Economic Inactivity in Lancashire: Health and Wellbeing and the Economic Threat of Inactivity

Lancashire Skills and Employment Board

1 June 2023

Project requirement

- To produce a report detailing the extent of the challenges Lancashire faces with economic inactivity (people of working age who are not in work and not looking for work) now and in the future
- The report should
  - include more detailed reasons for an individual being economically inactive, and a social commentary on their life circumstances and standard of living;
  - comment on the number of residents in Lancashire who might be experiencing similar circumstances but aren't, or possibly aren't yet, economically inactive;
  - provide evidence and evaluations of previous policy initiatives;
  - contain a precis of recently published analysis and studies concerning economic inactivity and how that overlays with Health and Wellbeing;

Approach – evidence, findings, recommendations

Evidence

- Policy and delivery context
- Quantitative evidence
- Economic cost analysis
- Qualitative feedback – surveys, 1-2-1s, focus groups

Findings: Our analysis

- Drivers
- Policy and strategy implications for Lancashire

Recommendations

- For councils
- For councils working with other local partners
- For Lancashire to influence national policy and delivery

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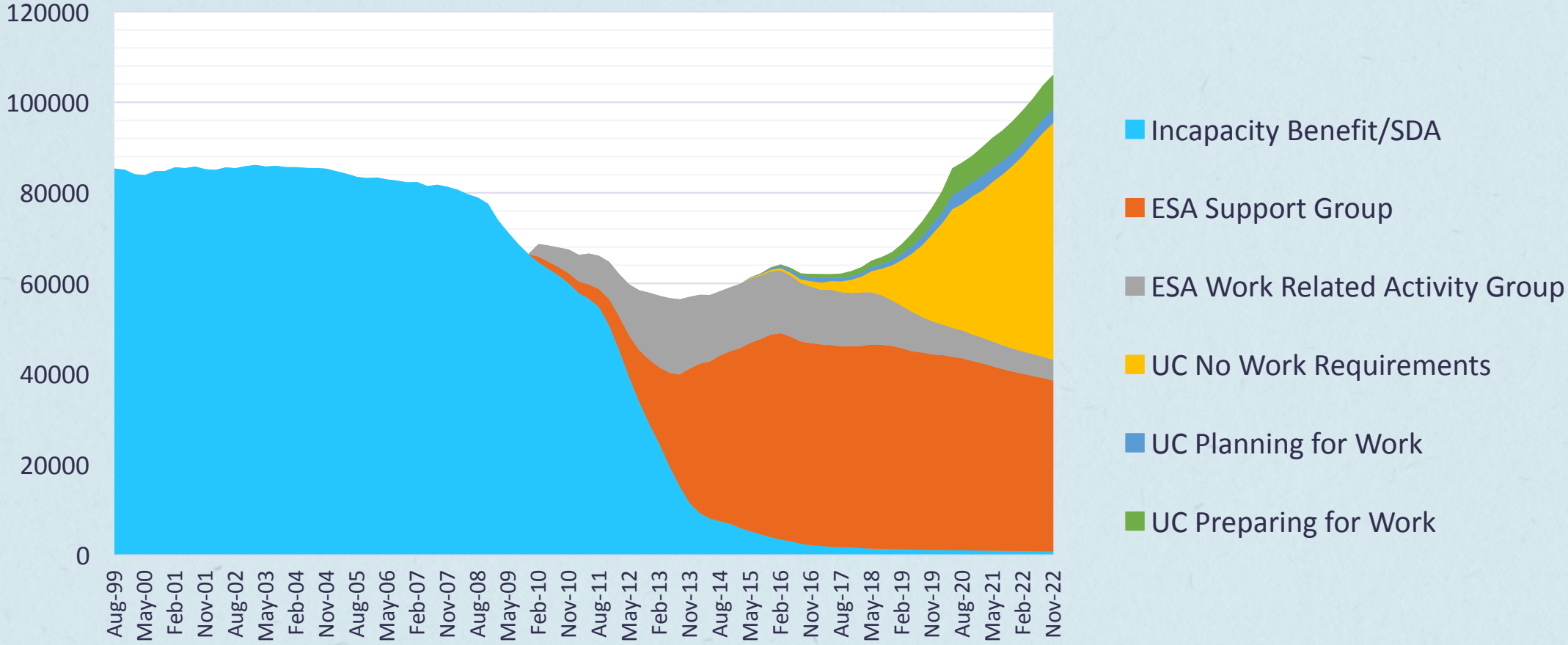
DWP health-related working age benefit claimants, Lancashire LEP area 1999-2022



