

The aim of the Rapid Research Service is to provide a swift and incisive analysis of policy trends and developments, and to investigate their relevance to regeneration practitioners. We are able to follow on from this research to provide specific analysis on issues of concern to your organisation, as well as tailoring our research on national issues to examine the implications for your area. To discuss this further please contact one of the policy staff below.

No.4 Rethinking Worklessness: Research on the Welfare Reform Green Paper

CLES RAPID RESEARCH



Written by **Matthew Jackson** and **Victoria Bradford**
Policy Researcher and Policy and Information Researcher
Express Networks, 1 George Leigh Street, Manchester, M4 6DL
0161 236 7036
matthewjackson@cles.org.uk or victoriabradford@cles.org.uk



Introduction

The purpose of this Rapid Research is to briefly explore the proposals outlined in the Government's recent Green Paper, *A New Deal for Welfare*¹, and to unpack what these reforms will mean for new Incapacity Benefit claimants and those working in Regeneration and Economic Development. To do this, this Rapid Research will:

- Examine the purpose of the Green Paper and why reform is needed;
- Examine current interventions in place to increase employment opportunities;
- Assess some of the challenges of the current welfare system that the Green Paper needs to address;
- To describe the five core proposals to tackle Incapacity Benefit in more detail and assess Regeneration practitioners viewpoints on these proposals;
- To assess any wider issues that Regeneration practitioners believe the Green Paper could and should be considering in the reform of Incapacity Benefit;
- To conclude by exploring whether the Green Paper is likely to meet the Incapacity Benefit challenges and provide a series of questions and recommendations that need to be further considered.

The Welfare Reform Green Paper

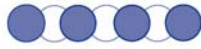
The Green Paper is broadly welcomed by the majority of regeneration and economic development practitioners who were interviewed as part of this research. These practitioners did however feel that there was a great deal of work to be done to make the proposals reality, especially in the areas with the highest levels of Incapacity Benefit claims, and that these proposals would need to be tailored to consider local economic factors.

The section below outlines the purpose of the Green Paper on Welfare Reform; some of the initial

viewpoints of respondents towards the proposals; and the evidence base supporting the Green Paper. In recent years, as the unemployment rate has fallen, there has been an increase and then stabilisation of the number of people claiming incapacity benefit. The Green Paper serves several purposes:

- ***Address Dependency Culture*** - It aims to offer opportunities for groups of people who have as a result of the way in which the Incapacity Benefits system operates, have been locked into a long term dependency on benefit. Many of these groups are willing to work and learn new skills, yet have been denied the opportunity to do so. Some of the key proposals to be discussed later in the paper seek to provide this opportunity.
- ***Reduce Number of Incapacity Benefit Claimants*** - It aims to reduce by 1 million the number of people on incapacity benefits; help 300,000 lone parents into work; and increase by 1 million the number of older workers. In an employment culture weakened by economic restructuring and its industrial heritage there are key sectors of the workforce, most notably the over 50s, who do not have the relevant skills required to re-enter the labour market or who have a physical disability preventing work. Some of the proposals, to be discussed later in this Rapid Research, look to provide opportunities for this group of people and also to change ways in which capability for work is assessed, moving away from the focus on physical ability.
- ***Increase Support and Enhanced Benefits*** - It aims to continue to support those unable to help themselves and unable to work, with continued and enhanced benefits.
- ***Improve Regional/Local Economic Disparities*** - It aims to ensure that a reduction in Incapacity Benefit claimants will contribute to wider Government objectives of employment opportunity for all, reductions in social exclusion and poverty, reduced disparities between the English Regions and the increased economic competitiveness of the United Kingdom, as a whole.

¹ Department for Work and Pensions (2006), *A New Deal for Welfare: Empowering People to Work*
Available at:
<http://www.dwp.gov.uk/aboutus/welfarereform/>



The Green Paper, therefore, seeks to adhere to the Government's core principle that "the best welfare policy is work". This principle has shaped much employment and welfare related policy such as: the New Deal Programme; the creation of Jobcentre Plus; the Minimum Wage and Tax Credits; and work programmes for the disabled. The proposed reforms outlined in the Welfare Reform Green Paper therefore seek to carry forward this principle in order to create a system that asks, initially new, Incapacity Benefit claimants, with support from a range of stakeholders, to focus on how they might re enter the labour market. The Green Paper therefore offers five specific proposals to meet this guiding principle and to reduce the number of people claiming Incapacity Benefit. These five proposals shaped the discussion with regeneration and economic development practitioners and are as follows:

- ***Developing Healthy Workplaces*** – The Green Paper looks to help employers to better protect employees from health risks and to prevent people moving onto Incapacity Benefit in the first place. Small and medium sized enterprises (SMEs) in particular are perceived as requiring greater support.
- ***Transformation of the Gateway*** – The Green Paper sets out proposals to change the capability assessment process for determining eligibility for Incapacity Benefit. Currently this focuses on incapacity rather than capability. The new assessment process will focus not only on physical capability but also functional capability of the claimant. Those claimants identified as being capable of taking part in work-related activity will be given the support required to help them back into work.
- ***A New Employment and Support Allowance*** – The Green Paper proposes a rebranding of Incapacity Benefit to become the Employment and Support Allowance. This new allowance would focus on how new claimants can be supported back into work and does not automatically assume that because a person has a significant health condition or disability they are 'incapable' of work.
- ***Engaging and Supporting Professionals*** – The Green Paper proposes that the employment advice service engage with GPs and other

health professionals more effectively. One particular proposal seeks to place employment advisers in GPs surgeries.

