



Wellbeing Board

Date	6 March 2024
Report title	Combined Authorities Programme and Learnings from other Combined Authorities – Cover Note
Portfolio Lead	Wellbeing – Councillor Izzi Seccombe
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority e-mail: Laura.Shoaf@wmca.org.uk
Accountable Employee	Dr Mubasshir Ajaz, Head of Health and Communities e-mail: Mubasshir.Ajaz@Wmca.org.uk Dr Claire Humphries, Delivery Manager, Combined Authorities Programme e-mail: Claire.Humphries@wmca.org.uk
Report has been considered by	None

Recommendation(s) for action or decision:

The Wellbeing Board is recommended to:

- (1) Note the overview, updates and insights regarding the Improving Health and Reducing Inequalities Combined Authorities Programme as set out in this paper.
- (2) Review the approach being taken by the Combined Authorities Programme central team to sustain capacity within the West Midlands Combined Authority and other participating combined authorities to prioritise work and make tangible progress on improving health and reducing inequalities.

1.0 Purpose

- 1.1 The Combined Authorities Programme commenced delivery in October 2023 and the Combined Authorities Programme Delivery Manager will be presenting an overview of the programme and emerging insights to the Board at this meeting. This paper outlines the aims, delivery, and some initial updates and findings from the Combined Authorities Programme.

2.0 Background

- 2.1 Following devolution agreements, combined authorities are in a unique position to change the dial on intra-regional inequalities, improve health and tackle health inequalities, as their responsibilities impact upon the economy and the underlying causes of ill health.
- 2.2 The Combined Authorities Programme follows on from the success of the predecessor Cities Inequalities Project (2019-2022), which investigated combined authorities' levers and approaches to improving health and reducing inequalities; This was led by the Greater London Authority in Partnership with the West Midlands Combined Authority and the Greater Manchester Health and Social Care Partnership. The project identified the ways in which regional tiers have potential for significant impact in improving population health and built a learning network across CA regions to facilitate peer learning and collaboration.
- 2.3 In March 2023, the West Midlands Combined Authority was awarded £1.3 million by The Health Foundation to oversee the 3-year Combined Authorities Programme and work with a consortium of 8 other English combined authorities to deliver it. The aim of the programme is to build on previous work to: a) sustain capacity within combined authorities to prioritise work on improving health and reducing inequalities, b) make tangible progress on combined authorities activity to improve health and reduce inequalities, c) extend the evidence base on how combined authorities can add value in improving health and reducing inequalities and increase combined authorities understanding of the levers available to them, and d) strengthen collaboration and peer learning across Combined authorities.

3.0 Combined Authorities Programme Delivery

- 3.1 Combined Authorities Programme delivery is being driven by the following components:
 - 3.1.1 **Governance Board:** The Governance Board is overseeing and monitoring delivery of the Combined Authorities Programme and advising on strategy, policy and funding allocations for impact project work that contributes to the delivery of programme aims. It is made up of representatives from The Health Foundation and each participating combined authority Dr Mubasshir Ajaz (Head of Health & Communities, West Midlands Combined Authority) is the Combined Authorities Programme Governance Board Chair and programme Senior Responsible Officer. The Vice Chairs are appointed on a yearly rotation basis, currently, the Vice Chair of the Governance Board is Vicky Hobart, the Group Director of Public Health and Deputy Statutory Health Advisor to the Mayor at Greater London Authority.
 - 3.1.2 **Central Team:** The Combined Authorities Programme central team is hosted within the West Midlands Combined Authority and manages the operation and delivery of the Combined Authorities Programme; 70% of the team's time is focussed on providing capacity to combined authorities & 30% of their time is focussed on building the evidence base and disseminating findings. Team members include a Consultant in Public Health, Delivery Manager, Project Manager, Senior Policy Officer and two Policy Officers.

- 3.1.3 **Embedded Posts:** The Combined Authorities Programme will include 2-5 embedded posts, each hosted by a different combined authority; one embedded post is currently in place in Greater Manchester Combined Authority. These posts will be embedded into specific projects identified by host combined authorities and aligned with programme aims and are supported by the Central Team.
- 3.1.4 **Impact Project Work:** Impact projects will be undertaken in priority areas within or across combined authorities to understand and capitalise on opportunities to improve health and reduce inequalities. These will be delivered through the central team or embedded posts, ensuring that value is added to combined authorities' business as usual activities. Central resources (a Combined Authorities Programme central funding pot and central team capacity) are accessible to participating combined authorities to support this work.
- 3.1.5 **Learning Network:** The Central Team are developing a peer learning network and related communities of practice to facilitate sharing of key learning/resources and support collaboration amongst combined authorities and wider partners. An online platform will also be established to host this network.
- 3.1.6 **Research and Insights Partner:** A Research and Insights Partner has been commissioned by The Health Foundation to distil key insights from the programme and explore research and learning from regional devolution in relation to improving health and reducing inequalities. This partner will have a close working relationship with the Combined Authorities Programme central team.

4.0 Updates and emerging insights

- 4.1 The embedded post within Greater Manchester Combined Authority was onboarded in September 2023 and is leading on a project aiming to mobilise a **system-wide approach** to address increasing levels of **economic inactivity resulting from poor health** amongst those aged **50-64 yrs**. They are currently working with combined authority and system colleagues to understand existing inequalities, establish a project team consisting of key stakeholders and scope key contacts and data sources.
- 4.2 The Combined Authorities Programme central team based within the West Midlands Combined Authority was fully onboarded and commenced delivery in October 2023. Since then, two Governance Board meetings have taken place and a year one delivery approach and the following priority thematic work areas have been established, based on discussions regarding key cross-regional challenges:
 - 4.2.1 **Developing relationships with Integrated Care Systems**
 - 4.2.3 **Work and health**
 - 4.2.4 **Political landscapes and devolution**
- 4.3 In January 2024 a process was launched enabling participating Combined Authorities to request central programme resources to support the delivery of impact project work; two applications have been received and are currently under review. Further impact project requests are under development by the West Midlands Combined Authority Health and Communities colleagues.
- 4.4 Opportunities are being identified to connect colleagues working across key health-related policy areas to facilitate collaboration and peer learning; A cross-regional discussion regarding **climate adaption and health** has taken place and arrangements are being made for discussions regarding **employment and health** and **housing and health**, which West Midlands Combined Authority colleagues will be involved in.

