

## **DWP MEMORANDUM TO THE WELSH ASSEMBLY RURAL DEVELOPMENT SUB-COMMITTEE**

### **1. National Policy**

Most of the policies and programmes of the Department for Work and Pensions are aimed at individuals, with eligibility dependent on personal circumstances rather than where they live. This means that even without specific targeting the help provided by the Department is concentrated in areas facing labour market disadvantage. Over the last ten years, the biggest labour market improvements have been in the areas that started in the worst position.

In addition to national programmes there is also a range of locally flexible support, such as the Jobcentre Plus Adviser Discretion Fund, the Deprived Areas Fund and the new Working Neighbourhoods Fund.

When determining how to deliver its services, Jobcentre Plus also considers the implications for rural and other areas. For example, support is provided not only through the Jobcentre network but also by telephone through the Contact Centre and Benefit Delivery Centre network as well as the internet. This allows all customers to access key services regardless of where they live. Where there are issues about the ability of customers to access Jobcentre Plus support, provision can be made for additional or more flexible arrangements. These include holding surgeries in third party premises, partnering in Local Authority outlets and, where practical, some mobile services. In Wales Jobpoints have been installed in libraries which also have computers with free internet access to aid job-search.

As with all programmes, any customer who has to travel from a rural location will have their travel costs met. Jobcentre Plus works closely with partners in providing outreach locations such as Children's Centres and the Library Service.

Taken together, the Department's approach helps to ensure that individuals in deprived communities across the country are able to get the help and support they need to move back into work. However, our new generation of employment programmes, including Pathways to Work and the flexible New Deal, will offer further scope for provision to be tailored to the specific needs of individuals wherever they live, and those facing particular labour market challenges.

### **2. Welsh Initiatives**

Complementing DWP's programmes are a set of policies run by Job Centre Plus in Wales and the Welsh Assembly Government.

#### **Want2Work**

Want2Work is a joint project between the Welsh Assembly Government and Jobcentre Plus. Its primary intention is to tackle the problems of economic inactivity in a targeted and coherent way, the intention being to design and test a comprehensive return to work package which will extend best practice and couple this with new elements.

Delivery of the pilot is through outreach Advisers working in the community, engaging people on a voluntary basis. Since the initial pilots in Merthyr Tydfil, Neath Port Talbot, Cardiff, Want2Work has expanded further and now operates in selected wards in Denbighshire, Newport, Rhondda Cynon Taf and Ceredigion.

### **Genesis Wales**

Genesis Wales is a project aiming to provide a comprehensive package of advice, guidance, support and childcare for individuals (predominantly women) wishing to access work, training and/or learning opportunities, thus overcoming barriers to improve the economic activity of people in Wales. Through working closely with individuals the Genesis Project can offer financial assistance and other support for them to access courses and work opportunities.

### **Communities First (Equivalent of the Working Neighbourhoods Fund)**

Communities First is the Welsh Assembly Government's flagship programme to improve the living conditions and prospects for people in the most disadvantaged communities across Wales. The programme was launched in 2001 and was conceived as a long-term strategy to address the deep-rooted social and economic problems of those communities.

Jobcentre Plus Wales is a key partner, potentially, for a Communities First Partnership in devising and implementing strategies to address economic inactivity and its impacts in Wales.

### **Local Initiatives (DAF Funded)**

In addition to these policies across Wales, there are a number of local initiatives funded by Deprived Area Funds.

### **South Wales Valleys District**

**Community Engagement Team** - a team of advisers working in outreach in our DAF communities to engage with and support our priority group customers to take up mainstream services and employment.

**Vocational Training** - provision offered to assist customers achieve certification in Construction Site Safety Certification, Personal Track Safety and Asbestos Handling.

**Motivational Training** - community based two week programmes aiming to re-motivate and engage customers to move closer to the Labour Market.

**Job Coach** - provision to assist customers retain their employment by supporting and mentoring the customer and employers beyond 13 weeks.

**Expos** - sponsoring local authorities to run engagement events in the DAF communities to bring together partnership organisations to highlight the services and support on offer.

### **North and Mid Wales District**

**Outreach** – contracted with local provider to engage with hardest to help customers within the community e.g long term IB customers, Lone Parents in order to identify and assist them in overcoming barriers to work there by making them more able to compete in the labour market.

**Community Service Initiative** – staff have attended local community centres within DAF wards to deliver Jobcentre Plus services. This included providing sessions on budget management, healthy living etc.

