

Working in 21st Century Rural England: A Scoping Study

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This scoping study was commissioned by the Commission for Rural Communities (CRC) as part of its work on rural disadvantage, access to services, and rural economies. It informs the development of the CRC's broader programme of work on 'Working in 21st Century Rural England'. This broader programme of work aims to:

- Identify the most vulnerable rural groups and describe and evaluate their current pathways into work
- Identify gaps in employment and skills service provision and barriers to equitable participation for vulnerable rural groups in and out of work
- Demonstrate potential to increase economic performance of rural businesses through employer engagement with recruitment, retention and skills training and support programmes.
- Assess the extent to which Government's strategies recognise and operate in ways that address rural circumstances, so they bring real benefit to those with the greatest needs in rural areas;
- Demonstrate best practice and provide guidance to inform policy development and service deliver.

The scoping study was undertaken by the Institute of Employment Studies between June and September 2008. The Institute of Employment Studies (IES) is an independent, apolitical, international centre of research and consultancy in public employment policy and organisational human resource issues. It works closely with employers in the manufacturing, service and public sectors, Government departments, agencies, and professional and employee bodies. For 40 years the Institute has been a focus of knowledge and practical experience in employment and training policy, the operation of labour markets, and human resource planning and development. IES is a not-for-profit organisation which has over 60 multidisciplinary staff and international associates. IES expertise is available to all organisations through research, consultancy, publications and the Internet.

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Views expressed in this report are not necessarily those of the Government Departments and organisations represented in the project steering group.

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1 Introduction

The 2007 Public Service Agreements (PSA) place skills development and training at the centre of the welfare reform agenda and the Government's strategy to raise the productivity of the UK economy and maximise employment opportunity for all. A more productive economy and increased employment rates are expected to meet a number of important targets around reducing child poverty, tackling social exclusion and promoting greater independence and wellbeing in later life.

In order to meet these targets, the Government is radically reforming the current benefit system and employment and skills services. The newly established UK Commission for Employment and Skills (UKCES) will play a critical role in securing for the UK the ambitions of achieving a world class profile on skills by 2020 and the aspiration of an 80% employment rate. UKCES will research, evidence and identify key issues before making recommendations to Government on how to simplify employment and skills system in England in April 2009.

The Government's commitments to increase employment and skill levels present a real opportunity to improve the economic wellbeing of rural communities, and generate opportunities for everyone to actively engage and benefit from employment. However, unless policies and programmes recognise and operate in ways that address rural circumstances they are unlikely to bring real benefit to those with the greatest needs in rural areas

In order to feed into this process, the Commission for Rural Communities (CRC) commissioned IES to undertake a scoping study to identify the rural groups that find it most difficult to move into, remain and progress in employment and describe and to evaluate their current pathways into work.

This scoping study included a review of both existing quantitative and qualitative evidence and information. The research team also undertook a stakeholder consultation, which consisted of 14 confidential interviews with key individuals whose expertise and experience usefully informed the study. Interviewees were

drawn from relevant government departments, non-governmental organisations (NGOs), employment agencies, skills service providers, and employer networks and umbrella organisations.

Chapter 2 of this study outlines the evidence relating to vulnerable rural groups and seeks to identify the most vulnerable groups based on the available evidence. Chapter 3 describes and evaluates current pathways to work and progression for these vulnerable rural groups, and draws on available evidence to assess how existing national, regional and local employment and skills policy and programmes help these groups move into, remain and progress in employment. Chapter 4 summarises the key messages that have emerged from the scoping study.

This study, and the evidence it draws on, uses two definitions of 'rural' that have been recognised by government: the Office of National Statistics' definition of small areas¹ and DEFRA's classification of Local Authorities.²

¹ This defines settlements of over 10,000 people as 'urban' and defines smaller 'rural' settlements as either 'town and fringe', 'village' or 'hamlets and isolated dwellings'. In addition, settlements are defined according to whether they are in 'sparse' or 'less sparse' areas.

² This is based primarily on the percentage of rural population within a district or a Unitary Authority. This classification creates six categories from 'Major urban' to 'Rural 80'.

2 Welfare to Work

2.1 Introduction

This chapter provides an overview of the Government's ongoing reform of the English welfare system and associated policies on employment and skills provision. The chapter sets out in brief:

- the development of the welfare to work agenda
- current policy arrangements
- employment policy – challenges, key policy drivers, existing strategy and the new employment agenda
- skills policy – challenges, key policy drivers, existing strategy and the new skills agenda
- the future and the integration of the employment and skills systems.

2.2 The welfare to work agenda

Welfare to work policies in the UK are premised on the principle that those who can work should do so. Accordingly, the Government has taken an interventionist approach to getting people into work with a focus on supply-side interventions targeted at particular unemployed groups of the labour force. This has manifested itself in steady and piecemeal reform over the last decade which, some have argued, has resulted in a complex and fragmented system which can be difficult to navigate and operate.

Supply-side interventions have consisted mainly of training and job-readiness activities, coupled with unemployment benefit reforms to encourage rapid re-entry into employment. More recently, there has been a number of programmes focused on demand-side interventions. Over the last decade, policy interventions have been moving towards achieving a more flexible and individually responsive

welfare system to recognise spatial variations in the incidence of unemployment and inactivity.

A key feature of the welfare to work agenda has been the shift in recent years from passive policies to active labour market policies associated with conditionality³. These programmes and policies are work focused and place obligations on participants for the receipt of benefits, in-work income support and tax credits. This shift is exemplified in the proposals outlined in the latest Green Paper, *No one written off: reforming welfare to reward responsibility*, which proposes significant changes to the conditionality regime for working age benefit recipients.

While the initial emphasis of welfare to work policies was on unemployed people, the more recent focus has shifted to those who are economically inactive and to getting people off Incapacity Benefit (IB) and Income Support (IS).

2.3 Current policy arrangements

Policy responsibility for both the benefits system and employment programmes for England rests with the Department for Work and Pensions (DWP) (with Jobcentre Plus). The UK Government has set an ambition to achieve an 80 per cent employment rate, to contribute to increased prosperity and reduce social disadvantage. The current rate is just under 75 per cent.

Skills policy is a devolved responsibility of the separate national Governments. Securing higher levels of educational attainment and skill acquisition is an important element of Government policy across the UK, contributing, at least in part, to three key policy goals: improving productivity and contributing to economic growth; facilitating social mobility; and minimising social exclusion. The balance between these overall aims has varied over time and between the devolved nations, with a growing emphasis on the contribution of skill development to economic prosperity.

The Leitch Review of Skills (2006) emphasised the need to integrate and co-ordinate the public employment and skills service to deliver sustainable employment through skills development. This was in recognition of the strong link between low skills and unemployment/ economic inactivity.

³ 'Conditionality' embodies the principle that aspects of state support, usually financial or practical, are dependent on citizens meeting certain conditions which are invariably behavioural. For more information on conditionality and the new welfare system see DWP' paper: 'More support, higher expectations: the role of conditionality in improving employment outcomes' available at http://www.dwp.gov.uk/welfarereform/noonewrittenoff/conditionality_paper.pdf

2.4 Employment policy

2.4.1 The challenge

A key feature of non-employment⁴ over the last decade, and a growing challenge for employment policy, has been the shifting balance between unemployment and inactivity. While there has been a gradual reduction in the number of Job Seeker's Allowance (JSA) claimants, the numbers on IB and IS has increased, with the latter now accounting for a greater share than was previously the case (IES, 2008).

This growth in economic inactivity presents a particular challenge for employment policy and the Government's target of 80 per cent employment rate among the working-age population. The Government's Public Service Agreement (PSA) 8 is to maximise employment opportunity for all (DWP led) and more specifically to narrow the gap between the employment rates of the following disadvantaged groups and the overall rate: people with disabilities, lone parents, ethnic minorities, people aged 50 and over, those with no qualifications, and those living in the most deprived Local Authority wards.