- 4.5 Policy briefings regarding **economic inactivity and health** (see Appendices A & B) have been developed and disseminated to combined authority colleagues and further learning sessions aligning with the priority thematic work areas are under development.
- 4.6 Engagement sessions with colleagues from each of the participating combined authorities have been held to build on previously gathered intelligence and distil key insights regarding regional structures, processes, partnerships, priorities and challenges, as well as to scope impact project work and formulate tailored combined authority support plans. Emerging themes and impact work areas from these conversations include **building the narrative for health and inequalities**, implementation of **health in all policies** and learning from other combined authorities regarding **key structures and capacity**, as well as **devolution asks and experiences**.
- 4.7 The central team are in the process of further mapping and synthesising the learning developed from engagement sessions and wider Combined Authorities Programme activity so far. Key insights regarding the West Midlands Combined Authority and other combined authorities will be shared and discussed with board members at the meeting on 06.03.24.

5.0 Financial Implications

- 5.1 There are no direct financial implications arising from this paper as the West Midlands Combined Authority will only provide support from existing budgets and resource within the £1.3 million programme.
- 5.2 Should any future financial implications arise, they will be resolved through the West Midlands Combined Authority governance routes and demonstrate value for money.

6.0 Legal Implications

- 6.1 There are no direct legal implications arising from this paper.

7.0 Single Assurance Framework Implications

- 7.1 There are no Single Assurance Framework implications arising from this paper; The Single Assurance Framework process has been completed for this programme.

8.0 Equalities Implications

- 8.1 Key aims of the Combined Authorities Programme are to sustain capacity and support combined authorities to prioritise and make tangible progress on combined authority activities to improve health and reduce inequalities. Therefore, it is anticipated that the programme's targeted work across various combined authority levers affecting economic and health outcomes will have a positive impact on a range of population groups that are disproportionately affected by health inequalities (e.g., ethnic minority groups, people in lower socio-economic groups and people living in areas of higher deprivation).
- 8.2 Given that the Combined Authorities Programme remains in the early stages of delivery, it is not yet possible to precisely capture each of the inequalities that will be reduced and for which groups across all participating combined authority regions. The Central Team are currently working with combined authority colleagues to establish priorities and support needs, which will facilitate evolving clarity regarding targeted inequalities and means of capturing impact.

8.3 Regarding the West Midlands region, the Combined Authorities Programme central team are working with West Midlands Combined Authority Health and Communities Team colleagues to develop impact project proposals, which are planned to support the implementation of a Health in All Policies approach across the combined authority. The aim of this is to assist with optimising the health and wellbeing impact of each combined authority lever, via facilitating effective consideration of health implications of decisions, seeking synergies, and avoiding harmful health impacts to improve health and health equity. Given this, it is anticipated that this work will help to have a positive impact on key regional health inequalities, including (compared to national average) higher rates of preventable deaths and deaths in adults with serious mental illness, higher levels of deprivation and poorer health-related quality of life for older people.

9.0 Inclusive Growth Implications

9.1 The focus on inequalities as a key element of the Combined Authorities Programme is aligned to the inclusive growth purpose and direction.

9.2 The programme is also helping to addressing issues that align with inclusive growth fundamentals; For example, the embedded post project in Greater Manchester Combined Authority is addressing increasing levels of economic inactivity resulting from poor health in those aged 50-64yrs, which links to “inclusive economy” and “health and wellbeing”. In addition, the Combined Authorities Programme central team are facilitating cross-regional discussions regarding climate adaption and health, and housing and health, which link to “affordable and safe places”, “climate resilience”, “inclusive economy” and “health and wellbeing”.

10.0 Geographical Area of Report’s Implications

10.1 The work of the Combined Authorities Programme covers the West Midlands, as well as the regional footprints of the following participating combined authorities: Greater London, Greater Manchester, Liverpool City Region, North of Tyne, South Yorkshire, Tees Valley, West of England and West Yorkshire.

11.0 Other Implications

11.1 None.

12.0 Schedule of Background Papers

12.1 None.

13.0 Appendices

13.1 Appendix A – Combined Authorities Programme economic inactivity briefing

13.2 Appendix B – Combined Authorities Programme Over 50s economic inactivity briefing

Appendix A – Combined Authorities Programme economic inactivity briefing

Economic Inactivity

Policy Briefing – Combined Authorities Programme Central Team (Updated)

February 2024

Summary

Economic inactivity refers to people who are neither working nor looking for work. There has been a UK rise in economic inactivity since the COVID-19 pandemic, and as of September 2023, the number of **those who are economically inactive because of long-term sickness increased to a record high** of 2.58m, up 460k since the start of the pandemic.

This briefing explores the issue of economic inactivity by examining its drivers and recommendations on 'what could work' to tackle the issue, it then considers major government policy to address the issue and concludes with exploring the potential role that Combined Authorities might play in this space.

Please note that due to the unexpected and novel nature of economic inactivity (given that historically significant unemployment has typically followed a recession/financial crisis), there is limited evidence and analysis available on 'what works' to tackle this issue. Consequently, the literature predominantly offers recommendations on 'what could work'.

Version control: This briefing is an update to its previous iteration (November 2023), including an update on the Back to Work plan and Autumn statement.

The issue and drivers of economic inactivity

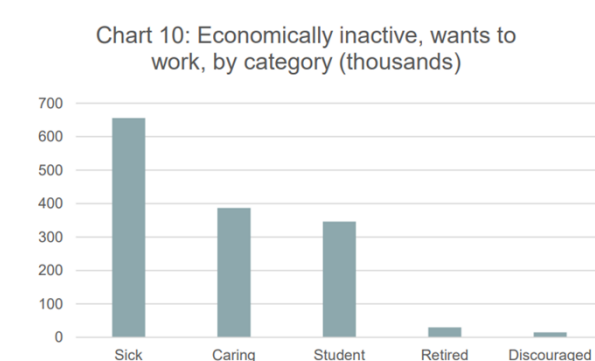
Health

Research conducted by Lane Clark & Peacock (LCP) in February 2023 looked at the data on labour market, benefits system and NHS activity to provide an enhanced understanding of the rising challenge of economic inactivity and effective interventions. This focused on England and identified¹ 4 main findings:

