

Institute for Public Policy Research



BRIEFING



BUILDING COMMUNITIES THAT WORK

**THE ROLE OF HOUSING ASSOCIATIONS
IN SUPPORTING EMPLOYMENT**

**Joe Dromey, Charlotte Snelling
and Darren Baxter**

July 2018

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SUMMARY

60 SECOND SUMMARY

One in 10 people in the UK live in a housing association property. Supporting more housing association tenants to access employment and to progress in work will be vital to boosting the employment rate and tackling poverty.

Today, 10 years on from the Hill Review, there remains a strong link between housing tenure and employment status. Housing association tenants are twice as likely to be unemployed as the average, they are three times as likely to be inactive, and those who are in work earn less. As a result, housing association tenants are more likely to be in poverty and most rely on housing benefit.

Many housing associations provide employment-related support to tenants. We estimate the sector delivers support worth over £70 million a year, with over £60 million coming from housing associations themselves. However, national employment and skills policies have failed to engage effectively with housing associations. Recent developments – including the devolution of the Work and Health Programme and the adult education budget (AEB) – offer the opportunity to build more effective place-based employment and skills services. Housing associations should be seen as key partners in supporting this agenda.

KEY FINDINGS

While the UK has record high employment, there remain high levels of unemployment and inactivity in certain areas. There is a strong relationship between housing tenure and employment status; just four in 10 (42.2 per cent) housing association tenants are in employment. Unemployment among housing association tenants is twice as high as the average, and economic inactivity is almost three times as high. Supporting more housing association tenants to access work will be vital to increasing the employment rate.

Housing association tenants who are in work are more likely to be low paid. Weekly household income for housing association tenants is just over half the average for all tenures, and those who are in work earn far less than the average. As a result, one-third of tenants find it difficult to pay their rent, and three in five are on housing benefit. Supporting housing association tenants to progress will be vital to tackling in-work poverty and reducing the welfare bill.

Housing associations play a significant role in supporting tenants to access work. Many housing associations provide support to residents to enter, sustain and progress in work. Two in five provide dedicated employment and skills programmes, and one in three say supporting residents into work is a top priority. We estimate that the sector invests at least £60 million in employment-related services; equivalent to half the budget of the Work and Health Programme. At a time when public spending on such services is being cut, this represents an important contribution.

Devolution of welfare-to-work and skills policy could help build more effective place-based services that better support the hardest to help. The devolution of the Work and Health Programme, and the adult education budget (AEB) could help ensure support is better tailored to the needs of local communities and local economies, and better able to link up existing support.

Housing associations are well-placed to support residents to secure, sustain, and progress in work. They have a good understanding of their residents, many have experience of delivering employment-related support, and many want to do more. As organisations rooted in local communities, housing associations can be key partners in a place-based approach to work and skills.

KEY RECOMMENDATIONS

1. Making the Work and Health Programme work locally

Local areas should establish Work and Health Partnerships – bringing together key organisations including housing associations to oversee the Work and Health Programme and to integrate it into existing services to maximise impact. Providers on the programme should consider including housing associations in their supply chain and housing associations should be allowed to become Signposting Organisations so that they can refer tenants on a voluntary basis to the programme.

2. Commissioning employment and skills services on a local level

Future employment and skills services should be further devolved, and commissioned by local government, in order to support more effective place-based support. Housing associations should be key partners in shaping – and potentially delivering – successor programmes.

3. Supporting the transition to universal credit

The roll-out of universal credit has led to concerns about the impact on claimants. Pilots have found social housing tenants are more at risk, but that partnership-working with housing associations can help. If government proceeds with the roll-out, the Department for Work and Pensions (DWP) should work closely with housing associations to support their tenants and provide more flexibility around direct payments.

4. Adult skills devolution: The role of housing associations

As commissioners of the AEB, combined authorities and local government should work with housing associations to support residents to access training. Housing associations could consider becoming registered providers in order to access AEB funding.

5. Community wealth building

Housing associations are anchor institutions, with the ability to shape local economies and support inclusive growth. Many are looking at how they can use their investment – both on building and maintaining homes and on supporting communities – to benefit the local economy and support high quality employment and training opportunities. Local authorities should seek to work with housing associations and other anchor institutions to support and coordinate this work.

6. Funding employment and skills support at housing associations

A considerable portion of employment and skills support delivered by housing associations is funded by the European Social Fund (ESF). The end of access to ESF post-Brexit is a threat to housing associations. Government should ensure that the Shared Prosperity Fund, which will replace ESF, is in place soon and that it is accessible to housing associations to provide high-quality employment skills support.

1.

THE CHALLENGE

LOW LEVELS OF EMPLOYMENT AND HIGH LEVELS OF POVERTY AMONG SOCIAL HOUSING TENANTS

EMPLOYMENT, UNEMPLOYMENT AND INACTIVITY AMONG SOCIAL HOUSING TENANTS

The UK has seen strong and sustained employment growth in recent years. The employment rate stands at 75.6 per cent – the highest since records began in 1971 (ONS 2017). Unemployment stands at a record low of 4.2 per cent. Economic inactivity has decreased too,¹ falling to a record low of 21 per cent (ibid).

However, there remain high levels of unemployment and inactivity in some areas of the labour market. As the Hill Review highlighted in 2007, there is a particularly strong relationship between housing tenure and employment status (Hills 2007).