- ***Engaging and Supporting Claimants*** – The Green Paper proposes increased support for claimants wishing to access work opportunities, as piloted in the Pathways to Work Programme. This support in partnership with personal advisers will include encouragement of work trials and voluntary work as well as advice on how to re-enter the labour market, for example interview technique.

Joining Up Policy?

Many felt that the existing New Deal Programmes and Pathways to Work Pilots have had some success in stabilising levels of sickness related benefit claims across the United Kingdom and that the Welfare Reform Green Paper is a welcome opportunity to further develop these programmes and assist in delivering new proposals. There was a feeling amongst interviewees that the Green Paper and the proposals in it - such as piloting a scheme placing Employment and Personal Advisers in GPs Surgeries, joined up policy and linked welfare reform into other initiatives around the labour market. Building on the success of New Deal, the proposals are much more strategic in their approach to welfare reform because they appear to link a number of stakeholders into the process. Whereas in the past, programmes have often focused on the claimant and the employment services, the proposals identified in the Green Paper seek to link the claimant to a range of stakeholders, including employers, GPs, employment advisers and training bodies.

Adequate Resources?

There were however some reservations about the resources, experience, and knowledge available to implement the proposals. For example, several interviewees felt that Incapacity Benefit is a massive and complex problem and that the challenge of incapacity is the highly individualised nature of each claim: each claimant faces different challenges and has different requirements. Cases would need to be viewed independently and as such would need significant resources, financial and otherwise to allow individuals to overcome their health difficulties. A criticism of the Green Paper has been



that it appears to be very general in its approach and seemingly does not include mechanisms to be able to address the diverse needs of the individual claimant. It was also felt that there is an overemphasis on work rather than skills in the Green Paper, with claimants unlikely to be able to sustain and move forward in employment without an appropriate skills base.

Links with Local Labour Market?

Furthermore, there were concerns around local labour markets. It was feared that the proposals would not necessarily align with the needs of the local economy and local claimants. For example, one respondent stated that it would be difficult to implement the proposals in their area due to labour market failure, low pay, little flexibility and limited opportunity. It was felt that the proposals would need to consider, more robustly, both demand and supply side issues.

What about the Stock?

Some respondents felt that the proposals appear largely to focus on new and the most recent claimants and not the stock of claimants. Thus, it is unclear how the proposals are eventually going to make inroads into existing long term claimants of incapacity and associated benefits.

The Evidence Base: Why Bother?

Incapacity Benefit is costing the Government billions of pounds a year. It is also costing those people willing and able to work the opportunity to do so. By illustrating the groups and geographical areas where Incapacity Benefit claims are most prevalent, and some of the reasons why it is such a problem it is possible to better understand the need for reform.

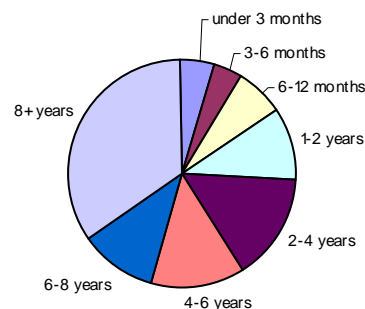
There is a strong argument, which suggests that the problem of unemployment in the United Kingdom has been virtually eradicated. Latest figures from August 2005 from the Department for Work and Pensions highlight that 869, 800 people were claiming Job Seekers Allowance in the United Kingdom. However, this rosy picture of employment masks two key concerns. First, there are pockets of extremely high unemployment in many cities and towns in the UK. This is

predominately the North of England and areas previously dominated by traditional industries such as shipbuilding, steel manufacturing, and textiles. It is also prevalent in areas previously dominated by coalfields such as South Yorkshire, the North East and South Wales. Second, there are around 2.7 million non-employed adults in the UK claiming sickness related benefits, with 2,475,600 of those people claiming incapacity benefit. In percentage terms, this signifies a rise from around 3% in the 1960s to over 7% today.

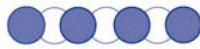
The problem is compounded by the fact that many people who start to claim incapacity related benefits expect to work again, but because of the way in which the benefits system is organised - the longer someone is claiming Incapacity Benefit the more money they receive - never end up doing so. Current policy initiatives require claimants to prove their ongoing incapacity, rather than actively encouraging and supporting people to take the steps back into work. Measures to prove incapacity are currently solely based on physical ability to work and largely fail to consider occupational options that would enable a return to work regardless of many physical health complaints. As such many claimants remain on benefits for many years after their first claim. Therefore the increase in Incapacity Benefit claimants over the last few decades correlates with increasing numbers of claimants remaining on benefits for longer. Figure 1 highlights the proportion of Incapacity Benefit claimants by duration of claim.