2.4.2 Key policy drivers

A number of key drivers have underpinned both the approach and the form of employment strategy in the UK in recent years (IES, 2008). These include:

- the rights and responsibilities of citizens in a reciprocal relationship with Government
- personalising support and recognising the diverse needs of claimants
- partnership – the public, private and third sectors working together
- devolving and empowering communities
- not just jobs, but jobs that pay and offer opportunities for progression
- including an employer perspective in the design of programmes, although the extent of influence (and control) has varied.

2.4.3 Existing strategy

The strategy to date has mainly been to:

⁴ Non-employment refers to the unemployed and economically inactive.

- focus on the key groups of economically inactive adults with particularly low employment rates
- reduce the number of (IB) claimants by *both* moving people off IB *and* reducing the flow onto IB
- maintain a low JSA claimant rate, through increasing jobsearch requirements, developing the New Deals and Employment Zones, and improving access to vacancy information.

2.4.4 The current employment agenda

Government's proposals for reform are set out in the Department for Work and Pensions' Green Paper: *In Work, better off: next steps to full employment* (DWP, 2007a) and the subsequent: *Ready for Work: full employment in our generation* (DWP, 2007) which builds on the range of research and evaluation evidence available.

Targets have been set to increase the employment rate both generally and for the key disadvantaged groups. Eight priorities have been established to steer delivery over the course of the next three years:

- a more personalised, flexible and responsive New Deal
- tackling child poverty by increasing lone parent employment
- increasing employment opportunities for people with a health condition or disability
- targeted support for disadvantaged groups
- making work pay by improving incentives to participate and progress in the labour market
- sustainable employment and progression
- working in partnership with employers
- delegating authority to local areas.

Detailed proposals are being developed to meet these priorities including: a new in-work credit to make work pay, and more support and conditions for lone parents; Incapacity Benefit to be replaced by the Employment Support Allowance; and a greater emphasis on basic skills and employability training. The latest Green Paper (DWP, 2008) proposes testing new approaches to long-term unemployment and making far reaching changes to the conditionality regime for working age benefit recipients.

2.5 Skills policy

2.5.1 The challenge

Although the precise nature of skills challenges varies between regions and localities, England faces similar issues, including:

- a skills profile that compares badly with our major international competitors, with persistent pockets of skill shortage vacancies and skills gaps in key occupations and sectors, and which will not meet *future* needs given current rates of globalism and competitive challenges abroad, raising questions over the level of the UK ambition
- low skill levels among some of the existing workforce, almost three-quarters of whom will still be employed in 15 years' time
- an uneven participation in education and training. Although volumes of workplace training are comparatively high, the highest qualified are more likely to participate in training and for longer than employees with low or no qualifications. This favours those who are already qualified, in highly skilled jobs, and younger workers.
- relatively poor management and leadership, and relatively low demand for skills
- low economic returns to vocational qualifications, particularly at lower levels, raises questions over the value of aspects of education and training, and therefore the adequacy and responsiveness of current provision.

The issues detailed above all present a challenge to the Government's aim of raising skills levels. It also presents a challenge to Leitch's recommended target of 90 per cent of the adult population qualified to at least Level 2 and 1.9 million additional Level 3 attainments over the period to 2020 (HM Treasury, 2006).

The Government currently have two PSA targets relating to skills in England. PSA 2 is to improve the skills of the population, on the way to a world-class skills base by 2020 (DIUS led). PSA 10 is to raise the educational achievement of children and young people (DCSF led).

2.5.2 Key policy drivers

A number of key principles underpin the approach and content of the skills strategies and policies in the UK (IES, 2008):

- Market responsiveness – ie the skills system should be more 'demand-led' and driven by, in particular, employers and/or individual learners. Providers

therefore have to be responsive to the needs of the labour market in both content and delivery.

- Addressing market failures – a key rationale for policy intervention is to offer remedies where the labour market is not operating effectively.
- Entitlements to attain a minimum level of qualification – to ensure everyone has the basic platform of skills they need for ‘employability and progression’ (ie a Level 2 qualification).
- Voluntary approach – characterised by little regulation, with few occupations requiring employees to have a qualification compared with some other countries.
- Choice and contestability – the Government wants individuals and employers to have an informed choice of training or education provider.
- Active performance management – at least in England, there are a number of targets to focus public policy on key outcomes, but these may sit uneasily against a desire to engage employers in a demand-led process, for example.

2.5.3 Existing strategy

Skills policy in the UK has mainly focused on increasing participation and attainment in education at all levels, while improving the operation of the vocational education and training system, eg through further qualification reform. More recently, there has been a greater emphasis on improving the level of skill acquisition by adults, particularly through the workplace, to tackle existing skill deficiencies. Many of these adults will still be employed in 15 years’ time. There has also been an acknowledgement of the importance of making the system more demand-led rather than supply-fed.

2.5.4 The current skills agenda

In England, the Government adopted the Leitch Review ambition to become a ‘world leader in skills’ by the year 2020, defined as being in the upper quartile of the OECD rankings. It has, therefore, set ambitious targets for improved qualification attainment by individuals at all levels, and increased investment in skill development, and is looking for a much greater level of involvement and investment from employers.

In England, the Government’s approach focuses on:

- Delivering improved basic and intermediate skill levels by:
 - ensuring that vocational qualifications are of economic value

- expanding opportunities for work-based learning, through development of a Foundation learning tier, expansion of the apprenticeship programme and publicly funded provision (through Train to Gain and Skills Accounts).
- Delivering improved higher skill levels by:
 - broadening learning opportunities beyond traditional full-time provision
 - improving the interaction between higher education institutions and employers
 - driving up teaching quality and individual choice.
- Providing greater empowerment for learners.
- Facilitating employers to lead the way on skills by influencing the content and delivery of qualifications and learning, increasing demand and use of skills and providing greater levels of investment. The Sector Skills Councils have been given a central role in this facilitation and the UK Commission for Employment and Skills, as an employer-led body, will also bring employer influence to skills policy at a strategic level.
- Integrating the employment and skills systems focusing on sustainable employment as a primary outcome.

2.6 The future

The UK Government has announced the establishment of a UK-wide Commission on Employment and Skills to advise on the strategy, targets and policies needed to increase employment and skills rates. Its agenda will include:

- advising on the integration of the employment and skills systems and if further institutional change is required
- monitoring progress in improving skills at all levels and advising on policies and strategies to raise employment and skills
- judging whether legislation is required to encourage higher levels of workplace training and skill development in 2010.

3 Who Are The Most Vulnerable⁵ Groups?

This chapter identifies those groups that find it most difficult to move into, remain, and progress in employment in rural areas, based on a review of the relevant evidence and the stakeholder consultation carried out as part of this scoping study.

According to conventional quantitative data on employment and skills, rural areas fare better than urban areas on a number of indicators (CRC 2008). For example:

- In 2007, rural districts supported the highest rate of employment, with 78.2 per cent of the working age population in these areas in work, education or training.
- Unemployment rates, and particularly long-term unemployment rates, are lower in rural areas, with four per cent of those of working age officially unemployed, compared to 6.8 per cent in the major urban areas.
- Between 1998 and 2006, rural areas supported a growth in new firm formation of 2.7 per cent, while in urban districts new Value Added Tax (VAT) registrations declined by 2.3 per cent.

However, it is important to note that several quantitative measures, when viewed in aggregate, do not provide a full picture of the position of rural groups (CRC, 2008; Green and Hardill, 2003). For example, the general labour market picture for rural areas, as measured by employment rates, appears relatively favourable, with a greater number of rural districts in England having achieved full employment levels (80 per cent) than urban areas in England. However, these measures alone reveal little of the *experience* of employment in rural areas and the often intensified

⁵ 'Vulnerable rural groups' are referred to in this study as those groups that find it most difficult to move into, remain and progress in employment. Similarly, the term 'vulnerability' is used in this study to describe the difficulties in accessing, remaining and progressing in work.

problems around low pay, in-work progression or informal working – all of which impact upon a number of vulnerable rural groups that do not show up on aggregate data. This is largely because of the dispersed nature of disadvantage in rural villages, small towns and hamlets which mean that vulnerable rural groups are often harder to identify within averages of official statistics, particularly when they constitute ‘pockets’ of disadvantaged groups among more affluent rural communities (Scharf and Bartlam, 2006). Moreover, aggregate data conceals significant variation across rural England, with sparse rural settlements and peripheral rural districts remaining among the least prosperous economies in England (CRC, 2008; OCSI, 2008).

