Conditionality without employability: welfare reform and barriers faced by people with health and disability-related limitations

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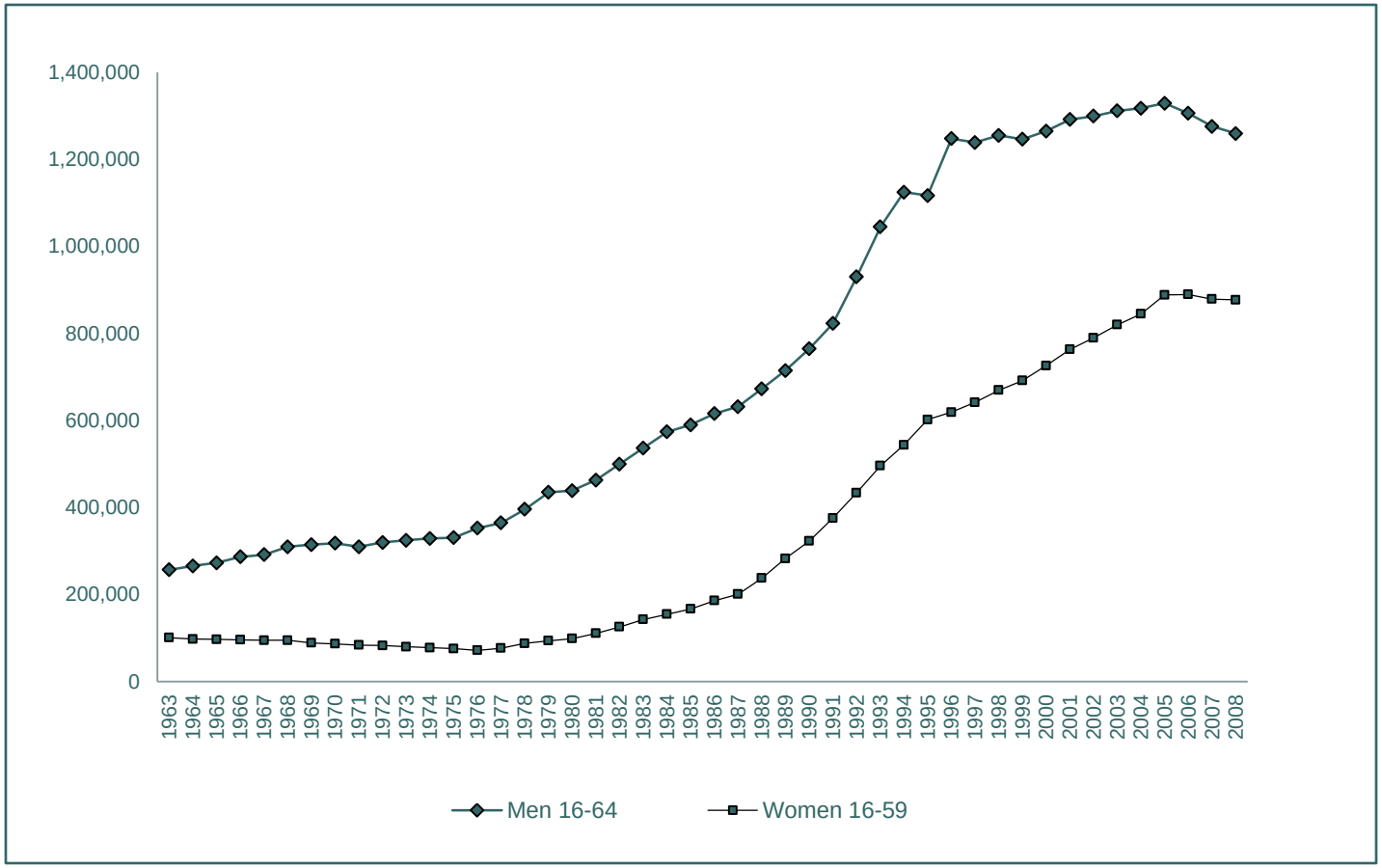
Increased conditionality for people on health/disability-related benefits