### **South East Wales District**

**DAF Mobile Unit** – Engages with customers directly and looking to support customers progress towards the labour market. Venues have been identified within DAF wards throughout the District which offer the best exposure to disadvantaged customers, and regular surgeries within these wards are held. As well as signposting to the full range of Jobcentre Plus services the team also promote LEPs as well as the DAF funded provision available. The Mobile Unit and Team work closely with the Community Ambassadors and are also involved in community events.

### **South West Wales District**

Aimed at economically inactive customers living in the DAF eligible wards. The provision allows engagement with customers and provides support with progression into employment.

**Motivation/Soft Skills Training** – training involves motivation & confidence building on a modular basis up to 60 hours (duration 2 weeks).

**Food Hygiene Training** - training involves food hygiene basic certification level 1 course on a modular basis up to 30 hours (duration 1 week).

**Site Safety Basic Certification Training** - training involves site safety basic certification course on a modular basis up to 30 hours (duration 1 week). To allow access onto a building site.

**Sectoral Training** - training involves sectoral training for a duration of up to 4 weeks. Can involve short sharp training other than listed above e.g. SIA licence, Fork Lift Truck training etc etc.

### **3. Labour Market Background**

Wales has seen a substantial rise in its employment rate since 1997, closing the gap with the United Kingdom rate. Employment in Wales is close to its highest ever level at 1.3 million.

Wales has a higher employment rate than four of the G7 countries: Japan, Germany, France and Italy.

The first stage of welfare reform has delivered the lowest claimant unemployment rate for 30 years, and a virtual eradication of long-term unemployment. The main challenge now is bringing down inactivity rates, but even here progress is being made. After a long period of rising claims for incapacity benefit going back to the 1980s, rates have begun to fall over the past 3 years, and the largest reductions have been in areas that started off in the worst position. The falls in Wales have been larger than the falls in the UK overall.

As is the case in the rest of the UK, the local areas in Wales that started with the lowest employment rate in 1997 have tended to see the sharpest rise. These areas are often still relatively in the worst position, as they started so far adrift after the recessions of the 1980s and 1990s. Wales as a whole has seen a substantial closing of the gap with the United Kingdom, but there is still more to do to close the remaining employment rate differential.

Rural areas tend to have considerably higher employment rates than urban areas; this is the same in Wales and the rest of the UK. The JSA New Deals achieve better outcomes in rural districts than urban ones. There may though be particular issues in some isolated rural areas, for example around the cost or distance of travel to employment/skills support or jobs. Average earnings do tend to be lower in rural districts, but the higher wages in cities partly reflects higher living costs.

### **4. Labour Market Statistics**

Rural areas in Wales have higher employment rates than other areas, and lower worklessness rates (unemployment and inactivity rates combined). The employment rate in rural Wales is above the Welsh average. A smaller proportion of inactive people in rural Wales want to work than elsewhere.

**Table 1: Employment, Unemployment and Inactivity rates in Wales 2007**

	Employment rate	Unemployment rate	Inactivity rate		
			Rate	of whom: want to work	don't want to work
Great Britain	74.3%	5.2%	21.5%	25.1%	74.9%
Wales	71.1%	5.4%	24.8%	22.0%	78.0%
<b>Rural Wales<sup>1</sup></b>	<b>72.5%</b>	<b>4.3%</b>	<b>24.1%</b>	<b>18.1%</b>	<b>81.9%</b>
Mixed Urban/Rural <sup>2</sup>	76.2%	4.4%	20.3%	23.2%	76.8%
Urban Wales <sup>3</sup>	70.2%	6.1%	25.2%	24.0%	76.0%
Valleys <sup>4</sup>	67.8%	6.7%	27.2%	23.9%	76.1%

Source: Annual Population Survey July 2006-June 2007

Rural Wales also has lower proportions of the working age population on Jobseeker's Allowance (JSA), Incapacity Benefits and Income Support for Lone Parents than the rest of Wales.

**Table 2: Benefit Claimant rates in Wales 2007**

	Jobseeker's Allowance (JSA)	Incapacity Benefit/Severe Disablement Allowance	Income Support for Lone Parents
Great Britain	2.3%	7.2%	2.1%
Wales	2.2%	11.0%	2.2%
<b>Rural Wales</b>	<b>1.8%</b>	<b>9.5%</b>	<b>1.6%</b>
Mixed Urban/Rural	1.9%	8.2%	1.8%
Urban Wales	2.4%	9.8%	2.5%
Valleys	2.7%	14.8%	2.6%

Source: DWP Work and Pensions Longitudinal Study (WPLS) May 2007

Employment rates have increased across Wales since 1997 and it has started to catch up with the rest of Great Britain. As in much of the rest of the country, the areas within Wales which started off with the worst labour market position have made the biggest improvements. The biggest increases in Wales have been in the Valleys and in the rural areas in the West.

