

Modernising and Activating Measures Relating to Work Incapacity

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During the 1980s and 1990s unemployment was the major issue of labour market policy and efforts to reduce it were focused on those that can broadly be considered 'Job Ready'. Policy development in many countries has found elements that help reduce open unemployment. These consist of Making Work Pay efforts using some combination of minimum wages, tax credits and lower relative value benefits and Active Labour Market Policies (ALMP) normally with a Work First approach. These focus on promoting job search activity, short burst of work experience and related support services. The fall in unemployment meant that wider benefit dependence and worklessness became a more important area for policy development. In most developed nations the focus on unemployment had led to a lesser focus on dependency on inactive benefits covering the sick and disabled, those with addiction problems, chaotic lifestyles (including homelessness) and lone parents in some countries.

Since the mid-1990s this has started to shift with the realisation of the large and rising scale of worklessness and welfare dependency not reflected in unemployment. However, whilst there was a reasonably well developed assessment of how to help the unemployed back to work, this evidence base was not there for more marginal groups, with the possible exception of lone mothers. So more recently a large number of countries have sort to address broader worklessness and welfare dependence. The Work First approach to helping the unemployed is not obviously appropriate to apply to those with substantial labour market barriers. This approach requires active job search and tends to address wider problems or barriers after people have been out of work for some time to avoid deadweight of spending on support services to people who find work easily without help. The natural alternatives are providing help and support to address the underlying barriers to employment before the person moves into an active job search phase or fast-tracking the individual to the type of interventions normally offered to the long-term unemployed. A second dimension here is that the transition into employment is far less likely to the end of the story for people with major and/or multiple barriers to employment. All too often people return to welfare after trying work. This can be because the jobs are marginal (e.g. temporary or likely to die) or the barriers to employment create conflict with employers or intensify in a way that inhibits working.

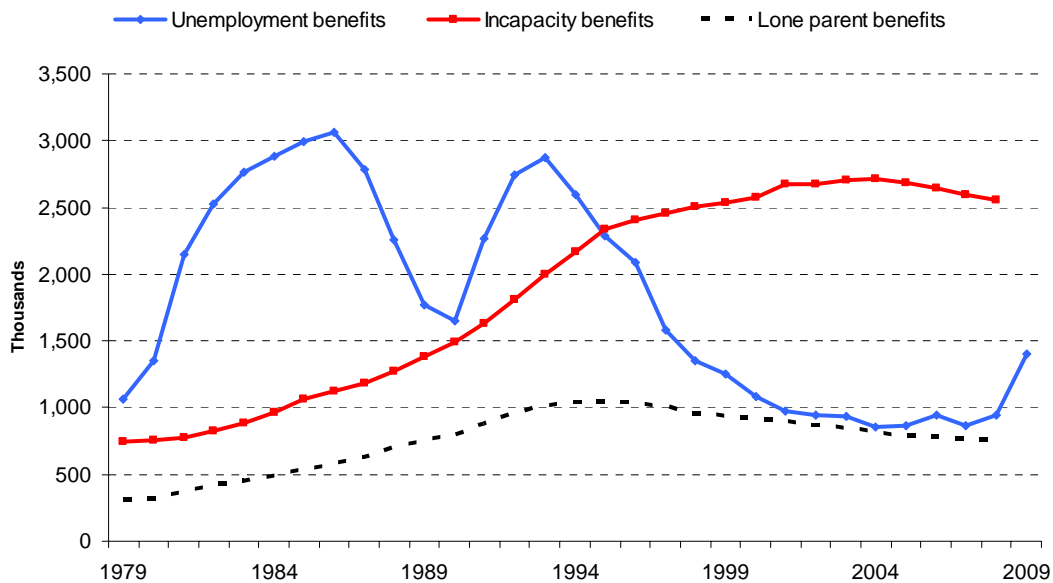
This raised issues about the delivery of new ALMP type services to these groups, how they follow through these phases, how are the multiple problems/domains addressed, is it only one organisation or many, and how are organisations funded and incentivised to focus on work outcomes (which are not normally the focus of many agencies in health and social services areas).