- 1. Large growth in long-term sick-** the rise in working age inactivity now stands at 516,000 people; however, there are fewer working age retired people than there were at the start of the pandemic; by contrast, well over half (353,000) comes from a growth in the long-term sick.
- 2. Persistently high inflows into long-term sickness are a key problem-** one growing group are those who were previously categorised as 'short-term sick'; this suggests that failure to address short-term sickness, including through clinical intervention, could have contributed to the increase in long-term sickness. Indeed, the majority of those newly classed as long-term sick were not in-work three months earlier. This means that initiatives targeting employers (with a view to reducing flows from work into sickness) are unlikely to have a quick impact on the level of long-term sickness.
- 3. Many are persistently on sickness-related benefits-** there are over 1 million people who have been on Employment Support Allowance for five years or more; over half of these are categorised as having 'mental or behavioural' disorders.
- 4. Long waiting lists for benefits, particularly in the West Midlands-** the West Midlands has the greatest percentage increase of all the regions in England in the number of sickness-related benefits recipients claims waiting more than 52 weeks; however, the West Midlands has only the fifth highest number of total sickness benefit recipients in England.

The following chart shows, for each group of working age economically inactive people, how many 'would like a job' at some point:

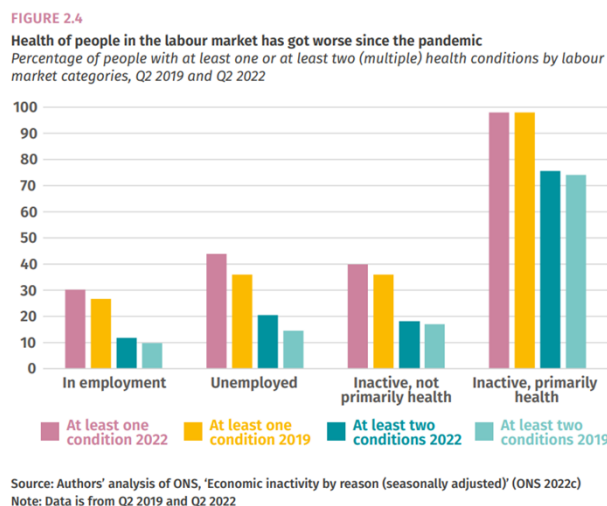
¹ [LCP 'The Great Retirement or the Great Sickness' \(Feb 2023\)](#)



LCP recommends that **policy needs to focus on helping those who are sick but want to work to return to work**. The median person in this group is in the 50-54 age group. Successful intervention to support this group of people has great fiscal potential in being able to reduce the number of people being economically inactive for more than a decade before reaching state pension age. By contrast, the working age 'retired' population tend to be closer to state pension age and so interventions focussed on this group may only result in a few additional years of economic activity.

The Institute for Public Policy Research's (IPPR) Commission on Health and Prosperity published a report in Dec 2022² regarding health and the labour market, which identified that the underlying cause of rises in economic inactivity is due to ill health. Their findings indicate that policy can either look to improve health overall – by preventing illness entirely/ by providing more access to more effective treatments – or it can aim to reduce the societal barriers faced by people living with health conditions or impairments. This might be through more tailored routes to work, more inclusive employment practices, or more empowering employment and welfare support. Well-evidenced effective employment support interventions include access to specialist advisors, supported work placements and internships, and positive role models.

Further, analysis within the IPPR report found that people in employment are, on average, increasingly in worse health. Compared to 2019, in 2022 people in employment were 13% more likely to have a health condition and 30% more likely to have multiple health conditions (as demonstrated by Figure 2.4 below). This is a worrying outlook for the health of future workforce, as more people who are currently in employment could become economically inactive because of poor health.



A total of 60% of people who are economically inactive because of long-term illness are living with a mental health problem. While issues such as anxiety and depression are affecting people of all ages, young adults (20-29 yrs) out of the labour market because of sickness are 50% more likely to report a mental health problem than older working-age adults (60-65 yrs). The Resolution Foundation's report (Oct 2022)³ on labour market outlook also found that the number of disabled workers reporting a mental health issue has tripled since 2013, up to 1.1m workers in 2022 (equivalent to 3% of the total working-age population).

² IPPR 'Getting Better? Health and the labour market' (Dec 2022)

³ Resolution Foundation Q3 Labour Market Outlook 2022

The pandemic has been described as the “tipping point” for the health crisis in the UK following a lack of spending on healthcare, in comparison to other G7 countries⁴. Phoenix Insights’ report (Nov 2022)⁵ on the drivers of “the Great Retirement” found that people who suffer from long-term health conditions found it harder to access treatment after the pandemic in the UK (47%), compared to people in Germany or the USA, where it is less than 20%.

However, analysis from the Institute for Fiscal Studies (IFS - Oct 2022)⁶ on the drivers of economic inactivity found that the rise in health-related inactivity during the pandemic was concentrated amongst those who have been out of the labour force for at least five years. The analysis notes that “of the 1.1 percentage point increase in the fraction of 50–64-year-olds who are inactive for health related reasons, 73% of that rise has been amongst people who have not worked in at least five years. An additional 0.7% of the 50–64-year-old population is economically inactive due to being retired compared to the end of 2019. The same story is true when looking at the whole working-age population”.

Disabilities

The Resolution Foundation published a briefing in February 2023⁷ exploring labour force participation and how to move people from economic inactivity into employment in the UK. In this, they argue policy should focus on groups that saw significant improvements in the 2010s - including those with disabilities - instead of solely focussing on the newly inactive, as policy will not reach many of them since they’re in early retirement. The employment gap between those with or without a disability fell by 5pp between 2013 and 2022. Resolution Foundation make the following recommendations:

Benefits system

- **The Government improves its communication with benefit claimants**, to clarify that Personal Independence Payment is a non-means-tested benefit that will not be withdrawn if people move into employment.
- **Remove decision makers’ ability to apply an earlier-than-scheduled Work Capability Assessment**, so that people with illness and disabilities can move into employment without fearing an immediate hit to their finances.

Outside the benefits system

- **Increase funding for the Access to Work scheme** to increase awareness and **reduce waiting times for people who have made applications**.
- **Improve people’s attachment to work**, for example by a ‘right to return’ period, during which employers must keep jobs open to workers who are away from work due to sickness or disability.

