

Helping people into jobs: issues for discussion in Merthyr Tydfil

by Victoria Winckler

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The Bevan Foundation

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Summary

- Merthyr Tydfil has become synonymous with deprivation and disadvantage. High levels of 'economic inactivity' and the related reliance on Incapacity Benefit have earned Merthyr Tydfil the epithets of 'sick note capital' of Britain and 'benefit scrounger hotspot'.
- High levels of economic inactivity are closely associated with the run-down of employment in the 1980s and early 1990s. Even 25 years on there is a marked shortage of jobs and substantial proportion of people who want to work but who do not have a job. Inactivity is particularly common amongst older males. There can also be no doubt about high levels of ill-health, whether measured by life expectancy, visits to the GP or by self-reporting of general wellbeing.
- The combination of lack of jobs and ill health will make it particularly difficult for people out of work to comply with the requirements of a new welfare to work system. The Department for Work and Pensions must recognize this and introduce specific measures including pre-employment activities, a longer period of time for people with health conditions to find and adjust to work, and longer term support for those returning to work.
- More long term support is needed for community and voluntary return to work initiatives, as their independence and responsiveness complements statutory provision.
- The Heads of the Valleys programme needs substantially increased investment and a far greater emphasis on job creation than at present. In addition, major local employers should explore ways of collaborating to increase their local recruitment and promote local opportunities.
- There should be greater awareness amongst providers of health care of the opportunities to combine work with various health conditions e.g. condition management, and more support provided for local employers to adopt best practice on managing sickness absence and return to work support. The local public sector, including UK government bodies such as the Inland Revenue and Department for Work and Pensions as well as the Welsh public bodies, should be model employers of people with disabilities and health conditions.

1. Introduction

Merthyr Tydfil has become synonymous with deprivation and disadvantage. It is amongst the worst place in Wales and the UK on far too many indicators of wellbeing and wealth, from one of the ten worst places to live to one of the lowest household incomes. Attracting particular comment have been the very high levels of so-called 'economic inactivity' and the related reliance on Incapacity Benefit, which have earned Merthyr Tydfil the epithets of 'sick note capital' of Britain and 'benefit scrounger hotspot'. However, the reasons for its unfortunate state have received much less attention, at least until very recently.

Welfare reform continues to be a very live issue. Various political parties are keenly contesting which can be the 'toughest' on benefit claims, whilst experts such as David Freud (whose thinking informed the UK government's proposals) fuel the debate still further with claims that less than a third of Incapacity Benefit claimants are 'credible recipients'.

This report sets out the findings of a small-scale study of 'economic inactivity' in Merthyr Tydfil, and considers the possible impact of the proposed reforms to welfare. The report is based a review of relevant statistics and local research, interviews with representatives from stakeholder organizations (listed at Annex 1) and interviews with a small number of benefit claimants. As other studies have found, it proved difficult to identify claimants who were willing to be interviewed and we therefore relied on people who volunteered to participate whilst attending three community groups (Homestart, Rhymney; Hafal, Merthyr Tydfil and Diabetes UK, Merthyr Tydfil) in November 2006 – February 2007.

The interviews were semi-structured and were conducted by Maggie McCollum, then a research assistant at the Bevan Foundation, who recorded the discussions and transcribed them. Some of the interviews were group interviews and others were individual, depending on the availability and preferences of interviewees. The questions were determined solely by us and the interviews were, and remain, confidential. We have quoted extensively from them, however, both as evidence of our findings and to illustrate the strength of feeling uncovered.

The findings are not, therefore in any way statistically representative, nor were they intended to be so. Nevertheless, they highlight some important issues that we suggest are worth further consideration and exploration. Unfortunately it has taken some time both to analyse the findings and then to publish the draft report, but although the information is not the most up-to-date we believe the findings are nevertheless valid.

The Bevan Foundation gratefully acknowledges the financial contribution of Dai Havard MP towards the costs of this study. However, he has not directed the study in any way nor has he contributed to the contents of the report. The views expressed here are those of the author alone and are not necessarily shared by Dai Havard MP or the trustees or members of the Bevan Foundation.

2. Economic Inactivity in Merthyr Tydfil

Economic inactivity

The term 'economic inactivity' means not having a job or actively seeking one. It includes people who do not work because they are looking after children or another family member and people who are too ill or disabled to work.

Three out of ten people of working age in Merthyr Tydfil (30.7 percent) were economically inactive in 2006/07, nearly 10,000 people. The gap between the economic inactivity rate for Merthyr Tydfil and that for Wales and for Great Britain is substantial, at 12 percentage points for males and 6.2 percentage points for females.

Table 1 Economic Inactivity Rates 2006/07

	Merthyr Tydfil		Wales	Great Britain
	No.	%	%	%
Males	4,500	28.7	21.3	16.7
Females	5,400	32.8	28.8	26.6
All people	9,900	30.7	24.9	21.5

Source: Annual Population Survey via Nomis local Labour market profiles accessed 28/01/08

However, a more complex – and arguably more positive - picture underlies these headline-grabbing statistics.

Economic inactivity is declining

High though the 2006/07 figure may be, it is nevertheless considerably down on that for 2000/01, when the inactivity rate stood at a staggering 41.8 percent. The decrease of 3,100 people over the period has been proportionately far greater than the decrease in Wales or Britain as a whole. The fall in inactivity amongst women was slightly greater than the fall amongst men - down 1,800 compared with 1,500 for males.

Lots of people want a job

Far from being work-shy or scroungers, it is clear that a substantial proportion of people who are classed as economically inactive would like a job. Almost a quarter of people who are economically inactive (2,300 people) say they want a job. Together with people who are unemployed, this means that there are 4,200 people in Merthyr Tydfil who want to work but are not currently doing so. At 15 percent of the population of working age, this proportion is much higher than in Wales or Britain as a whole. What this figure means in practice is that for every two people in Wales or Britain who want a job there are three people hoping for work in Merthyr Tydfil.