- The health/disability benefits 'problem'
- The role of conditionality in current policy agendas
- Is conditionality likely to work?
- Alternative policy suggestions based on evidence as to the nature of the disability benefits problem
  - Health and disability-related limitations
  - Employability gaps **(which cannot be addressed through conditionality/sanctions)**
  - Labour market disadvantage
- Concluding thoughts

Welfare reform and challenges for health and employability policy the in the UK: **the problem**

- 2013: 2.5 million claiming ESA, IB and SDA – the main sickness/disability benefits for people of working age
- Only 1.3 million claiming unemployment benefits (JSA)
- Problems of: fiscal impact (and concerns regarding ageing); wasted human capital; risk of poverty/social exclusion; long term exclusion from labour market with impacts on employability; exacerbating individuals' health problems

IB/ESA numbers in the UK



Current UK policy and the role of conditionality

Policy context in the UK

- 'Pathways to Work' activation programme (rolled out from 2003) amalgamated into generic Work Programme 2010
  - Work-first activation designed to move people towards work quickly
  - Evidence of parking of ESA claimants by WP providers (HoC 2013)
  - Subject to sanctions for non-compliance
- October 2008 – introduction of Employment Support Allowance
  - Stricter medical 'Work Capability Assessment' (WCA) – reassessment of new and existing claimants, to be repeated within 2 years (Harris and Rahilly 2011)
  - Most new ESA claimants now required to join 'Work-related Activity Group' or found 'fit for work'
  - Specifically designed to prevent most from accessing 'Support Group'
  - 1/3 of claims in first three years closed prior to WCA
  - Reviews have suggested WCA is 'mechanistic', 'lacking empathy' and invalid in identifying many (chronic; mental health) conditions (Harrington 2010)
  - Stricter Personal Independence Payment replacing DLA

An increasing role for conditionality…

- Shift of tactic? From discredited WCA to use of sanctions and means-testing to eliminate people from benefit
- Increased means-testing: one year time limit on contribution-based ESA (WRAG group)
- Work-related activity group: paid at lower rate; compulsory attendance at WFIs; participation in Work Programme and other interventions
- Sanctions strengthened 2012: open ended sanction lifted when claimant re-engages, followed by a 1-4 week punitive sanction period. Claimants sanctioned 100% of personal allowance (£71 in 2012).
- Fits with elaborate sanctions regime proposed under Universal Credit
- Punitive sanctions regime reflects belief in need to "generate positive behavioural effects" (DWP, 21st Century Welfare, 2010)

From conditionality to a sanctions culture in welfare to work

- Work Programme: 400K sanctions – double the number of job outcomes
- Sanctions common: 1/5 of JSA claimants 2007-12
- Clear upward trend in JSA and ESA sanctions (although only 0.5% of ESA claimants per month)

Webster 2014

News › Society › Benefits

Jobcentre was set targets for benefit sanctions

- Inquiry launched after league tables revealed
- Leak shows pressure on staff to refer claimants

Patrick Wintour, political editor
The Guardian, Thursday 21 March 2013 21.37 GMT

A manager at a jobcentre has leaked an email revealing the existence of a league table in her region for referrals to the stricter benefits regimes. Photograph: Rui Vieira/PA

The government has launched an inquiry after it was forced to admit that jobcentres have been setting targets and league tables to sanction benefi claimants despite assurances to parliament this week that no such target were being set.