Figure 1

Incapacity Benefit claimants by duration of claim (May 2005)



Source: DWP (2006), *A new deal for Welfare: Empowering people to work*, HMSO, London



The stereotypical profile of an Incapacity Benefit claimant is of an older man, formerly involved in primary or manufacturing industries and living in Northern England, Scotland or Wales; an individual whose health has been damaged and who does not expect to work again. However, whilst this group of people does contain a high percentage of Incapacity Benefit claimants, over 40% of all Incapacity benefit claimants are women, over half are under 50 and nearly 40% have a mental health condition compared with 25% in the mid 1990s. There are also high levels of incapacity benefit claims by lone parents and people with low or no qualifications.

While each of the United Kingdom's regions has at least 150,000 Incapacity Benefit claimants there are particular regions and localities where there are much larger percentages of claimants. A 2005 study by Beatty and Fothergill² highlights the geography of sickness benefit claimants. Using Office of National Statistics and Department for Work and Pensions data they identified clusters of areas where the claimant counts for Incapacity Benefit was above 12% of the working age population. Figure 2 highlights the 20 districts with the highest percentages of sickness related benefit claimant in 2003, the total number of claimants for these areas in 2005 and the number of those claimants aged over 50.

Figure 2

District	Percentage of total working age population claiming sickness benefits (August 2003)	Total Claimant Count (August 2005)	Number of Claimants over the age of 50 (August 2005)
Easington	21.1	11 300	5 400
Merthyr Tydfil	20.7	6 600	3 400
Blaenau Gwent	19.1	7 600	3 900
Neath Port Talbot	17.2	14 000	7 000

² Beatty, C. and Fothergill, S. (2005) *Diversion from 'Unemployment' to 'Sickness' across British Regions and Districts*, Regional Studies. No. 39 (Vol. 7): p837-854

Glasgow	17.2	61 600	24 900
Rhondda Cynon Taff	16.7	23 300	11 500
Liverpool	16.1	41 300	21 100
Knowsley	16.0	13 500	6 200
Caerphilly	15.6	16 800	8 600
Bridgend	14.7	11 100	5 500
Barrow-in-Furness	14.4	6 200	3 000
Wear Valley	14.4	5 000	2 500
Torfaen	14.4	6 900	3 500
Barnsley	14.4	18 300	9 400
Inverclyde	14.2	7 200	3 300
North Lanarkshire	14.1	27 500	12 800
Stoke on Trent	14.0	19 800	9 100
Sedgefield	13.4	7 100	3 800
Manchester	13.3	36 900	14 200
Gateshead	13.0	13 800	6 500

Source: Beatty and Fothergill. (2005) and Department for Work and Pensions www.dwp.gov.uk/asd/tabtool.asp

The likelihood of claiming incapacity benefit rises with age in many of the areas identified above. In areas such as Merthyr, Blaenau Gwent and Caerphilly over 50% of all claimants are over the age of 50. That said, whilst incapacity claimants over the age of 50 remain high (around a third of all claimants) in some of the larger cities such as Manchester, there are also a sustained number of claims by younger people aged 18-24 years old and 25-34 years old, whom, again, account for a third of all claimants.

Incapacity Benefit: Existing Interventions

Since 1998 the Government has used a targeted approach to tackle unemployment and worklessness through its New Deal Programme. The New Deal Programme gives people claiming benefits the help and support they need to look for work, including training and job preparation, but also expect the claimant to be proactive. The programme is targeted to the following groups:

- New Deal for Young People (18-24);
- New Deal 25 Plus;
- New Deal 50 Plus;
- New Deal for Disabled People;
- New Deal for Lone Parents;
- New Deal for Partners;
- New Deal: Self Employment;
- New Deal for Musicians.



In quantitative terms the New Deal Programme has had a number of initial successes including:

- New Deal for Young People, 25 Plus and 50 Plus have helped reduce the number of people on unemployment benefits for a year or more by over three quarters to less than 130,000.
- The New Deal for Lone Parents has helped more than 410,000 lone parents into work.
- The New Deal for Disabled People has helped almost 75,000 disabled people into jobs.

A further intervention has been the Pathways to Work pilots, which have been trialed in areas with traditionally high levels of Incapacity Benefit claimants. The pilots aim to reduce the number of people moving onto, and remaining on Incapacity Benefit. The package has been intended to refocus claimants towards the prospects of returning to work through a combination of work focused interviews and various associated services. Figure 3 illustrates the districts piloting the Pathways to Work Programme.

Figure 3

Phase	Districts
Pilots Phase 1 (Commenced October 2003)	Bridgend, Rhondda Cynon & Taff; Derbyshire; Renfrewshire, Inverclyde, Argyll & Bute.
Pilots Phase 2 (Commenced April 2004)	Essex; Gateshead & South Tyneside; Lancashire East; Somerset
Expansions Phase 1 (Commenced October 2005)	Cumbria; Glasgow; Lancashire West; Tees Valley.
Expansions Phase 2 (Commencing April 2006)	Barnsley, Rotherham & Doncaster; City of Sunderland; County Durham; Lanarkshire & East Dumbarton; Liverpool & Wirral; Greater Manchester Central; Swansea Bay & West Wales.
Expansions Phase 3 (Commencing October 2006)	Eastern Valleys; Greater Mersey; Staffordshire

Source: DWP (2006), Working paper 26: Incapacity Benefit Reforms – Pathways to Work Pilots performance and analysis.