The evolution of thinking and policy intervention in the UK across these areas has encountered a number of problems and evolutionary steps, reflecting the issues laid out above. The first steps were to create New Deal programmes for recipients of social assistance and sickness and disability benefits in 1998. These were on an entirely voluntary basis. Employment transitions for volunteers were frequent (around 50% in 6 months of starting) but volunteering was low and returns to welfare common. The attempts to get the Benefits Agency (which dealt with social

Assistance and Incapacity benefits) and Job Centre who dealt with unemployed to work together on this failed. So they were merged into a new service – Job Centre Plus.¹

Incapacity Benefits are mainstream benefits, paid to customers who are out of work because of a health condition or disability. Claimant numbers more than trebled between the late 1970s and mid-1990s, however numbers on incapacity benefits are now falling.

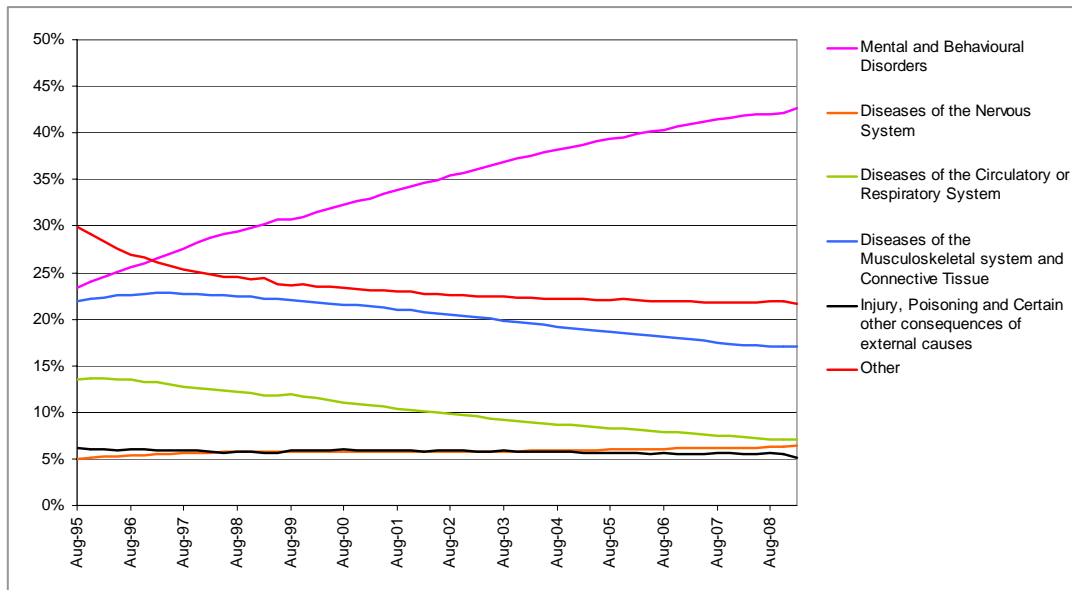
Benefit Caseload – UK



The incapacity benefit caseload is dominated by long-term cases, but the proportion of caseload with mental health condition has grown over time.

¹ Gregg, Mclvor (2009) "Assessment of the Qualification Programme in Norway".

Primary Medical Condition of Incapacity Benefit caseload



Source: Work and Pensions Longitudinal Study, DWP.

Around 2.6 million people are receiving incapacity-related benefits. Over half have been receiving these benefits for over five years. Other people claim Job Seekers Allowance, or lone parent benefits – but also have a health condition or a disability.

It is vital that more is done to help these people get into or back into work. It is vital for the individuals concerned – we know that work is generally good for people whether they are disabled or not. Work promotes better physical and mental health, increases happiness and life satisfaction, and improves financial security.

The working age employment rate for disabled people in Great Britain is 47.8%² compared to 72.9% for the overall working age population – a gap of 25.1%.

The UK Government is committed to reducing this gap and supporting customers off incapacity benefits and into work by moving from the assumption that all disabled people cannot work in the mainstream in unsupported employment, to an assumption that, with the right support, many can, and to ensure that any disabled person who wants a job, and needs support to get a job, should be able to do so, wherever feasible.

