

New Deal Intelligence Report Article

Segmenting the Group of Economically Inactive “Sufferers” and “Carers” Who Want to Work

SCOTLAND

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Analytical Services Division

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Main Findings

1. Of the 679,000 inactive working-age people in Scotland in 2002 only 38% said they would like a job.
2. Of those who said they would like a job, 45,000 sufferers (52%) and 26,000 (44%) carers were *not* qualified to at least Level 2. The employment prospects of these individuals could be significantly enhanced by training and or further education.
3. A further 139,000 sufferers and carers who said they did not want a job were also not qualified to level 2 or higher. This may reflect their expectations of getting a job as much as their real aspirations.
4. Access to affordable childcare for pre-school children could have a major impact on helping both carers and sufferers who are willing to work, with lone parents being particularly well motivated.
5. The nature of health problems affect the willingness of sufferers to take a job: those with heart conditions and those with problems affecting limbs or back forming the greatest number willing to work.
6. The analysis identified sufferers aged 30-49 years and carers below the age of 40 as probably the most responsive and productive age groups for early action.
7. Married or cohabiting women were less likely to want to work than single carers or sufferers
8. Government intervention could help these inactive people into employment through (i) improved access to affordable childcare; (ii) the raising of qualifications to Level 2 or higher; and (iii) early intervention to tackle their problems, which could prevent newly inactive people losing confidence and/or becoming dependent on benefits.

1 Introduction

The Government's Welfare to Work strategy has recently been re-aligned towards a policy to raise the economic activity rate of working age people - particularly those claiming Incapacity Benefit and some forms of Income Support. An estimated 679,000 working age people in Scotland were economically inactive in 2002¹ (21% of the working age population) and of

¹ Labour Force Survey, Office for National Statistics

these over 120,000 (12%) were claiming an inactive benefit in August 2002.² This article looks at the characteristics of those within the two largest groups of people who are inactive but who say they would like to work - namely those with a long-term illness or disability and those who are caring for family or home.

The ability of inactive people to move into employment given appropriate support measures will, of course, depend on their personal circumstances, but it is possible to identify the groups of inactive people that would be most responsive to early action. Given the inevitable limitations on funding, it is important to identify where resources would be best directed to cost-effectively help the largest number of inactive people into employment. Predicting the effectiveness of targeting different groups is complex and involves as a first step, identifying discrete groups of inactive people with common barriers to employment.

The likely success of new Welfare to Work measures, targeted at different groups, in raising the economic activity rate of the population as a whole, depends on three main factors:

- The number of people in each group.
- Their willingness to work.
- For those who are willing to work, the cost and practicality of overcoming their barriers to employment.

The primary aims of this analysis are:

(i) To examine the reasons why working age people are economically inactive.

(ii) To identify the barriers to labour market engagement faced by the two largest groups of inactive people, (i) those who are sick or disabled (throughout this article referred to as “inactive sufferers”) and (ii) those who care for family or home (“inactive carers”).

(iii) To identify those groups that might respond best, and in the greatest numbers, to Government measures designed to help them into or back into employment.

The approach adopted was to examine the personal and lifestyle features that are known or suspected to form barriers to employment. The willingness of these inactive groups to work is examined in relation to these characteristics to provide additional clues to the disincentives for people to look for a job as well as possible ways to reduce these barriers.

² Incapacity Benefit, Severe Disablement allowance or Income Support for lone parents: Benefits and Tax Credits in Scotland Report for August 2002 (Scottish Executive).

2 Methodology

This study analysed data from the Labour Force Survey (LFS) in 2002. The likely responsiveness to new initiatives designed to help different groups of inactive people into work is gauged by their “*willingness to work*”. Willingness to work as measured here, is the proportion of LFS inactive respondents who were *available for work and who said they would like a job*.

Willingness to work was examined in relation to those characteristics known or suspected to influence it, that can be measured through the LFS. This will provide insights into the barriers to employment for different groups of inactive people and should prove useful in identifying the best groups to target for new initiatives. The characteristics were:

- age
- child caring responsibilities
- qualifications
- health
- family type
- marital/cohabiting status.

Statistical note: Estimated numbers of below 6,000 obtained from annual LFS data are considered unreliable and are not given here. This problem was solved in many cases by combining several categories to produce a reliable estimate. For this reason, some categories are broader than would otherwise be desirable. All estimates are rounded to the nearest thousand to reflect reliability.

3 Why do working age people in Scotland become economically inactive?

Reasons given by respondents to the Labour Force Survey in 2002 for their inactivity included:

- Being a student (18%, or an estimated 121,000 people)
- Looking after family or home (24%, or an estimated 165,000 people)
- Being temporarily sick or injured (4%, or an estimated 26,000 people)
- Being long term sick or disabled (38% or an estimated 260,000 people)
- Retired before state pension age (7%, estimated 46,000 people)
- Various less common reasons such as:-
 - not needing a job
 - believing no job is available

- not looked or not started looking for a job
- some other reason
- no reason. (together cited by 9%, or an estimated 61,000 people)

This study focuses on the two largest inactive groups, the **long term sick and disabled** (sufferers) and those who are **caring for family or home** (carers) large proportions of whom would like a job. These two groups face very different barriers to employment, demanding different solutions.

People in the other categories were considered unlikely to benefit in great numbers from intervention at this point including,

- Inactive students, who may not need a job or have no time for a job.
- Those retired before state pension age, relatively few of whom will wish to return to working.
- The temporarily sick or injured, who can be expected to return to the labour force without intervention.
- Those who are inactive for no reason, or one of a multitude of personal reasons.

Within each of the two study categories, people were asked if they were available for work and, if so, whether they would like a job. Of all inactive people, 61% were available but did not want a job (174,000) while 38% were available and said they would like a job (108,000) while 2% said they wanted a job but were unavailable to work. Government intervention is unlikely to affect the availability or propensity of inactive people to work, so new Welfare to Work initiatives designed for the inactive population are clearly best directed at the 108,000 people who are available and willing to work.

3.1 Health and disability

Long term sickness or disability accounted for 260,000 inactive, working age people in Scotland in 2002, making it the commonest reason for inactivity (38% of the total). Of this total:

- 94,000 (36% of sufferers) were available and would like a job, while
- 165,000 were available but did not want a job.

A further small number (less than 2,000) said they would like to work but were unavailable to take a job.

Some types of health problem are so debilitating that the vast majority of sufferers are unlikely to ever be employable. As a result the following LFS categories of health problem were not considered further:

- problems affecting hands and arms (considered crucial to the vast majority of jobs) – 12,000 sufferers
- mental illnesses more serious than depression/bad nerves – 16,000 sufferers
- progressive illnesses – 14,000 sufferers.