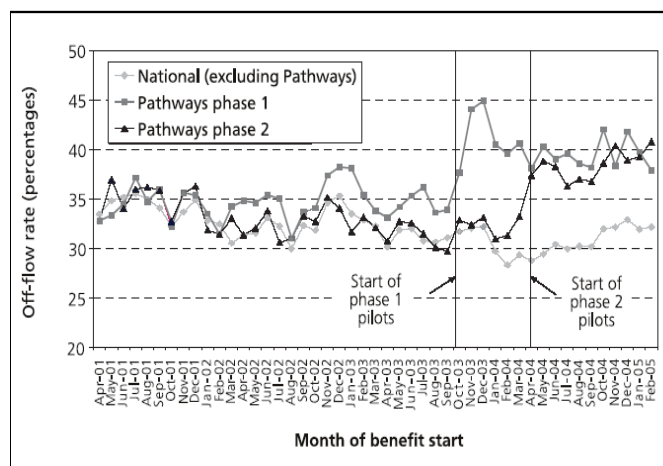
The Pathways to Work pilots offer a dual approach to assisting Incapacity Benefit claimants to return to work. They seek to tackle the number of health-related, personal and external barriers to returning to work as well as providing financial support. The

Pathways to Work pilots consist of five broad strands of support:

- There is a new, more intensive framework of mandatory work-focused interviews delivered by specially trained personal advisors;
- There is better access to existing return to work support and entirely new programmes, delivered in partnership with the NHS, to help individuals to manage their health conditions;
- There are improved financial and non-financial incentives to prepare for and find work;
- There is active involvement of employers helping people to prepare for and progress in work;
- There is work being carried out by the pilots to change prevailing attitudes towards people with illnesses or a disability among other key stakeholders, particularly GPs and employers.

The Government argues that early evidence from the pilots suggests that progress is encouraging with significantly higher numbers of claimants being engaged, substantially improving their prospects for work. This appears to be backed up in the evidence from the first round Pathways to Work Pilots, highlighted in Figure 4, which shows the proportion of customers leaving incapacity benefits within six months of their claim start in Pathways to Work Pilots and nationally.

Figure 4



Source: DWP (2006), Working paper 26: Incapacity Benefit Reforms – Pathways to Work Pilots performance and analysis.



Challenges for the Green Paper

This research has already identified that Incapacity Benefit is a complex issue that affects a large number of people across the country but is specifically problematic in particular areas and with specific groups of people. Indeed, there are a number of legislative problems with the current system and any proposals for reform must be aware of the following challenges:

- ***Who Measures Incapacity Benefit Eligibility?*** - A key challenge surrounds the role of the GP. They are often seen as 'gatekeepers' to benefits, with a focus being on the patient's limitations to work. Therefore a key challenge surrounds changing the focus of this role.
- ***The reassessment of claimants*** - A key challenge surrounds how eligibility for Incapacity Benefit is measured, how often assessments take place and what claimants are required to do in return for their allowance.
- ***The link between Job Seekers Allowance and Incapacity Benefit*** - The perceived lack of barriers that exist in terms of the move onto Incapacity Benefit from Job Seekers Allowance.
- ***Long term Incapacity Benefit claimants and the culture of unemployment*** - There are challenges around re-engaging long term claimants with the labour market. Some claimants have been away from work for a sustained period of time, in some cases over eight years. There needs to be thought about how best to successfully re-engage these groups.
- ***The Perverse Incentive System*** - A core concern surrounds the way in which the benefit system is set up in the United Kingdom, with people receiving more money the longer they are on Incapacity Benefit. Therefore longer-term claimants have no real incentive to return to work and no reward for doing so.
- ***Support to Return to Work*** - There are challenges surrounding the provision of support for claimants who want to return to work. Those who do try to return to work through for example volunteering perceive that they run the risk of being seen as capable to work without the guarantee of employment. Almost nothing is currently expected of claimants in return for benefit.

- ***Does Incapacity mean Incapable?*** - A key challenge surrounds the very perception of the term 'incapacity'. The name itself, Incapacity Benefit, has negative connotations and implies that the claimant is entirely incapable of working. This impacts on both the thoughts of potential employers and employees.

We will look again in detail at these challenges and the key questions in the conclusion, assessing whether the five key proposals of the Green Paper take them into account.

The Proposals: The Response from Practitioners

This section of the research looks to describe in more detail the five core proposals for the reform of Incapacity Benefit and to assess the viewpoints of Regeneration and Economic Development Practitioners to each of the proposals and whether they could make an impact.