From 27 October 2008 incapacity benefits were replaced for new customers by the Employment and Support Allowance. Part of this new benefit includes the introduction of a new more accurate medical assessment – the Work Capability Assessment which includes a work-focused health-related assessment. The Work Capability Assessment, carried out by independent healthcare professionals, aims to identify what people can do - not only what they cannot, in order to give them the most appropriate support. Individuals will either be assessed as either being fit for work, with the right help and support, having a limited capability for work, or having a limited capability for work related activity. It is only this later group that won't be expected to actively take part in back to work activity, although they may choose to take up the help and support on offer if they wish.

² Labour Force Survey, Q3 2009.

It is planned that all existing incapacity benefits customers will be transferred to Employment and Support Allowance starting in October 2010.

The UK Government offer a range of Active Labour Market Policies specifically designed for disabled people and those with health problems.

Pathways to Work is a back-to-work programme available to all customers claiming incapacity benefits and Employment and Support Allowance in Great Britain. Before Pathways was introduced in 2003, there was minimal requirement to engage and no tailored support for this customer group.

Pathways is a menu of different support options tailored to the needs of each customer: this can include Work Focused Interviews (WFIs), help finding and applying for jobs ('job broking'), training, help managing a health condition or disability (Condition Management Programmes), and extra money to boost in-work income (the Return to Work Credit). All new customers claiming Employment and Support Allowance who are assessed as able to prepare to return to work must attend a series of six WFIs as a condition of receiving their benefit. If they fail to comply without good cause then benefit can be sanctioned. Take up of additional support outside WFIs is voluntary. The Pathways period of compulsory engagement lasts for around 9 months at the start of a claim. After the six WFIs are complete, customers may be required to attend further, occasional WFIs when their circumstances change. All existing customers claiming incapacity benefits can volunteer for the extra support provided through Pathways.

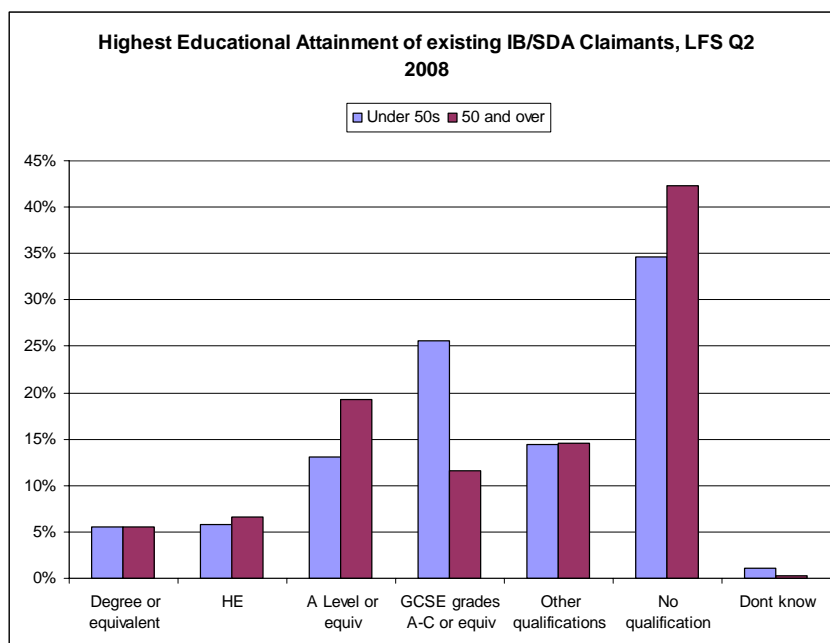
Pathways has been available nationally since April 2008. It is delivered in 40% of the country by Jobcentre Plus, and in the rest of the country by external contractors, who are paid by an outcome funded model.

Work Preparation is a series of short courses (generally six weeks) delivered by Public, Private and Voluntary sector to help disabled people with complex barriers prepare for employment by building their confidence, identifying suitable types of work, offering work experience and providing support.

WORKSTEP was introduced in 2001 and replaced the Sheltered Employment Programme (SEP). This signalled a shift away from the assumption that all disabled people were only capable of working in a 'sheltered' environment to one where they should all be given the opportunity to work in 'open' employment, with or without in-work support (whichever is appropriate for them). Primarily WORKSTEP delivers mainstream jobs, though around 2,500 people are in Supported Businesses. Individuals are encouraged to progress to 'open' unsupported employment where appropriate.

Together WORKSTEP and Work preparation will be replaced with a single programme called Work Choice, from October 2010.