The LFS sample was too small to allow a reliable analysis of the propensity to work among those who suffer from blindness, deafness, diabetes, epilepsy or learning difficulties.

For each of the remaining 6 types of health problem in the LFS classification for which there was a reliable sample size, there would seem to be *some* potential for *some* sufferers to gain *some* types of employment, given appropriate support. Some 74,000 sufferers across the 6 categories listed below, would like a job (Chart 1):

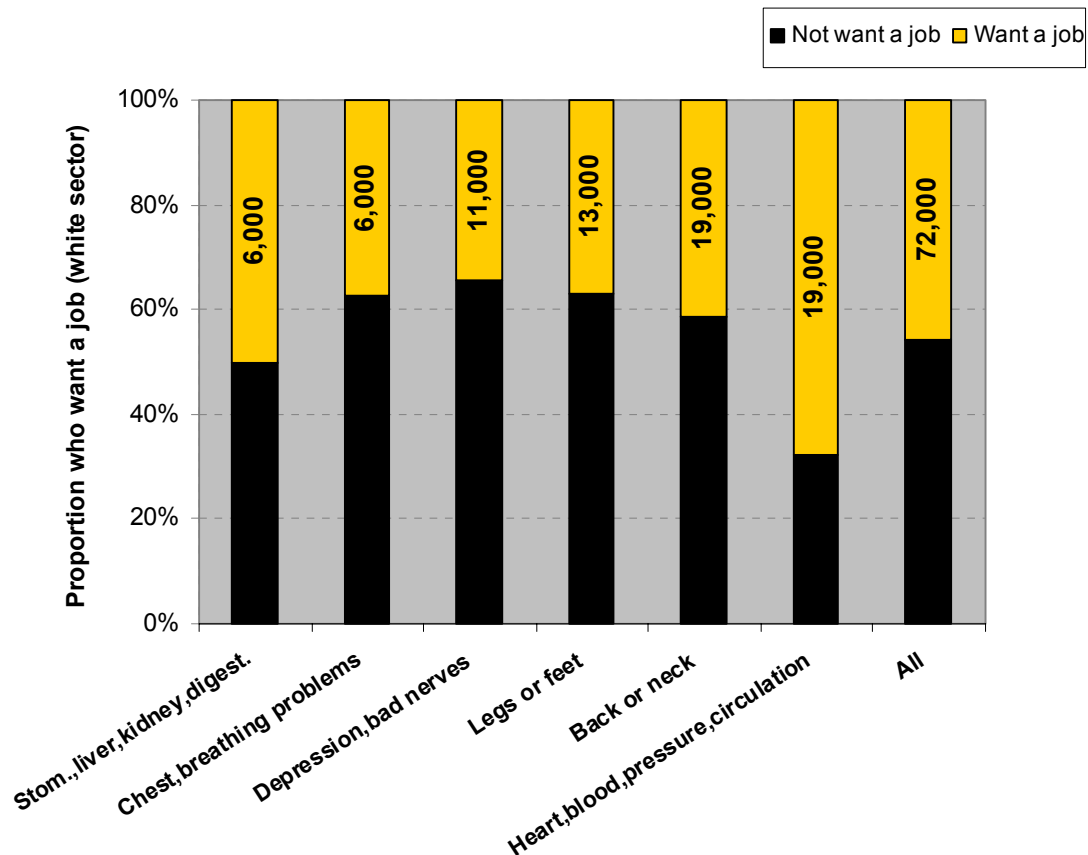
- 6,000 with problems affecting chest or breathing: 8% of the sufferers who would like a job
- 19,000 with problems affecting heart, circulation or blood pressure: 26%
- 13,000 with problems affecting legs or feet: 18%
- 19,000 with problems affecting back or neck: 26%
- 6,000 with problems affecting stomach, liver, kidney and/or digestion: 8% (This group had the largest percentage willing to take a job: almost 50% within this category; Chart 1)
- 11,000 with depression or bad nerves: 15%

This accords with evidence from benefits data, that the large majority (around three-quarters) of Incapacity Benefit claimants do not have severe conditions³ and for many the prospects of a return to employment should be good.

Conclusion: With the clear exception of those suffering from heart conditions and to a lesser extent those with stomach/digestive problems, the desire to work varied relatively little between the types of health problem examined. However, the ease by which those suffering different types of health problem might be helped into the workforce, is likely to differ greatly. A realistic assessment of the practicality, cost and likely success of assistance for each group of sufferers requires discussion with medical professionals. Nevertheless, there are clearly large numbers of sufferers for whom early medical help should be effective.

³ Pathways to Work: helping people into employment, DWP.

Chart 1: Willingness to work of inactive sufferers, by main health problem



3.2 Age

The number of inactive sufferers who would like a job increased progressively with age (Chart 2). However, the proportion willing to work diminished little after 39 years of age. The combination of these two factors meant that over half of inactive sufferers who were willing to work were aged 50+. The surprisingly low propensity to work among those aged 16-29 years (35%; Chart 2) compared to the next oldest age band (30-39 years; 45%) might be largely explainable if the relatively small number of young sufferers tend to have more serious health problems. This is plausible given that among healthy inactive carers the situation is reversed: less than 20% of those aged over 50 would like to work compared to 46% of those under the age of 30 (Section 3).

Relatively large numbers of inactive carers would like a job at any age but the proportion who are willing to work falls sharply after the age of 39 (Chart 3).