PROPOSAL 1 – DEVELOPING HEALTHY WORKPLACES

This proposes working with trade unions at local, regional and national levels to better protect employees from health risks in the workplace. It is argued that with improved and safer workplaces will come fewer injuries and fewer claimants. The Green Paper particularly calls on more support for small and medium sized enterprises as they look to deal with health, safety, sickness, and return to work challenges.

Making an Impact - All of our respondents felt that this proposal had the potential to have significant impact upon the levels of Incapacity Benefit claims. By simply raising awareness of the issues it was felt that a number of accidents or incidents that might lead to a person claiming Incapacity Benefit might be prevented.

Important for Small Business - It was also felt that this should be a significant part of mainstream small business advice, as it might be difficult for some small employers to find out or finance. This is therefore a key message for the Small Business Sector.



Build in a Voluntary Code of Conduct - It was also mentioned that a voluntary code of conduct, over and above statutory responsibilities, perhaps focusing on effective management of absence could be incorporated into Investors in People or similar schemes. In addition there could be an enhanced role for the Health and Safety Executive.

Focus on Construction - There was a feeling that there should be greater emphasis placed on improving workplace health in industries with traditionally high levels of injuries such as construction.

Focus on SMEs - The focus on SMEs was also particularly welcomed. One respondent stated that there was a degree of guilt on the part of the employee if injured at work as a result of the costs to the employer. Increased advice may reduce costs by preventing accidents, as well as improving performance of the organisation in question. Some respondents stated that in their area pilot schemes were already in operation to improve workplace health particularly in the small business sector.

PROPOSAL 2 – TRANSFORMATION OF THE GATEWAY

The current gateway to Incapacity Benefit – the Personal Capability Assessment - is often simply viewed as a small hurdle that must be cleared before inevitably qualifying for the receipt of benefits. It tends to focus on incapacity rather than capability, and as a consequence the Green Paper proposes a series of changes to the assessment and thus the ‘gateway’ to Incapacity Benefit. The key change is that the assessment will be based on capability to work rather than eligibility for benefits. The other proposed changes to the assessment include:

- Individuals will have to satisfy the assessment before they receive benefits. Until then they will receive the basic level of Jobseeker’s Allowance;
- Those who are capable of taking part in work-related activity will receive the support required to help them back into work.
- Those who are extremely limited by their illness or disability will receive the Support component of the Employment and Support Allowance.

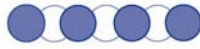
- Reviews of the assessment will take place no longer than 12 months from the date of the previous assessment.
- In addition, there will be a review of the mental health component of the assessment process to ensure that it reflects the prevalence of mental health conditions today.

Focus on Ability to Work - a Positive Move - All of the respondents felt that shift in the Personal Capability Assessment from a focus on eligibility for benefits towards a person’s capability for work was a positive move. They felt that with this, the process would be better able to take account of an individual’s particular circumstances. Moreover, the respondents also felt that this shift would mean that the test would be better placed to address the rising number of mental health related claims. This move was also welcomed by respondents because, although mental health related claims are a growing proportion of all claims, it was felt that given the right support some people could relatively simply be helped back to work. This view was however backed by an acknowledgement that not all mental health-related claims could be solved easily.

Skills and Capacity Issues as regard Assessment – It was stated that whilst the shift was good in theory and that most people on Incapacity Benefit do indeed want to work, the success of the proposal depends heavily on how the assessment is made, for example who it is made by and at what time of day it is made, as all of these could all impact quite significantly on a persons capability to undertake work. This respondent also highlighted two further concerns relating to this proposal. First, would Jobcentre Plus advisors be adequately qualified to make decisions about a person’s capability? Second, it was felt that this shift might result in a large number of appeals, adding further to the workload of Jobcentre Plus staff.

PROPOSAL 3 – A NEW EMPLOYMENT AND SUPPORT ALLOWANCE

This proposal seeks to counteract perceptions that the terms incapacity and Incapacity Benefits reflect an individual as ‘incapable of work’. The proposals for an Employment and Support Allowance reflect thinking that because a person has a significant



health condition or disability does not mean they are incapable of work. By 2008, the Employment and Support Allowance will replace Incapacity Benefit and Income Support. It will be paid to most claimants in return for undertaking work related interviews, agreeing an action plan and as resources allow, participating in some form of work related activity. If claimants do not fulfil these agreed responsibilities the Allowance will be reduced by a series of slices, ultimately to the level of Job Seekers Allowance. For those with the most severe health conditions or disabilities, the benefits will however be paid unconditionally. The Allowance will also take greater account of mental health issues.

Removing Stigma - The re-branding of Incapacity Benefit as the Employment and Support Allowance was felt to be helpful because it removes some of the stigma around the term incapacity and reflects the focus on the client and support available to them to re-enter the labour market.

Problems of Interpretation - However, whilst recognising the need to take this into account there were concerns that mental health is a complex area. "It is not sufficient for personal advisers to attend a one day conference and then be seen as an expert". One respondent did however state that not enough thought had gone into the rebranding. They felt that not enough thought had gone into considering the needs of the 'genuinely sick' and those physically unable to work.