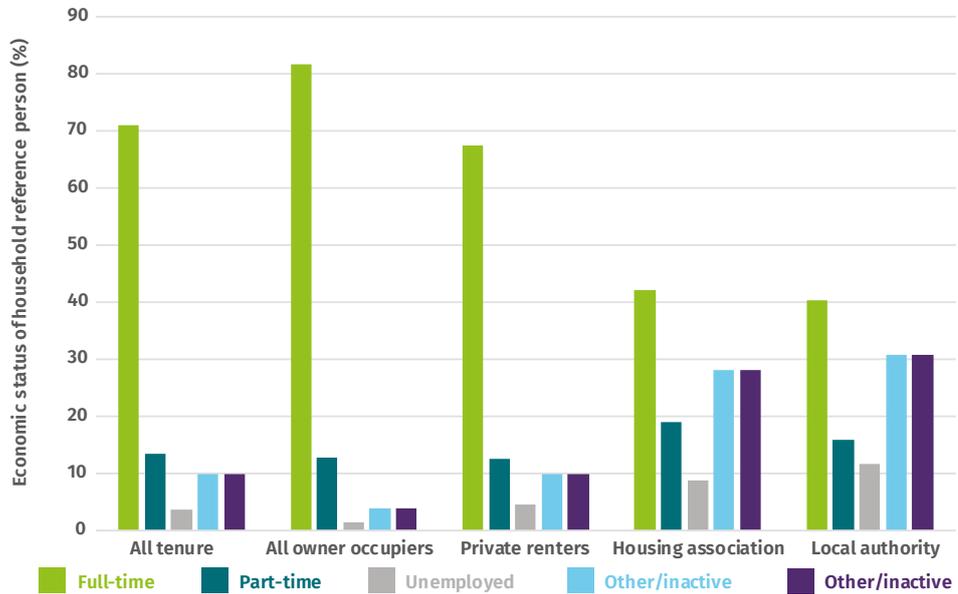
As figure 1.1 below shows, there remains a strong relationship. Both unemployment and economic inactivity are far higher among social tenants – both those living in housing association and local authority properties – than the average. According to the English Housing Survey, nearly one in 10 (8.8 per cent) housing association tenants were unemployed in 2015/16 and nearly three in 10 (28.2 per cent) were inactive. These figures were twice and nearly three times as high as the respective averages for all tenures.

Unemployment rose far higher and far more rapidly among housing association tenants following the financial crisis. As figure 1.2 shows, unemployment reached 15.7 per cent for housing association tenants in 2012/13, compared to just 5 per cent across all tenures. This suggests housing association tenants are more marginally attached to the labour market.

¹ Economic inactive adults are those who are not employed, but who do not meet the international definition of unemployment, as they have not been seeking work in the last four weeks, and/or they are unable to start work in the next two weeks. This could include adults who are long-term sick, who are studying, or who are caring for family.

FIGURE 1.1: ECONOMIC INACTIVITY AND UNEMPLOYMENT ARE FAR HIGHER AMONG HOUSING ASSOCIATION TENANTS

Economic status of household reference person by housing tenure, excluding retired (2015/16)



Source: IPPR analysis of DCLG (2017)

FIGURE 1.2: UNEMPLOYMENT PEAKED AT NEARLY 16 PER CENT AMONG HOUSING ASSOCIATION TENANTS

Economic status of household reference person by housing tenure, excluding retired (2008/09–2015/16)



Source: IPPR analysis of DCLG (2017)

Higher levels of inactivity in the social rented sector are driven in part by higher levels of disability. The latest English Housing Survey shows that in socially rented households, 17.2 per cent of the named tenants or their partner were disabled, compared to 5.9 per cent of owner-occupiers and 4 per cent of private tenants. Housing association tenants are also far more likely to be economically inactive as a result of caring responsibilities compared to private tenants and owner-occupiers (IPPR analysis of Family Resource Survey 2011/12–2014/15).

Part of the difference in unemployment and inactivity levels by tenure would be accounted for by compositional differences, including the higher levels of health and mental health conditions. However, even controlling for a range of factors including age, sex, ethnicity, region, and disability, household tenure is still significantly associated with employment status. If you are a housing association tenant, you are 76 per cent less likely to be employed than someone who is an owner-occupier (ibid). This reflects the findings of the Hill Review, which found that there is a substantial difference in employment rate between social housing tenants and those living in other tenures, even controlling for a wide range of personal characteristics (Hill 2007).

INCOME AND POVERTY AMONG HOUSING ASSOCIATION TENANTS

The UK has suffered from the longest stall in wage growth in over a century with median full-time gross weekly earnings remaining 4.7 per cent lower in real terms than the pre-crash peak (ONS 2017a). There has been a rapid increase in levels of in-work poverty, with the majority of people in poverty now being in a household with somebody in work (JRF 2017).

Where social tenants are in work, they earn half as much as those in owner occupation. Gross weekly pay for housing association tenants is £250, compared to £232 for local authority tenants, £348 for private renters, and £454 for owner-occupiers (IPPR analysis of FRS 2011–15). Housing association tenants are more likely to work part time, with nearly two in five (37 per cent) working less than 30 hours a week, compared to one in four private tenants and owner-occupiers (ibid).

