

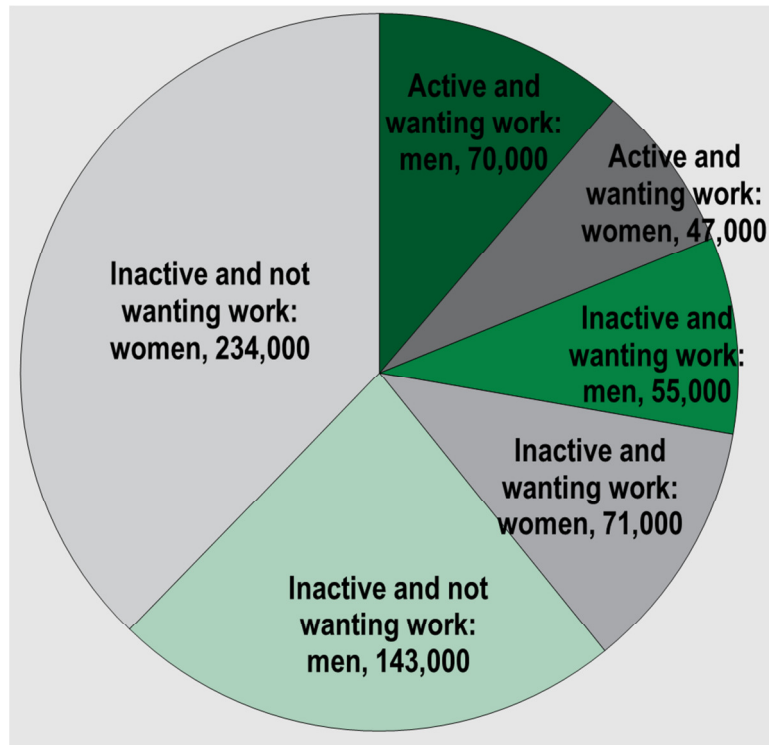
MONITORING POVERTY WALES: FURTHEST AWAY FROM WORK

NPI's 2013 *Monitoring Poverty and Social Exclusion in Wales* report has been asked to focus on two subjects: 'in-work poverty' and 'working-age people furthest from the labour market'. This note provides background information on the second of these.

If work is the route out of poverty, those 'furthest from the labour market' and therefore least likely – or able – to travel that gilded road are an obvious group of concern.

But who are they? Wales had some 620,000 working-age people not in work in 2012. 117,000 of them (two thirds men) are 'economically active', aka 'unemployed'. To be counted as such, someone must want work, be actively seeking it and ready to start straightaway. So this group is close to the labour market, not far away.

This leaves 500,000 (within which women outnumber men 3 to 2). One quarter of this group don't really count either since they are students. Later on we will be able to take this group out but not at the moment.



The key issue concerns the other split that is shown here, between the one quarter who report that they do want work and the three quarters who don't. As far as we know, neither policy nor practice makes any distinction between these two sub-groups – yet in reality whether someone wants work ought to make a big difference.

What does make the difference is whether someone is receiving social security benefits. It is benefit receipt, combined with work status, which attracts the attention of policy makers. In broad terms, just under half of those who are inactive are also sick and/or disabled. As a proportion of the non-students, this number would be much higher still, approaching 60%.

Many in this group have been the focus welfare reforms, chiefly around incapacity benefit (as was), disability living allowance (although that is not an out-of-work benefit as such) and income support for lone parents. Along with those who are unemployed and getting jobseeker's allowance, these are the people who have probably been bearing the brunt of the welfare cuts.

The question is this: are these high levels of economic inactivity the *cause* of Wales' much lower employment rate (67% compared with 71% for England, and with almost no difference in the unemployment rate), or are they the *consequence*? Both the overall stance of the Wales government towards those furthest from the labour market, and their detailed policies towards them, surely ought to depend upon the answer.

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