PROPOSAL 4 - ENGAGING AND SUPPORTING PROFESSIONALS

The Green Paper proposes an enhanced role for GPs and primary care teams in the role they play in helping people back to work. There are three key proposals outlined in the Green Paper:

- A number of initiatives are planned to help GPs work with patients, to ensure they understand the importance of work and that GPs can help assist people to remain in or return to work. This will include a national education programme for GPs on health and work.
- The paper proposes greater partnership working between Incapacity Benefit claimants and other healthcare professionals.

- The paper proposes stronger links between GPs and employment advice. It proposes piloting the placement of employment advisers in GP surgeries in order to improve these linkages and ensure that claimants have more access to employment opportunities.

Worries over Changing GP Role - The proposal to give GPs more of a role in the work agenda was met with caution by the majority of our respondents. There was caution mostly as a result of media speculation that GPs could be offered incentives for signing off incapacity benefit claimants as fit to return to work. Many felt that a GPs primary role should focus on patient care. One respondent did however state that the proposal could be viable in areas where Incapacity Benefit was a major problem and where the work of GPs could be linked to wider regeneration programmes such as the health projects as part of Neighbourhood Renewal Fund spending.

More Training for GPs needed - The respondents did however state that GPs would need to be effectively trained to understand wider work related issues such as the skills agenda. Of those who did feel that the proposals were negative; skills, resources and workload pressures were deemed to be key areas of concern. Respondents also felt the onus should also be on the claimant and not on health professionals meeting targets relating to the number of claimants returning to work.

Cost? - Whilst many respondents agreed that basing Personal/Employment Advisers in GPs surgeries was on paper a good proposal, a key concern surrounded how it would be implemented and the cost. There were also doubts surrounding difference it would make and whether evidence could be strategically gathered to map the impact.

Need to Reflect Geography - Respondents also stated that the proposals should reflect the geographical nature of incapacity benefit, with the arrangements customised for a particular location, situation or GPs Surgery. However, one respondent questioned the additional benefit of locating employment advisers in GP surgeries, especially in



light of the proposal to make Work Focused Interviews mandatory for new claimants.

Help for the Most Disengaged? - The respondents also questioned how this service would benefit those that are most disengaged from the labour market and have poor relationships with Employment Advisers. A far more effective capacity for Employment Advisers in GPs surgeries could be as part of an 'outreach' service targeting those with the most severe, self-esteem and aspiration problems.

PROPOSAL 5 – ENGAGING AND SUPPORTING CLAIMANTS

The Green Paper proposes a number of measures to improve the readiness and ability of Incapacity Benefit claimants to work. The new Employment and Support Allowance means just that; new claimants will receive advice and guidance to access new forms of employment; new claimants unable to work because of disability or physical impairment will receive the necessary financial support. Those new claimants willing and able to work will be encouraged to undertake voluntary work, job trials, and interview preparation in return for benefit. The hope is that these experiences will lead to more gainful employment and thus a reduction in Incapacity Benefit claimants. Therefore the Green Paper proposes:

- Increased support for new claimants to return to work swiftly with employment advisers working with each claimant on an individual basis.
- To extend the provision of Pathways to Work pilots across the country by 2008.
- Introducing the Employment and Support Allowance from 2008, with new claimants, except those with the most severe disabilities, being supported to develop a work action plan or see their benefits reduced.
- To increase the level of support over time and thus the level of conditionality for new claimants.

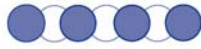
A Logical Extension to New Deal - The increased conditionality for new claimants outlined in the Green Paper was felt by our respondents to be a logical extension of the New Deal scheme that was

already in place. In addition, it was generally accepted that most people want to work, and that support should be given to channel vacancies to the most disadvantaged, and to allow them to be able to take advantage of them. For most of the respondents, the increased support and conditionality was welcomed. It was seen as an effective manner in which to support new claimants to re-engage with the labour market and return to work, but only if managed and supported according to an individual's needs.

Need for More Jobs - For others, whilst this seemed to be the way to progress, it was important that jobs are available at the end of the process. The respondents stressed that the systems must not focus on supply to detriment of demand for employees, as this could leave claimants feeling despondent and let down by the new system. It was also felt that whilst the proposed system was a step in the right direction towards reducing the number of Incapacity Benefit claimants, it also involves dealing with clients with significant need and therefore must involve significant support mechanisms and adequate resources. It was suggested that both claimants and any employers would need support if the reforms were to work effectively and for claimants to re enter the labour market.

One respondent stated that voluntary, work trials, or interview preparation must be accompanied with a skills programme, which instead of matching people to vacancies gives individuals the motivation to apply for the vacancies themselves. They also warned against the process becoming target driven with claimants being pushed into inappropriate jobs. This could, whilst reducing the number of claimants, be detrimental to a claimant's progress. Respondents also warned against insensitivity towards the needs of claimants and 'dragging' claimants into work.

Pathways to Work Roll Out Welcomed - The roll out of Pathways to Work and the proposal to protect the benefits of those who return to work was welcomed by practitioners. It was also mentioned that the ability to protect housing benefit, in the same way, would act as an added



incentive for claimants to re enter the labour market, after long periods of absence.