Table 2 Worklessness in Merthyr Tydfil 2006/07

	Merthyr Tydfil		Wales	Great Britain
	No.	Percent	Percent	Percent
Unemployed	1,900	7.9	5.3	5.3
Economically inactive wanting a job	2,300	7.1	5.5	5.5
Total wanting a job	4,200	15.0	10.8	10.8
Economically inactive not wanting a job	7,600	23.6	19.4	16.0
Total workless	11,700	38.6	30.2	26.8

Note: data are for the year April 2006 – March 2007

Source: Nomis

Jobs are in short supply

People in Merthyr Tydfil have a much harder task actually finding work than those wanting a job elsewhere. The density of jobs, i.e. the ratio of the total jobs in the area to the working-age population, was in 2006 just 0.68, well below the density for Wales of 0.78 and that of Britain as a whole of 0.84.

In part this figure reflects the damage done to local employment over the last thirty years. In 1973 – regarded as a time of full employment in the borough – there were some 22,000 jobs. Local employers around this time included four collieries, Hoovers, Teddington's, Thorn EMI, Kayser Bondor, OP Chocolates to name just a few. However, subsequent recessions took a heavy toll so that by

1984 one in three jobs had disappeared. Over the next decade the labour market recovered slightly but even by 1995 the number of jobs in the borough was still only three-quarters the number in 1973. In contrast, the recession had a much less serious impact at all-Wales level, with one in ten jobs disappearing between 1974 and 1984, whilst subsequent growth meant that recovery was almost complete by 1995.

Since the mid 1990s, Merthyr has done relatively well with the number of jobs increasing more rapidly than in either Wales or Great Britain. Nevertheless, only in 2006 was total employment beginning to approach the levels last seen in the early 1970s, with a total of 21,900 jobs.

People travel to work

Travel to work outside the borough is increasingly an option for the some of the population, despite the claims that are frequently made about the unwillingness of Merthyr residents to commute. One in three (37 percent) of Merthyr Tydfil's working population now travels to work outside the borough and, like all authorities in south Wales except Cardiff, Newport and Swansea, Merthyr Tydfil has a net outflow of workers. The most common destinations of workers are the neighbouring authorities of Rhondda Cynon Taf and Cardiff, followed by Caerphilly, and Blaenau Gwent.

Table 3 Travel to Work – Merthyr Tydfil 2005

	Number	Percentage of working residents
Working residents	21,000	100
Residents traveling out of the area:	7,800	37
To Rhondda Cynon Taf	2,000	9.5
To Cardiff	2,000	9.5
To Caerphilly	1,000	4.8
To Blaenau Gwent	1,000	4.8
To other Welsh unitary authorities	1,000	4.8
People traveling into the area	6,600	-
Net outflow	-1,100	-

Despite the prevalence of commuting outside of Merthyr Tydfil, it is not necessarily an easy option nor is commuting any distance an option that is open to all sections of the community. With travel by public transport from Merthyr Tydfil town centre to Cardiff taking at least an hour, plus the time taken from home – bus or train station, an 8 hour working day easily becomes 11 hours long. Any job with hours outside the standard 9 to 5 is virtually impossible as public transport, especially local transport, all but ceases after 6 p.m.

Inactivity is primarily affects older people

Economic inactivity varies between different age groups. Table 4 shows that the economic inactivity rate in Merthyr Tydfil rate rises dramatically amongst over-50 year olds. Indeed, almost half the people of working age in Merthyr Tydfil over the age of 50 are not economically active, compared with only one quarter of this age group nationally. The rise in economic inactivity is especially sharp for men, with only 15 percent of those under the age of 50 being inactive. As in other former industrial areas, this dramatic increase in male inactivity around the age of 50 suggests that something catastrophic happens – or has happened – to this age group to generate such a steep rise in worklessness.

For women, the inactivity rate rises at the age of 50 to 47 percent. Although the increase is less marked than for males, the rate itself is still very substantially above the rate for women over 50 in Wales or Great Britain.

Table 4 Economic Inactivity by Gender and Age Group 2006/07

Age Group	Males			Females		
	Great Britain	Wales	Merthyr Tydfil	Great Britain	Wales	Merthyr Tydfil
20 – 24	18	19	15	29	34	33
25 – 34	7	9	11	25	26	24
35 – 49	8	10	14	21	21	27
50 – 59 /64	25	33	50	29	34	47
All age groups	17	21	27	27	29	34

Incapacity benefit claimants are mainly long-term

Given high levels of ill health in Merthyr Tydfil it is hardly surprising that claims for Incapacity Benefit (IB) in the area are also high. In May 2007, a total of 5,710 people were claiming IB – 18 percent of the adult population.

IB claimants in Merthyr Tydfil are much more likely to be long-term claimants than elsewhere, and they are also more likely to be older than the norm. Two thirds of IB claimants in Merthyr Tydfil (66 percent) have been claiming IB for more than five years, compared with just 51 percent in the UK as a whole. Similarly, more than half of IB claimants (52.7 percent) are aged over 50 in Merthyr Tydfil compared with 47 percent for the UK.

Unfortunately data on the specific conditions suffered by IB claimants in Merthyr Tydfil is not available, but if they follow the same pattern as Wales then the most common reasons for claiming IB are mental or behavioural disorders and musculo-skeletal conditions which together account for more than half the IB claims in Wales.

Conclusion

Economic inactivity, and the associated reliance on Incapacity Benefits, is without any doubt very high in Merthyr Tydfil. There can be little doubt that these high levels are closely associated with the devastating run-down of employment experienced by the area in the 1980s and early 1990s, so that even 25 years on there is a marked shortage of jobs and substantial proportion of people who want to work but who do not have a job.