Considering a broader canvas of evidence, therefore, provides a fuller picture than the headline statistics (Green and Hardill, 2003; Hodge et al., 2000). Hence, this chapter draws on both quantitative and qualitative evidence, as well as the stakeholder consultation carried out as part of this study, to identify vulnerable rural groups.

3.1 Identifying the most vulnerable

Quantitative and qualitative evidence suggests living in a rural area can both accentuate and create barriers for some people to move into, remain and progress in employment. For example, some rural areas have a shortage and limited range of employment and may have a prominence of low skilled/low paid jobs and seasonal and intermittent work. Equally a lack of knowledge of the training and support available, low aspirations and stigma and discrimination can act as barriers to rural employee participation in training and support services. This is compounded by barriers to service provision in rural areas such as higher per capita costs, difficulties finding local businesses to act as sponsors for work-based learning and a lack of local facilities including rural job centres and training providers, poor transport networks and limited childcare (LSC 2003).

Rural circumstances may, therefore, impede the employability and career potential of certain groups. These groups are can be identified by demographic and economic characteristics, and include:

- young people
- those in low-paid employment
- those with low or no skills and qualifications; and
- the self-employed and those working in small businesses.

Within these groups, it has been possible to identify a few 'sub-groups' of individuals who stand out as particularly vulnerable from the available evidence, and these are detailed in this chapter also.

However, it should be noted that the above list detailing the most vulnerable rural groups is not exhaustive or definitive. The available evidence alludes to a second set of (sometimes overlapping) rural groups who are also likely to find it difficult to move into, remain and progress in employment. However, the available evidence does not suggest 'rurality' is a specific factor on the labour market disadvantage of this second set of groups. These groups are:

- people with disabilities
- carers⁶
- minority ethnic groups
- travellers and gypsies
- older working-age groups; and
- lone parents.

With some of this second set of groups, the lack of evidence and information regarding them may be because aggregate statistics show that they are found in smaller numbers in rural areas than in urban areas (such as lone parents and ethnic minorities) (CRC, 2006). With other, it is because little is known about the precise nature of their labour market disadvantage in rural areas, although other aspects of their rural disadvantage (ie transport disadvantage) may have been covered in more detail. These gaps in the evidence base may reflect the difficulties identifying disadvantaged groups which are dispersed across rural areas.

While the evidence relating to the vulnerability of this second set of groups at a national level suggests that those in rural areas are likely to experience the same vulnerability as their urban counterparts, the evidence on the specific nature and extent of their rural vulnerability is not sufficient in its coverage to allow detailed analysis in this study. More research is needed on these particular groups to uncover how (if at all) rurality impacts upon their opportunities to access employment and skills.

⁶ A carer is someone, who, without payment, provides help and support to a partner, child, relative, friend or neighbour, who could not manage without their help. This could be due to age, physical or mental illness, addiction or disability. The term carer should not be confused with a care worker, or care assistant, who receives payment for looking after someone.

3.2 Young people

Age emerges as a key variable in explaining greater levels of vulnerability among some rural groups, with younger working-age groups more likely to be in non-employment than those in their 30s or 40s (Green, 2008).

Younger people⁷ make up a smaller proportion of the population in rural areas than in urban areas. According to the ONS 2001 Census, people aged between 13 and 24 made up only 12.3 per cent of the rural population compared to 15.3 per cent of the urban population (ONS, 2001). Much of this can be explained by younger people who have left rural areas for study, work, or to seek wider opportunities for progression in other geographical areas, particularly in the 15 to 29 age group (CRC, 2008; Canny and Lindley, 2002). Evidence from ECOTEC (2006) found that although young people preferred to study and work in their local area higher education was the most consistent factor determining young people's decision to migrate out of an area in the West Midlands. The same research also found that gender was a key variable influencing the likelihood of migration among rural young people, with a higher proportion of females envisaging out-migration from rural areas.

Evidence shows that a lack of access to informal networks - or 'network poverty', as one stakeholder described it - can prove detrimental to young people's chances of finding work in rural areas. Informal networks can play an important role in helping vulnerable rural groups find work and many rural employers rely on such networks to advertise vacancies (CRC, 2006; Cartmel and Furlong, 2000; Shucksmith, 2000; Lindsay et al., 2003; Monk et al., 1999). Indeed, Lindsay et al. (2003:198) conclude that: *'There is a clear need to link the concept of employability... to issues of network access and network capital'*. However, as one stakeholder pointed out: *'not everybody has a rural network on their doorstep'*. This seems to be the case particularly for people from smaller communities with exclusive networks, those who have been stigmatised by the community in some way, or those whose families are in-migrants to the area and somewhat outside of these networks (Cartmel and Furlong, 2000). Our own stakeholder consultation highlighted the problem of being stigmatised by the community as a potential barrier for young people and their families:

'Everybody knows everybody's business and this extends to local employers. There can even be postcode discrimination against you, if you live on a particular estate, for example.'

⁷ Defined broadly here as those in their teens and early 20s, consistent with the majority of research on young people in rural areas.

Despite these problems, long-term youth unemployment overall tends to be less common in rural than in urban areas. As such, much of the evidence suggests that progressing in work is a more problematic issue for younger people in rural areas than gaining employment in the first instance. In particular, there is a question over the quality of employment in rural areas, with some evidence that rural labour markets provide the 'wrong kind of jobs' because of an under-representation of knowledge-intensive and personal service occupations vis-à-vis the national average (Green and Hardill, 2003). Rural labour markets tend to be characterised by low-skilled and insecure employment which offer few opportunities for progression or training (Cartmel and Furlong, 2000; Shucksmith, 2003; CRC, 2008). Much of rural employment is also concentrated in small firms which further limits opportunities for young people to upgrade their skills and take up training (CRC 2008; Shury et al., 2006a). Hence, young people in rural areas who are in employment are more likely to be in low paid work, insecure employment or working within smaller firms than their urban counterparts (CRC, 2006). Compounding this problem is the greater likelihood of poor or costly transport which further limits opportunities for young people to take up education and training, and improve their economic position (TAS Partnership, 2005; Storey and Brannen, 2000; Cartmel and Furlong, 2000; Shucksmith, 2003; Scottish Executive, 2005). Evidence also suggests that there is a lower uptake of benefits by eligible young people in rural areas due to the perceived complexity of claiming benefits by those in seasonal or irregular employment (ECOTEC, 2006). This means that unemployment counts in rural areas may under estimate the number of (young) people out of work.

Much of the evidence highlights how young people from rural areas are often integrated into one of two quite different labour markets – the national or regional (often well-paid, distant, offering opportunities to progress) and the local (sometimes low-paid, insecure, offering fewer opportunities to progress) (Rugg and Jones, 2000; Storey and Brannen, 2000; Furlong and Cartmel, 2000; Pavis et al., 2000). This has implications for those young people who remain in rural areas. Young people who remain in rural areas are likely to feel increasingly isolated and are less likely to benefit from services aimed at young people if such services are reliant on having sufficient numbers of service users available to make them viable.

3.3 Those in low-paid employment

Earnings remain the key source of income for those of working age. While there is some variation between geographic areas and employment sector, low wages are a feature of some rural economies, and particularly for those working in more remote areas (CRC, 2008; Milbourne, 2004; Green and Hardill, 2003). Wages paid by businesses in rural areas continue to lag behind those paid by businesses in

mixed and urban areas (CRC, 2005) and some rural districts have a higher proportion of workers at or near the minimum wage. Hence, there is a strong link between low pay and low incomes. This can be partly explained by the type and nature of available jobs. As one stakeholder put it: *'work is available but a lot of it is temporary, seasonal and low-paid'*.