Gender

The February 2023 Resolution Foundation⁷ briefing also looked at building on the increasing economic activity of women. The labour force participation rate for women aged between 20 and 50 yrs has increased between 2019 and 2022, up by an average of 2pp from 80% to 82%. The report makes 3 main recommendations to support women into work:

- **Support low-income households with childcare costs outside of monthly UC payments** – for example through a system like Tax Free Childcare where parents have an online account in which they receive government support which is earmarked for childcare payments. However, what is not mentioned here is the digital exclusion this could cause; research conducted by the West Midlands Combined Authority (WMCA) in Walsall has identified that many economically inactive individuals resort to using the bus stop or McDonalds’ Wi-Fi to apply for jobs⁸.
- **Eliminate other barriers to work that affect women from low-income households**. For example, introduce a work allowance for second earners (i.e., the employed partner of the primary earner) within UC.
- **Improve low-paid work**- low-paid jobs often do not offer the flexibility that parents in higher-paid jobs have, e.g., a guaranteed shift schedule or the ability to work flexibly around childcare commitments.

⁴ [Andy Haldane \(2022, Ex Chief Economist of Bank of England\) REAL Challenge Annual lecture and report](#)

⁵ [Phoenix Insights ‘What is driving the Great Retirement?’ \(Nov 2022\)](#)

⁶ [IFS ‘Is worsening health leading to more older workers quitting work, driving up rates of economic inactivity?’ \(Oct 2022\)](#)

⁷ [Resolution Foundation ‘Post-pandemic participation’ \(Feb 2023\)](#)

⁸ [Walsall Pathfinder Research \(March 2023\), WMCA](#)

Good Work

Timewise are a social enterprise that look at how flexible jobs and part-time opportunities can help boost labour market participation. A report they published in November 2022⁹ on market failure in flexible and part-time jobs for low paid workers makes the following recommendations:

- **Central government:**
 - Fund flexible hiring pilots within Department for Work and Pensions in-work progression trials and through its 50Plus initiatives for older workers.
 - convene employers to undertake flexible hiring trials at a sector level with a focus on part-time work.
 - commission analysis of the positive financial return of investing in flexible hiring.
- **Employers:**
 - Provide training and guidance for managers that includes how to design flexibility into jobs which is compatible with the business needs of the role
 - Adapt recruitment practices to proactively consider flexible working from the point of hire and offer it overtly in job adverts wherever possible.
 - Pilot flexible hiring first, in one department or in one type of role, to give other departments the confidence to follow suit.
- **Combined authorities, local authorities, and local enterprise partnerships:**
 - Align action on flexible hiring with the delivery of inclusive growth strategies.

Government policies

The Spring Budget (March 2023)¹⁰:

The Spring Budget saw reforms to childcare with several initiatives to encourage more parents into work or extend their working hours.

Most significantly, free childcare was extended to 30 hours (for children over 9 months), which will involve a phased policy rollout and will only be available for households where both parents are working at least 16 hours per week. Free childcare will cover 15 hours for 2-year-olds from April 2024; 9months+ Sept 2024 and then from September 2025 every parent will have 30 hours. This is expected to bring 60,000 more people into the workforce, according to Office for Budget Responsibility (OBR) forecasts.

Parents on Universal Credit (UC) will now receive up to £951 for one child and £1,630 for two children per month, which will be paid upfront. This started in July 2023 and increases by consumer price inflation (the common measurement of inflation) each year until 2027-28. The government will fund more wraparound care of school-age children to provide care from 8am to 6pm to help encourage more part-time to full-time work or job flexibility for parents. The expectation is for all schools to have support in place from Sept 2026¹¹.

Key budget policies relating to health and inequalities include:

- **Joining up health and employment support provision** – embedding of tailored employment support within mental health and Musculoskeletal (MSK) services in England, including expanding the Individual Placement Support (IPS) scheme, and scaling up MSK hubs in the community.
- **WorkWell Partnerships Programme pilot** – provision of integrated work and health hubs in England, linking Jobcentres, health services and other local organisations to provide wraparound health support for jobseekers, benefits claimants, and those at risk of falling out of work due to health.
- **Expansion of occupational health (OH) pilot subsidy scheme** to Small and Medium sized Enterprises supporting them to provide OH services in England.
- **£400m planned for mental health and musculoskeletal resources** to encourage those economically inactive due to sickness to return to work.
- **Scrapping the Work Capability Assessment** to simplify UC assessments.

⁹ [Timewise 'Can a more flexible jobs market raise the status and pay of part-time workers?' \(Nov 2022\)](#)

¹⁰ [Spring Budget 2023](#)

¹¹ The opposition have been broadly supportive of the government's childcare reforms, so there is unlikely to be a great shift on those policies if there is a change in government in the upcoming general election.

The Health and Disability White Paper (March 2023)¹² included:

- **Access to Work Mental Health Support Service** - a package of tailored support and advice by mental health practitioners for up to 9 months, including advice to employers.
- **The Joint Department for Work and Pensions (DWP)/Department for Health and Social Care (DHSC) Work and Health Unit invested £3m for an 18-month extension to the Mental Health and Productivity Pilot programme delivered through the Midlands Engine** - supports delivery until December 2023 and an evaluation to help build the evidence base.
- **Extension of the Work and Health Programme to September 2024** - a specialist employment programme administered via the Shaw Trust receiving referrals via Job Centre Plus to improve employment outcomes for people with health conditions and disabilities who expect to find work within 12 months.
- **Extension of the Employment Advisers in NHS Talking Therapies services** - for all services across England, full roll-out by 1 April 2024. Individuals can self-refer and the service is designed to help with common mental health problems.

DWP Youth Offer (Sep 2023)¹³:

The DWP recently announced an expansion to **the Youth Offer** to help 30,000 young people move from economic inactivity into work. This means UC claimants who are economically inactive (and who were previously ineligible) will have access to employment support, including Work Coaches, Youth Hubs, and interview preparation assistance.