However, not all the indicators are negative. Over the last 5 years, the number of jobs has increased at a faster rate than the Welsh economy as a whole and the number of people who are economically inactive has declined. With investment in a range of tourism, leisure and retail activities about to come on stream, it is likely that these positive trends could continue over the next few years.

Nevertheless, some very significant challenges remain. Achieving the UK Government's target of reducing Incapacity Benefit claimants by 1 million would

require a pro-rata reduction in the number of IB claimants in Merthyr Tydfil of more than 2,300, whilst achieving the Welsh Assembly Government and UK Government's target employment rate would require an extra 5,000 people getting work.

3. Health and work

One of the key features in the debate about economic inactivity is the role of health and ill-health. People's health not only shapes the likelihood of securing employment it also influences their performance at work, and whether and for how long they stay in employment. For example, people who suffer poor health on average retire earlier than those in good health whilst men who are actively seeking work and their wives have a 20% 'excess' death rate. A recent review of worklessness and health by the National Institute for Clinical Excellence concluded that:

the evidence suggests a relationship between unemployment and health and a strong association between unemployment and poor mental health.

However, the review also concluded that 'the nature of this complex relationship is less clear' and that 'the direction of causality' – i.e. whether unemployment causes ill-health or ill-health causes unemployment – 'is an issue of debate'.

Within the welfare to work debate, there is a strong focus on the idea that unemployment causes ill-health and on its corollary, that work is therefore good for health. This view underpins the current welfare to work reforms, as well as the thinking of the Welsh Assembly Government on economic inactivity. For example, a recent report produced by Welsh Assembly Government officials (and subsequently included in its economic policy *Wales: A Vibrant Economy*) noted that male inactivity rates had risen even though objective measures showed that health was improving, that the health of the population of Wales was no worse than that of the population of Britain, although its inactivity rates were much higher, and that the increase in the number of claims for incapacity benefit since the mid 1990s exceeds the increase in the proportion of the population reporting a limiting longstanding illness. This report concluded:

'the high rates of Welsh inactivity are not primarily caused by ill health'

Other studies have pointed out that ill-health is linked with economic inactivity as when demand for labour is low, people with health conditions – even relatively minor complaints – are less able to compete for the few jobs available than

healthy people, and so those in less than good health become or remain unemployed. Over time, with little prospect of employment, people in poor health withdraw from the labour market altogether.

It is argued that this process, coupled with a deliberate drive to reduce the numbers of unemployed, has taken place in the south Wales valleys, including Merthyr Tydfil, and in other former coalfields. As a result, large numbers of workers have been 'diverted' from unemployment to sickness and hence economic inactivity. In this view, economic inactivity is how the labour market has adjusted to large-scale job loss in the 1980s. One implication of this argument is that the economically inactive are not necessarily too ill to work at all, rather their health is just not good enough to compete with others when there is a shortage of jobs.

This thinking is further developed by Aylward et al (2006), who point that many of the health conditions suffered by people who are economically inactive are minor–moderate common health complaints 'such as mental health, musculoskeletal and cardio-respiratory conditions' for which, it is argued, there is often 'no clear or consistent pathological basis' and which are therefore 'largely subjective in nature'. These common complaints are widespread in the population – both working and non-working. What is important, they suggest, is how people *perceive* their health, which is shaped by social and psychological factors. Someone who is unemployed can come to believe that his or her common complaint is in fact a condition which prevents paid work – in effect providing a rationale for their worklessness.

The relationship between health and the likelihood of being in work is clearly demonstrated in Merthyr Tydfil by the 2001 Census of Population results. These show that 85 percent of those with a limiting long term illness in Merthyr Tydfil were economically inactive, whilst only 27 percent of those without such an illness were economically inactive. In other words, someone in poor health is almost five times less likely to be working than someone in good health.

This role of ill-health is further clarified by the reasons for inactivity given by people who are economically inactive. The 2005 Annual Population Survey found that nearly twice as many people in Merthyr Tydfil said they were not

working because of ill-health as in Wales as a whole (18 percent compared with 10%) However, the proportions who said they were not working because of looking after family or other reasons were almost precisely the same in Merthyr Tydfil as all-Wales. This is very important because it tells us that the 'excess' of economically inactive people in Merthyr – the reason why its activity rates are so much higher than the Welsh average - is entirely due to ill-health.

Table 5 Reasons for Economic Inactivity 2005, percent

	Merthyr	Wales
Looking after family home	7.3	7
Long term sick	18.3	10
Other incl. students and retired	5.5	5
Total economically inactive	31.1	22

Health status in Merthyr Tydfil

Quite different sets of statistics do indeed confirm that the health status of the population in Merthyr Tydfil is generally not good. In various surveys, a much higher proportion of the population than elsewhere say that they have levels of ill-health that limit their every day lives. The 2001 Census of Population, for example, suggested that 30 percent of the population as a whole and 26.7 percent of the population of working age had a limiting, long-term health condition. That proportion is much higher than the figure for Wales as a whole, which stands at 23.3 percent, and is the highest in Wales. A different survey undertaken several years later, Welsh Health Survey (2004/06), suggests an even higher proportion of people (33 percent) have a limiting long standing illness, again the highest proportion in Wales.

These high levels of general ill-health are supported by more specific measures. The Welsh Health Survey also asks individuals 36 standard questions about their perceived health status (known as SF-36). The answers are then combined to produce eight scores for different aspects of health and well-being, such as physical functioning, bodily pain, vitality, and mental health. The results from the survey show that Merthyr Tydfil has the lowest scores in Wales for both mental

and physical health, even when these are adjusted to take account of age. The incidence of a number of specific conditions in Merthyr Tydfil is also amongst the highest in Wales, including heart conditions, arthritis, respiratory conditions, diabetes and lung cancer.