Chart 2: Willingness to work of inactive sufferers, by age band

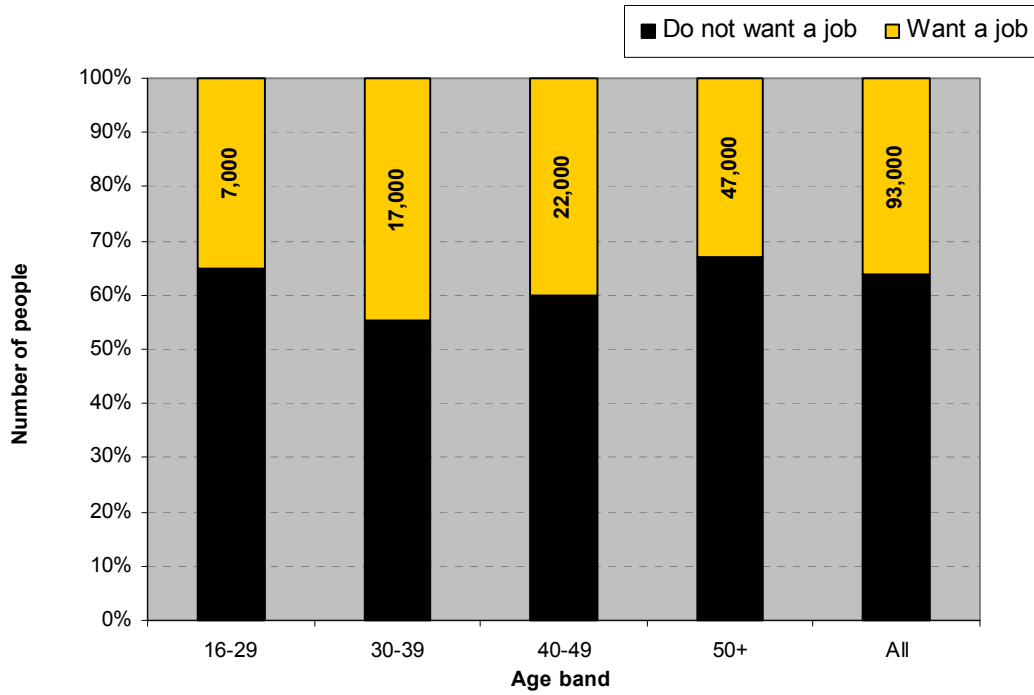
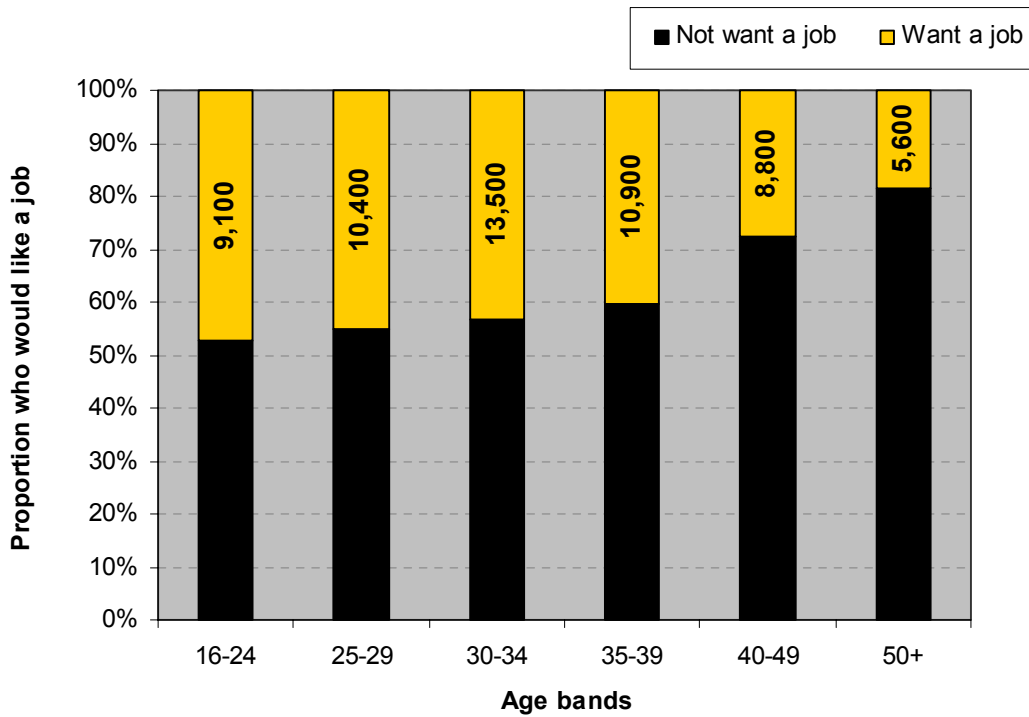


Chart 3: Willingness to work of inactive carers, by age band



Conclusion: The most responsive and productive groups to target are likely to be inactive sufferers from 30-49 years and inactive carers under 40 years old. Numbers willing to work are even greater in older age groups simply because of the size of these groups, but it may be more difficult to help these older people into employment. For many older people, inactivity can further exacerbate health problems such as back pain, heart conditions and depression, effectively leading to an acceptance of early retirement.³

3.3 Childcare responsibilities

In 2002, there were 47,000 inactive sufferers and 128,000 inactive carers with at least one dependant child below 19 years of age.

Among the sufferers group, willingness to take a job was strongly influenced by the age of the youngest child: half of those with a youngest child under 5 years of age would like a job, compared to only 29% of those with a youngest child aged 5-9 and 23% of those with a youngest child aged 10-18 years (Chart 4). This may however, have as much to do with the age of the parent as the age of the child *per se*. In contrast, willingness to work among the carers group was remarkably constant at around 40% regardless of the age of their youngest child (Chart 5). However, the number of carers who would like a job (at 51,000; Chart 5) is over three times as great as for the sufferers group (16,000; Chart 4) and over half of the former have a child of pre-school age (28,000 out of 51,000; Chart 5).

Conclusion: Affordable childcare for pre-school children is likely to have a major impact on the ability of both carers and sufferers who would like to work, to take up employment opportunities.

³ Pathways to Work: helping people into employment, DWP.

Chart 4: Willingness to work of inactive sufferers, by age of youngest dependent child