Back to Work Plan (Nov 2023)¹⁴:

The Chancellor and Secretary of State for Work and Pensions introduced their Back to Work Plan just before the **Autumn statement** (Nov 2023). The plan includes the following:

- **WorkWell service launched to support nearly 60,000 long-term sick/disabled people into work and to stay in work, rolled out across 15 areas in England.** The service was announced at the Spring Budget 2023 and is being launched by Integrated Care Systems (ICSs) who will be supported to develop a localised work and health strategy.
 - DWP and DHSC have published the WorkWell prospectus setting out further information and details about the Expression of Interest process inviting Integrated Care Boards, alongside local authorities, to bid for WorkWell funding (Nov 2023)¹⁵. The WorkWell pilot will offer funding to a third of England's Integrated Care Systems to provide early intervention support to help participants start, stay and succeed in work.
- **Fit note reform:** The government will explore reforms of the fit note process. Rollout of these will start with trailblazer trials in a small number of Integrated Care Boards (ICBs), offering better triage, signposting and support to those who have received a fit note for an extended period. This will inform the launch of a consultation in 2024 on reforms to improve fit note assessments and facilitating integrating quicker access to specialised employment and health support.
- **Stricter benefit sanctions:** this will be for people who are able to work but refuse to engage with their Jobcentre or take on work offered to them. Those who continue to refuse to engage with the Jobcentre will have their claim closed.
- **Testing additional Jobcentre support** in England and Scotland to assist claimants into work who remain unemployed or on low earnings after 7 weeks into their UC claim.
- **Boost to 4 key programmes:** NHS Talking Therapies, Individual Placement Support (IPS), Restart and Universal Support to benefit up to 1.1 million people over the next 5 years, **helping those with mental or physical health conditions to either find or remain in work.** The further measures on the programmes include:
 - **NHS Talking Therapies** - increasing the number of people benefitting from mental health treatment by an additional 384,000 people over the next 5 years accompanied by an increase in

¹² [DWP: Health and Disability white paper \(March 2023\)](#)

¹³ [DWP 'Government announces employment support boost for over 30,000 economically inactive young people' \(Sep 2023\)](#)

¹⁴ [HM Treasury, DWP, DHSC: Back to work plan \(Nov 2023\)](#)

¹⁵ [WorkWell - GOV.UK \(www.gov.uk\)](#)

available sessions. The Office for Budget Responsibility (OBR) (Nov 2023)¹⁶ expect this to increase employment by around 10,000 in 2028-29.

- **IPS** - aiming to help an additional 100,000 people with severe mental illness to find and retain jobs over the next 5 years. The OBR (Nov 2023) anticipates this to increase employment by around 10,000 by 2028-29.
- **Restart scheme** - extending it in England and Wales for 2 years until June 2026, resulting in around 500,000 extra spaces. The criteria will expand to include people who have been on UC for more than 6 months instead of 9. There will be stricter sanctions applied to UC claimants who are still unemployed after the 12-month Restart programme. Failure to engage will lead to UC claim closure. The OBR (Nov 2023) expect this to increase employment by 5,000 by 2028-29.
- **Universal Support in England and Wales** - matching 100,000 people per year with existing vacancies and supporting them in their new roles. An additional 50,000 people beyond the initial figure outlined in the Spring Budget are expected to benefit. The OBR (Nov 2023) estimates this to increase employment by 15,000 by 2028-29.

The government asserts that due to these reforms, **individuals should not be unemployed for 18 months on their full benefits if they have not taken 'every reasonable step' to comply with Jobcentre support.**

As well as this, the Minister for Employment announced the **doubling of 50PLUS Champions in Jobcentres to help older workers into the labour market** (Nov 2023)¹⁷. 77 50PLUS Champions are now in place across England, Wales and Scotland (up from 37).

The Autumn statement (Nov 2023)¹⁸ policy announcements include:

- **Increase in the minimum wage to £11.44 per hour from April 2024** - this is up from £10.42 an hour currently for workers over 23. However, from April, the new, higher rate will also apply to anyone 21 and over. This mean the increase is above inflation (9.8% for over-23s, and 12.4% for 21- and 22-year-olds) and thus a rise in their living standards. Further, the apprenticeship minimum wage will rise by more than 20% from £5.28 to £6.40 an hour.
- **Reduction in Employee National Insurance Contributions (NICs)** - Employee NICs will be cut from 12% to 10% effective from 6 January. Also, the main rate of Class 4 self-employed NICs will be cut from 9% to 8% from 6 April 2024. Further, the Class 2 self-employed NICs will be abolished from 6 April 2024. The Resolution Foundation (Nov 2023)¹⁹ predict these measures will see 29m workers gain an average of £330 next year. However, around 80% of these gains are expected to go to the top half of the population. The OBR (Nov 2023)²⁰ forecast this to increase employment by 28,000 by 2028-29.
- **Increase in working age benefits by 6.7%** (in line with the September rate of inflation) encompassing UC and disability benefits.
- **Reform the Work Capability Assessment to better reflect the greater flexibility and reasonable adjustments available at work.** These changes will apply to new claims only when the reform is implemented from 2025 onwards. More detail on the reform can be found in the Chance to Work guarantee which is part of the Back to Work plan (Nov 2023)²¹. The OBR forecast (Nov 2023) that because of these changes 370,000 claimants will be £4,680 worse off a year. Resolution Foundation (Nov 2023) show that 75% of households affected by this reform are in the lower half of the income distribution. Overall, this measure is expected to bring 10,000 people into the workforce by 2028-29.
- **UC Work Allowance for disabled claimants increased** - for those receiving help with housing costs this will rise to £404 per month from April 2024 and £673 per month for those who don't receive help with housing costs.
- Following the recent OH consultation, an expert group will be established to develop a **new voluntary OH framework in the UK**. This will set out the minimum level of OH intervention that employers could adopt to enhance employee health at work. Further details can be found in the consultation outcome [here](#).

¹⁶ [OBR: Economic and fiscal outlook - November 2023](#)

¹⁷ [DWP: 50PLUS Champions doubled ahead of National Older Workers Week \(Nov 2023\)](#)

¹⁸ [HM Treasury: Autumn statement \(Nov 2023\)](#)

¹⁹ [Resolution Foundation 'A pre-election statement' \(Nov 2023\)](#)

²⁰ [OBR: Economic and fiscal outlook - November 2023](#)

²¹ [DWP: Chance to Work guarantee \(Nov 2023\)](#)

- Increase in core funding to the World Health Organisation by £2m for underfunded priorities such as patient safety.