These high levels of sickness also show up in statistics on usage of health care services. People in Merthyr Tydfil are more likely to visit their GP or practice nurse, are more likely to attend a hospital outpatient appointment and are more likely to visit Accident and Emergency than the Welsh average. They are also prescribed the most medication by their GPs.

But perhaps the most shocking statistics of all are those on mortality. Any doubts about the prevalence and seriousness of ill-health in the population should disappear faced with Merthyr Tydfil's premature death rate (i.e. death before the age of 65) which is the second highest in Wales and its below average life expectancy - three years less for a Merthyr male than a Monmouthshire male.

Conclusions

To sum up this section, there can be no doubt whatsoever that there are high levels of ill-health in Merthyr Tydfil, whether measured by life expectancy, visits to the GP or by self-reporting of general wellbeing. Those high levels of ill-health explain, statistically, why Merthyr's economic inactivity rate is so much higher than the Welsh average, albeit that it is not possible to prove whether worklessness has caused that ill-health or vice versa.

4. Helping people into work

Until very recently the approach to helping people into work in Merthyr Tydfil was pretty much the same as that taken in Manchester or Maidstone – basically mandatory participation in one of the various New Deal programmes for those claiming Job Seekers' Allowance for more than a specified time. There was no help available for anyone claiming Incapacity Benefit.

Then in 2005/06 the Welsh Assembly Government introduced the Want2Work programme in Merthyr Tydfil (along with three other areas of Wales) and shortly afterwards in October 2006 the Department for Work and Pensions rolled out its own Pathways to Work programme to Merthyr Tydfil. Both these programmes are explicitly aimed at helping people who are economically inactive into work.

The Want 2 Work programme is a three year project (which ended in March 2008) aimed at people on 'inactive' benefits such as Incapacity Benefit and Income Support. Participation is voluntary and participants are provided with support from a careers adviser, mental health nurse and other medical advice, plus opportunities for training, work experience and volunteering. Participants receive a return to work credit of £40 per week for a period of 12 months.

Pathways to Work is similar in that it is also focused on Incapacity Benefit claimants and participation is voluntary. As well as providing clients with a personal adviser who supports preparation of an action plan and provides information on childcare, transport and other 'back-to-work' support, the NHS also provides help with managing common health conditions (mild to moderate musculo-skeletal and cardiovascular conditions, and mental ill-health).

In addition, Merthyr Tydfil is part of the Heads of the Valleys 'city strategy area'. City strategies have been initiated by the Department for Work and Pensions' in 15 areas of UK with the lowest rates of employment. City Strategies are based on the idea that local partners can deliver more if they align their efforts behind shared priorities, involving local authorities, government agencies and the private sector working together as consortium. Partners are given more freedom to try

out new ideas to help people to return to work and to tailor services in response to local need.

The Heads of the Valleys City Strategy Business Plan, submitted in December 2006, sets out an ambitious and comprehensive programme designed to achieve an employment rate in the area of 70%, at a cost of £7.5 million in the first three years of its operation (2006/07 – 2008/09). It focuses on the following priority groups of people:

- Lone parents
- People already claiming Incapacity Benefit
- Young people not in education, training and employment
- People aged over 50.

It involves a range of measures, including traditional 'welfare to work' programmes but also greater engagement with community and voluntary organizations, support for employers' human resource practices and workplace health initiatives, enhanced careers advice, amongst many others (Heads of the Valleys Employment Consortium 2007). The strategy is being rolled out across the Heads of the Valleys area, including Merthyr.

Reforms

The Government's plans to reform incapacity benefit and welfare to work programmes were published in December 2007, following the publication of several consultation papers and reports from external advisers earlier in the year. The reforms are aimed at reducing the numbers of people claiming Incapacity Benefit, helping the UK to achieve full employment, and tackling child poverty.

The proposals will, when implemented, bring the following changes for economically inactive people in Merthyr Tydfil as in the rest of the UK:

- Job seekers will be required to seek 'any suitable job' after 3 months of unemployment and after 6 months job seekers will be required to enter a New Deal-type programme. If clients are still jobless after 12 months clients will be referred to specialist support which will include 4 weeks full time work experience. Failure to comply with any of these requirements could lead to benefit sanctions.

- Employment and Support Allowance will replace Incapacity Benefit for new and repeat claimants in October 2008. Except for the most severely ill claimants, receipt of benefit will depend on attendance at work-focused interviews and on undertaking appropriate work-related activity. Non-compliance would lead to partial loss of benefit.
- Participation in Pathways to Work will be mandatory for new ESA claimants and from 2009 for existing claimants under-25 years. It will remain voluntary for existing claimants over 25 years old.
- Lone parents with older children, who are claiming benefits and who can work, will have to actively seek work when their youngest child is aged 7 or over from October 2010.
- Claimants will undergo a Work Capability Assessment which will focus on what people can do rather than what they cannot.
- Support for disabled people and people with health conditions will be enhanced.
- An enhanced in-work tax credits to guarantee at least £25 p.w. net increase in income on return to work will be piloted.

Reactions to the planned reforms have been, perhaps surprisingly, muted. For some commentators the proposals do not go far enough, with calls for people who refuse to accept reasonable job offers to lose the right to claim out of work benefits for three years and those who claim for two years being required to work on community programmes.

However commentators have generally welcomed the changes, especially the focus on helping people to work. Disability groups have generally supported the idea that people with a life limiting condition may nevertheless be able to work and should be encouraged to do so, although they have stressed the importance of a sensitive approach to assessment of capability for work. Similarly, groups representing lone parents and children have also generally welcomed the emphasis on helping parents to work, whilst expressing reservations about requiring lone parents to seek work once their youngest child is aged 7 or over from October 2010 (aged 12 or over from October 2008, aged 10 or over from October 2009) because of lack of affordable, good quality childcare. Children's groups have also raised concerns about the impact of any sanctions against parents on the welfare of children.