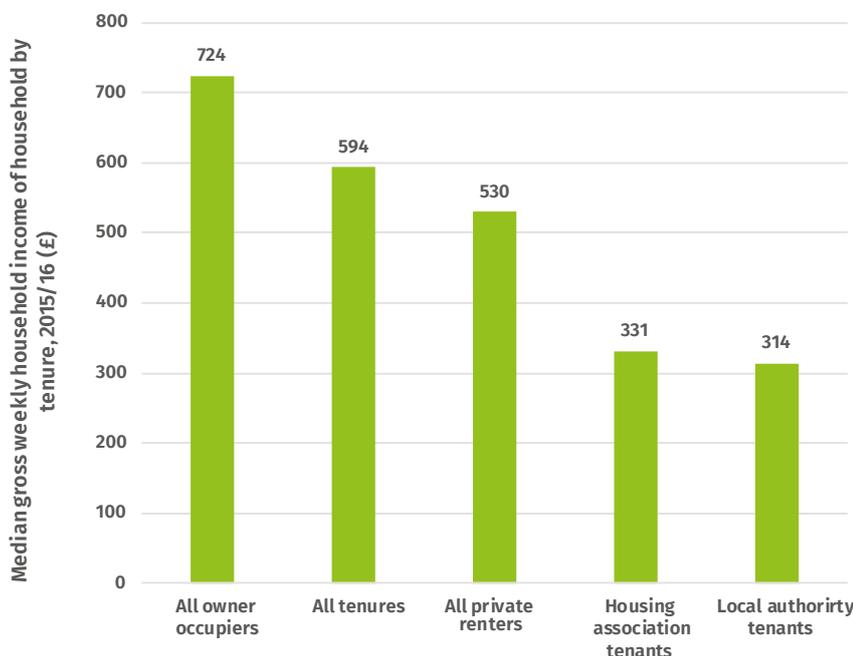
There is a significant gap in income by tenure. Median total household income of housing association tenants was £331 in 2015/16 – just above that of local authority tenants (£314), but well below private tenants (£530) and under half the figure for owner-occupiers (£724) (DCLG 2017).

As a result of these lower levels of employment, and the lower earnings of those who are in work, housing association tenants tend to have lower disposable incomes. Between 2011/12 and 2014/15, the average equivalised household income after housing costs for housing association tenants was £264 a week, in line with the average for local authority tenants (£263) but well below the average for private renters (£346) and owner-occupiers (£580) (IPPR analysis of FRS waves 2011/12–2014/15). Housing association tenants are more likely than both private tenants and local authority tenants to say that the find it difficult to pay their rent (34 per cent), with one in three finding it difficult to meet their housing costs (DCLG 2017). Three in five social tenants are on housing benefit (ibid).

However, while significant differences remain between groups, social renters are not necessarily less likely to have a history of at least some paid employment in the past. Three in four (74 per cent) housing association tenants report having done paid work at some point, compared to 81 per cent of owner-occupiers (IPPR analysis of FRS 2011–15).

FIGURE 1.3: WEEKLY HOUSEHOLD INCOME FOR HOUSING ASSOCIATION TENANTS IS JUST OVER HALF THE AVERAGE

Median gross weekly household income of household by tenure, 2015/16 (£)



Source: DCLG (2017)

HOUSING ASSOCIATION TENANTS: A KEY PRIORITY GROUP FOR DELIVERING A HIGH-EMPLOYMENT HIGH PAY ECONOMY

While employment levels have recently reached a record high, and while unemployment is at a historic low, both unemployment and inactivity remain high among social tenants. Supporting more social tenants into decent, sustainable work will be vital if we are further to increase the employment rate.

The government has set a target of supporting 1 million more disabled people into work over the next ten years (DWP/DH 2017). Given the concentration of adults with disabilities in social housing, supporting more social tenants to access work will be vital to achieving this goal.

While the employment rate has increased to a record high, we have seen a stall in wage growth and a rise in in-work poverty. Given that housing association tenants who are in work are more likely to be on low pay, supporting progression among this group will be vital to tackling in-work poverty.

Housing association tenants – and other social tenants – should therefore be a key priority group for employment and skills policy. In the next chapter, we go on to examine the work housing associations currently play in providing employment and skills-related services.

2.

THE CURRENT PICTURE

THE ROLE OF HOUSING ASSOCIATIONS IN PROVIDING EMPLOYMENT-RELATED SERVICES

Housing associations exist to provide social and affordable housing for those in need. They operate on a non-profit-making basis; any trading surplus is used to maintain existing homes and finance new homes. Housing associations manage 2.5 million homes – more than all local authorities combined – and one in 10 people in the UK live in a housing association property (IPPR analysis of DCLG 2017).

Throughout their history, housing associations have played a key role not just in managing housing stock, but in shaping communities. In recent years, many have taken an active role in providing support to help social tenants secure, sustain, and progress in work. This work benefits not just residents and their communities, but housing associations too, as it provides more reliable rental income in order to re-invest in housing and services for tenants.

A survey of housing associations in 2011 by HACT Found that nine in 10 (88 per cent) were providing some form of help to their residents in finding work, with the proportion of providers providing such support increasing (Gardiner and Simmons 2012). A more recent study by the National Housing Federation found that four in 10 (39 per cent) housing associations were providing employment and skills support, with a further three in 10 (28 per cent) planning to do so in the future. One in three housing associations (32 per cent) said they saw employment, education or training services as a top priority for the organisation (NHF 2014).

WHAT ARE HOUSING ASSOCIATIONS DOING TO SUPPORT EMPLOYMENT?

There are a number of approaches which are being adopted by housing associations to support tenants into work. These include providing employment opportunities, providing universal services which support access to employment, and providing dedicated programmes to support employment (Rallings and Coburn 2012).

Direct employment opportunities

One way in which housing associations support employment is through providing access to opportunities created through their core business of house building and housing management. Nationally, the housing association sector creates £6.7 billion in GVA and supports 145,000 full time equivalent jobs, meaning that they are significant local employers in their own right (NHF 2017).

Between 2014 and 2017, housing associations employed over 12,000 apprentices in England. This represents an apprenticeship employment rate three times higher than the average for the whole economy (Schiefferes and Thorold 2017).

Many housing associations use these employment and training opportunities to support their residents to access and progress in work. A survey of housing associations found seven in ten offered work experience or apprenticeships within the organisation, and that one in four had some jobs that were specifically targeted at workless residents (Gardiner and Simmons 2012). For example, Midland Heart, a large West Midlands based housing provider, have set a target for 10 per cent of their staff to be residents (Rallings and Coburn 2014). Given that housing associations frequently operate in deprived communities, this can have a significant impact in supporting individuals into employment and training (ibid).