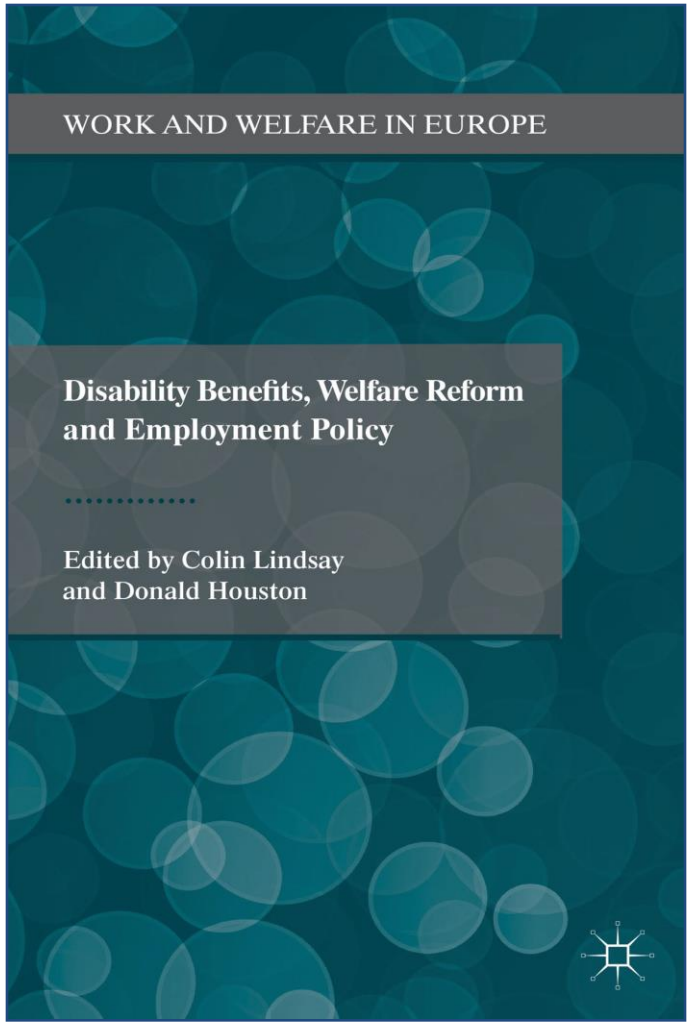
A leaked email shows staff being warned by managers that they will be disciplined unless they increase the number of claimants referred to a tougher benefit regime

Will conditionality work?

Will conditionality work?

- Increased conditionality/means-testing will restrict access to benefits, so will by definition reduce numbers on benefits…
- … A familiar, tautological justification of 'work-first' activation
- Evidence that conditionality/sanctions increases employment rates far less clear (Webster 2013); as we can see from recent history!
- Longer-term evaluations suggest impacts after 2-3 years of 'human capital'-oriented activation are positive… but not sufficient evaluation evidence on long-term outcomes (Meager 2009)
- Conditionality (or rather sanctions) likely to be effective **if** the root of the ESA problem is behavioural/attitudinal…

Some alternative policy suggestions



What are the main causes of the high numbers of people on disability benefits? And what can we do about it?

Behavioural and other employability-related barriers

Employability-related barriers – attitudes and behaviour

- Little evidence of underclass/'learned' dependency culture – IB/ESA claimants not 'experts' in benefits (Beatty et al 2010)
- Indeed, desire to work in disadvantaged communities is the only thing that facilitates cycling from work-first activation to low quality jobs and back into worklessness (Shildrick et al 2012)
- Interesting range of attitudes: specific health conditions, age and time out of work shapes attitudes to work (Green and Shuttleworth 2013)
- Mixed/limited relationship between attitudes towards work and job entry rates (Kemp and Davidson 2010)
- Financial incentives – little evidence of ESA claimants enjoying comfort/financial security from benefits (Garthwaite 2013)

Other employability barriers

- ESA claimants disadvantaged in qualifications, skills, literacy, long durations on benefits, poor work records, concentrated in social housing, don't drive (Green and Shuttleworth 2010; Kemp and Davidson 2010)
- "Things outside health" – family, poverty, addiction – prevented progress on health among 'Pathways' clients (Lindsay and Dutton 2010)
- Age and health discrimination (by employers) seen as an added barrier (Kemp and Davidson 2010)
- Policy evaluations identify key role for employers and line managers in supporting transitions to work (Dixon and Warrender 2008)
- Employability barriers combined with health problems place IB claimants 'at the back of the jobs queue'