One of the relatively few voices of concern, if not dissent, comes from the TUC. They argue that there is insufficient emphasis on employers' responsibilities compared with the emphasis on claimants responsibilities, e.g. to enable people with health conditions to enter work. They also comment that there is insufficient assurance about the scope and quality of the new Personal Capability Assessment, which will be crucial to determining individuals' access to benefits and that there is insufficient funding being allocated to providing the support that claimants need to find and sustain work.

5. Views from the ground

So far, this report has considered various statistics on economic inactivity and health in Merthyr Tydfil which, although important, provide only a partial account of the interaction between them. In order to explore some of the issues further, we conducted a small number of interviews with organizations and individuals in the borough. Altogether we interviewed 13 people from the following organizations:

- four representatives from three welfare to work organizations
- nine individuals involved with three different community / voluntary groups and the paid workers at six community / voluntary groups.

Clearly such a small number of interviews do not represent the experiences of the wider public, but nevertheless they provide a useful indication of some of the key issues facing people in Merthyr Tydfil and provide a valuable and sometimes powerful illustration of life behind the statistics.

Prevalence of ill-health

Everyone we interviewed firmly believed that ill-health was widespread in Merthyr Tydfil, and cited the same common conditions as feature in the statistics – heart disease, mental ill health, and arthritis. There were no doubts at all cast upon the reality of those illnesses, even by those who are tasked with getting people into jobs.

What was frequently mentioned, however, was how ill-health could be self-reinforcing. Being unwell creates difficulties carrying out everyday activities, causing isolation from wider social networks, undermining confidence and encouraging an unhealthy lifestyle, which in turn exacerbates ill-health – as one of our interviewees put it, creating ‘another layer of sickness’.

I think [sickness] does breed another layer of sickness and inactivity because you can't access things that other people take advantage of - and you become isolated and lose the skills. ... I think it is just a fact of life if

you are stuck in one way you will become stuck in other ways and then it just escalates.

Marion, community group worker

... high numbers of people on IB ... are getting into a kind of lifestyle which is bad for their health and mental state. Of course you are going to feel more stressed if you are sitting at home.

Sue, welfare to work programme

I think mental health and physical health are so closely tied up. They go hand in hand. If you are down you will feel less inclined to live healthily and you will feel more unhealthy in general.

Sandra, community group worker

A particular issue that was mentioned many times was lack of confidence and self-esteem amongst local people:

There are a lot of things going on, lots of clubs and programmes, but all the agencies say that they can't get people to be involved and we wanted to find out why this was. Essentially we found that it was around confidence and how they felt about themselves. ... People feel that they are no good and that they can't do nothing.

Sandra, community group worker

... we found that confidence and self esteem go towards making people depressed, which can just escalate into mental health problems-I find a lot of people who I speak to really feel depressed. This makes it hard for them to make changes in their lives."

Rhian, community group worker

These views clearly illustrate the conclusions of Aylward et al (2006) that ill-health is more than just a biological state but is socially and psychologically constructed as well.

Crucially, these views also suggest (as have Aylward et al (2006) that medical treatment alone is unlikely to result in improved health and wellbeing unless wider social and psychological issues are addressed at the same time. Statutory services undoubtedly have a key role to play here, but community-led, community based action will also be vital. In the words of the evaluation of one community project:

community-led joined-up initiatives that include both health and socio-economic considerations are likely to produce positive attitudinal changes and contribute towards a positive experience towards employability.

Welsh Enterprise Institute

Finding Work

We discussed with some interviewees the impact of previous job losses in the area on current levels of economic inactivity. It is now established that redundancy (and the period of uncertainty in the run-up to job loss) is associated with 'higher levels of psychiatric morbidity', although the impact varies with age, social support, duration of unemployment and level of unemployment in the area. Given the very high levels of redundancy and closure experienced in Merthyr Tydfil in the last twenty years it should be no surprise that there are high levels of mental ill-health locally. Indeed, agency work is currently quite common and that too was said to have a damaging effect on health:

There are a lot of temporary contracts for factories-mostly agency recruited so people tend to be taken on and then let go, which will also have an effect on people's health

Rhian, community group worker

Two of the individuals we interviewed who experienced mental ill-health described how their conditions were associated with losing a job:

I have been unemployed for five years but I had worked for 26 years before that though. The place I was working in actually closed down but I did have a job three weeks after leaving. But it was a shock to the system losing my job after all that time and I had a panic attack in work.

Sheila, community group participant

I was 24 and a half years as a milkman and I was made redundant and that's when I had a breakdown.

Geraint, community group participant

Second, we considered interviewees' views of the current local labour market. Our interviewees were unanimous that there were relatively few job opportunities available in Merthyr Tydfil and that what opportunities did exist were relatively

limited. These views echo those found in other studies of Merthyr Tydfil. In our interviews, those from community groups said:

There are few opportunities locally. There is very little office kind of jobs.
Sandra, community group worker

In Merthyr, if it's not retail its nothing - they talk about tourism in the Heads of the Valleys strategy but realistically we can't compete with Swansea or other areas. The only jobs are retail and it has such limited potential.

Marion, community group worker

Individuals we talked to shared this view about the lack of opportunities:

I would like to work with kids. ... The only place round here that has jobs that I would want would be the local school, there isn't much else.
Cath, community group member

There's not many jobs locally, you have got to go further a field. I was ok because I knew what I wanted to do and could do it. If I didn't have this job [a home carer] I would have struggled to find work.