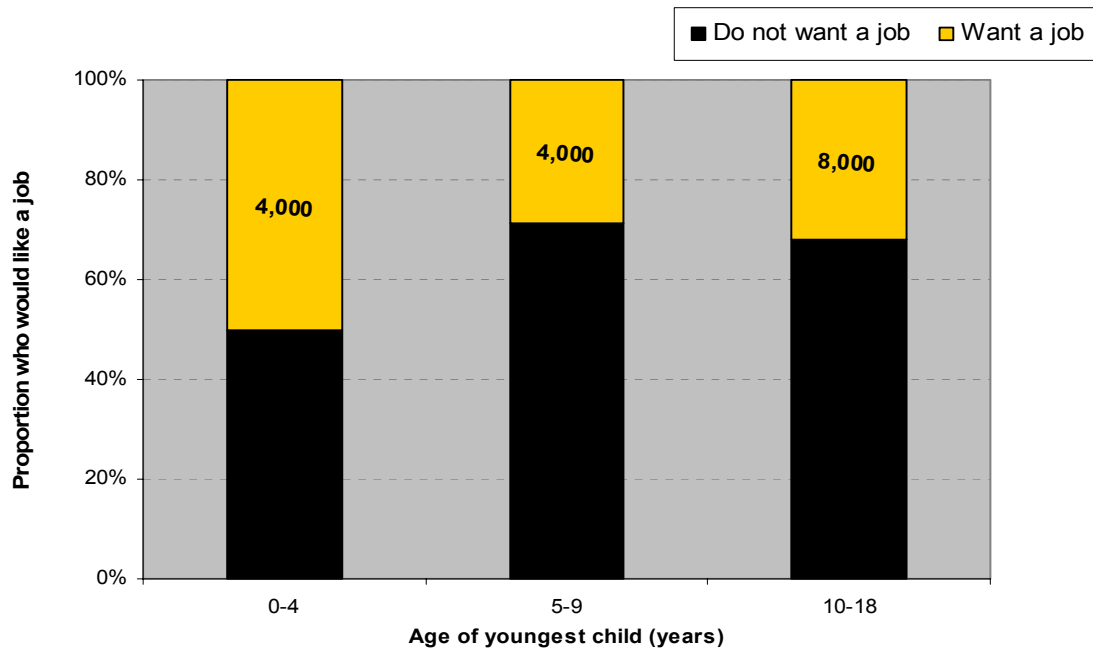
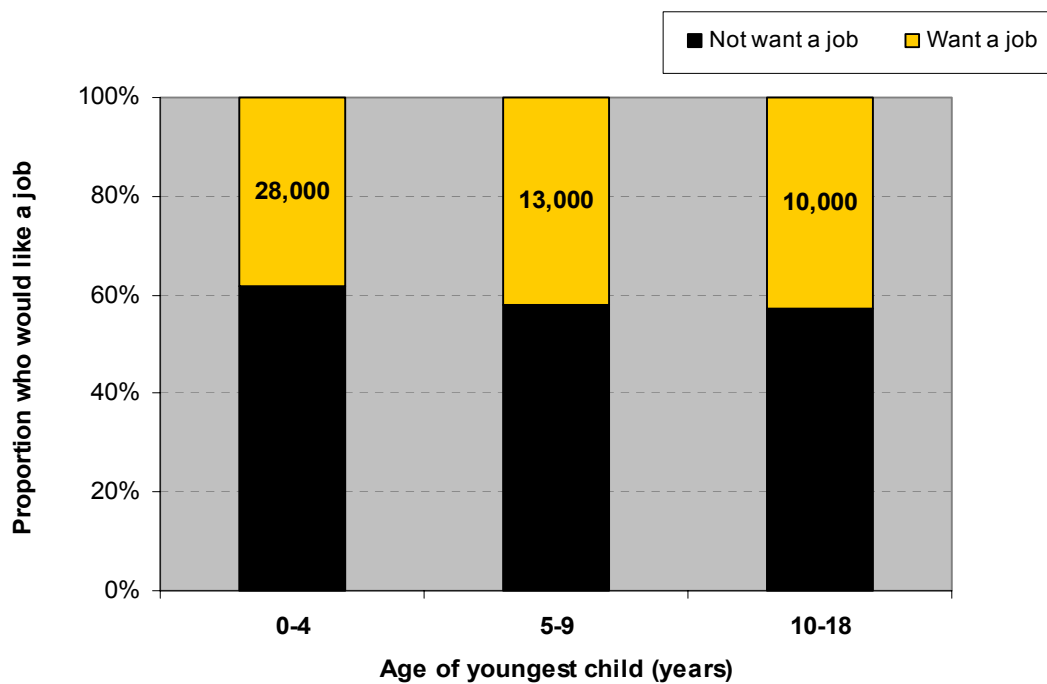


Chart 5: Willingness to work of inactive carers, by age of youngest dependent child



3.4 Qualifications

A number of studies suggest that education/training to SVQ Level 2 is needed to minimise the risk of social exclusion⁴. However, 52% of sufferers and 44% of carers who would like to work, are below this level (Table 1). In addition, inactive sufferers with no qualifications also showed a particularly low propensity to work (30%; Chart 6) but the numbers involved were high (39,000). The proportion willing to work was particularly high among the 6,000 carers with Level 1 qualifications (Chart 7).

Sufferers with level 3 and level 4 were less willing to work than those with level 1 and 2 qualifications (a similar situation was found for inactive carers; Chart 7). This finding might be explained if better-qualified individuals tend to be older than the poorly-qualified individuals, with lower likelihood of childcare responsibilities and/or a greater likelihood of very serious health problems. ***This highlights the fact that propensity to work is influenced by a complex combination of factors.***

Table 1: Qualification levels of inactive sufferers and carers who are willing to work.

	Qualified to at least Level 2	Level 1	No qualifications	Total below level 2 (% of all willing to work)
I				
Inactive sufferers	42,000	6,000	39,000	45,000 (52%)
Inactive carers	33,000	6,000	20,000	26,000 (44%)

Source: Labour Force Survey, 2002

Conclusion: Policy to encourage and facilitate the 71,000 poorly-qualified inactive sufferers and carers to obtain qualifications at level 2 or above, is likely to help many into employment, Of the combined total of 71,000 who would like a job. Such a policy may also stimulate an interest in employment among the 139,000 poorly-qualified, inactive suffers and carers who say they do not want a job. Many of these people may believe that they cannot get a job because of a lack of qualifications.

⁴ *Review of Adult Vocational Education and Training*, Scottish Executive 2002.

Chart 6: Willingness to work of inactive sufferers, by level of highest qualification (SVQ equivalent)