More Individualised Service - It was, however, felt that this more holistic and individualised approach to reducing the number of claimants and length of time people are claiming Incapacity Benefit would be unsuccessful if target rather than outcome driven. It was felt that if there was pressure upon both adviser and client to accept a job, it might not be the best outcome for employee, adviser or employer and might prejudice future attempts to re-enter the labour market.

Wider Views on the Green Paper

From our conversations with Regeneration and Economic Development Practitioners a number of further views, issues and challenges emerged that the Green Paper and any interventions to tackle Incapacity Benefit would need to consider, they included:

The Importance Of Enterprise

It was felt that the Green Paper did not explore Enterprise Development in enough detail nor did it seek to link Incapacity Benefit proposals with existing regeneration programmes, such as LEGI. The lack of enterprise in many deprived areas was identified as a core challenge. Enterprise levels in deprived areas, (also many of those areas with high levels of incapacity benefit claimants), were particularly low. However, dealing with this issue effectively and linking it to more mainstream education and economic development activity could result in it overcoming some of the more complex supply side problems. In addition, working to overcome the reasons for a lack of enterprise, such as low esteem and low employment related aspirations might also have a wider impact on Incapacity Benefit claimants.

Focus On Mental Health Welcomed

A number of our respondents welcomed a renewed focus on mental health issues in the Green Paper. Traditionally, Incapacity Benefit has awarded a range of physical disabilities and impairments and this is reflected in the tests for incapacity eligibility. In some areas physical disabilities such as back problems remain a core challenge, as do respiratory

problems in ex-coalfield areas. However, in recent years there has been a steady rise in mental health related incapacity claims, for example, depression and anxiety. As such, mental health issues were identified as core challenges for any new system.

The Skills Of Jobcentre Plus Staff

Many of the interviewees felt that the proposals outlined in the Green Paper would be problematic because they intend to create a widened role for Jobcentre Plus staff. Under the new proposals advisers will be required to make more decisions about a person's capability to undertake work, mental and physical, and also aid a person to become job ready and to re-engage with the labour market. Our respondents were concerned that this greater role would involve a greater level of skill, knowledge and time than was often available to Jobcentre Plus advisers. For example, it was felt that Jobcentre Plus advisers would not have adequate health knowledge to address these issues, particularly the complex area of mental health. With many incapacity claimants being out of the labour market for a significant length of time, often as long as eight years, it was felt that a core challenge would be the significant support needed to enable the long term sick to reengage with the labour market. For these people to be ready to look for employment or training opportunities would require a significant resource and dedicated team of advisers to change some peoples' chaotic lifestyles and approach to work.

Links To Social Exclusion

It was felt that Incapacity Benefit was part of a much wider culture of unemployment and social exclusion and that this particular link is not well catered for by the Green Paper. Interviewees mentioned that in some areas there was a culture of non-employment, which extends across several generations. This stemmed from the economic restructuring of the 1970s, through the mass unemployment of the 1980s, and is characterised by the movement onto Incapacity Benefit in the 1990s. Consequently some young people are from families who have not worked for three generations and therefore have low aspirations as regards their employment potential.

Effective Targeting



One respondent felt that whilst the Green Paper offered a generic approach to reducing numbers of Incapacity Benefit claimants, it was important not to treat all claimants in the same manner. Incapacity Benefit claimants suffer from a range of issues, and solutions must be targeted to specific needs. For example the capability of a person with mental health challenges varies from those with respiratory problems. Therefore the proposals would benefit from an approach, which takes into account these varied challenges and designs customised interventions for claimants.

Conclusion and Recommendations: Does the Welfare Reform Green Paper meet the Incapacity Benefit Challenge?

In recent years, the United Kingdom has had a history of increasing levels of Incapacity Benefit claimants, which is having a significant impact on both local economies and social exclusion. This kind of level of worklessness is not new to the UK and is intrinsically linked to the economic restructuring of the 1970s and 1980s and the high unemployment levels of the 1990s. Whilst a series of initiatives piloted by the Labour Government since 1997, most notably New Deal have made headway in equipping the unemployed and Incapacity Benefit claimants with the skills required to return to work there is still scope for significant improvement. The Welfare Reform Green Paper seeks to trigger this improvement by returning over 1 million people to work through a series of new proposals.

Having seen how the problems with the current Incapacity Benefit System are creating high levels of Incapacity Benefit claims by way of a conclusion we will consider how the proposals outlined in the Green Paper could potentially meet the following challenges:

- **Who Measures Incapacity Benefit Eligibility?** – The Green Paper sets out a joined up and integrated role for both GPs and Employment Advisers to reduce numbers of Incapacity Benefit Claimants – in this a partnership approach and collective ownership of the problem could develop.

