

## **Economic Inactivity in the North of Tyne**

### **Summary of Evidence**

#### **1. Introduction**

During 2022, North of Tyne Combined Authority (NCTA) undertook a review of the evidence on economic inactivity and programmes to help economically inactive residents re-engage with the labour market. However, there is a gap in evidence relating to the specific barriers economically inactive residents face in re-engaging with the labour market since the pandemic, and the types of support required to help participants move closer to, and access work.

In October 2022, NCTA commissioned Learning and Work Institute (L&W) to support the delivery of a call for evidence requesting further qualitative evidence from Voluntary, Community and Social Enterprise (VCSE) sector stakeholders experienced in working with economically inactive residents in any capacity.

The call for evidence focused on two key questions:

- *To what extent have you seen the experiences of residents who are economically inactive change since the COVID-19 pandemic?*
- *To what extent have you changed the way your organisation supports people who are economically inactive since the COVID-19 pandemic?*

Initial findings were tested at a workshop for respondents and other stakeholders, who were able to supplement the material to inform our final report. This summary outlines responses to both questions and implications for commissioning of services to support economically inactive residents.

#### **2. Changes in residents' experiences**

The most commonly issue was the increase in mental health related conditions. Examples cited were on a continuum from 'low self-esteem and confidence' to 'anxieties and depression' to 'severe mental illness.' Reasons given were a decline

in informal support networks (during lockdown and after) and other aspects of social isolation (loneliness, anxiety, and low self-esteem).

A decline in residents' confidence levels (and work readiness) was related to low levels of skills. Skills were described in terms of both 'hard' (technical or basic skills) and 'soft' (social skills and 'digital confidence'). There was a perception of employers demanding digital skills as workplaces change post-pandemic. Aspects of workplace change cited were: online applications, unstable / insecure jobs, shift-working, access issues, and hybrid working. Some residents felt deskilled due to spending time being a carer; having outdated qualifications or knowledge of the workplace; or not having access to labour market information.

The pandemic increased residents' responsibilities for caring for family members. The situation increased dependence on external support (such as childcare) or reliable transport to get to and from work on time. Transport issues were more severe in rural areas.

Most residents experienced a range of the issues mentioned above. Certain groups of economically inactive residents were more affected by particular issues. For example, carers or those 'with dependents' were more affected by lack of support or mental health issues. Older people (aged 50+) were affected by a range of issues: mental / physical health related, skills related, and workplace related. In this sense, many of the issues were seen as 'place-based' rather than solely issue-based.

Most groups experienced what can be termed 'systemic issues': how benefits disincentivise seeking work; disillusionment with or feeling intimidated by government agencies; or general cost of living concerns (including transport to work, or affordable childcare). Uncertainty about future labour markets made work seem a less attractive option.

All the issues were not seen as short-term. Some existed before the pandemic but were added to or exacerbated by lock-down. Their effects were expected to continue for a number of years.

### **3. Changes in the way organisations support residents**

The pandemic challenged providers to work in different ways. The move to hybrid working and/or blended delivery arose out of lockdown and later as a response to client feedback. It was also cited in a number of specific respects: skills delivery, 'remote counselling / support,' and 'tailored' delivery (designed to address a specific individual's needs).

New ways of working presented challenges. There were skills implications for staff as providers increased online delivery. However, there were opportunities to look at new ways of working. Hybrid working led to the development of new policies, sourcing new venues, technologies, and office space. Another consequence was increased partnership delivery. Multiple issues for clients required a collaborative approach to address them. The move towards co-location of services (such as through 'one-stop shops') was seen as addressing place-based issues.

Like many employers, VCSE sector organisations have recruitment and staff retention issues. Some reported increased use of agency staff, which had impacted on staffing costs. For some, hybrid approaches showed face-to-face delivery was not always the best model. For instance, people unable to travel to a support service could still be contacted remotely.

Other groups stressed that although online delivery was effective at surmounting some barriers, face-to-face was better at establishing trust and 'suits the clients.' The key element for some was 'choice' and that a 'variety of options' should be offered. Others felt providers had 'gone too far with digital service delivery' which has excluded some residents.

There was an identified need to develop connections with employers – 'give them a reason to come to the table' –and build trust. However, it would be naïve to assume the absence of power relations in partnership working, and concern was expressed about larger organisations exploiting smaller ones. A number of other barriers to future collaborative work were raised. Among them were partners having 'incompatible values' and being in 'competition for referrals [or] outputs.'

#### **4. Implications for future commissioning**

The call for evidence and the workshop both demonstrated the level of shared **commitment** to address economic inactivity in the NTCA area. The responses showed a high level of **consensus** and a willingness to **collaborate** between VCSE providers, with employers, and in partnership with NTCA in the spirit of **co-creation**. This led to the identification of four implications for the future commissioning.

##### **a. Addressing multiple and complex needs**

Multiple needs require multi-faceted responses. Some methods suggested were 'one-stop' access points designed within a place-based approach. Within this, digital inclusion was seen as a key issue so online services can be accessed via community venues. Other support included should be: financial capability (such as budgeting advice), alongside transport and childcare costs.

##### **b. Working collaboratively with other VCSEs**

Effective collaboration is based on recognition of the specialisms each provider brings. The removal of competition for funding or clients improves referral systems. Collaboration can be enabled by the commissioning process.

##### **c. Working with employers**

As the workplace (or perceptions of it) presents a barrier to residents seeking work, VCSE organisations should work in partnership with employers. Approaches that should be encouraged are: volunteering as a bridge to work; tailored support for accessing specific workplaces; mentoring; job flexibility; and supporting recruitment processes.

##### **d. Ensuring fair and accessible funding**

The commissioning process should be flexible to enable responsive delivery as multiple barriers to work are identified. Commissioners have a role in enabling collaboration and partnership working.