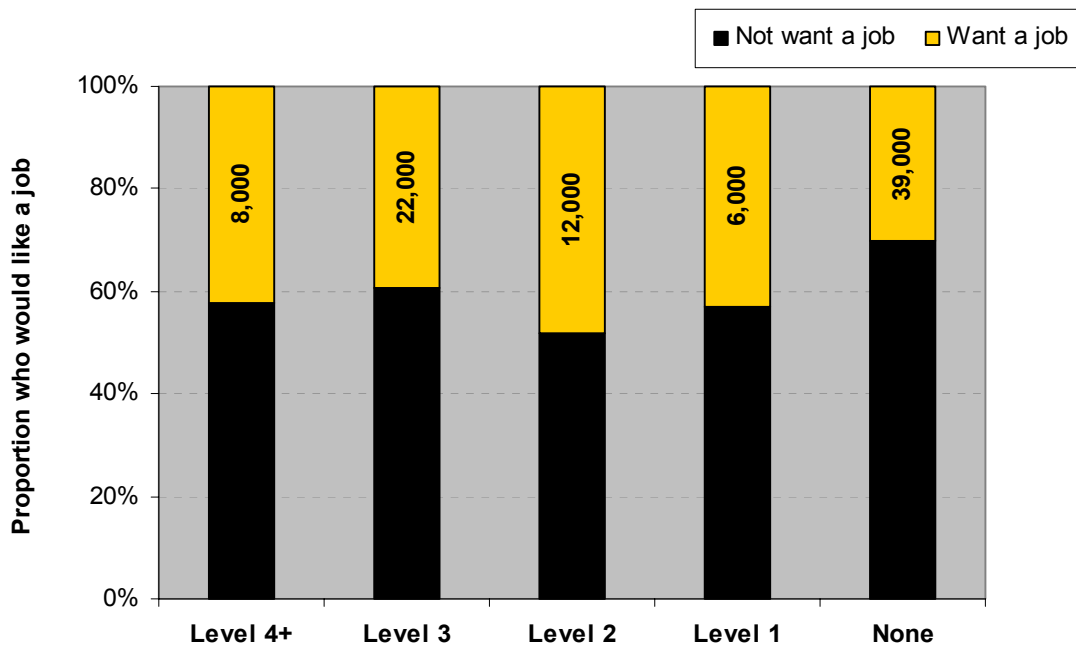
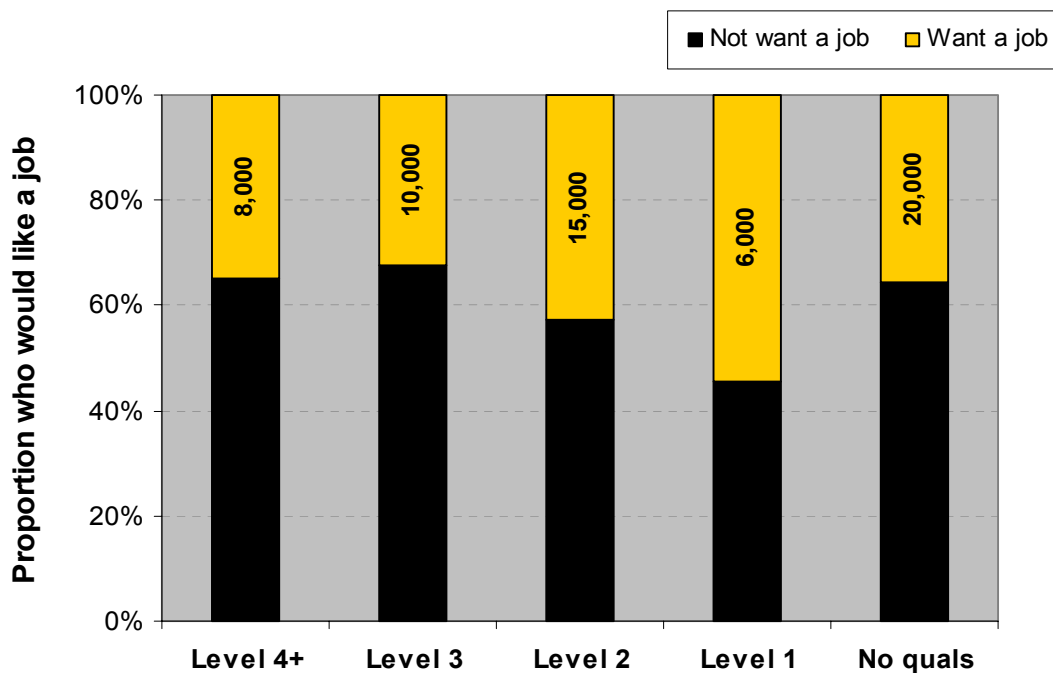


Chart 7: Willingness to work of inactive carers, by level of highest qualification (SVQ equivalent)



3.5 Duration of inactivity

A higher proportion of inactive sufferers who had left their last job within the previous 5 years were willing to work (43% of the total) compared to the average (36%; Chart 8, category “all”). The proportion willing to take a job was particularly low among the 25,000 who have never had a job (25%; Chart 8). This group is likely to be the hardest to help and, being the smallest category, would seem the lowest priority for early assistance. Sufferers who have been out of work for less than 2 years should be the easiest to help, but the numbers are relatively small and this may not be the most productive group to target. The proportion willing to work is only slightly lower among those out of work for more than 5 years than for those with shorter periods of inactivity, but the number willing to work is considerable (61,000; Chart 8).

Among the carers, the proportion willing to take a job varied little with the length of time since their last job, with 34 – 40% willing to work across all categories (Chart 9). In contrast to the sufferers, a slightly higher proportion of those who had never had a job were willing to work although, as in the case of the sufferers, the number was small (6,000 in each case). Even among those who had never had a paid job however, a broadly similar proportion (41%) were willing to work as for those who had previous work experience. Similar numbers of those willing to work had been inactive for less than 5 years, compared to 5 years or longer (26,000 in each case; Chart 9).

Conclusions:

1. Among inactive carers, neither the proportion willing to work nor the numbers who would like a job are greatly influenced by the duration of inactivity. This suggests that their barrier to work remains the same over time and could be tackled at any point.
2. Among sufferers, the large number of those who left their last job over 5 years ago show the best combination of propensity to work (medium) and numbers willing to work (high). However, success in moving from inactivity to employment has been shown to diminish with the duration of inactivity³ so it might be significantly more difficult or expensive to help this group than the 26,000 willing to work who have been out of work for less than 5 years.

³ Pathways to Work: Helping people into employment, DWP.

Chart 8: Willingness to work of inactive sufferers, by duration of inactivity (time since last job)