Anchor organisations

As significant employers, trainers, service providers and investors in local communities across the country, housing associations are increasingly recognising their role as anchor institutions, with the power to support inclusive local growth (Schiefferes and Thorold 2017).

Many housing associations are thinking creatively about how they can use their procurement processes – both through building homes and through housing maintenance and community services – to maximise local spending and boost demand in the local economy. This involves thinking not just about cost, but also about social value, through the creation of high quality employment and training opportunities for residents. A survey in 2015 found that one in three housing associations were accredited living wage employers, meaning that they both paid their own staff the voluntary living wage, and that they required their subcontractors to do the same (Kelly 2015).

This approach is akin to the community wealth building approach promoted by organisations such as the Centre for Local Economic Strategies (CLES), which seeks to grow and develop the resilience of local economies by supporting investment in locally-owned businesses and cooperatives in order to support high quality employment and training opportunities (Jackson and McInroy 2017).

Universal services

Many housing associations are also providing universal services to their residents and wider communities, which can help people to overcome barriers to work, and to secure employment. In their survey of housing associations, HACT found that seven in 10 were offering money advice, seven in 10 were providing referrals to other organisations, and one in 10 were providing support with childcare (Gardiner and Simmons 2012).

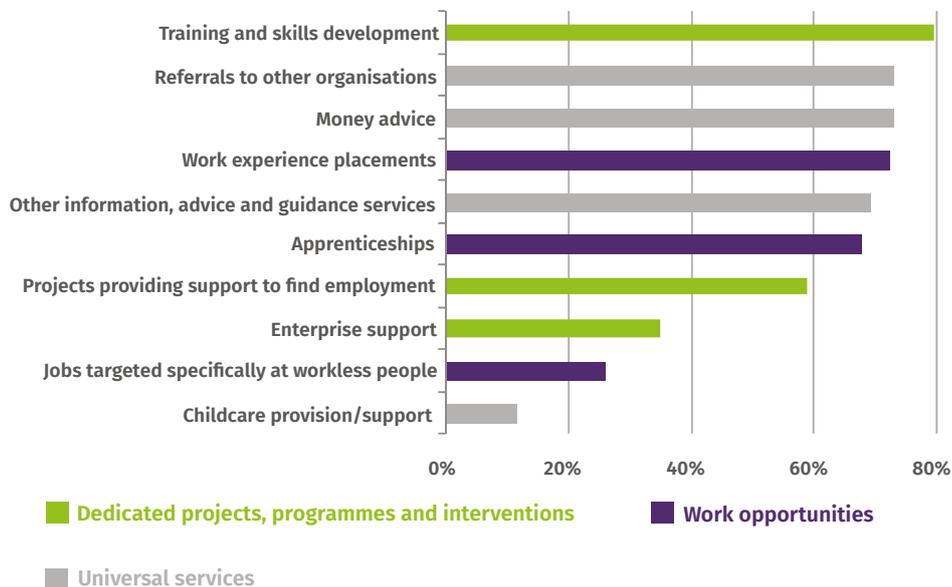
Dedicated programmes

Finally, many housing associations are investing in dedicated programmes to support their tenants to upskill and to enter work.

A report by the Centre for Economic and Social Inclusion found that eight out of 10 housing associations were providing training and skills development support, and six in 10 were providing projects to support tenants to find employment (ibid).

FIGURE 2.1: HOUSING ASSOCIATIONS PROVIDE A MIX OF UNIVERSAL SERVICES, WORK OPPORTUNITIES AND DEDICATED PROJECTS TO SUPPORT EMPLOYMENT

Proportion of housing providers offering various interventions (2012)



Source: Gardiner and Simmons (2012)²

A recent survey of housing associations by the National Housing Federation found that 39 per cent were offering formal programmes for supporting tenants into work and training, with a further 28 per cent planning to do so in the future (NHF 2014). These programmes are typically run by partnerships between housing providers and other organisations, such as colleges and training providers, Jobcentre Plus, local authorities, and providers of DWP-commissioned employment programmes (Rallings and Coburn 2014).

The nature of the schemes run by housing associations is varied, with providers opting for a range of models and funding approaches. For some, new institutions are set up in-house, while others take an arm’s length approach and make grants to local schemes. Two case studies demonstrating these approaches are set out below.

Case studies

Love London Working

Love London Working is a partnership between 16 housing associations to support Londoners to progress into work. The programme aims to support 21,000 long-term unemployed and inactive Londoners, and to help 6,300 into employment over three years.

Participants receive an individual assessment on starting the programme, followed by tailored support to overcome barriers. This includes:

- counselling and support for mental health and family issues
- health and lifestyle advice

² Inclusion survey of housing providers, 2011; base = 112 (bases do not equal the total number of survey respondents – 136 – because not all respondents answered all questions).

- well-being workshops
- financial advice and 'better off in work' calculations
- support to improve confidence, self-esteem and motivation
- childcare, including access to mobile crèches
- basic skills, IT and ESOL training.

After starting work, participants receive mentoring for 26 weeks to help them manage the transition into, and sustain, employment.

Love London Working is funded by the ESF, which is match-funded by participating housing associations. The total budget for the three-year programme is £13.3 million (Love London Working 2017).

The L&Q Job Ready Service

L&Q provide employment support funded through the associations charitable arm, the L&Q Foundation. The foundation invests in a range of projects to support both their own residents and the communities in which they operate. The foundation focusses on supporting work which challenges disadvantage and a lack of opportunity. Some programmes are delivered in house and others are commissioned out. The programmes cover a number of areas: employment and skills; financial inclusion; positive futures for young people; and, strengthening communities.