Nicky, community group member

Some of our interviewees commented that the jobs that were available were not necessarily suitable for people with poor health. It is widely noted in the media, for example, that recent inward investors such as St Merryn Meats have found it hard to fill vacancies with local labour and have instead resorted to recruiting workers from other European countries. However, it is often overlooked that such low-skilled work is often physically and / or mentally demanding and may simply not be compatible with certain health conditions. As one community project commented:

retail [is] fine if you have enough confidence to have good customer service skills.

Sandra, community group worker

Some of those we interviewed also commented that the nature of the work available locally actually reinforced low self-esteem and lack of confidence, in that pay was often low and employment sometimes temporary in nature.

People think, what was the point in me getting those qualifications, and this will cause them stress and to feel down. It leaves no avenue for

people to move forward. ... It's very rare that anyone is kept on full time and that knocks people's confidence.

Sandra, community group worker

Clearly there *are* more jobs in the area than just retail – the local authority, the local NHS trust, local health board, college and now the Welsh Assembly Government are all major local employers together employing thousands of people. The jobs on offer here are also often of better quality, with national terms and conditions and relatively good employer practices, covering a range of professional and administrative occupations as well as manual work. However, we were told there was a lack of awareness about the opportunities available with such employers.

The two biggest employers in Merthyr are the council and the hospital and people do want to work in these place. ... There is the perception that it is a closed shop in the council and the hospital, with little opportunity to get a job there. Whether this is the case or not, people believe it is so people are not applying.

Sandra, community group worker

Third, we discussed the question of combining work with managing a health condition. Some of our interviewees told us how difficult it was to combine employment with certain health problems, particularly as many local employers lacked good occupational health provision (even larger employers), and found it difficult or were unwilling to accommodate their employees' particular needs:

We went and did some stuff in ASDA because they don't have occupational health in there. They don't have a problem filling their vacancies with people with health issues but we do find that there isn't that support if those people struggle or get ill.

Sue, welfare to work provider

Those involved in a diabetes group described the particular issues that they faced:

... There are only certain types of jobs that somebody with insulin [dependent] diabetes can have. They may need to go to hospital appointments and stick to regular meal times. ... there is a massive gap and the employers often don't know the type of things that people with diabetes face.

Group co-ordinator and nurse

More diabetes awareness in the workplace is needed. People need to know about the effect of low blood sugar levels, hospital appointments, screenings etc. ... Some jobs like factory work can be a problem 'cause when you get tired and you are working on a production line this will affect your work.

Maureen (group member):

One person who had found a job in a local kitchen said:

“What I found was that some days I was ok but some days it was bad all the time. Some days are worse than others. There was no way I could go into a crowded noisy kitchen. It was quite a hectic job, so I did miss a lot of time because my paranoia was too bad to face going in.”

Paul, community group member

Another person described how her employer responded to a panic attack at work:

I had one and the nurse sent me home and the doctor advised me not to go in for a few days and then the job told me not to come back. They said they couldn't afford to have people taking time off.

Sheila, community group member

Their situation was not helped by the attitudes of their colleagues and friends:

A lot of the staff, the looks they would give you, they would make you feel as if you had two heads. It was hard to cope with.

Paul, community group member

If I was going up the road and saw someone I knew I would turn around and go back. When you have this mental health problem you think that people can see it.

Geraint, community group member

There were calls from a number of sources for employers to be more aware of employees' health needs and to provide more practical help. In relation to diabetes, one interviewee said:

I think we need an awareness campaign within the workplace ... it is important for employers to be aware of health issues e.g. people on insulin who need to inject themselves, they would need to have a place to inject themselves – it shouldn't be in the toilet.

Vera, community group worker

Another commented:

It is for the employer to encourage people to come back to work. There needs to be more robust in-work health promotion and occupational health departments.

Sue, welfare to work provider

Amongst those we interviewed we found little evidence of support being offered to people with health problems by health care services or welfare-to-work services. In particular, interviewees commented that the health care services, especially mental health services, did not meet their needs.

My GP refereed me to a mental health team. [I] didn't think it was that impressive. They sent me to relaxation class but I couldn't relax due to my illness. There was little support.

Sheila, community group member

There seems to be a problem with mental health services, they are still very medicine orientated. There are long waiting lists-depression is a big one but there doesn't seem to be any access to counseling unless you can afford it. This means that people aren't getting the help they need to get on with their lives."

Keith, community group worker

We concentrate a lot on the community in giving ... information but this means that those people working can be missed out. ... There seems to be an issue about the role of the health professional and the patient – they are still very separate. There needs to be more emphasis on the two working together.

Vera, community group worker

They also commented that health care services were not attuned to the challenges of combining employment with a health condition:

The hospital tells you how awful the disease can be but no one ever tells you that it can be managed and that you can work.

Marion, community group worker

Work doesn't even seem an option. They don't know how they could manage work with doctor's appointments, medication, days that they are bad, getting there etc. All this seems too big and complicated. Getting through the day is the priority and the daily routine becomes like a job.

Sandra, community group worker

An area of particular interest is the support to return to work that may be offered to people who are not working for health reasons. Both the Pathways to Work programme and Want2Work are supposed to address explicitly these clients' needs. However, those we interviewed had not benefited from any help:

I didn't get any advice as I was under a doctor and they were giving me pills. I couldn't face going to an interview or going into the jobcentre to ask for help. I was on incapacity benefit and on it I stayed.

Geraint, community group member

I have never been offered anything from the jobcentre. ... I was with the mental health team for five years and I have been telling them for ages that I would like to work and they never told me about this place [a community group specializing in support]. There is a lack of information for mental health people about the opportunities available.

Sheila, community group member

There was no support there, I went into the job through New Deal and we had a good chat before I went in, and they knew what was going on. My key worker was understanding, but once I went into the job she was gone and I didn't have any support.

Paul, community group member

To say on Friday you have your last bit of benefit and then Monday you are in work, they won't last. The support needs to be in place. It's not just an A to B jump, there is a chasm in-between.