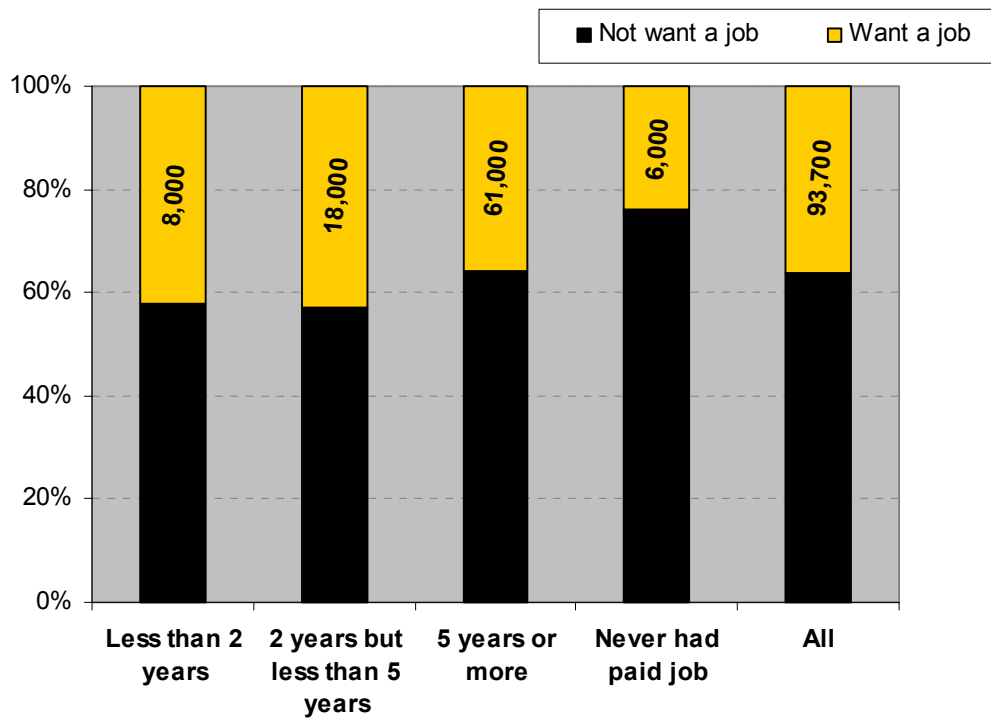
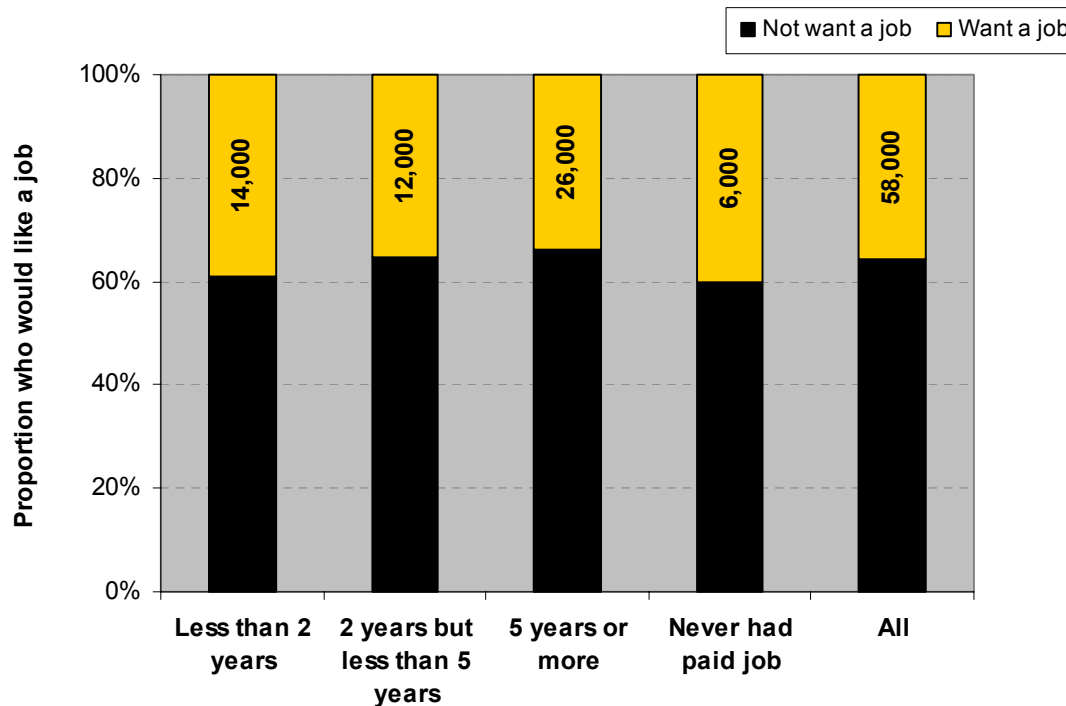


Chart 9: Willingness to work of inactive carers, by duration of inactivity (time since last job)



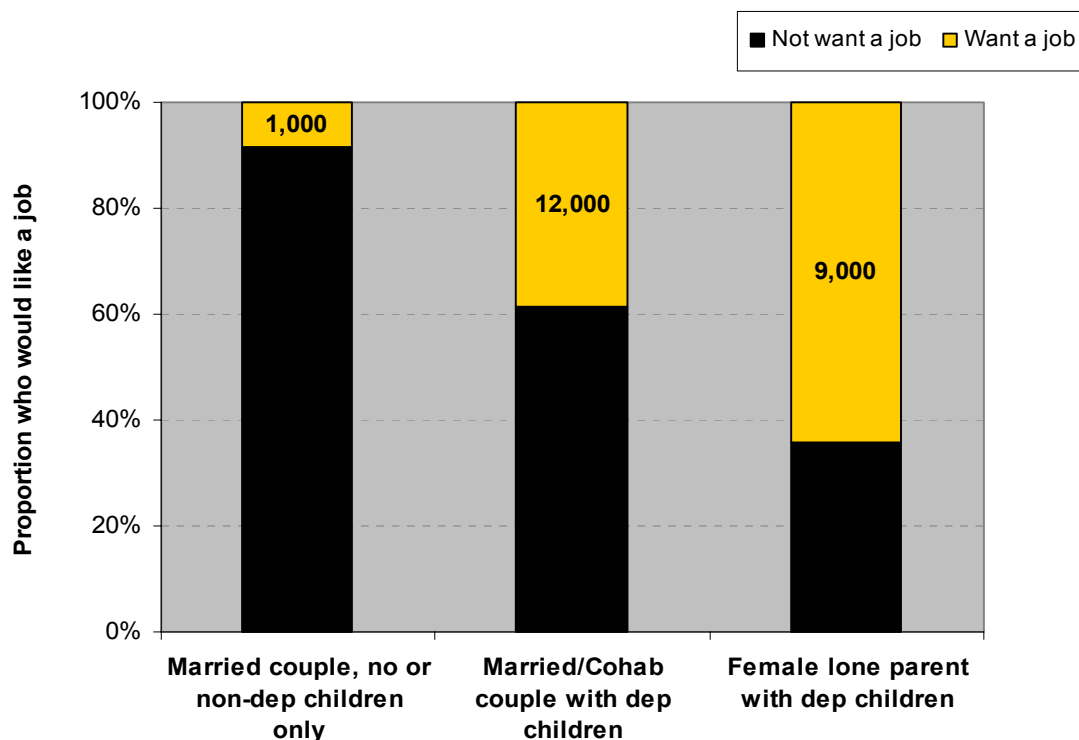
3.6 Type of family unit

There was substantial variation in the proportion of inactive carers who would like a job among three broad types of family unit – married/cohabiting couples with dependent children; married/co-habiting couples without dependent children; and female lone parents with dependent children. Some 62% (9,000) female lone parents with dependent children wanted a job compared to only 39% (12,000) of couples with children, and fewer than 10% of couples with no dependent children (but this last estimate unreliable; Chart 10). This suggests that the willingness of inactive carers of children to work is linked to financial necessity, being lower in family units where a partner is likely to be working.