In 2006, 22.9 per cent of employees resident in rural Local Authorities earned a wage below 60 per cent of full-time adult median pay⁸, highlighting a picture of above average low pay in peripheral areas (ippr, 2008).

Research has found low pay to be particularly concentrated in businesses with few employees, for those in seasonal and part-time jobs, for those in workplaces without unions, and in certain occupations – all of which are prevalent in rural areas (Gilbert et al., 2003). Evidence also suggests that wage mobility may be lower in rural areas because of limited training opportunities, career progression and job choice. This has a tendency to influence wage setting and depress pay rates (Gilbert et al., 2001).

Within this group of 'low paid', two groups emerge as particularly vulnerable: women and migrant workers.

3.3.1 Women in low-paid jobs

Women are more likely to experience low-paid work in all rural areas (Gilbert et al., 2003) and are less likely than men to progress to higher-paid employment (CRC, 2006). This is largely because of the lack of good quality, flexible job opportunities and to accessible, appropriate and affordable childcare in rural areas (Little and Morris, 2002). Access to job opportunities and childcare provision are further constrained by limited or costly transport (Alsop, 2002; Lindsay et al., 2003).

While self-employment is an increasingly attractive option for many women, a high proportion (62 per cent) of self-employed women are only self-employed on a part-time basis, often taking on other employment to boost their income (Little and Morris, 2002).

⁸ This is the measure of low pay chosen by the Institute for Public Policy Research for their low pay analysis. However, there is no standard definition of low pay. The OECD uses a definition based on two-thirds of median pay. In practice, these measures tend to result in a similar low pay threshold.

3.3.2 Migrant workers in low-paid jobs

A8⁹ migrant workers are predominantly concentrated in low-paid industries, many of which are located in rural areas, such as hospitality, tourism and agriculture (Home Office, 2008). In recent years, rural areas attracted a greater degree of overseas migration and saw a greater rate of change than their urban counterparts. Between 2002/03 and 2006/07 the rate of increase in migration was 186 per cent in rural areas compared to 86 per cent in urban – the majority of whom were from A8 countries (CRC, 2008).

A8 migrant workers often face exploitation, unfair dismissals, poor work conditions, failure of statutory entitlements and lack of transparency over deductions made on wages (CAB, 2005; CAB, 2005a; CRC, 2006). Evidence from the Citizens Advice Bureau (CAB) estimate that around 15 per cent of their clients who required advice on unpaid employment tribunal awards and related enforcement action in 2007-08 were migrant workers, many of whom could be described as vulnerable workers at high risk of exploitation by rogue employers (CAB, 2008).

Other research has found that many migrants have no paid holiday, sick leave or a written contract, and very few belong to a trade union (Anderson et al., 2006). The same research found that many employers were prepared to 'bend the rules' or turn a blind eye to possible infractions of immigration status. Many of these issues go undetected, either because of the difficulties associated with identifying and researching informal and illegal working, or because many migrants are willing to trade off low pay and poor conditions for better pay than in their home countries, often because they view the job as temporary (Anderson et al., 2006). In addition, many migrants lack a full understanding of their workplace rights and a significant proportion are often further disadvantaged by their limited English language skills and low awareness of their legal rights in the UK (CAB, 2007).

3.4 Those with low or no skills and qualifications

There are 2.7 million people in rural areas with no qualifications representing 27% of the national total (DEFRA 2004a). Nearly one in four 19 year olds in rural districts fail to achieve a basic level qualification (NVQ2 or equivalent), and one in 12 have no qualification at all. This rises to one in four adults in villages and hamlets (NAO 2004a). Those with poor skills and qualifications have fewer opportunities and face more constraints in the labour market than their more highly skilled counterparts, and so are more likely to face disadvantages in

⁹ The eight central and eastern European countries (Poland, Czech Republic, Hungary, Latvia, Lithuania, Estonia, Slovakia and Slovenia) that joined the European Union in May 2004.

employment terms (Green and Owen, 2006; Lindsay et al., 2003). Those with poor skills and qualifications frequently include those who are low paid or in part-time or insecure employment.

There are a number of distinct causes underlying low levels of skills and qualifications in rural areas. First, many available jobs in rural areas do not require high levels of skills. Indeed, 18 per cent of all people working in elementary occupations in England live in rural areas (OCSI, 2008) and many rural areas display an under-representation in the higher value and knowledge economy jobs, relative to the national average (Green and Hardill, 2003). Hence, in the 'low skills equilibrium'¹⁰ economies that typify the less productive and rural economies, low levels of skills are partly a result of the low level of skills required by the dominant employers.

Second, many rural areas have difficulties retaining their most highly skilled and educated, either because of the lack of suitable jobs, or because younger people migrate out of the area to seek education or work elsewhere. Internal migration data by the ONS shows that there are large gains of people in all age groups in rural areas, except for the 15 to 29 age group, where the picture is reversed (CRC, 2008).

Third, there are important barriers around access to and delivery of training. Evidence indicates that a sparse population usually results in a low number of potential learners and small class sizes, which may present issues of 'critical mass' to a provider (GHK Consulting, 2003; stakeholder consultation). The limited size and nature of an area may also mean that there are restricted curriculum opportunities for learners, and travelling between training sites may be costly. These factors mean that there are often relatively high costs of provision in rural areas that may mean courses are not viable or economic (Bradley and Barratt, 2003; Tulett, 2001). The evidence shows that nearly all of these problems are exacerbated in sparse and remote areas.

'A lot of policy aimed at upskilling people is moving in the right direction, but it doesn't seem to recognise that it costs more to deliver provision in rural areas.'

'It's a real resource strain when you're going out and trying to cater for maybe one or two young people in a very remote area.'

(Stakeholder consultation)

¹⁰ This term describes a situation in which employers compete in low-value added markets and consequently demand relatively low skill levels from their employees. This, in turn, reflects in the supply of skills.

A higher proportion of residents in sparse areas are employed in elementary occupations such as farm working or construction (CRC, 2008). The incentive for employers in these sectors to invest in training can be lacking, and employers running small businesses are often unconvinced of the benefits of improving employees' literacy and numeracy skills (NAO, 2004). It has been found that in rural areas, a slightly higher proportion of employers (15 per cent) take no action to overcome skills gaps than in urban areas (12 per cent) (Shury et al., 2006a).

Finally, transport difficulties in rural areas can also contribute to a lack of access to education and training (Fletcher and Kirk, 2000; Green and Hardill, 2003), and there is evidence that many adult learners prefer provision that is locally available (Lindsay et al., 2003). Lack of access to private transport has also been found to be a barrier to work (Lindsay et al., 2003).

3.5 The self employed and employees of small and micro rural businesses

A characteristic of the rural economy is that there is a greater prevalence of small and micro businesses and self-employment per head of population (CRC, 2008). About one in ten (9 per cent) of people aged over 16 are estimated to be self-employed in their main occupation, compared to 7 per cent in urban areas (Kempson and White 2001). This may reflect a lack of alternative employment opportunities in smaller rural communities or a choice among some rural groups to adopt a specific lifestyle (CRC, 2005; CRC, 2006).

The self employed and employees of small rural businesses can be identified as vulnerable rural groups as they often face limited opportunities to progress in the workplace, with size of business and business location (sparse/non sparse) emerging as key determinants. In addition, there is evidence to suggest that those in rural self-employment are at risk of poverty.

3.5.1 The self-employed in small and micro businesses

Research has shown that the typical self-employed person in a rural area is male, aged between 35 and 54 years of age, lives as part of a couple and is an owner occupier (Countryside Agency, 2002). Many of the rural self-employed become self-employed following a period of unemployment or economic inactivity (estimated to form around 50 per cent of the rural self-employed) (Countryside Agency, 2003b).

