were part of the same community. Recruiting a proportion of advisers from the areas served has been shown to work well for both Action Teams for Jobs and some Working Neighbourhoods pilots.
- Service providers must be able to engage residents and the community-based organisations that can build relationships of trust and can act as a bridge into formal services. The decision to combine 'enabling' with 'policing' roles in Jobcentre Plus has been counterproductive in this respect.
- Many community-based organisations employ local residents for client-facing roles. The evaluation of the Working Neighbourhoods pilots has found that this might secure several key benefits: First, it helps to create local employment opportunities. Second, residents are often able to help the process of engagement by drawing upon their own networks in the local community. Third, they may be better able to relate to or empathise with individuals. Fourth, residents usually have a better appreciation of the resources available locally. Finally, they may represent positive role models to other residents.
- It will be necessary to tackle the multiple challenges that some people face before they can consider returning to work. Interventions designed to encourage those who are detached from the labour market back into work therefore need to adopt an holistic approach. This will require local partnerships of providers, plus the development, improvement or expansion of specific services where these do not exist or lack the capacity to meet the demand.
- Social landlords will have a role to play within these local partnerships (see Section 8.2). Support to tenants could be provided in a number of ways, such as extending the current range of support and advice services to include explicitly work-related projects; signposting or referral from this to other relevant services; physical co-location of neighbourhood offices with other providers; provision of work experience; and the direct provision of employment-related support, for example, childcare to enable tenants to get a job.

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