The data suggest that the propensity to work is lowest of all among inactive carers who are part of a married/cohabiting couple but do not have children, although the sample size is small and the estimated numbers unreliable. This latter group is likely to be made up of people who are caring for a partner or relatives with a long term sickness or disability.

Conclusion: Over 20,000 inactive carers with dependent children were willing to work, with lone parents being particularly keen to take a job. This again points to the availability of affordable childcare as the main barrier to employment among inactive carers.

Chart 10: Willingness to work of inactive carers by type of family unit



3.7 Marital/cohabiting status

Willingness to work (proportion) among both inactive sufferers and carers is generally greater among single people than among those who are married or cohabiting (Charts 11 and 12). The difference is especially pronounced among women: 50% (single) compared to 30% among sufferers; and 52% (single) compared to 27% among carers. These findings are probably explained to a large extent by a combination of financial need and the barrier imposed by childcare, both of which will affect single women to a greater extent than women in couples or single men.

The numbers of inactive sufferers who would like a job, was rather similar at 18,000-29,000 for men and women irrespective of marital/cohabiting status (Chart 11), and also similar at 25,000-26,000 for all female carers (Chart 12). The only group with low numbers who would like a job was male carers – irrespective of whether they were single or otherwise, reflecting the relative scarcity of men who do not work in order to take caring responsibilities.

Conclusion: Similar numbers of inactive sufferers and carers are willing to work whether single or married/cohabiting for most of the categories examined. The proportion willing to work was fairly high at 42-52% for most groups. However, a distinctly lower proportion of married/cohabiting women were willing to take a job (30% sufferers, 27% carers) compared to single women (50% sufferers, 52% carers). This finding again suggests that financial considerations are important influences. Consequently, as a group, married and cohabiting women are unlikely to respond to early assistance compared to single people of both sexes.

Chart 11: Willingness to work of male and female inactive sufferers, by whether married/co-habiting or single

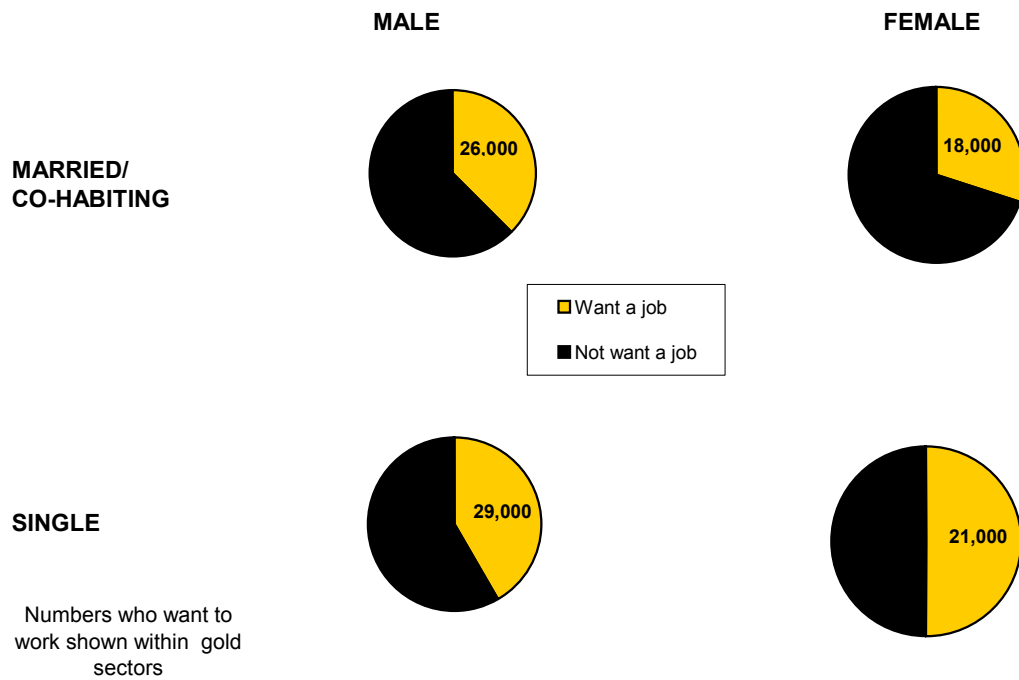
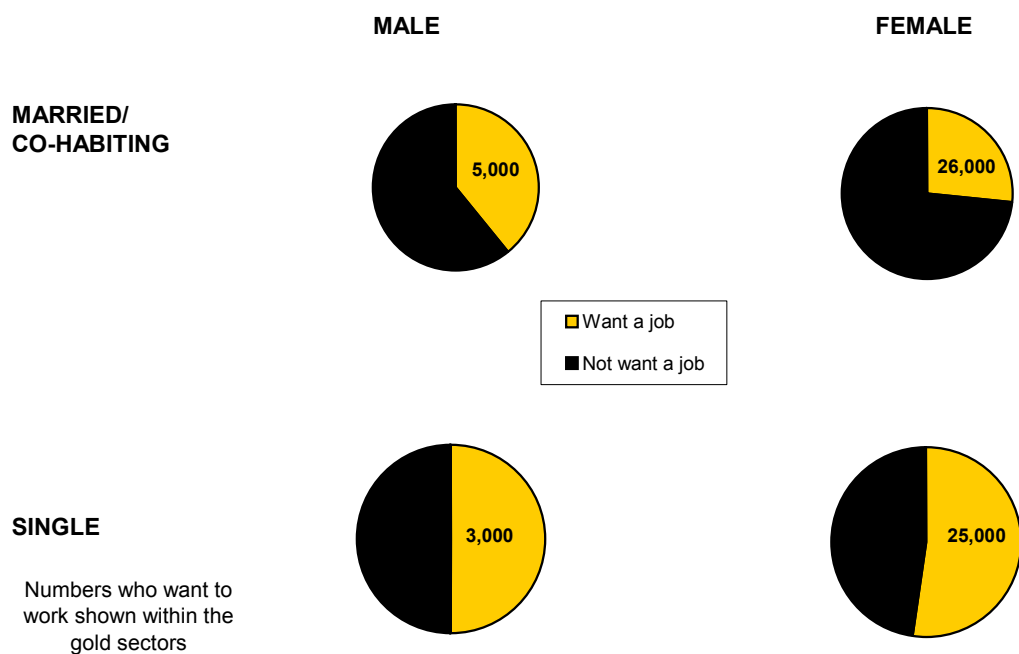


Chart 12: Willingness to work of male and female inactive carers, by whether married/co-habiting or single



4 Prioritising groups for assistance towards employment

Tables 2 and 3 summarise the key points of this study for sufferers and carers, respectively.