Employment and skills programmes are provided through an in house job brokerage service called JobReady (L&Q Group 2017). The JobReady service provides a tailored approach through which staff work with residents to identify specific barriers to employment and devise strategies to overcome them. These may include low level mental health problems, a lack of affordable childcare or physical disability.

In 2016/17 L&Q invested around £3 million in employment and skills programmes, including JobReady, and the scheme itself placed 451 people into paid work (L&Q Group 2017).

HOUSING ASSOCIATION INVESTMENT IN EMPLOYMENT-RELATED SERVICES

With many housing associations delivering employment and skills services, the sector as a whole accounts for a significant proportion of total investment in this area. While it is not possible to calculate the full extent of the spending on employment and skills training by housing associations, we can provide an estimate for the total investment from the sector by looking at investment by some of the largest registered providers.

We conducted a survey of the 10 largest housing associations who are members of the Give us a Chance group. Between them, these housing associations invested £18.3 million last year in employment-related services. Most of this money – around £15.9 million – was invested by housing associations themselves, with the remainder coming from other sources of funding, particularly ESF. If this figure were to be representative across the sector, scaling it up suggests that housing providers spent £76.9 million on employment and skills related support in 2016/17,

of which £66.9 million came from housing associations themselves (IPPR analysis based on DCLG 2018).³

This represents a significant investment from the sector, particularly given the fact that public investment in employment-related services has recently been reduced. For example, this contribution would be equivalent to half the total budget (£130 million) for the Work and Health Programme in 2019/20 (Mirza-Davies and McGuinness 2016).

FUNDING INVESTMENT IN EMPLOYMENT AND SKILLS

Much of the funding for employment and skills support delivered by housing associations comes from housing associations themselves, with three-quarters using both internal and external funding to provide these projects (Rallings and Coburn 2014).

In recent years, housing association budgets have come under pressure from the government's policy of reducing rents in social housing. In the 2015 Summer Budget, the chancellor announced a plan to reduce social rents by 1 per cent a year for four years from 2016/17. The intention was to reduce housing benefit spending. However, the measure has had a significant impact on housing associations, both limiting their ability to build, and putting pressure on organisation budgets, including support for employment (Wilson 2017). The National Housing Federation have estimated that the policy would have reduced housing association budgets by £3.85 billion by 2019/20 (ibid). Following growing concern about the impact of the policy, the government announced a U-turn in November 2017, with a five-year settlement for social rents limiting permitted rent increases in social housing to CPI plus 1 per cent (Gov.uk 2017). This has eased the growing financial pressure on housing associations.

In addition to internal funds, the ESF is a major source of funding for this activity. Part of the European Structural and Investments Funds (ESIF), the ESF aims both to help people who have difficulties finding work, and to improve the skills of the workforce (ESFA 2018). It provides around £500 million a year to support investment in employment and skills support across the UK. It is particularly focused on more deprived communities, and it helps fund programmes for people who are poorly served or neglected by mainstream provision, including disabled people, the long-term unemployed, and those who face multiple barriers to work (Work and Pensions Committee 2018).

A small number of housing associations have accessed funding through DWP-commissioned welfare-to-work programmes, such as the Work and Health Programme. However, their involvement in such programmes has been limited, including by the large size of the contract package areas in DWP-commissioned programmes.

Having examined the employment-related support provided by housing associations, in the next chapter we will also highlight key policy developments in the area of welfare, welfare-to-work, and adult skills which will shape this work in the coming years.

3 There are a number of reasons to expect that the sector's total investment may differ from this estimate. First, Give Us a Chance is a consortium of housing associations who provide employment-related support. Their members may not be representative of the whole sector, and we might expect that they would be more likely to invest in employment-related services than the average for the sector. However, from the annual reports of other housing associations, it is clear that many non-members also invest heavily in this area. Second, our survey focused on the 10 largest housing associations. These may be more likely to invest in employment-related services than smaller organisations, which may also lead to some variance.

3.

EMERGING POLICY DEVELOPMENTS

In this chapter, we examine the key developments in welfare and welfare-to-work policy, and set out how they will affect housing associations and their tenants.

THE WORK AND HEALTH PROGRAMME AND THE PERSONAL SUPPORT PACKAGE

The Work Programme was introduced in 2011 as the primary welfare-to-work programme, designed to tackle unemployment in Great Britain. It was commissioned by DWP across large contract package areas, with the programme being managed largely by large private service providers. Despite the work of housing associations set out above, their involvement in the Work Programme was limited, largely due to the scale of the contract package areas and the financial risk involved for providers in delivering the payment by results programme (NHF 2014).

The Work and Health Programme is the successor to the Work Programme, and is set to be the main DWP-commissioned 'welfare-to-work' programme. It will be smaller and more targeted than the Work Programme, with a far smaller budget. The Work and Health Programme is set to have a total lifetime cost of £554 million, compared to the Work Programme which cost DWP £2.2 billion by December 2015 (Mirza-Davies and McGuinness 2017).

The programme will be focused on the hardest to help; on those who have been unemployed for two years or more, and on those who have a work-limiting health or mental health condition on a voluntary basis (Mirza-Davies and McGuinness 2017). This is a group who were relatively poorly served by the Work Programme; while job outcomes for JSA claimants were relatively strong, they were far lower among those on incapacity benefits.

The Work and Health Programme will be more devolved than previous welfare-to-work programmes. In England, the government has agreed to co-design the programme with local areas in a number of city-region areas. In Greater Manchester and London, the programme is being locally commissioned, with local government being able to shape strategy and service design, manage provider relationships, and review service provision (Mirza-Davies and McGuinness 2017).