Overall, the **OBR predict that the NI cut, welfare measures, alongside the Back to Work plan will bring 78,000 people into the labour market.** Resolution Foundation analysis (Nov 2023) reveals **spending on working-age health and disability benefits is now set to be 51% higher in 2028-29 than in 2022-23** in real terms. Despite this, the OBR has revised caseload expectations for future years, **anticipating fewer claims for disability and incapacity benefits as cost-of-living pressures ease.**

More policies are expected to be announced in the Spring Budget next year, anticipated to be in mid-March. Rishi Sunak's leadership campaign for the upcoming general elections suggests an income tax cut²².

Opposition proposals

Former Shadow Work and Pensions Secretary Jonathan Ashworth announced the following proposals (Jan 23)²³, which focus on three main points:

- **Devolving employment support** to local areas to build integrated employment and skills support needed to stimulate economic growth, help more adults into high-skilled, better paid work, and address the labour market needs of businesses and local economy. And expand employment support for those in ill health by supporting partnerships between employment support programmes and local health services.
- **Jobcentres** to on work progression rather than gaining employment and broker flexible work options for those with barriers to work.
- **Reform to access-to-work** funding to enable easier access for jobseekers and employers to understand available support and provide greater sickness benefits security to support jobseekers.

The **Labour Party will look to bring in something akin to the good work charters across many Combined Authorities as part of their new deal for working people**²⁴. This agenda was reaffirmed in Angela Rayner's speech²⁵ to this year's Trades Union Congress (TUC) Congress. Good Work charters involve employers signing up to improved pay and conditions for their employees.

The International Labour Organisation (ILO)²⁶ defines "decent work" as involving "opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for all, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men."

The Shadow Chancellor, Rachel Reeves, announced an increase in the national living wage without specifying an amount in her conference speech²⁷. More detail on policy proposals will emerge in the coming months via manifestos in the run up to the general election.

Benefits system

Learning and Work Institute (L&W) (Nov 2023)²⁸ explore economic inactivity through the lens of the UK benefits system. Overall, 5.5m people receive out-of-work benefits, the majority are disabled or have a long-term health condition. A total of 1 in 5 economically inactive people (1.7m) want to work, including 600,000 disabled people. They welcome the government's Universal Support programme but say it will only help an extra 1% out-of-work disabled people annually, adding up to 1 percentage points (pp) to the disability employment rate. Considering the current disability employment gap is 29pp, this will not have a great impact.

Recommendations include:

- **Further research is needed on the options for and impact of disability benefits reform.** Obtaining a greater understanding of who is claiming disability related benefits and what support can be offered to those who can work is a priority.
- **DWP should publish regular data on people moving between conditionality groups in UC.** It should also publish data on these moves between groups and employment outcomes for disabled people and those with caring responsibilities, so these can be better analysed as well as overall conditionality groups.

²² <https://www.ft.com/content/5cd2db4f-5a33-40be-8e39-8d587c43e292>

²³ [Labour Party 'Jonathan Ashworth speech to the Centre for Social Justice' \(Jan 2023\)](#)

²⁴ [Labour Party 'A new deal for working people' \(Oct 2022\)](#)

²⁵ [TUC- Angela Rayer speech to TUC Congress 2023](#)

²⁶ [ILO- Decent work \(Oct 2023\)](#)

²⁷ [Rachel Reeves party conference speech \(Oct 2023\)](#)

²⁸ [L&W Understanding benefits \(Nov 2023\)](#)

- **Research on the impact and effectiveness of benefit sanctions needs a broader focus than just employment outcomes.** Evidence is both limited and mixed as to whether benefit sanctions are effective, particularly when looking at it by different groups. Thus, research needs to understand the impacts on people’s health and wellbeing and long-term prospects rather than solely a short-term impact on employment and benefits.
- **Sanctions are a last resort and demonstrate a failure to engage with people.** Employment support services require a greater focus on engagement with people rather than benefit compliance to best help people into work.

Combined Authorities

Please note that this section will be expanded upon over the course of the Improving Health & Reducing Inequalities Combined Authorities Programme.

There are regional disparities in levels of economic inactivity. The table below from the Office for National Statistics²⁹ shows that as of September 2023, Yorkshire and Humber have the highest levels of economic inactivity (23.5%), followed by London (22.7%) and the North West (22.2%), which are all higher than the England average (20.7%). The South East has the lowest levels of inactivity (17.1%), followed by the East (19.2%) and South West (19.5%), which are all lower than the England average.

Region	Economic inactivity rate (Sep 2023) (%)
East	19.2
East Midlands	20.6
London	22.7
North East	21.9
North West	22.2
South East	17.1
South West	19.5
West Midlands	20.8
Yorkshire and the Humber	23.5
England	20.7

Whilst Combined Authorities do not possess direct powers over economic inactivity, they do have unique levers available to them that can facilitate the delivery of a range of provisions to tackle economic inactivity and health. In addition, Combined Authorities may explore the possibility of establishing a Regional Good Work Charter to improve pay and work conditions within their region.

Some examples of CA activity to tackle economic inactivity have been included below:

West Midlands Combined Authority (WMCA)

WMCA deliver a variety of provisions addressing the inter-related issue of economic inactivity and health, including Individual Placement and Support (IPS) into employment, workplace wellbeing support for employers, targeted skills bootcamps and adult employment skills hubs. There is additional provision delivered by WMCA’s local authorities, for example via Commonwealth Games Legacy Funding and UK Shared Prosperity Fund allocations.

Responding to work-limiting conditions and challenges regarding mental health, the West Midlands Mental Health Commission (convened by the WMCA) are launching a whole-school approach to mental health. There has been investment in a “Thrive at College” initiative that will bridge the gap in mental health support given to students across different further education institutions and have a better link into NHS Mental Health Support Teams.

Greater Manchester Combined Authority (GMCA)

²⁹ [ONS Labour market overview \(Sep 2023\)](#)

GMCA have a Good Work Charter,³⁰ which includes the following 3 tiers:

- **Supporters** - employers who support the aims of the Charter and Greater Manchester Strategy³¹ but are not yet able to meet the requirements of accreditation.
- **Members** - employers who are required to demonstrate excellent practice in key characteristics of employment practice including flexible work and a living wage.
- **Advocates** - employers who meet high standards in all the key employment characteristics to be members, and then go out to other employers to encourage them to raise employment standards and join the Charter process.

The Charter also asks employers to acknowledge different life stages and to support staff to thrive within their working environment, including making adjustments for people with long-term health conditions and disabilities. Additionally, employers are expected to acknowledge that mental health is a health and wellbeing issue which needs to be considered within their organisation's wider values and objectives.