Health and disability-related barriers

Health and disability barriers

- Most IB/ESA claimants left work due to health (Beatty et al 2010); health a key barrier to work (Beatty et al 2010; Kemp and Davidson 2010)
- ESA claimants with multiple health conditions more likely to be 'permanently sick'; less likely to find work (Kemp and Davidson 2010)
- Longitudinal health data identify relationship between IB/ESA claiming and mortality (Norman and Bambra 2007)
- Sissons and Barnes (2013) data from 1700 claimants: health changes and employability factors key predictors of status
- BHPS suggests long-term relationships between health and labour market/benefit status (Jones et al 2010)
- Health professionals working with ESA claimants confirm a range of health problems and disabilities (Lindsay and Dutton 2013)
- Health services for ESA claimants used reliable measures to identify health problems and improvements (Kellett et al 2011)

Health and disability barriers (2)

- Health problems increase the risk faced in recession: “they are among the first to be made redundant; they may well be offered incentives to leave; they have difficult in competing in labour markets that suffer from over-supply…” (MacKay and Davies 2008)
- Explaining concentrations of IB/ESA is about ‘hidden sickness’ as well as ‘hidden unemployment’ – there are ill people on ESA, on JSA and in work (Beatty et al 2000, 2009, 2010)
- Evidence is that sick-at-work are diverted to ESA in areas of job loss; find themselves at back of the ‘jobs queue’
- So *health matters*, IB/ESA claimants were and are sick, but ill health does not in itself explain the rise in numbers…

Labour market barriers

Labour market barriers

- Labour Force Survey: spikes in IB after 1973, 80s and 90s recessions (MacKay and Davies 2008)
- In South England claiming rates half UK average; in Wales claiming rates are UK average + two-thirds (Anyadike Danes 2010)
- Crisis in cities: Glasgow – 59,000 (12% of working age population) claiming IB/ESA; 6% is British average
- *Relatively* few differences in characteristics of IB/ESA claimants in disadvantaged areas – there are just lots more of them (Brown et al 2008)
- But national, supply-side policy response fails to acknowledge impact of labour market effects on IB/ESA rates

Figure 1 Incapacity Benefit and Severe Disablement Allowance claimant rates by local authority area, February 2010