In the Green Paper on work and health, the government also pledged to introduce a Personal Support Package for people claiming ESA, or those on universal credit as a result of a health condition. This aims to provide more tailored employment support through Jobcentre Plus, including a new health and work conversation with a work coach, focused on what individuals can do, rather than what they can't (Mirza-Davies and McGuinness 2017).

As we set out in chapter 1, both unemployment and inactivity are far higher among housing association tenants, due in part to the far higher levels of work-limiting health and mental health conditions among this group. Given this, housing associations should be seen as key partners in the Work and Health Programme.

DEVOLUTION OF THE ADULT EDUCATION BUDGET

The adult education budget (AEB) is the main budget for publicly funded adult learning. It aims to engage adults in learning, and provide them with the skills they need for work, for an apprenticeship, or for progression on to other learning (ESFA 2018).

The government is planning to devolve the AEB – subject to readiness conditions – to local government through devolution agreements. It is hoped that the devolving budgets and commissioning to local areas will ensure that colleges and other training providers are more focused on responding to local economic priorities, and that this improves the quality and impact of provision (DfE 2016). However, the AEB has been cut significantly in recent years; by 2020, government investment in the adult skills budget will be roughly half what it was in 2010 in real terms (Dromey and McNeil 2017).

Again, given many housing associations are already involved in providing skills support, and many housing association tenants are either out of work or on low income, housing associations should be seen as key partners in supporting tenants to access training to progress into work and to progress in work.

UNIVERSAL CREDIT

Universal credit was introduced in 2013 to replace six existing benefits and tax credits for the unemployed and those in work on low pay. The government's aim was to simplify the benefits system, to make work pay, and to combat worklessness and poverty (DWP 2010). The government hope that universal credit will encourage those in work but in receipt of benefits to increase their hours and earnings. This would be delivered by a smoothed taper rate, so that people keep more of their income as they increase their hours (ibid).

Universal credit will place more responsibility on claimants to manage their finances. Payments are made monthly and new claimants have to wait up to five weeks to receive their first payment. The housing element of the payment goes directly to tenants, rather than landlords to landlords. This has helped contribute to an increase in arrears among claimants in areas where universal credit has been rolled out. Ahead of the introduction of universal credit, three in five (61 per cent) housing associations expected their employment and skills support to increase as the new benefit was rolled out (National Housing Federation 2014).

A recent report by the National Audit Office found that the roll-out of universal credit had been beset with problems, with significant delays and widespread evidence of a negative impact on many claimants. However, they have argued that there is no practical alternative but to continue with the roll-out (NAO 2018).

In response to the concerns about the impact on recipients, government has piloted a programme – Universal Support Delivered Locally – which has aimed to support people with the transition to universal credit. The evaluation of the pilots found that housing tenure was a strong predictor of the need for support with personal budgeting, and that partnership-working with housing associations was effective in providing outreach and support for the hard-to-engage (DWP 2016b).

As we set out in chapter 1, housing association tenants are more likely to be out of work, and those who are in work are more likely to be on low incomes and reliant on in-work benefits to make ends meet. Housing association tenants are more likely to struggle to afford their rent, and they are more likely to struggle to adapt to the change to universal credit. Given this, housing associations should be seen as key partners in ensuring the smooth roll-out of universal credit.

Having examined the key developments in welfare-to-work and adult skills, in the next chapter we set out why housing associations are well-placed to support people to progress into work, and to progress within work.

4.

THE CASE FOR HOUSING ASSOCIATIONS SUPPORTING EMPLOYMENT

Having set out the key policy changes that will affect welfare and welfare-to-work, in this chapter we demonstrate why housing associations are well-placed to support their residents to access decent work.

HOUSING ASSOCIATIONS ACCOUNT FOR A SIGNIFICANT PROPORTION OF THE 'HARD TO HELP'

With unemployment having halved in the last six years, and with economic inactivity at a historic low, welfare-to-work policy has shifted towards supporting the 'hard to help'.

The Work and Health Programme will be smaller than its predecessor, and it will be focused on adults who face additional barriers to work, particularly those with work-limiting health and mental health conditions. While the Work Programme performed well with those closer to the labour market, outcomes were far poorer among adults with health and mental health conditions.

As set out in chapter 1, housing associations tenants, and social tenants in general, are far more likely to be both unemployed and economically inactive than the national average. Levels of economic inactivity as a result of health conditions or disabilities are also far higher among housing association tenants. Given this, the Work and Health Programme should seek to engage with housing associations in order to support their tenants into decent and sustainable employment.

HOUSING ASSOCIATIONS HAVE AN UNDERSTANDING OF AND TRUSTED RELATIONSHIPS WITH THEIR TENANTS

Many housing associations already have a detailed understanding of their tenants, their employment situation and their needs.

Housing associations also often have existing and trusted relationships with their tenants, and regular interactions with them. This can be particularly the case with the 'hard to reach' tenants who have been poorly served by previous welfare-to-work programmes.

Evidence from the pilot areas for universal credit have shown that social housing tenants are more vulnerable to experiencing difficulties with the transition, but that partnership working with social landlords was effective at supporting people with the process (DWP 2016b).

HOUSING ASSOCIATIONS CAN BE KEY PARTNERS IN A PLACE-BASED APPROACH TO WORK AND SKILLS

The government is seeking to devolve powers around employment and skills to ensure that services better meet the needs of local communities and local economies. As we set out in chapter 3, the Work and Health Programme will be

co-commissioned in a number of areas, and the AEB is also set to be devolved to local government.

As important anchor institutions, housing associations can be key partners in a place-based approach to employment and skills. By their very nature, they tend to be focused on local communities and most operate in specific local areas – often those with higher levels of deprivation. Many have a good understanding of the local labour market, and strong existing relationships with key public and private sector organisations (NHF 2014).