- **The reassessment of claimants** – The Green Paper sets out proposals to transform the Personal Capability Assessment and to continuously review this assessment so as to take into account changes in an individual's circumstances.
- **The link between Job Seekers Allowance and Incapacity Benefit** – The Green Paper proposes measures to 'transform the gateway' between Job Seekers Allowance and Incapacity Benefit, including a measure to ensure that new claimants do not receive Incapacity Benefit until they have completed the full Personal Capability Assessment.
- **Long term Incapacity Benefit claimants and the culture of unemployment** – Clearly, whilst a difficult challenge, this is met by proposals to work with individuals, particularly those furthest from the job market to plan for their re-entry and undertake work focused activity.
- **The Perverse Incentive System** – The Green Paper proposes to overcome the perverse incentive system by ensuring that as payments increase, so to does the level of work focused activity new claimants are required to undertake.
- **Support to Return to Work** – The Green Paper proposes that claimants be supported back to work through individualised workplans and more sustained support from Employment Advisers.
- **Does Incapacity mean Incapable?** – The Green Paper proposes that the Personal Capability Assessment be refocused to look more at a person's capability for work rather than their eligibility for benefits. It also proposes to change the name of Incapacity Benefit to the Employment and Support Allowance.

Whilst CLES and regeneration practitioners are broadly supportive and welcome the welfare reform green paper, there are a number of proposals, which there are concerns over and several issues that it does not fully address. These include:

- **The Small Business Sector** – Whilst the Small Business Sector is mentioned in the Green Paper as regards to workplace health and links with Employment Advisers, there needs to be



greater emphasis placed on the role they can play in preventing accidents, managing sickness and in their links to Jobcentre Plus.

- **The Personal Capability Assessment** – There remains concerns surrounding how, by whom, and when the assessment takes place and how this might affect the individual claimant.
- **The Role of Unions** – There appears to be little mention in the Green Paper of the role trade unions can play in retaining people in employment.
- **Long term Claimants** – There were concerns that several aspects of the Green Paper do not adequately take account of the needs of the genuinely sick.
- **Employment Advisers** – There were four key concerns about the roles played by employment advisers.
 - First, will they be able to effectively reach those furthest from the labour market?
 - Second, do they have the capacity and the appropriate skills to effectively advise individual claimants?
 - Third, there were concerns that advisers would become overly concerned with meeting targets rather than the needs of individual claimants.
 - Fourth, it was felt that the proposals might lead to advisers placing claimants in jobs which did not meet with their skills and capabilities. There was a feeling that further work needed to be done in linking claimants to the correct jobs.
- **Experience** – The Green Paper does not seem to consider that the proposed reforms will require high levels of skills in order to work effectively with Incapacity Benefit claimants, assisting them to reengage with the labour market.
- **Linkage** – The Green Paper does not sufficiently advocate linking the proposed reforms with wider regeneration, economic development and social inclusion activity that is already taking place.
- **Supply and Demand** – The Green Paper does not adequately address the demand of the labour market. Work must be done to ensure that available jobs are linked to the needs of claimants and support is available for employers who take on former claimants.

- **Resources** – The Green Paper does not appear to mention the significant new resources that will be required to implement the proposals and to deal with the complexity of the problem. This perhaps will become clearer once the White Paper is produced.
- **Flexibility** – the proposals outlined in the Green Paper seek to address a massive and complex problem, which must be tackled by dealing effectively with an individual's needs. To do this effectively requires a significant level of flexibility, which is not proposed in the Green Paper.

As we have seen the proposals set out in the Green Paper go part way to laying the foundations for effective reform of the welfare system. This is reflected in the broadly supportive comments from Regeneration and Economic Development practitioners. However, there remain a number of concerns related to the impact of these reforms on the rising number of claimants, on those most disengaged from the labour market, and on its ability to deal effectively with the complex needs of individual Incapacity Benefit claimants.

Bibliography

Beatty, C. and Fothergill, S. (2005) 'The Diversion from 'Unemployment' to 'Sickness' Across British Regions and Districts' *Regional Studies* 39(7): 837-854

Department for Work and Pensions (2006) *A New Deal for Welfare: Empowering people to work* <http://www.dwp.gov.uk/aboutus/welfarereform/>

Department for Work and Pensions (2006) *Incapacity Benefit Reforms – Pathways to Work performance and analysis* <http://www.dwp.gov.uk/asd/asd5/wp26.pdf>

HM Treasury (2003) *Full Employment in Every Region* http://www.hm-treasury.gov.uk/media/3A8/66/employment_372.pdf

The Views of the Disability Alliance



<http://www.disabilityalliance.org/ibchange.htm#Disability%20Alliance's%20response>

This Rapid Research was prepared and written by Matthew Jackson and Victoria Bradford at CLES. For further information on the Welfare Reform Green Paper or on Incapacity Benefit generally please contact us on (0161) 236 7036 or alternatively email matthewjackson@cles.org.uk or victoriabradford@cles.org.uk. CLES will also be responding to the consultation questions for the Welfare Reform Green Paper, due by 21st April 2006. If you have any thoughts on the following questions please let us know:

1. What else should be considered to give the right incentives to employers to provide increased health support to their workforce?
2. How do you think that DWP can best improve work incentives within the new Employment and Support Allowance so that individuals have the opportunity to try out periods of work and progress to full time work where possible?
3. How can DWP best share the evidence for the role of work in recuperation and good practice regarding sickness certification to medical professionals?