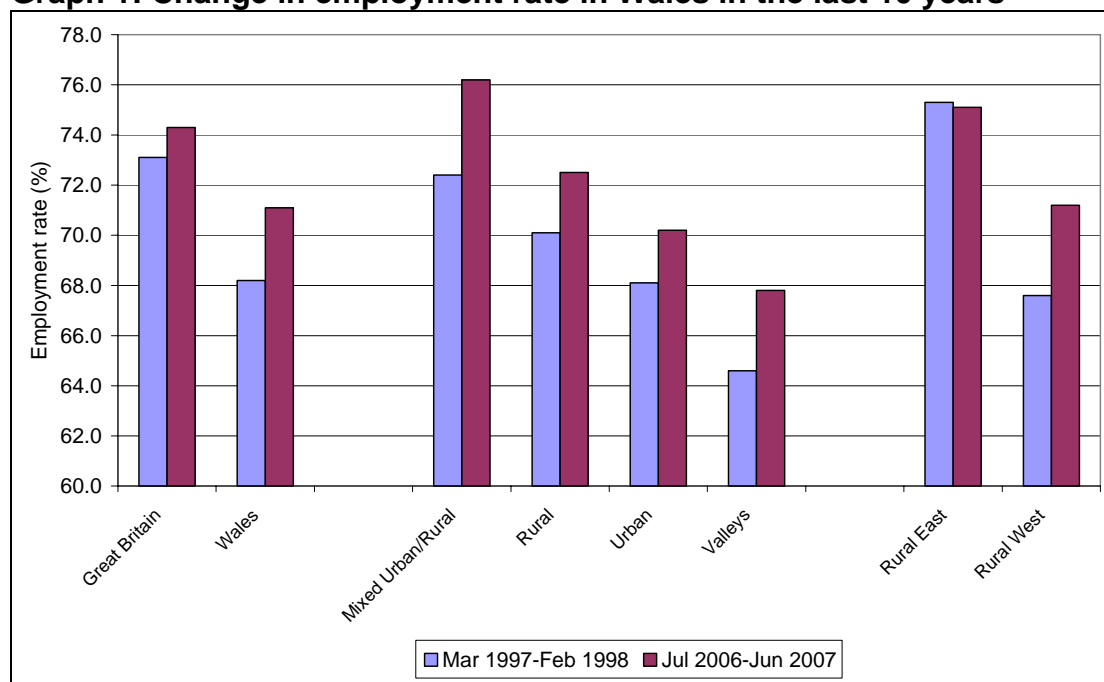
<sup>1</sup> Based on ONS classification of local authorities. Anglesey, Carmarthenshire, Ceredigion, Conwy, Denbighshire, Gwynedd, Monmouthshire, Pembrokeshire, Powys

<sup>2</sup> Flintshire, Vale of Glamorgan, Wrexham

<sup>3</sup> Cardiff, Newport, Swansea

<sup>4</sup> Blaenau Gwent, Bridgend, Caerphilly, Merthyr Tydfil, Neath Port Talbot, Rhonda Cynon Taff, Torfaen

**Graph 1: Change in employment rate in Wales in the last 10 years**



Source: Annual Population Survey, March 1997-February 1998 and July 2006-June 2007

Despite its relatively high levels of employment, average earnings in rural Wales do tend to be lower than in the rest of Wales (apart from the Valleys). This is a common pattern, and partly reflects the fact that living costs tend to be higher in big cities.

**Table 3: Median Gross Weekly Earnings in Wales**

	Median Gross Weekly earnings
Great Britain	£459
Wales	£416
<b>Rural Wales</b>	£403
Other	£434
Urban Wales	£420
Valleys	£400

Source: Annual Survey of Hours and Earning (ASHE) 2007

### Disparities within Rural Wales

There are some disparities within Rural Wales between East and West Rural. East Rural has a higher employment rate, lower unemployment and inactivity, and higher median wages than West Rural. The reason for this disparity is likely to be the East's proximity to England. However, as shown in the earlier graph, West Rural has seen a large increase in its employment rate over the last 10 years, increasing from 67.6% in 1997/98 to 71.2% in 2006/07. This goes with the general trend in Great Britain that the biggest improvements in the last 10 years have been in areas which started off in the worst position.