HOUSING ASSOCIATIONS HAVE EXTENSIVE EXPERIENCE OF EMPLOYMENT-RELATED SUPPORT

As we set out in chapter 2, housing associations are already significant providers of employment-related services.

A recent survey found that four in 10 (39 per cent) housing associations currently offer employment and skills support, with a further three in 10 (28 per cent) planning to do so in the future. One in three (32 per cent) housing associations see employment, education or training services as a top priority for their organisation (NHF 2014). There also appears to be a willingness among housing associations to build on this work; as the NHF have made clear: “with the right conditions the sector has the capacity and the appetite to do more” (NHF 2014).

Given this extensive experience, the investment housing associations make in this area, and their willingness to do more, housing associations should be seen as key partners in delivering employment and skills support. In the next chapter, we set out recommendations for national and local government that could help maximise the impact of housing associations, and support more effective place-based employment support services.

5. BUILDING COMMUNITIES THAT WORK

RECOMMENDATIONS FOR PUBLIC POLICY

More than just building houses, housing associations have always focused on building communities that work. As we have shown in chapter 2, many housing associations already provide extensive support to residents to improve their skills, to address barriers to work, and to move into sustainable employment. However, existing welfare-to-work and adult skills policy do not sufficiently engage with housing associations to support and maximise the impact of this work.

Recent changes to adult skills policy and to welfare-to-work policy, including greater devolution, offer the opportunity to develop more effective place-based employment support. In this chapter, we set out how national government and local government can build on these changes, in order to work with housing associations more effectively to support upskilling, employment and progression.

MAKING THE WORK AND HEALTH PROGRAMME WORK LOCALLY

The Work and Health Programme is in its early stages, and it is too early to draw conclusions on performance. However, previous programmes – such as the Work Programme – have largely failed those furthest from the labour market as they have neither been sufficiently tailored the support available to local conditions, nor have they sufficiently coordinated the other local services to provide people with the support they need to overcome barriers, progress into work, and sustain in employment (Davies and Raikes 2014). There is some hope that the Work and Health Programme may do better in this regard, as it is more focused on those further from the labour market, and it is more tailored to local economies.

Given the extensive work of housing associations in delivering employment-related services, and the strong links they have with their tenants, providers of the Work and Health Programme should work with housing associations as key partners in making the programme work locally.

First, local housing associations should be included on Work and Health Partnerships. Convened by the combined authority or local authorities in the contract package area, Work and Health Partnerships should bring together local government, the local provider of the Work and Health Programme, Jobcentre Plus, housing associations, local NHS providers and skills providers. These Work and Health Partnerships should have strategic oversight of the Work and Health Programme, ensuring there are sufficient referrals, and coordinating support from key local services to maximise the impact of the Work and Health Programme.

Second, given the extensive experience of many housing associations in this area, Work and Health Programme providers should consider involving housing associations as subcontractors in delivering the programme locally.

Third, given their understanding of and close relationships with their tenants, housing associations should also be able to refer individuals to the Work and Health Programme. Currently, in order to ensure accessibility for eligible individuals, DWP can designate organisations as ‘signposting organisations’ (SOs). These organisations are able to signpost individuals who they think would benefit from the Work and Health Programme to DWP, where a final decision is made on whether they are referred onto the programme (Gov.uk 2018). DWP should ensure that housing associations are able and encouraged to become SOs, so that they can use their existing relationships with their tenants to refer eligible individuals to take part in the Work and Health Programme on a voluntary basis.

COMMISSIONING FUTURE WELFARE-TO-WORK PROGRAMMES ON A LOCAL LEVEL

IPPR have previously called for welfare-to-work provision for those furthest from the labour market to be commissioned at a local level, in order to ensure that support takes account of local labour market conditions and the needs of local jobseekers (Davies and Raikes 2014).

The Work and Health Programme is a step forward in this regard, as it will be more devolved than previous programmes, with local co-design in a number of areas and fully devolved commissioning in Greater Manchester and London (Mirza-Davies and McGuinness 2017). However, in many areas it will still be commissioned centrally by DWP, and the contract package areas are very large. The payment-by-results model also places significant risk on prime contractors. Therefore, while some housing associations have got involved as subcontractors in the Work and Health Programme, their involvement has been limited.

In the future, successor programmes to the Work and Health Programme should be commissioned at a local level and led by local government in order to ensure that support is better aligned to the needs of local jobseekers and employers, and better integrated into local services. Commissioning should take place either at a combined authority or LEP-level, as these represent the closest administrative geographies to local labour markets (Davies and Raikes 2014).

Housing associations should be seen as key partners in this place-based approach. Local housing associations should be involved in the process of service design, and potentially involved as partners in delivery of locally commissioned welfare-to-work services, either as prime providers or through working in partnership as subcontractors. Keeping contract package areas small would support housing associations to be able to do so.

SUPPORTING THE TRANSITION TO UNIVERSAL CREDIT

The roll-out of universal credit has been beset with difficulties and that a significant number of claimants have experienced hardship. Landlords, local authorities and housing associations in areas where universal credit has been rolled out have seen an increase in rent arrears (NAO 2018). This is due to a combination of factors, including the wait of five weeks for the first payment - with many claimants facing far longer waits as a result of delays in payments - the need for recipients to have to budget across monthly payments, and the payment of the housing element direct to claimants, rather than to landlords.

In the trials of Universal Support Delivered Locally, housing associations tenants were more likely to struggle to manage their payments, and housing associations proved to be important partners in supporting their tenants to adapt (DWP 2016b).