³⁰ [GMCA Good Employment Charter](#)

³¹ [GMCA Greater Manchester Strategy 2021-2031](#)

Appendix B – Combined Authorities Programme Over 50s economic inactivity briefing

Economic Inactivity: Over 50s

Policy Briefing – Combined Authorities Programme Central Team

November 2023

Introduction

Economic inactivity refers to people who are neither working nor looking for work. In March 2020 at the start of the Covid-19 pandemic, 3.3m 50-64 year-olds in the UK were economically inactive and by September 2023, this had increased to 3.5m³². This translates to a 25.5% economic inactivity rate within this cohort at the start of the pandemic, which rose to 26.8% in September 2023³³.

This briefing follows from the [Economic Inactivity Briefing \(October 2023\)](#) and provides an overview of the current outlook for economic inactivity in the over 50s cohort through a review of the literature, which examines the drivers of inactivity and related government policies.

Please note that there are the following data limitations when looking at the over 50s cohort:

- The Office for National Statistics' (ONS) Labour Force Survey (LFS) is limited to the 50-64 year-olds age group.
- It is suggested by Institute for Fiscal Studies (IFS) (Nov 2023) that those over 70 who are categorised as economically inactive, are actually retired³⁴.
- Older workers are often referred to in the literature as over 50s but aren't necessarily limited to the LFS cut-off point of 64 years old.

Context

The [ONS Over 50s Lifestyle Study \(Dec 2022\)](#)³⁵ asks people aged 50-65 years about experiences of work, lifestyle and current circumstances. Results show **those considering returning to work were on average at the younger end of the spectrum (50-59 years)**.

In December 2022, the [House of Lords Economic Affairs Committee \(EAC\)](#)³⁶ found that the majority of over 50s who have left the workforce since the Covid-19 pandemic, state that they neither want, nor expect, to return to work. The report concluded that it is unlikely that a significant proportion of over 50s who have exited the labour force since 2020 will return to work, or be persuaded to return, by changes in employers' practices or by policy measures.

The EAC highlights the concerning impact that the UK's aging population will have on the workforce and predicts that this issue will worsen. The **ageing population is causing a gradual decline in economic activity**, having already reduced the overall economic activity rate for people aged 16 years and over by 0.6% since the start of the pandemic. This is a reverse in the trend of increasing economic activity which was evident in the decade prior to the Covid-19 pandemic (2010 – 2020).

The following sections explore the key underlying causes for the increase in economic inactivity in the over 50s cohort, followed by policy recommendations to address these.

Health

The [Trade Union Congress \(TUC\) \(March 2021\)](#)³⁷ explored [how to support older workers to either return to or stay in work. The research suggests that the likelihood of poor health affecting the over 50s' continuation in work, varies by the type of work they do](#). For example, only around 1 in 20 of those aged 60-65 in professional occupations have been forced out of the labour market because of poor health, compared to 1 in 3 of those in

³² [ONS LFS Economically inactive 50-64 Thousands \(Sep 2023\)](#)

³³ [ONS LFS Economically inactive 50-64 % \(Sep 2023\)](#)

³⁴ [\(IFS\) 'Understanding retirement in the UK' \(Nov 2023\)](#)

³⁵ [ONS Over 50s lifestyle study \(Dec 2022\)](#)

³⁶ [Economic Affairs Committee 'Where have all the workers gone?' \(Dec 2022\)](#)

³⁷ [TUC 'Extending working lives- how to support older workers' \(March 2021\)](#)

elementary occupations or process, plant and machinery operatives who have left work and become economically inactive because of poor health.

Please see the previous briefing on economic inactivity for a more in-depth exploration of the health-related focus. The key points for the over 50s cohort include:

- People in the UK who suffer from long-term health conditions found it **harder to access treatment** after the pandemic (47%) compared to Germany or USA where it is less than 20%³⁸.
- The rise in economic inactivity for health reasons was mainly concentrated amongst those who have been **out of the labour market for at least five years**³⁹.
- **Policy should focus on helping those who are sick but want to return to work**, with the median person in this group aged 50-54. If successful, this will have great fiscal potential reducing the number of people inactive who would work for around a decade before reaching state pension age (SPA)⁴⁰.

Early retirement

In a recent report, the EAC⁴¹ set out to explain the recent reduction in labour supply in the UK, the types of people who have left the labour market, and their reasons for leaving. The research concluded that the **biggest contributor to the rise in inactivity is due to an increase in earlier retirement**. However, it is unclear why earlier retirement has risen. It is suggested that the impact of the pandemic on the labour market, including the furlough scheme and increased redundancies, could have prompted some people to consider earlier retirement. Other possible explanations include increased savings during the pandemic and the UK's pension flexibilities. The EAC **recommend better use of data to deepen understanding of labour market movements amongst the over 50s, as well as the reasons behind them**.

Research by the Resolution Foundation (Nov 2022)⁴² exploring intergenerational living standards across the UK found that it is **unlikely that older workers who have taken early retirement will ever return to the labour market**, with only 5-10% of retired people ever returning to paid work.

Dissatisfaction with work

Phoenix Insights (Nov 2022)⁴³ explored why there has been an increase in over 50s leaving the workforce, with a particular focus on retirement. Key findings include:

- In comparison to Germany and USA, people in the UK have significantly more **negative attitudes towards work** (both whilst working and when considering returning to work) and that negative views towards work have been changed more profoundly by the Covid-19 pandemic.
- The main reason for UK respondents leaving the workforce was because they did **not want to continue working** (25%).
- **Improving people's working lives** will go a long way to make them feel that staying in the labour market is the best choice for them.

The National Care Association (NCA) are a group of small and medium-sized care providers, which represent the views of their members and service users, and lobby government setting out to improve care. The NCA told the EAC⁴⁴ "We are seeing that people are leaving more because they are making a life choice to retire early, and they are deciding that **[work] is too stressful**." Please note that this quote focused on workers more generally, and not specifically on those working in the care sector.

Financial security

The ONS Over 50s lifestyle study (Sep 2022)⁴⁵ demonstrated that:

- Places where economic inactivity has risen most are more affluent areas (i.e., Chichester and parts of Devon and Surrey).