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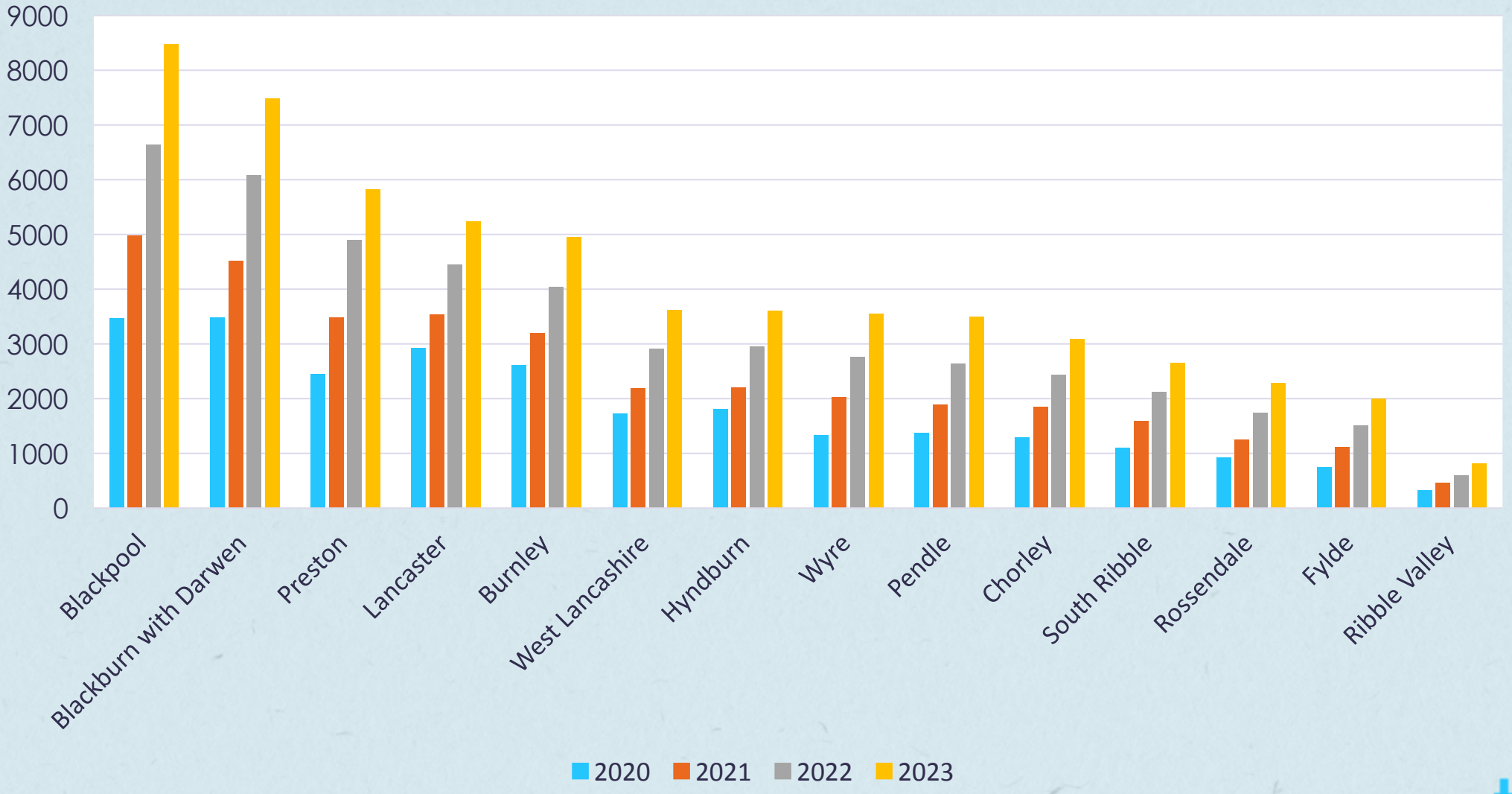
UC No Work Requirements: Claimants by district 2020-2023



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Key facts

Over 100,000 Lancashire residents claim ESA or are on UC and are required to do little or no activity to find work. This is almost 1 in 9 working age Lancashire residents (18% in Blackpool, 5% in Ribble Valley). This number is over 40% higher than pre-pandemic and is above any level seen since 1999.	**Around 900** more residents join the UC 'No Work Requirements' group every month. Around 40% are making new claims (not migrating from ESA). Off-flows from UC NWR seem very low.	**7%** of Lancashire IAPT patients are long term sick or disabled and in receipt of benefits (1205 people). Despite IAPT achieving its targets, it does not appear to have an impact on its patients' employment status, despite mental ill health being the most common condition among ec. inactive residents.
Half of all Universal Credit 'No Work Requirements' claimants in Lancashire are aged under 40. Economic inactivity is stereotypically associated with older people but there are around 28,000 Lancashire residents in this group who have at least 25 years before retirement age.	**94%** of Fit Notes issued in Lancashire state the patient is *not fit for any kind of work* (instead of *suitable for amended duties)*. 48% of Fit Notes are issued for over 5 weeks. BwD and Blackpool have the highest number of Fit Notes issued per head.	**£1.33bn** is the annual cost of economic inactivity in Lancashire to the taxpayer. 95% of this is borne by central govt. Half of these costs arise from Blackpool, Blackburn with Darwen and Preston. If all these claimants were in work, Lancashire's economy would be 5-10% larger than it is now.