Table 2: Summary of key characteristics of those who are inactive due to sickness or disability, but would like to work.

Characteristic	Category(s) showing greatest numbers or proportion willing to work, or likely to be most responsive in some other way	Number of inactive people involved
HEALTH (Section 3.1)	Willingness to work highest among those with heart conditions (68% would like a job) . Also, large <u>numbers</u> of those with: - back problems - problems with legs or feet - depression, bad nerves - urinary digestive disorders	19,000 19,000 13,000 11,000 6,000
AGE (3.2)	<u>Proportion</u> willing to work highest among those aged under 50 years.	46,000
CHILDCARE (3.3)	<u>Proportion</u> willing to work highest among those with children under 5 years.	4,000
QUALIFICATIONS (3.4)	Large <u>numbers</u> with qualifications below Level 2	45,000
DURATION OF INACTIVITY (years since last job; 3.5)	<u>Numbers</u> greatest among those who have been out of work less than 5 years	26,000
“MARITAL” STATUS (3.7)	<u>Proportion</u> willing to work particularly high among single females (50%)	21,000

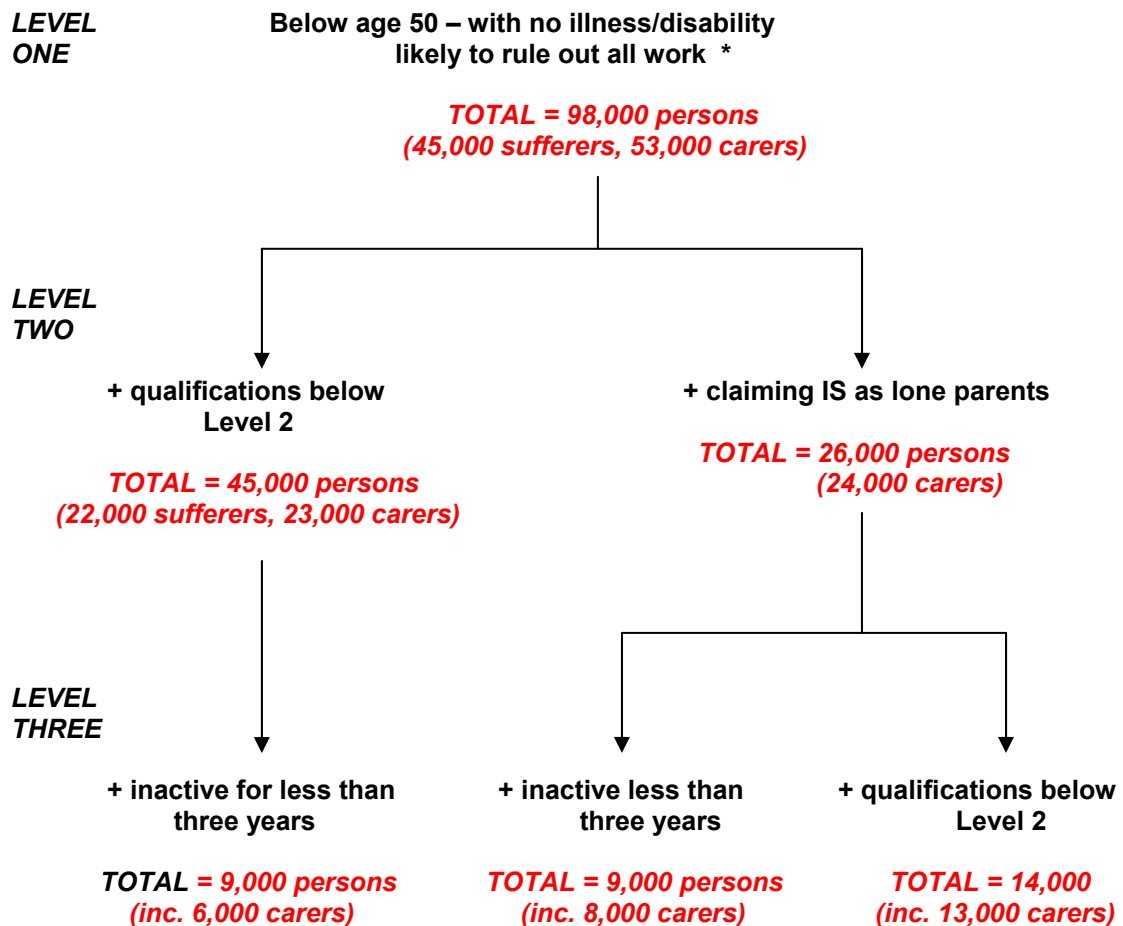
Table 3: Summary of key characteristics of those who are inactive due to caring for family or home

Characteristic	Key category(s), as defined in Table 2	Number of inactive people involved
TYPE OF FAMILY UNIT (Section 3.6)	<u>Proportion</u> willing to work greatest among female lone parents with dependent children (64% would like a job) .	9,000
	However, <u>numbers</u> high among all with dependent children	21,000
AGE (3.2)	Large <u>numbers</u> willing to work aged under 40 and especially under 30 years	20,000 under 30 44,000 under 40
QUALIFICATIONS (3.4)	Large <u>numbers</u> willing to work with qualifications below level 2	26,000
DURATION OF INACTIVITY (3.5)	Little variation in <u>proportion</u> willing to work but <u>numbers</u> quite high among those inactive for less than 2 years (39%)	14,000
	and those who have never had a job (40%)	6,000
“MARITAL” STATUS (3.7)	<u>Proportion</u> willing to work very high among single women (52%).	25,000

These results were used to estimate the numbers if inactive people with different combinations of characteristics (Figure 1).

The relative size of these groups should help policy makers and deliverers of Welfare to Work initiatives (Scottish Executive, DWP and Jobcentre Plus) focus their finite resources on those inactive people who are most likely to be helped into employment or moved closer to the labour market.

Figure 1: Segmentation of inactive sufferers and carers who would like to work, according to their characteristics.



Additions of further levels bring the estimates down to unreliable levels (<5,000). Estimates below 5,000 not reported (Statistical note, Section 2)

* Progressive illnesses, serious mental illness, problems affecting hands and arms (see Section 3.1.)

5 Conclusions

The main ways that Government intervention could help these inactive people into employment involve, (i) health advice, (ii) developing job readiness, (iii) improved access to affordable childcare, (iv) the raising of qualifications to Level 2 or above, and (v) early intervention to prevent newly inactive people losing confidence and/or becoming dependent on benefits.