Marion, community group worker

However, the experiences of some of those we interviewed and of participants in various community projects vividly demonstrate that people in poor health and achieve a great deal and, in due course, return to work. It was striking, however, that those we interviewed needed relatively long-term support, including training, time to build their confidence, raise their self-esteem, and try out other roles e.g. through volunteering. Here are some examples of what they said:

I have been here two years and I have learnt a load of skills in computers - we did a couple of events that has got me out in the community. Getting on the bus or walking up here is confidence building. My health has improved drastically I don't hardly suffer from any symptoms now. I am off medication now. The medication I was having was making me very drowsy and had various side effects. It's been a good few couple of months and I haven't needed the medication.

Paul, community group member

I have done more since I have come here than I have for years. I would have never gone on a minibus but now I have been on trips on my own. This place is the best thing that could have ever happened

Sheila, community group member

the social contact of the meeting gives them reason to get up and go and not worry so much about their health. It just means they are not dwelling on their health problems and it makes them realize what they can do."

Sandra, community project worker

These interviews suggest that there is a great deal more that could be done by employers and by statutory and community services alike that would help people to find and keep work. Most obviously, there need to be more and better jobs, but also there may be potential for local employers to raise awareness about those that do exist in the borough. There appears to be potential to improve workplace health, both to prevent ill-health in the first place and to provide more support to those with health conditions to enter and remain in work. And there appears to be scope for providing more support to people to return to work, through welfare to work programmes that are more flexible and longer-term than those on offer at present, and through effective community and voluntary projects.

Benefits

The fear of losing current benefits emerged as a major concern, as in other studies. In part, this is because of the sheer administrative complexity of reclaiming benefits should a job prove to be short-lived, which could put claimants in debt whilst they waited for their claim to be resolved as well as jeopardizing their previous entitlements. This could be even more acute when

changes to incapacity benefits are introduced as new claims will be subject to more stringent requirements whilst existing claims will not.

The fear of losing benefits is an issue all the time, it stops people from going on in life. People rely on them so much they don't think there is anything else for them.

Sandra, community group worker

There is a lack of continuity, if you have been through that treadmill of being in receipt of benefits and then having to come off them to take up a temporary post and then in 6 months having to go through refilling the forms to claim again when the job ends, you will be cynical. these claims take time to process also so people are getting in debt until they can access those benefits."

Andrew, welfare to work provider

However, people are afraid of if they volunteer they will lose their benefits. Work needs done on this as there shouldn't be this fear

Sue, welfare to work provider

I think there is a bit of an urban myth about fear of benefits. It is not always the case but people will see it as being the case. If someone has a bad back and they start doing volunteer driving then it will affect them but not necessarily in the way they think. It's hard to get past this fear though."

Keith, community group worker

I know others who would worry about losing their benefits."

Paul, community group member

I get Carers' Allowance and Income Support ... I am better off as I am now on the benefits than if I worked

Nicky, community group member

I would like to get a job but it is the back of your mind that you don't want to lose the benefits

Sheila, community group members

All our interviewees were concerned that the reforms were taking place without addressing the wider issues that face the area, in particular the lack of job opportunities and the lack of skills amongst job-seekers:

It seems that we are using reverse thinking, concentrating first on making sure people are ready for work instead of making sure there are employment opportunities for those people. ... unless there is a wider picture of bringing in jobs that are accessible there will always be this dependency [on benefits].

Andrew, welfare to work provider

It is not as easy as telling someone that if you are getting jobseekers and you visit the Jobcentre you will see jobs you can apply for. It's more about if the person is capable of doing it and the worry of not having the skills.

Marion, community group worker

There was particular concern about the impact of 'conditionality', i.e. the requirement for claimants to look for and in due course find work in return for their benefits. The individuals we interviewed described some of the difficulties they had faced when they had been looking for work:

If you feel that bad you know you can't go into an interview or look for a job. It's just not possible, that's what people need to realise with mental health. If you have something physically wrong with you, you can control it but sometimes with mental health you just can't.

Geraint, community group member

I couldn't leave the house so how could I look for a job?"

Sheila, community group member

The general conclusion was that the reforms would be a shock and could add to the stress already experienced by those with more serious conditions:

The people who have been on [IB] for a while will find it hard to adapt to the changes. Especially those people who are suffering from ill-health.

Colin, welfare to work provider

For people with more serious and enduring mental health problems this (the reforms) may cause unnecessary stress. ... The changes may result in more problems. There is no point getting people off IB if they don't have the support in place. There needs to be more attention paid to the reasons why certain people in society are reliant on benefits.

Sandra, welfare to work provider

People are going to get a shock next year when they change the IB system. They will have to attend training and this will be hard for a lot of people with mental illness to adapt to this

David, community group worker

Several of interviewees pointed out the very obvious point that not everyone who receives Incapacity Benefit is the same – they have different health conditions, some are more ready and able to return to work than others, and different people need different support in order to find and keep a job. In particular, some felt that the shift from voluntary participation in welfare to work programmes to compulsory participation could be counter-productive:

As soon as you start forcing people through that process, not only is it ethically not correct but also it is just not going to work. People have deep seated ways and behaviours so it takes time to take effect.

Rachel, welfare to work provider

There is no 'one fits all' approach, people may have sight problems, mental health problems, hearing problems – a community has 57 varieties. We need to find out what affects people individually and stops them accessing work.

Vera, community group worker

It seems, then, that many people already fear of losing their benefits, although perversely that fear may discourage people from looking for work rather than seeking it. There is a consensus across those we interviewed and academics alike that the conditionality element of welfare reform could have a major and negative impact on people who are already disadvantaged and vulnerable. If the changes to the system are to bring the improvements that they are supposed to, then they need to be coupled with intensive efforts to increase the number and range of jobs in the area and to greatly enhance the support provided to those entering or remaining in work. The next section explores how these conclusions might be taken forward.