There is some evidence that small and micro businesses in rural areas may not have access to appropriate business support. Research by the Countryside Agency (2003c) concludes that there is little recognition of the distinctive nature and needs

of the rural economy and the extra cost of delivering business support and training, despite considerable evidence to show how distance acts as a barrier to the take-up of training in rural areas. In addition to this, stakeholders mentioned that business growth among small rural businesses is often limited by low population density in rural areas, limited business opportunities or less competition than might otherwise exist in urban areas.

There also exists a strong association between self-employment and the risk of poverty. Evidence from the Treasury (HMT, 2008) highlights how around 28 per cent of children in households with self-employed parents are living in poverty. DEFRA (2004) has found high levels of poverty among self-employed people in rural areas (22 per cent compared to eight per cent in urban areas), suggesting that some rural people may take up (or remain in) self-employment because they have no other opportunities for paid employment. Another reason for the higher risk of poverty is the number of low-paid among the self-employed, estimated to number 75,000 (Countryside Agency, 2003b). Stakeholder consultation also revealed that the self-employed in micro-economic businesses are vulnerable in terms of low pay and sustaining their business. Many of those in small micro business were linked to more than one job to boost household income and sustain their business.

Stakeholders reported that all of these problems were heightened in sparse areas and this fits with wider evidence to show a greater incidence of self-employment in more sparse areas (CRC, 2008). In hamlets and isolated dwellings, around 15 per cent of businesses are medium size and 24 per cent are micro businesses, compared to 12 per cent and 11 per cent respectively in urban areas (CRC, 2008).

3.5.2 Employees of small or micro rural businesses

A greater proportion of the workforce (47 per cent) is employed in small businesses than the proportion in urban areas (30 per cent) (Shury et al., 2006a).

Those employed by small or micro businesses can be identified as vulnerable in terms of their opportunities to advance in employment. This could be because the small size of the business and/or a lack of other competition in the local labour market means that some businesses do not see the need to invest in their workforce or grow the business. One study found that employers in rural village areas were the least likely to have provided training of any sort for their staff over the previous 12 months (59 per cent), followed by rural small town establishments (62 per cent) (Shury et al., 2006a). In more specialised trades, it could be that the training courses are not available through local training providers or are not deemed relevant. Rural analysis of one survey found that where rural employers did not access FE courses, it was likely to be because they thought the courses were not relevant to their business needs (Shury et al., 2006a).

These issues are likely to be greater for small and micro businesses in sparse areas and this is borne out in the evidence. Sparse areas have witnessed the largest loss of workplaces between 1998 and 2007 in the retail, wholesale, hotels and catering sectors, while less sparse areas witnessed the greatest rates of growth in workplaces (CRC, 2008). Sparse businesses are also less likely to grow in size, despite many having aspirations to do so (ONS, 2008; BERR, 2006).

There are also difficulties in accessing training and learning. A recent review of rural labour markets summarised the issues impacting on the access to and provision of training. These included low numbers of potential learners; relatively high costs of provision; difficult and costly transport links; difficulties recruiting work-based learners from small businesses; and issues around the ICT infrastructure that might hinder delivery (Green and Hardill, 2003). Stakeholders noted that these issues were greatly exacerbated among those businesses located in sparse or remote rural areas, where transport links and access to provision are likely to be more problematic.

3.6 Summary

In this chapter, we have identified four vulnerable rural groups from a review of the evidence and the input of our stakeholder consultation. We have also highlighted where the evidence points to particularly vulnerable sub-groups within these groups.

It is evident that the issues facing these vulnerable rural groups centre around the poor quality of employment, inadequate pay and a lack of opportunities to progress at work. Hence, the current Government targets around sustainable employment and progression (see Chapter 2) are particularly important (DWP, 2007; DWP, 2007a).

Common to most of the groups identified are three factors which emerge from the evidence as particularly important in determining the extent of vulnerability within vulnerable rural groups and communities. These are:

- *Sparsity*: Rural areas are, by definition, affected by dispersed patterns of economic activity and geographical peripherality (Huggins, 2001; Lindsay et al., 2003) but the evidence shows that these problems are greatly exacerbated in more remote labour markets which are isolated from the opportunities associated with major commuter routes and centres of economic activity. It is estimated that over 600,000 people live in sparse rural areas (CRC, 2008c).
- *Lack of access to public or private transport*: Transport barriers can restrict the range of available job opportunities and lengthen the period that people remain out of work (Beatty and Fothergill, 2001; Meadows 2008). Costly transport can

also act as a barrier to taking up work. One stakeholder cited an example of a client who had to take an £18, 120 mile round trip to get to his Jobcentre interview. Other stakeholders reported that even car owners were now facing difficulties because of the increases in petrol prices in 2008.

- *Lack of access to informal networks:* The evidence highlights that network capital can be important for direct access to both employment and job search activities. In smaller labour markets and more sparse areas, the importance of these networks in providing access to employment opportunities is often heightened (Murdoch, 2001; Kneafsey et al., 2001).

A lack of access to informal networks and to transport have both been identified by the CRC (2006) as two key factors at the heart of rural disadvantage, highlighting the importance of these barriers to not just labour market disadvantage, but to other forms of rural disadvantage as well.¹¹ The importance of informal networks also serves to highlight the salience of both economic and social aspects of labour market issues in rural areas (Greene and Hardill 2003).

¹¹ This was defined in the CRC study as: 'A wide set of difficulties preventing people from participating fully in society, including poverty, but also, for example, limiting factors in one's life situation, such as lack of skills, unequal levels of health and well-being associated with economic disadvantage and discrimination'.

4 Pathways to Work and Progression

Chapter 3 identified the four groups of people that could be described as the most vulnerable rural groups. These were young people; those in low-paid employment; those with low or no skills and qualifications; and self-employed people or those employed by small or micro businesses. This chapter describes the current pathways to work for these particular groups, and uses available evidence to evaluate how existing national, regional and local employment and skills policy and programmes helps these groups move into, remain and progress in employment.

4.1 Current pathways to work and progression for vulnerable rural groups

There is a plethora of national, regional and local employment and skills programmes and policies which form the main pathways to work for different groups within the target population of unemployed and economically inactive individuals in England. Being generic employment provision at the national level, these are available to anyone within these target groups who are seeking to gain employment, and who fulfil the necessary criteria, regardless of their geographical location.

Specific employment and skills provision for rural areas and vulnerable rural groups are largely, but not exclusively, confined to sub-regional and local projects and initiatives. Almost none of the larger national and regional employment and skills programmes intentionally targets, or includes specific provision for rural areas or vulnerable rural groups.

Nevertheless, some of these programmes are relevant to the vulnerable rural groups identified in Chapter 3 by virtue of their broader target communities and aims. As such, some of these generic programmes and services, aimed at larger groups within the population as a whole, may benefit individuals within vulnerable rural groups. Based on available evidence, this chapter identifies and

describes these programmes and assesses the extent to which they successfully help vulnerable rural groups find, remain and progress in work.

This chapter also assesses the effectiveness of the three delivery mechanisms for these programmes at the regional and local level: local branches of mainstream national provision, funding from national or supra-national bodies and specific regional and local providers.

This chapter does not attempt to cover all employment and skills programmes and provision in England; it covers only those programmes and provision which are deemed relevant to the vulnerable rural groups identified in Chapter 3.

4.2 Provision for vulnerable young people

There are a number of national employment and skills programmes targeted at vulnerable young people in the UK. The largest of these is the New Deal for Young People (NDYP). However, NDYP targets the unemployed and so is not particularly relevant to vulnerable young people in rural areas who face greater issues around progressing in work.

Apprenticeships are a key initiative aimed at developing skills in young people with a view to raising intermediate skills (Level 2 and Level 3) among this group. Most apprentices are aged between 16 and 19 as a priority. Wages are likely to be lower than the normal wage paid to someone doing the job for whom the apprentice is being trained. The Department for Innovation, Universities and Skills announced in 2008 an entitlement to an Apprenticeship place for every suitably qualified young person from 2013.¹² The Apprenticeship programme for 16 to 19 year olds in England has been considered a success by the Government as the number of apprenticeships has trebled since 1997 and the completion rate has increased to 63 per cent by 2007 (CPC, 2006).