³⁸ [Phoenix Insights 'What is driving the Great Retirement?' \(Nov 2022\)](#)

³⁹ [IFS 'Is worsening health leading to more older workers quitting work, driving up rates of economic inactivity?' \(Oct 2022\)](#)

⁴⁰ [Lane, Clark and Peacock LLP 'The Great Retirement or the Great Sickness' \(Feb 2023\)](#)

⁴¹ [Economic Affairs Committee 'Where have all the workers gone?' \(Dec 2022\)](#)

⁴² [Resolution Foundation 'Intergenerational audit' \(Nov 2022\)](#)

⁴³ [Phoenix Insights 'What is driving the Great Retirement?' \(Nov 2022\)](#)

⁴⁴ Refer to Economic Affairs Committee

⁴⁵ [ONS Over 50s lifestyle study \(Sep 2022\)](#)

- However, there has been large increases in economic inactivity with similarly ageing but less affluent populations in places such as Preston and Mansfield.
- This demonstrates a level of **complexity in understanding the impact of financial security on local economic inactivity rates**.

More detailed research from the [IFS \(Nov 2023\)](#)⁴⁶ exploring trends in retirement in the UK found that:

- Wealthier people are more likely to remain in work beyond SPA for non-financial reasons.
- Around 1/3 of those working after SPA are doing so for financial reasons.
- Employment rates for people in their late 50s and early 60s are the highest for those with average levels of wealth.
- **Poorer people are more likely to be economically inactive**, but not retired.
- Wealthier people are more likely to be retired.

Adult education and skills

The [Learning & Work Institute \(L&W\) Adult Participation in Learning Survey \(Nov 2022\)](#)⁴⁷ demonstrated that:

- **As age increases, the participation rate drops** with the largest decline found in the 55-64 cohort.
- 54% of respondents aged 55-64 are more likely to learn for leisure or personal interest.

Therefore, given the relatively low uptake of learning within the over 50s, there is potential for increased participation and scope to engage this age group more effectively in learning opportunities which could lead to re-entering the workforce.

Recommendations

The [Resolution Foundation \(Feb 2023\)](#)⁴⁸ [explored how to increase workforce participation and made three main recommendations for helping over 50s return to work:](#)

- **Tailored employment support:** should be tailored towards the needs of older people, and work advisers should be trained to deal with the full range of older jobseekers, including those from managerial or professional backgrounds.
- **Age discrimination:** Whilst there is no evidence this has got worse; the importance of the problem will increase as the workforce ages. Age discrimination is the most common type of workplace discrimination, with 3.7 million people in the UK aged 18-65 reporting discrimination based on their age in 2022, with older workers aged 55-65 almost twice as likely to say they have experienced workplace discrimination than those towards the middle of their careers.
- **Focus on good work:** Overall, work has become more intense in recent decades, with the share of employees that “strongly agree” that their job requires they work “very hard” increasing from 30% in 1992 to 46% in 2017. This trend is especially pronounced for workers in lower-paid jobs which is concerning, given that older workers are more likely to be in low-paid jobs than middle-aged workers. The Resolution Foundation recommend that greater part-time opportunities should be available for people to get the benefits of work (particularly with part-time work considered to be less intense) without needing to be in the labour market for financial reasons.

[L&W \(Feb 2023\)](#)⁴⁹ explored how to support people into work and ensure they stay in work, calling for better support for people in their 50s and 60s. They recommend:

- The use of **mid-life reviews** (provided by JobcentrePlus) which support people to return to work, better understand opportunities to change jobs, negotiate appropriate working conditions, find appropriate training, and make realistic decisions about extending their working life.

An evidence review published by [The Centre for Ageing Better \(CAB\) \(June 2019\)](#)⁵⁰ set out several recommendations for supporting over 50s into work:

- **Improved employment practices:** This involves improved workplace health provision and flexible working practice, better access to training and development opportunities, overcoming age-bias in recruitment and shifting employer attitudes to older workers.

⁴⁶ [IFS ‘Understanding retirement in the UK’ \(Nov 2023\)](#)

⁴⁷ [L&W Institute ‘Adult participation in learning survey 2022’ \(Nov 2022\)](#)

⁴⁸ [Resolution Foundation ‘Post-pandemic participation’ \(Feb 2023\)](#)

⁴⁹ [L&W Institute ‘The UK’s shrinking workforce’ \(Feb 2023\)](#)

⁵⁰ [Centre for Ageing Better ‘Employment support for over 50s: rapid evidence review’ \(June 2019\)](#)

- *Effective employment support* for over 50s requires a wider change in the practices and attitudes of employers.
- *Return to work programmes* need access to enough 'good employers', who offer diverse, sustainable and flexible job opportunities to retain older workers across longer working lives.
- *Place-based interventions* must improve job-search, training activity and support, and work with employers to challenge age-bias and stereotypical attitudes towards older workers.
- **Motivational support:** Motivational, asset-based support to sustain people's engagement alongside support to develop more positive attitudes and expectations of job searching and employment amongst the over 50s.
- **Rapid response and early labour market engagement:** Rapid and responsive action helps reach older jobseekers recently made redundant or otherwise become unemployed to maintain motivation. Evidence suggests that work experience and job trials with guaranteed interviews have helped in maintaining labour market engagement with over 50s.
- **Mid (and later life) career review:** Evidence suggests that mid-life career reviews, which consider an individual's prospects in the context of their current situation and ambitions, can play a key role in opening perspectives, confronting challenges and signposting to services. This is more specialised provision than might be available through conventional job coach or personal advisor support, and capacity to provide this service would need to be built into integrated support provision.

The Work and Pensions Committee, as part of its inquiry into the government's Plan for Jobs and Employment Support (July 2023)⁵¹, provided recommendations on how to support people into work. Plan for Jobs (July 2020) is the government's plan to support people to stay in work and get back to work⁵². The key recommendation for over 50s was as follows:

- DWP to establish **a scheme which champions older workers and encourages employers to hire staff over the age of 50.**

This scheme should push to improve workplaces for older people by providing an **outcomes-based accreditation** to employers who can demonstrate that their workplace is welcoming and supportive of older workers. Employers who join the scheme should be required to publish staff data on over 50s employment within their organisation.

⁵¹ [Work and Pensions Committee 'Plan for Jobs and employment support' \(July 2023\)](#)

⁵² [HM Treasury 'A Plan for Jobs' \(July 2020\)](#)