6. Conclusions and recommendations

This paper has set out some of the issues surrounding the high levels of economic inactivity and the reform of welfare support in part of Wales, and the UK, where the problem is most acute. Whilst it is a very small scale study, the findings nevertheless indicate that the challenges the area faces are very significant indeed.

Most importantly, we have demonstrated that the very high levels of economic inactivity found in Merthyr Tydfil are strongly associated with high levels of ill-health. Indeed, the poor health status of the population accounts for all the inactivity above the Welsh rate. Moreover, we have also demonstrated that the high levels of ill-health are supported by numerous, separate indicators of well-being. There is no evidence to suggest that, overall, economic inactivity, ill-health or the associated claims for Incapacity Benefit are generated by people who do not experience some sort of health condition.

However, it does suggest that, in an already slack labour market with limited opportunities, it may be more difficult to help people who have not worked for many years, who are older and who have health issues, into a job. The challenge is such that Aylward et al (2006) conclude that:

The reality for an individual with a life limiting health condition compromised by other disadvantages being able to get work under present conditions in Merthyr Tydfil is remote.

It is into this context that the proposed welfare reforms could be introduced.

Welfare reform

The key element in the proposed reforms is 'conditionality' – i.e. the requirement for claimants to participate in work-seeking activity in exchange for receiving benefits. Crucially, claimants who do not participate will face sanctions, including potential loss of benefits. Our interviews indicated the difficulties that individuals may face if, for example, they are unable to leave the house because of agoraphobia, or if an employer will not tolerate occasional absences to manage a

health condition. We are not alone in these findings about the potential impact of welfare reform. A recent study by Aylward and colleagues concluded that

Introducing conditionality on IB claims in the context on Merthyr Tydfil is likely to have a negative impact on the people claiming this benefit, by imposing a further burden on who are people already living in deprived circumstances, who are unwell, have insufficient education and training, and are living in an area where there are few job opportunities.

The reformed system will need to recognize the very significant differences in local opportunities, in individuals' capabilities, and in local infrastructure and support services, if it is not to impose severe burdens on people who are already disadvantaged in so many ways. It is vital that the Department for Work and Pensions recognizes this as it moves towards implementing the reforms.

Our findings suggest that there are a number of ways in which the reforms could take account of the more difficult local circumstances:

- Claimants should be able to participate in a wide range of pre-employment activities, e.g. community-based learning, volunteering, work placements, basic skills acquisition. This could be with guidance and support by job-placement agencies, but without prejudice to claimants' work status or benefit.
- Claimants with health conditions should be allowed a longer period of time in which to find work and to adjust to it.
- Claimants should be provided with support for their return to work for up to 12 months after they start a job.

Community and voluntary groups have a particularly important role here as bodies that are independent of the benefits system and which are responsive to local or group needs. More, long-term support is needed for community initiatives such as that provided by Hafal and 3Gs. Support for work-related activities should be a key element in the new Communities Next programme, which needs to ensure it has and maintains strong links with the Cities Strategy.

Job Creation

Perhaps the most glaring omission from welfare reform proposals is the almost total absence of emphasis on job creation. Yet people clearly need jobs to go to. There are relatively few jobs in Merthyr Tydfil, nor are neighbouring areas – Blaenau Gwent, Rhondda Cynon Taf – renowned for their booming economies. We would suggest that it is not only unrealistic but deeply unfair to place considerable responsibilities on claimants to look for work if the society does not reciprocate by ensuring that it provides real opportunities for employment.

The Heads of the Valleys Programme is tasked with, amongst other things, creating jobs in the area through, in the first 3 years, investment in tourism, town centre regeneration and environmental improvements as well as other activities. It explicitly rejects the option of creating a ‘corridor for economic growth’, ‘securing well paid, quality jobs to attract and retain highly skilled workers’. This is on the grounds that there is a lack of unskilled jobs in the area for people who are economically inactive to enter, and that businesses are only attracted to areas ‘with a strong image and skills base’.

It is hard to see **any** rationale for rejecting the possibility of creating well paid, quality jobs in favour of poorly paid ones, in any area of Wales. Further the argument does a great disservice to the people in the area that are skilled and qualified or who may wish to become so, and serves only to depress already low aspirations and reinforce the area’s poor image. The Heads of the Valleys programme needs to raise its game very significantly indeed if it is to generate the number and quality of jobs that are needed, and this will only be done if opportunities are created and seized.

It also seems from our interviews that there is a lack of awareness of the opportunities that are available locally particularly amongst public sector employers. The major organizations in the area should explore ways in which they can work together to maximize their potential as local employers, e.g. through better liaison with schools and the careers service, higher profile local recruitment, or other activities.

Health

The poor health of so many Merthyr Tydfil residents ought to be a matter of national shame, and much more needs to be done as a matter of urgency – although it is way outside the scope of this report. That said, there are a number of specific areas that have emerged which are worthy of further consideration and development:

- There should be greater awareness amongst providers of health care of the opportunities to combine work with various health conditions – this could include provision of information on condition management as well as referral to organizations such as Hafal;
- Local employers need encouragement and support to adopt best human resource management practices for employees who are unwell, including management of sickness absence but also return to work support;
- Local public sector employers – including UK government bodies such as the Inland Revenue and Department for Work and Pensions as well as the Welsh public bodies – should be strongly encouraged to be model employers of people with disabilities and health conditions.

Annex 1 List of organizations interviewed

Pathways to Work

Want 2 Work

Working Links

Voluntary Action Merthyr Tydfil

Equal Project, Gurnos,

Gellideg Foundation

Hafal

Diabetes support group, Merthyr Tydfil

Homestart, Rhymney

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