There is no information available on the specific impacts of Apprenticeships on young people in rural areas. Although apprentices tend to be concentrated among small employers, thereby suggesting that the scheme has a significant role to play in rural areas, evidence has identified a number of barriers preventing the involvement of employers and young people in rural areas (Apprenticeships Taskforce, 2005). These barriers include the availability and cost of transport; limited demand and supply of provision; and the high costs of work-based assessments to small businesses. The low level of the minimum wage for apprentices also emerged as a barrier for young people from our stakeholder consultation. One stakeholder cited an example of a 16 year old apprentice on the

¹² <http://www.dius.gov.uk/press/28-01-08c.html>.

minimum wage of £80pw for a 35 hour week. This apprentice faced public transport costs that were so high, it rendered his employment not worthwhile and he was thinking of giving up his apprenticeship as a result¹³. These barriers are particularly significant in light of evidence showing that some young people who chose to remain in their local rural area for employment actually favoured the apprenticeship route (ECOTEC, 2006).

Diplomas are a new qualification for 14 to 19 year-olds. They offer a more practical, hands-on way of gaining the essential skills employers and universities look for. It's aimed at increasing the choices available to young people and involves practical, hands-on experience as well as classroom learning. Students are based in their own school or college, but have the opportunity to learn in a different setting - another school, a local college, or in the workplace. They get an insight into what work is really like, helping them make decisions about the future while keeping their career options open. However, given the available infrastructure and provision in rural areas, it is difficult to offer such opportunities equally across all areas. The ability of young people to travel between institutions to complete diploma courses and the varying availability of subsidised transport and available routes in rural areas are particular challenges. Local decision-makers can take into account cross-boundary demand patterns when providing diploma courses, but there is a risk that, without careful attention, this may inadvertently reduce course opportunities for some young people in rural areas. (CRC 2006 c)

A series of **National Skills Academies** (with the aim of one in every major sector of the economy by 2010) are also currently in operation in England. They aim to deliver training to both young people and to existing employees. Employer sponsors are required to contribute to the financing of the academies and to the design and delivery of training that will meet industry needs and develop individuals' skills. These have yet to be fully rolled out and evaluated.

Connexions in England have a key role in working with young people to identify and overcome barriers that could otherwise prevent them from learning and achieving their full potential. Connexions offer a range of services for young people, including a network of personal advisors and Connexions Direct. They offer one-to-one information, advice and guidance (IAG) for young people aged 13 to 19 and support those who have learning difficulties and disabilities up to the age of 25. The evaluation of Connexions suggests that its holistic nature and the involvement of young people in the design and delivery of the initiative were effective at helping

¹³ The discretionary Learner Support Fund was established to provide exceptional support to students aged 16 and above, who are experiencing financial difficulty with meeting costs associated with learning. An evaluation of the fund is currently on-going but as yet there is no information on its impact in rural areas.

young people (BMRB, 2005). Indeed, there is evidence that Connexions services are benefiting some rural areas and demonstrating success in delivering to, and engaging, young people (Countryside Agency, 2003a). However, in other areas, evidence suggests that more could be done to improve access to the advice and guidance provided by the Connexions service (NAO, 2004a). This accessibility issue has particular relevance to young people in rural areas, who are more likely to face transport difficulties and barriers to accessing such services, particularly in remote areas.

4.3 Provision for those in low-paid employment

The National Minimum Wage (NMW) remains one of the central ways through which the Government aims to 'make work pay'. The adult rate from October 2008 will be £5.73 an hour, the rate for workers aged between 18 to 21 is £4.77 an hour, and for 16 to 17 years olds it is £3.53 per hour. The evidence on the impacts of NMW are broadly positive, highlighting that it has increased the wages of around six to seven per cent of workers (Social Exclusion Unit, 2004). Of particular relevance to the vulnerable rural groups identified in Chapter 3, The Low Pay Commission has found that the beneficiaries of NMW include women, part-time workers and young people (Low Pay Commission, 2005).

However, evidence has highlighted that there are particular groups that are at risk of losing out on the benefits of NMW, such as vulnerable and migrant workers. The Low Pay Commission highlights anecdotal evidence that the level of non-compliance with the NMW is rising and is a trend associated with high numbers of migrant workers (Low Pay Commission, 2008). Other recent work has found that new female migrants to the UK are 1.5 times more likely than male migrant workers to be paid less than the National Minimum Wage (NMW). Women who migrate to work in the UK therefore face a disproportionate risk of being illegally underpaid – with around 35,000 denied the NMW (Anderson and Jayaweera, 2008).

Some benefits and all tax credits are means tested. The design of the benefit and tax system aims to ensure that individuals are financially better off in work. Anyone with responsibilities for a child could be eligible for Child Tax Credit regardless of whether they are in employment or not. Working Tax Credit is for people in work and the intention is that it should, along with the NMW, guarantee a minimum income for low-paid workers. For 2003-04, 79 per cent of families entitled to Child Tax Credit claimed it and over the past few years, there has been an increase in the value of Child Benefit, Income Support for the under-11s and the Minimum Income Guarantee. However, there is no evidence to estimate the impact of these increases or of the tax credits in rural areas. It is reasonable to assume, however, that given that wages are lower than average in some rural areas and part-time

working is more prevalent, the tax credits are likely to have had some role in ensuring that vulnerable rural groups are financially better off in work.

Ready for work: Full employment in our generation (DWP, 2007) announced that a Better Off in Work Credit would be piloted in October 2008. This new Credit will provide assurances to customers who have been on Employment Support Allowance, Income Support, Incapacity Benefit, Jobseeker's Allowance or Severe Disablement Allowance for 26 weeks or more, that if they move into full-time work they will receive an in-work income, including any in-work benefits, of at least £25 per week more than they received from out-of-work benefits.

Employment Retention Advancement (ERA) Demonstration commenced in 2003 and sought to explore the effectiveness of policies to help low wage workers enter and retain work as well as advance in employment. The demonstration was implemented in six areas in England, Scotland and Wales. The initiatives tested built on existing welfare to work policies and were evaluated using a random assignment design. ERA is the 'next step' in welfare to work policy, designed to help break the 'low-pay, no pay cycle' common among low-wage workers. New Deal 25+, New Deal Lone Parent and WTC (Working Tax Credit) clients were eligible for this demonstration which represents an important shift to retention and advancement in addition to placement. The emphasis on employment, retention and advancement has important implications for rural areas, where low-wage work remains a key characteristic. Following an extensive evaluation of ERA, a package of support to aid retention during the first six months of employment was introduced for lone parents (mostly women) in April 2008 (DWP, 2008; Hoggart et al., 2006). This is likely to benefit women in low-paid rural employment, who were identified in Chapter 3 as a particularly vulnerable subgroup within the low paid.

4.4 Provision for those with low or no skills and qualifications

There are a range of welfare to work programmes which specifically aim to move people into work, or closer to the labour market, by improving their skills. These are highly relevant to rural areas where skills at Level 3 fell between 2005 and 2006 and where job-related training also fell within the same period (CRC, 2008a).

Schemes aimed at improving basic employability include the **Employability Skills Programme**, which aims to equip Jobcentre Plus customers with the skills, behaviours and attitudes that employers require in recruits, and the **Skills for Life** programme, which provides free literacy and numeracy training to people without Level 2 qualifications. **Work Trials**, and some of the **Work Based**

Learning for Adults options provide in-work training for people, allowing them to gain skills and experience in a suitable career.

The **Skills Coaching** trials running in a selection of Jobcentre Plus districts allocate a Skills Coach to each referred client, who broker provision to training and education, but also provide careers advice and guidance to ensure that the client is developing a set of skills which will help them to move closer to the labour market. **Skills Accounts** are a universal offer for all adults from autumn 2010. They are being offered to 18 year olds alongside a progressive roll out to working age adults, both those out-of-work and in the workforce.