**Table 4: Employment Rates and Average Earnings in Rural Wales 2007**

	<b>Employment rate</b>	<b>Unemployment rate</b>	<b>Inactivity rate</b>	<b>Median Gross Weekly earnings</b>
<b>Rural Wales</b>	72.5%	4.3%	24.1%	£403
East Rural <sup>5</sup>	75.1%	3.6%	21.9%	£429
West Rural <sup>6</sup>	71.2%	4.6%	25.2%	£390

Source: Annual Population Survey July 2006-June 2007 and Annual Survey of Hours and Earning (ASHE) 2007

In summary, the general picture seems to be that, compared with Wales as a whole, Rural Wales is performing well in terms of the employment rate and the numbers unemployed and/or inactive. However, there are some disparities within Rural Wales, with the East, which is closer to England, faring better than the West. The situation is however improving and in Rural West there has been a big increase in its employment rate since 1998.

## **5. Next Steps – Welfare Reform**

To help meet its long-term employment aspiration the Government has recently concluded a consultation exercise and set out the next stages of welfare reform in a series of recent documents<sup>7</sup>. Five key principles underpin the next stage of welfare reform:

**A stronger framework of rights and responsibilities to move benefit claimants from being passive recipients to being active jobseekers**, so that people who can work, now or in the future, have the support they need to find a job and gain relevant skills.

**A personalised and responsive approach**, reforming the employment and skills support available so that it responds better to individual need.

**Not just jobs, but jobs that pay and offer opportunities for progression**, helping people to move into work and to stay and progress in work through a renewed focus on skills support.

**Partnership- the public, private and third sectors working together**, with a focus on what works best to support people into work. DWP's forthcoming commissioning strategy will set out how we aim to maximise the innovation in all sectors, leading to more and better outcomes.

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<sup>5</sup> Denbighshire, Monmouthshire and Powys

<sup>6</sup> Anglesey, Carmarthenshire, Ceredigion, Conwy, Gwynedd, Pembrokeshire,

<sup>7</sup> *World Class Skills: Implementing the Leitch Review of Skills in England* (Cm 7181 July 2007) <http://www.dfes.gov.uk/skillsstrategy/uploads/documents/World%20Class%20Skills%20FINAL.pdf>  
*Opportunity, Employment & Progression: making skills work* (Cm 7288 November 2007) <http://www.dius.gov.uk/publications/7381-TSO-Skills.pdf>

*Ready for work: full employment in our generation* (Cm 7290 December 2007) <http://www.dwp.gov.uk/welfarereform/readyforwork/readyforwork.pdf>

**Targeting areas of high worklessness by devolving and empowering communities**, putting sustainable employment at the heart of neighbourhood renewal so that local areas have a say in how provision is determined locally.

## **5.1 A stronger framework of rights and responsibilities**

From October 2008 incapacity benefits will be replaced for new customers by the Employment and Support Allowance with a revised Work Capability Assessment and an additional payment to the most severely disabled customers. Employment and Support Allowance will place an emphasis on what a person with a physical or mental health condition can do rather than what they cannot, with a package of support in place to help individuals move into work.

Lone parents who can work and have a youngest child aged 12 and over from October 2008, 10 and over from October 2009 and 7 and over from October 2010 will no longer be entitled to Income Support and there will be an expectation that they will be available for and actively seek work. In return for these increased obligations they will be supported by a flexible system of pre-work preparation and in-work support.

This package is expected to affect nearly 300,000 lone parents (40%) currently on Income Support, and our current estimates, based on conservative but necessarily uncertain assumptions, are that it will lead to a net reduction of 100,000 in the number of lone parents on out of work benefits by 2011, rising eventually to around 140,000 from 2013 onwards. This reflects reductions in the number of lone parents on IS, combined with smaller increases in the number of lone parents on JSA and ESA.

## **5.2 A personalised and responsive approach**

### Flexible New Deal

The Government is changing the Jobseeker's Allowance regime from 2009 and introducing the flexible New Deal (FND) to replace New Deal for Young People, New Deal 25 Plus and Employment Zones. The 12 month Jobseeker's Allowance (JSA) regime will be delivered in three stages, each one marked by increasing conditionality and reflecting the numbers who leave Jobseeker's Allowance at each stage.

The new regime will contain measures encourage people to gain the skills needed for sustained employment. Jobseekers with a history of claiming benefit (and younger customers with NEET histories) will be fast-tracked directly to intensive job support. Jobcentre Plus advisers will screen for skills needs from the start of a claim. DWP officials are working with the Welsh Assembly Government to develop an integrated employment and skills system which addresses the specific employment and skills needs in Wales.