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Analysis: A significant challenge

- Preventing and reducing ill-health inactivity requires work across service domains with differing system incentives, cultures and policy uncertainties. Claimant needs are variable and knowledge of what works is imperfect.
- Progress can be made but realistic expectations are required. Arguably, the cost of doing nothing is too great in terms of lost growth and taxpayer expense.
- The evidence – from data and claimant feedback - indicates that welfare, employment support and health systems are not working effectively together.
- Feedback from claimants suggests that early intervention is key ("*if I knew then what I know now…*"). Longer term claimants are greater in number but interventions for this cohort are more costly and have a lower chance of success. We think that individuals aged under 40 should be a priority.
- Over the long term, there is a limited track record of successful engagement/integration of primary care and employment support. Given this, there may be value in duplication/additional short-term cost to build track record – (eg. add-ons to health/employment services).

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Priorities

1. A healthy, resilient Lancashire
2. Better management of health at work to stem the number of people leaving work and becoming economically inactive
3. Targeted, timely interventions to get people back into work at the earliest opportunity
4. Enhancing the support offer to those who are already economically inactive and claiming benefits, with a focus on those under 40
5. Leverage Lancashire 2050 to build a better system response

Key recommendations follow…

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A healthy, resilient Lancashire

Findings
Focus needed on population-wide resilience and coping strategies when dealing with challenging life events
People often seek help when ill health is already well established
Consistent anecdotal reports of post-pandemic difficulties engaging young people – risk this acts as a pipeline for future inactivity

Recommendations
Consider pre-IAPT services (via VCS providers) to promote access to self-help services and initial advice
Review and where required strengthen support to schools and colleges to deal with low level anxiety, depression.
Provide further guidance to employers on handling employee ill health, particularly mental health

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Better management of health conditions at work

Findings
Employer occupational health practices appear very inconsistent, especially among SMEs
Relevant services require employers to identify people who already have a well established pattern of ill health and absence – this is often too late
Claimant feedback that some employers are not meeting Equality Act requirements regarding 'reasonable adjustments'

Recommendations
Make the business case to employers about the RoI of good employee health management – package of information and advice including on available services, potentially via Boost?
Work with DWP and employer networks to develop an in-work pilot for sectors prone to high absenteeism – face to face support, rather than phone based

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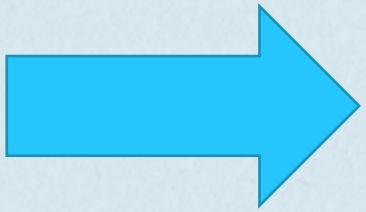
Getting people back into work at the earliest opportunity

Findings
GPs are in a difficult position. They often see themselves as patient advocates and value patient trust. But this can make use of Fit Notes difficult if not in accordance with patient wishes.
Social prescribing models have potential for those with chronic ill health; IAPT better for life events.
Little can be done to cut NHS waiting times for mental and physical health services

Recommendations
Develop a pilot pathway for newly inactive Lancashire residents, including • Flexibility around permitted working and earnings disregard to increase work incentives. • Alignment with IAPT & social prescribing • Support to navigate people through health provision • Better access to self help resources
Via ICB, improve GP signposting to advice on illness in employment, importance of early intervention

Enhanced support to those already inactive and claiming benefits (especially under 40s)

Findings
There is very limited engagement by health and employment support services with this cohort. Very high risk of large scale, long term inactivity.
The benefit/cost ratio of intervening is low (1.5/1 at best) but the 'do nothing' option is not attractive
Work incentives are relatively modest: average around £3500 per individual, per annum (£300/month)



Recommendations
Intervention would require HMT and DWP buy-in via devolution
Linking DWP claimant data with NHS health data would provide a much better understanding of need
Intervention would need to be predicated on an Invest to Save model
Consider scaling up IPS programme to reflect size of GMCA, SYCA and WMCA programmes
Leverage Shared Prosperity Fund to address specific cohort groups

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Leverage Lancashire 2050 to build a better system response

Findings
No evidence of alignment between health and employment support services in Lancashire
Opportunity harness partner resources, priorities and goodwill behind a better developed strategy for preventing and reducing ill-health inactivity
There is some scope to improve system function locally

Recommendations
Define an ambition for Lancashire in relation to economic inactivity that partners can get behind
Map out the spectrum of need on economic inactivity, identifying the gaps in the support offer
Use economic cost analysis to build a business case for intervention and then consider how devolution might assist

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Thank you

- Questions and comments

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