Given that the majority of the workforce of 2020 is already in work, however, the focus of many initiatives to improve intermediate level skills has been on adults in work. Most of these are focused at Level 2, the lower definition of intermediate skills.

The flagship initiative to develop workforce skills at Levels 2 and 3 in England is **Train to Gain**. Under this, Level 2 qualifications are the priority for Government funding, but some Level 3 qualifications are also delivered, especially if the employer agrees to invest themselves. Train to Gain aims to increase businesses awareness of their training options and help them to access training relevant to the needs of their business through the use of impartial brokers. At the time of writing, the learner evaluation of Train to Gain shows broadly positive results, but includes no specific rural analysis. Early evaluation results show that the age profile of learners tend to be older adults (31 per cent between 36 and 45 years of age, and a further 31 per cent over 45), with only 12 per cent aged between 19 and 25 years of age (LSC, 2008). The older profile of Train to Gain learners suggests that the scheme has been successful in improving the skill levels of working adults.

In addition, the **Skills Pledge** in England has been introduced to encourage employers to pledge that they are committed to developing their workforce, and training all their employees to a minimum of Level 2. To ensure up take in rural areas it will be important to make available training appropriate and accessible to the needs of small and medium sized businesses, particularly in the environmental and land-based sector.

Nextstep is a free, face-to-face service offering advice and guidance on learning and careers for individuals aged 20 or over who do not have a Level 2 qualification.¹⁴ Another national service provider is **learnirect** which aims to provide high-quality post-16 learning through independent careers advice and

¹⁴ ie 5 GCSEs at grades A*-C or/and NVQ Level 2 qualification.

over 800 learndirect centres in England and Wales. Learndirect also provides work-based e-learning courses.¹⁵

There is limited evidence on the performance of the skills and employability programmes detailed above, partly because many of them are relatively new but mostly because the available evidence does not include an assessment of the impact on rural groups or areas, despite being relevant to many of them. The learner evaluation of Train to Gain reports high levels of learner satisfaction, but no specific rural analysis.

Despite this, there is evidence to suggest that the delivery of these employability and skills programmes to vulnerable rural groups are likely to be hindered by a number of factors. These include transport and the accessibility of provision (NAO, 2004); connectivity and the costs of ICT provision; isolation and breadth of provision; and scale of provision and size of training classes (LSC, undated). There is also a question over whether employers in rural areas are likely to be engaged in many of the newer programmes. For example, it remains to be seen whether Train to Gain will engage the smaller employers in rural areas given that Train to Gain works closely with Local Employment Partnerships (LEPs)¹⁶, which tend to include larger employers.

4.5 Provision for the self-employed and employees working in small and micro businesses

Support for the self-employed in rural areas includes training, counselling, subsidised loans/grants and awareness raising. It is delivered mainly through the **Business Link** network which is funded primarily by RDAs and other organisations, such as local authorities and the Department for Business, Enterprise and Regulatory Reform (BERR). Business Link provides and coordinates business support and programmes to small and medium-sized enterprises (SMEs).

With the regionalisation of business support, there are now around 3,000 business support programmes in the UK, many of which are RDA programmes.

¹⁵ Learndirect and nextstep will be merged to form the new Adult Advancement and Careers Service which again will be available in local iterations, but it is not yet known where it will be located or how much local variation there will be in the service provided.

¹⁶ LEPs are a new collaboration between Government and business to tackle the increasing recruitment and skills challenges of the labour market and economy by encouraging employers across the country to open up opportunities for people from disadvantaged groups (HM Treasury, 2007).

There is some evidence to show that local agencies offering business support play an important role in rural businesses, with many reporting higher levels of trust with the agencies (Countryside Agency, 2003c). A significant number of stakeholders reported that this level of trust was something that rural businesses often felt was lacking in their relationships with local or regional agencies of mainstream provision, and their approach to national training programmes. Many rural businesses, therefore, preferred contact with local Business Link networks, often because they felt they understood the needs of the local economy better and consequently 'spoke the same language' (stakeholder consultation). However, some evidence suggests that more needs to be done to deliver support to the micro- and one-person businesses – widely recognised as 'difficult to reach' groups and groups which are more prevalent in rural areas (Countryside Agency, 2003c; Smallbone et al., 2005).

4.6 Delivering provision for vulnerable rural groups

The provision described above is delivered by three main mechanisms: through local branches of mainstream national provision (such as JCP), by 'drawing down' funding from national or supra-national bodies (such as the European Social Fund), and by specific regional and local providers (such as RDAs and local authorities). They are assessed below, in turn.

4.5.1 Local branches of mainstream national provision

Local branches of mainstream national provision include JCP, Connexions, Nextstep, Business Links and Learning and Skills Council (LSC). **JCP** is the main provider of welfare-to-work programmes for a whole range of groups, and will provide those programmes in rural areas, as well as in urban areas. JCP has 800 offices, 31 contact centres and 79 Benefit Delivery Centres in total (NAO 2008). However, there are only 31 Jobcentres in rural areas – around just 4 per cent of the total number of Jobcentres (CRC 2008). Rural users of JCP, even if they have access to Internet and phone job search, still need to come to JCP offices every two weeks, if signing on for JSA.

Although local branches of mainstream national provision are available throughout rural and urban areas, this is not the same as saying that the service is standardised or is accessible to all. As latest State of Countryside report points out, percentage of rural households that are within 8 km of a Jobcentre has reduced from 59.2 per cent in 2000 to 53 per cent in 2008 (CRC, 2008) and there is also evidence of a reduced use of JCP services in rural areas among rural young people (ECOTEC 2006). The capacity of mainstream provision in rural areas to respond to local conditions are often limited further by issues of scale. For example, the Ramsey Job Search in Huntingdonshire, is a scheme set up by the local Town

Centre Partnership to address the fact that a market town with a population of under 8,000 and low unemployment did not have JCP provision (CRC 2008b). Evidence also demonstrates the critical role of the JCP personal advisors in successfully helping people find work (Meadows 2008; Green 2008; North et al. 2007; Hirst et al. 2005; Hasluck and Green 2007; Dench et al. 2008).

4.5.2 Funding from national or supranational bodies

Funding from national or supranational bodies is another key mechanism through which employment and skills and employment programmes are delivered regionally and locally. The level of support varies between regions and localities, as do the nature of local projects and programmes.

A major source of funding in England comes from the **European Social Fund (ESF)**. 2000-2006 ESF Programme, which continues until 2008. The ESF was set up to improve employment opportunities in the European Union and has helped over four million people in England between 2000 and 2006 through an estimated £3.5 billion. Most ESF money in England is distributed to projects through the LSC, JCP, RDAs and local authorities. These organisations are responsible for finding the match funding. This system is known as 'co-financing' and it enables successful applicants to receive 100% funding for their projects.¹⁷ ESF money is shared out under three Objectives, which are designed to focus resources on those in greatest need. Objectives 1 and 2 target specific regions or areas, and so are the most relevant to rural areas and groups, while Objective 3 develops human resources.

There is not a large body of evaluation evidence detailing the specific impacts of ESF funding on rural areas. Specific evidence on the performance of ESF in rural areas highlights that ESF supports a range of projects that are addressing needs of rural areas, and that rural-based projects, overall, feel that ESF is geared to meeting the needs of rural areas (Policy Research Institute 2003). However, access to and provision of training has been identified as a significant barrier to the performance of ESF funding in rural areas, with a number of co-financing organisations (CFOs) and Government Offices (GOs) reporting that projects operating in rural areas not only face a low or limited level of local demand, but also had to contend with relatively high unit costs in delivery (Hirst et al. 2005; Policy Research Institute 2003).

This issue also emerged in our stakeholder consultation, where a number of stakeholders expressed concern about how well rural issues are recognised and addressed alongside the higher unit costs associated with working in rural areas.

¹⁷ http://www.esf.gov.uk/introduction_to_esf/

There is little evidence detailing the benefits of ESF to rural businesses, although research has found that training for managers was not normally a priority in micro and small businesses, such that they constituted a hard-to-reach group (Smith et al. 2005). It is reasonable to assume that this problem is greater in rural areas which have a higher number of micro and small businesses per head of population than urban areas.