### Pathways to Work



Conditionality is central to the Pathways regime. New customers are required to engage in a series of work-focused interviews with a specially trained personal adviser, early in their claim. The personal adviser can offer a package of return to work provision; referral to the NHS service that helps customers cope with their health condition or disability; and financial incentives such as the new Return to Work Credit.

The Government is investing £1bn in Pathways and by the end of April 2008 everyone on incapacity benefits in Great Britain will have access to the programme. Private and third sector providers will be delivering Pathways in 60% of the country. From 2009 mandatory Pathways to Work interviews and the new Work Capability Assessment will apply to existing customers who are under 25. In addition, from 2009, we will begin to apply the new more accurate medical assessment to existing customers.

Jobcentre Plus also delivers a range of specialist disability programmes for those disabled people who require additional help to obtain or retain work. We propose to move away from the current separate programmes to a new more integrated programme that can be more easily tailored to the individual needs of disabled customers. We are currently considering the responses to the public consultation on our proposals.

### **5.3 Not just jobs, but jobs that pay and offer opportunities for progression**

The Government is committed to delivering an integrated, flexible, employment and skills service throughout Great Britain and is working through the departments and the Devolved Administrations to achieve this. In Wales, where skills policy is a devolved matter, the Department is working with the Welsh Assembly Government.

Jobcentre plus Wales are currently in discussions with the Assembly on deciding the future of Careers Ladders Wales as outlined in the consultation document *Skills that Work for Wales: A Skills and Employment Strategy*.

### **5.4 Partnership- the public, private and third sectors working together**

In February, DWP published a new Commissioning Strategy, drawing on a recent period of consultation. The strategy sets out a radical new approach to sourcing, procuring, and managing employability provision and how we will work with the private and third sectors. The strategy seeks to achieve a step change in welfare to work performance and the best outcome for each customer. This will be achieved through a combination of: larger and longer contracts; a shift towards more outcome-based funding (which achieves best value for money for the taxpayer); more active customer engagement (including with employers); and stronger performance management.

The relationship with employers is also vital to improve people's skills and get customers into work. The new UK Commission for Employment and Skills

brings an unprecedented level of employer leadership to the employment and skills systems. The Wales Commissioner, who is currently in the process of being appointed by the Welsh Assembly Government, will also be the chair of the Wales Employment and Skills Board.

Employers have a vital role to play in Local Employment Partnerships. The Partnerships are a simple deal with employers:

- the Government gets long-term jobseekers ready for work, and
- employers with vacancies agree to give them a fair shot at the jobs by agreeing measures that can include guaranteed job interviews, work placements, mentoring, work trials and reviewing recruitment processes to make them more inclusive

This initiative aims to get 250,000 of our priority group customers into work by December 2010. Jobcentre Plus is working with the devolved Governments in Scotland and Wales to design Local Employment Partnership training provision that is appropriate for their countries and over 60 employers in Wales have already signed up to Local Employment Partnerships.

### **5.5 Targeting areas of high worklessness by devolving and empowering communities**

Working in partnership is also vital at the local level, particularly when it comes to tackling persistent concentrations of labour market disadvantage. These concentrations can be highly localised, often within our major cities and urban areas and part of the solution lies in tapping into the energy, ideas and expertise of local people. That is why one of the key principles of reform is to empower and involve local communities.

We are testing this approach through the City Strategy Pathfinders who are charged with increasing employment and reducing social exclusion in some of the most deprived communities. In the 15 Pathfinder areas, including Rhyl and Heads of the Valley in Wales, a consortium of local partners have joined together to ensure a more flexible and innovative approach is taken in the delivery of their respective programmes and resources, in helping more people to take up and remain in work. This approach is providing a real local focus to help people move back into work, so that the current patchwork of programmes and support, provided by a number of organisations, can be delivered in a more integrated, individually-focused and locally responsive way.

The Department is providing ongoing support to these partnerships. Each has benefited from seed-corn funding to build capacity and support the development process. And the Deprived Areas Fund has been devolved to City Strategy Pathfinders to support the implementation of local plans. DWP are working with Welsh Assembly Government officials and Jobcentre Plus to identify the best way to route Deprived Areas funding in Wales going forward in order to support a flexible partnership led approach to helping people in the most deprived areas into work.

## **6. Conclusion**

This memorandum has set out the way that DWP policy focuses on the individual and impacts areas in the worst labour market position, the overall current labour market situation in rural Wales, and what the next steps are for policy reform.

There have been big increases in employment over the last 10 years across the UK but especially in those areas which started in the worst labour market position. However there is still much more to be done, as we aim to bring more inactive people into work than ever before and ensure that people have the skills and attitudes they need to progress in work.