There are clearly flaws in the design and in the delivery of Universal Credit that urgently need to be addressed. However, if the government proceeds with

the roll-out of universal credit, housing associations should be seen as crucial partners in supporting the transition and in minimising the negative impact on their tenants. Jobcentre Plus and local authorities should work with social housing providers to triage benefit recipients, to identify those who may struggle to make the transition, and to provide support for them to manage the change. DWP should allow greater flexibility for housing payments as part of universal credit – with the option for payments to go direct to landlords for those claimants who want to do so and who may struggle to manage their budget.

MAKING THE MOST OF ADULT SKILLS DEVOLUTION

The devolution of the AEB offers the opportunity to tailor adult skills support to the needs of local communities and local economies. In order to take advantage of these opportunities, local areas should adopt a more strategic approach to commissioning which is more focused on supporting employability, entry to employment, and progression in work.

Housing associations are well-placed to support this agenda, and to support more of their residents to access education and training. Following devolution, local government and skills providers should work with housing associations to engage their residents in learning.

Post devolution, housing associations could be well-placed to deliver adult skills support, funded through the AEB. Combined authorities should work with local housing associations, and with Give Us a Chance who represent housing associations that provide employment-related support, to explore this possibility. In order to access AEB funding, housing associations would have to register with the UK Register of Learning Providers and apply to join the Education and Skills Funding Agency (ESFA)'s Register of Training Organisations.

COMMUNITY WEALTH BUILDING

There has been a growth in interest in community wealth building approaches which seek to maximise the social value of investment by public bodies and other anchor institutions. Such approaches seek both to increase the proportion of spending that is invested locally so that it boosts demand in the local economy, and to ensure that this investment promotes good quality training and employment opportunities for local people (Jackson 2017).

Given that the sector generates £6.7 billion in GVA and supports 145,000 full-time equivalent jobs, housing associations can be vital anchor institutions in their local economy (NHF 2017). Many are already thinking creatively about how they can use their procurement to deliver maximum social value, in terms of both employment and training opportunities, and how they can support residents to access these opportunities (Rallings and Coburn 2014, Jones 2015).

As housing associations are focused not just on building homes, but on building communities, they should seek to maximise the impact of their spending in order to support inclusive local growth. This should include delivering high quality local employment and training opportunities, both through house-building and through the ongoing services they provide.

Local authorities should seek to work with housing associations and with other local anchor institutions to support and coordinate this work, in order to maximise the social impact of their investment in the local economy.

FUNDING EMPLOYMENT AND SKILLS SUPPORT

As we set out in chapter 2, the ESF has been a significant source of funding for housing associations. Because of its focus on more deprived communities, and on providing support for people who have been poorly served by mainstream provision, ESF has been effectively used by many housing associations to provide employment-related support.

The government's Brexit white paper pledged that all ESIF projects with funding agreements that were in place before the Autumn Statement 2016 would be fully funded, even if the projects continue beyond the date at which the UK leaves the EU (HMG 2017). The Conservative manifesto for the 2017 general election pledged to introduce a United Kingdom Shared Prosperity Fund as a successor to the ESF. The Shared Prosperity Fund would aim to reduce inequalities between communities and across regions, to support inclusive growth, and to be more targeted (Conservative Party 2017). The government is currently consulting on the design of the Shared Prosperity Fund, but the details are yet to be confirmed. The Work and Pensions Select Committee has warned that a gap between ESF finishing and the Shared Prosperity Fund starting could be "potentially disastrous" for providers and communities (Work and Pensions Committee 2018).

The end of access to ESF is a major threat to the employment and skills work carried out by housing associations. Government should ensure the Shared Prosperity Fund is put in place soon, to make sure that there is no gap between the end of ESF and the successor programme. The Shared Prosperity Fund should retain a focus on supporting access to employment for disadvantaged groups, and it should include a strong place-based focus, investing in local programmes which provide wrap-around support to help people overcome barriers and progress into sustainable employment.

Government should also consult with housing associations on the design and roll-out of the Shared Prosperity Fund, so that it can replace ESF in supporting effective employment and skills interventions after Brexit.

Where possible, the Shared Prosperity Fund should lever-in match-funding from other organisations. This would maximise the impact of the fund and encourage housing associations and other organisations to invest in employment and skills support.

6. CONCLUSION

Housing associations already play a vital role in supporting their tenants to access sustainable and decent employment, and thereby in tackling deprivation in some of our most deprived communities. However, public policy has traditionally failed effectively to support this work, and to maximise the potential of housing associations as key partners in building communities that work.

With partial devolution in both welfare-to-work and adult skills, local areas have the opportunity to build more effective and better integrated place-based services to support those furthest from the labour market to progress into work. Housing associations could be key partners in delivering on this agenda.

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APPENDIX 1

SPEND ON EMPLOYMENT-RELATED SERVICES AMONG THE LARGEST HOUSING ASSOCIATIONS

TABLE A.1

Table summarising the annual spend on employment support programmes for each of the ten largest members of the Give us a Chance group and the estimated total spend of the sector

	Number of homes	Total spend on employment-related services
Clarion	125,000	£7,830,000
L&Q	90,000	£5,000,000
Guinness	60,000	£200,000
Sovereign	55,000	£366,000
Hyde Housing	49,999	£320,000
Optivo	44,000	£704,000
Orbit	39,000	£454,000
Metropolitan	38,000	£2,120,000
Genesis	33,000	£275,000
Thirteen	32,000	£1,000,000
TOTAL	565,999	£18,269,000
Estimated sector-wide total	2,381,000	£76,852,589

Source: IPPR analysis (2018)

Note: The estimated sector-wide total has been calculated by scaling up the total investment made by the housing associations mentioned above, in proportion to their share of all housing association properties.

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The background of the page is composed of several overlapping geometric shapes. A large teal shape occupies the right side and top right corner. A lime green shape is on the left side and bottom. A white shape is in the top left corner, containing the text. The shapes are solid colors and have sharp edges, creating a modern, abstract design.