4.5.3 Regional and local providers

RDAs play a key regional role, alongside other key agencies in delivering employment and skills programmes, and rural issues feature on most RDA Regional Economic Strategies (RES). They also play a key role in co-funding ESF programmes (discussed above) and running their own business support programmes in many regions. There is little evidence on the performance of RDAs or RES in addressing the needs of vulnerable rural groups. What little evidence there is suggests that the issues facing rural vulnerable groups are not always entrenched within regional and local agencies and strategies. A review of three RES by the CRC revealed that although all RES featured rural issues and set out regional rural strategies, there was little focus on remote rural areas and on addressing rural poverty (CRC 2008a). Similarly, there is little evidence on the effectiveness of local strategies in addressing the needs of vulnerable rural groups. Evidence from the CRC indicates that the extent to which **Local Area Agreements (LAAs)** and **Sustainable Community Strategies** prioritise issues around rural financial poverty depends on the local area in question (CRC 2008a).

The majority of the stakeholders engaged in this study reported that the costs associated with provision in rural areas often meant that rural employment and skills issues were not often prioritised at the regional and local level. Stakeholders also suggested that because of the dispersed nature of disadvantage in rural areas, it was often easier and more cost-effective for regional and local organisations, as well as individual providers, to identify and target larger areas or particular concentrations of worklessness (a more common feature of urban areas), particularly if they were working to outcome-based targets around employment and skills.

Strategies aside, regional and local providers run a number of **local projects and initiatives** that are either funded through mainstream sources (ESF, Government pilots, local authorities etc.) or the RDAs. The nature and number of these projects in England can vary between locations and there is no centrally held list at the national level of the flexible support they provide for job-seekers and other benefit claimants at the local level (Green 2008). Some programmes and initiatives target specific vulnerable groups in rural areas, such as the Village Agents scheme in Gloucestershire, which provides older people in rural areas with easier access to

information and services. Other schemes, such as Wheels 2 Work¹⁸, target more particular barriers to accessing employment and skills opportunities.

There is a growing recognition that localised approaches to welfare to work allows for greater local flexibility in tailoring provision to the needs of the local communities (Taylor et al. 2007; North et al. 2007; DWP 2007; DWP 2006; Meadows 2008). Indeed, one of the strongest messages to emerge from the stakeholder consultation was the effectiveness of projects and initiatives that were firmly grounded in local knowledge and were able to design tailored and/or holistic interventions to benefit the community. The evaluation of the Wheels to Work schemes, for example, found that the scheme did not just tackle the physical barriers to accessing work, it also provided beneficiaries with opportunities to increase their participation in the community and to maintain an active social life (Gleave 2005).

Our stakeholders also identified effective partnership working as a contributory factor to the success of local rural projects, particularly when they are based on established relationships. Indeed, evidence shows that where partnerships are based on established relationships, they tend to be more effective (Sanderson 2006; DCLG 2006; Hasluck and Green 2007; Atkinson et al. 2007; Ritchie et al. 2005; North et al. 2007; Taylor et al. 2007). Partnerships have been successfully deployed in many local and regional rural programmes, such as the Cornwall Works programme which has involved a consortium of services providers, including input from JCP (CRC 2008b).

However, stakeholders also reported the problem of short-term funding which continue to characterise local projects and threaten their longer-term viability. Green (2008) highlights the problem of staff who may not be attracted to short-term contracts in rural areas or the fact that the provision for short-term projects are subject to change.

4.6 Summary

It is difficult to draw robust conclusions about the effectiveness of national employment and skills programmes in helping vulnerable rural groups move into, remain and progress in employment. Almost none of the larger national and regional employment and skills programmes intentionally targets, or includes specific provision for rural areas or vulnerable rural groups. While many

¹⁸ This offers transport solutions to people in rural areas to enable them to access employment and training opportunities

programmes are relevant to these groups in broad terms, and are likely to be of benefit to many within these groups, almost none have been evaluated in terms of their specific rural impacts. Moreover, many of the newer programmes and initiatives have only been in operation for a short period of time, with few reported outcomes to date.

Yet it is clear that vulnerable rural groups face particular barriers that need to be addressed by employment and skills programmes and policies. From both the evidence and the stakeholder consultation, the most stubborn barriers were identified as limited access to training provision; limited access to public and private transport; the short-term funding of local projects and initiatives; and aspects of some rural labour markets that mitigate against the direction of policy, such as the prevalence of low paid work in some rural communities (Green and Hardill 2003). This strengthens the case for a greater commitment to the rural proofing of government policy, particularly with regard to the new employment and skills agenda, outlined in chapter 2 (CRC 2007b).

Given the localised nature of many of the issues facing vulnerable rural groups, the available evidence suggests that the most relevant and effective pathways to work and progression are often sub-regional and local programmes that are tailored to local circumstances. Hence, the Government's current emphasis on devolving and empowering communities is important as it offers greater flexibility for rural communities to develop local solutions to local labour market problems. Recent research into the geographical pattern of worklessness has reinforced the conclusions that areas differ. The overriding need is for projects to be firmly rooted in the circumstances of their localities (Meadows 2008). The role of both the Employment and Skills Boards and Local Employment Partnerships (LEPs), both of which will have local iterations, will be particularly important in this regard.

5 Key Messages

- Based on the available evidence, it is possible to identify four vulnerable rural groups. These are:
 - young people
 - those in low paid employment, particularly women and migrant workers
 - those with no or low skills and qualifications
 - the self-employed and employees of small and micro businesses
- The evidence indicates that within these groups, the most vulnerable are those living in sparse rural areas; those without adequate access to public or private transport; and those without adequate access to informal networks.
- The key labour market issues for vulnerable rural groups centre around poor quality of employment, low pay and a lack of opportunities to progress at work. Hence, the current Government targets, policies and programmes aimed at improving sustainable employment and in-work progression (Chapter 2) are particularly important to vulnerable rural groups.
- It is difficult to draw robust conclusions about the effectiveness of national employment and skills programmes in helping vulnerable rural groups move into, remain and progress in employment. Almost none of the larger national and regional employment and skills programmes intentionally targets, or includes specific provision for rural areas or vulnerable rural groups. While many programmes are relevant to these groups in broad terms, and are likely to be of benefit to many within these groups, almost none have been evaluated in terms of their specific rural impacts. Moreover, many of the newer programmes and initiatives have only been in operation for a short period of time, with few reported outcomes to date. This picture is complicated further by some evidence of inconsistencies in the quality and capacity of regional and local branches of employment and skills provision.

- The available evidence suggests that the most relevant and effective pathways to work and progression for vulnerable groups are often sub-regional and local programmes that are tailored to local circumstances. This is particularly important in rural communities, where the barriers facing vulnerable groups can often centre around local circumstances, such as poor access to support services or costly public transport. Hence, the Government's current emphasis on devolving and empowering communities is important in this regard as it offers greater flexibility for rural communities to develop local solutions to local labour market problems.

Although the precise effectiveness of national programmes in helping vulnerable rural groups remains unclear, it is clear that many aspects of current government policy on employment and skills hold particular importance for vulnerable rural groups and the issues they continue to face around poor quality employment, inadequate pay and a lack of opportunities to progress in work. These aspects include an emphasis on sustainable employment, in-work progression and devolving and empowering communities to find local solutions to local problems. The flexible New Deal, for example, is intended to be of particular help to those who move frequently between unemployment and employment. It therefore directly addresses the problem of seasonal or intermittent employment which was identified in Chapter 2.

It is too early to judge the likely success of these policies in helping vulnerable rural groups. However, it is evident from both the literature and the stakeholder consultation that the success of these policies were highly dependent on their ability to overcome some particular issues common to many rural areas. These were limited access to training; limited access to public and private transport; the short-term funding of local projects and initiatives; and aspects of some rural labour markets that mitigate against the direction of policy, such as the prevalence of low paid work in some rural communities.

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