Although there is limited information around skills of new claimants to incapacity benefits, these data do emphasise the scale of the skills issue. They also show that there is more of a gap between the highly skilled and the unskilled for those over 50.



The Government's policy approach has been to move towards better integration of the employment and skills systems.

The Government aims to provide more support to people who are out of work to help them make informed decisions about training so that they choose courses that will address their needs and help them move into sustained employment and develop their skills.

The Government is also aiming to introduce a new, single purse in England, jointly owned and funded by the Department for Work and Pensions and the Department for Business, Innovation and Skills. From 2011, we will bring together money currently spent by both the Department for Work and Pensions and the Department for Business, Innovation and Skills to help people who are on out-of-work benefits, primarily those on JSA, gain the skills they need to get a job they can progress in. Subject to the next spending review, we expect this new single purse to be worth around £250 million a year. It will be used to purchase a range of different training opportunities and wider support. The contracting will be overseen by a joint commissioning board.

The role of Jobcentre Plus advisers will be critical here. Throughout the duration of an individual's claim, advisers will help the customer to accurately assess their skills needs and understand what skills are in demand in the local labour market.

As mentioned previously, the proportion of the incapacity benefit caseload with mental health conditions is rising, and people with these conditions remain the most excluded in our society. The challenges faced by people with a mental health condition are often quite different to other disabilities: difficulties negotiating the social world of work; the fluctuating nature of the impairment; and many have never worked since the onset of their condition. Over 1 million people with mental health conditions are also on benefits and in England alone, mental health conditions cost the economy approximately £23.1 billion in lost output caused by people being unable to work.³

³ 2002/3 figures SCMH 2003: The Social and Economic Costs of Mental Illness.

Too often employment support and health services have operated separately. The Government have begun to change this culture. Many of our employment initiatives are jointly led with the Department of Health and the health departments of the Welsh Assembly Government and Scottish Government, and, as with the WCA, focus on identifying what people can do, not what they cannot do. To this end the UK Government are looking to implement an innovative radical vision 'Individual Placement and Support, integrating treatment and employment support, whereby people are assisted to get a job as quickly as possible and then both employer and employee are provided with personalised support for as long as is necessary. Job Centre Plus are also recruiting Mental Health Co-ordinators in every district to enable a more comprehensive and tailored support for those with Mental Health conditions, irrelevant of the benefit they are receiving.

The Government is also introducing a new statement of fitness to work, or 'fit note' to replace the old fashioned 'sick note'. This will help GPs to facilitate return-to-work discussions for people off sick, and aims is to reduce the numbers moving onto long-term disability benefits. It will also:

- help inform discussions between individuals and their employers about whether there are changes to the employee's work environment or job role which could help in achieving an early return to work;
- help employers in retaining staff and their skills;
- provide individuals with information about steps they can take which will help them towards an early return to work; and
- promote a positive attitude to the role of work in aiding recovery.

In addition, a number of psychological therapy services across Britain are embedding employment advisers and a work focus in their services. This will test how co-ordinated mental health and employment support can best improve job retention and reduce health-related job loss for the estimated one in six people who experience mild to moderate mental health conditions.

Giving people the choice to work up to and beyond State Pension Age is critical to ensuring the economic prosperity of our society in terms of both work and pensions. Individuals must have the choice and opportunity to work and save longer towards a financially secure retirement.

People who are able to work should expect to work up to State Pension Age and have the chance to work beyond if they wish to do so. Currently around 1.4 million people in the UK are working past State Pension Age, many in part-time work. Our research suggests that this is what people want – the choice.

The UK Government is addressing this in three separate ways, through employers, legislation and the individuals themselves.

In December 2009 'Building Britain's Recovery: Achieving Full Employment', was published. To respond to the additional needs of people over 50, the new measures include:

- Additional time and training for Jobcentre Plus advisers;
- New specialist back to work support for the over 50s;

- Widening access for over 50s to work trials;
- Enabling people over 50 with significant barriers to employment to get early access to the six month offer;
- A new National Guidance Initiative to encourage and help employers to adopt flexible approaches to work and retirement.

These policies are not about making people work until they drop. They are about increasing choice and opportunity for individuals to be able to work and plan for their retirement.