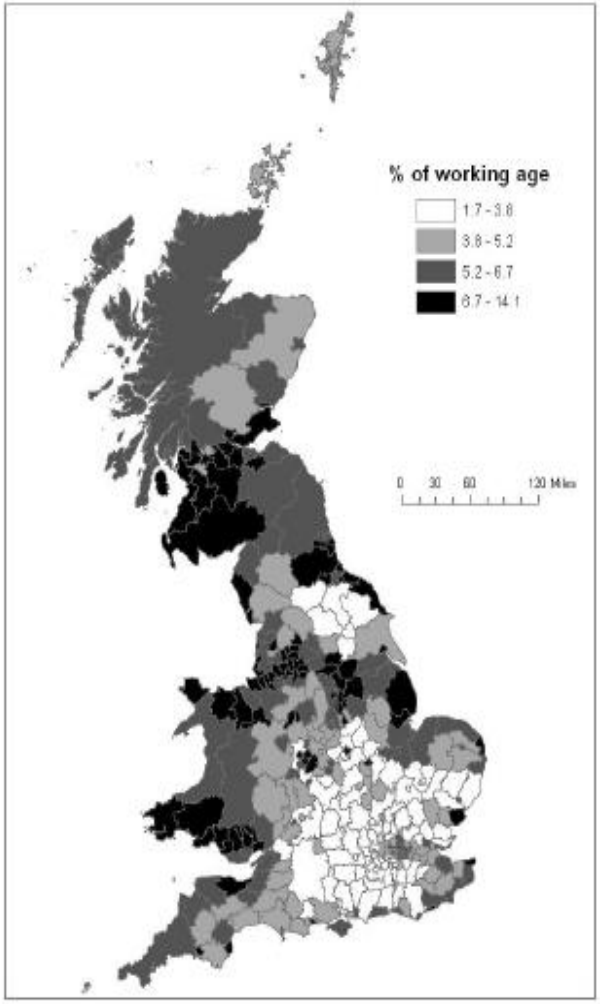
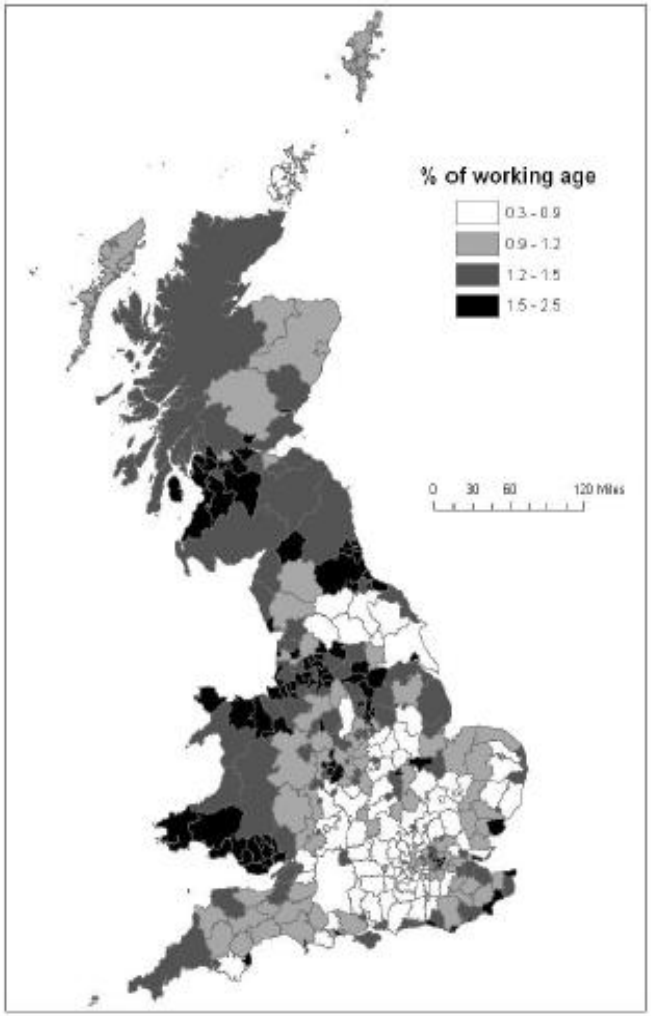


Figure 2 ESA claimant rates by local authority area, February 2010



*"The weight and range of evidence is such that we can say that it is simply a **fact** that labour market changes (and especially the long-term impacts of area-specific industrial decline and job destruction) are essential to explaining the rise in, and continuing high levels of, IB* [and ESA] *in some parts of the country."*

Lindsay and Houston (2011) 'Fit for Purpose? Welfare reform and challenges for health and labour market policy in the UK', *Environment and Planning A*, Vol 43, p.710.

Labour market barriers

- Clear relationship between job destruction, loss of manual jobs and diversion to IB among the 'working sick' (Beatty et al 2010)
- Uneven loss of manual jobs, only partial recovery through service sector growth, 'flexible' labour markets place those facing health and other barriers to work at back of jobs queue
- **Is it also about the *kind* of jobs we are creating?**
  - A polarised labour market characterised by cycling between benefits and short-term, low-paid jobs – without the flexibility to manage health
  - Under-employment: NI rules restrict access to SSP leading to ESA claims (Kemp and Davidson 2010)
- Economic restructuring/job destruction/ESA claiming concentrated in 'old' regions/depressed urban areas – more prosperous labour markets have: a) more jobs; b) better jobs with flexibilities to manage health; c) employers willing to adjust

Imagine we were to start again with activation and benefit polices for health/disability-related barriers…

Challenges for policy – employment

- Reduced on-flow to IB/ESA largely explained by jobs growth – opportunities finally got to back of the jobs queue (Webster et al 2013)
- In areas where demand has remained sluggish there remained large numbers of 'hidden' or 'real' unemployed to be helped
- Consistent evidence of need to link activation, health and economic development strategies – need to create sustainable entry level positions that are accessible IB client group
- Need for holistic employability provision for multiple barriers
- Employers need to play role of full partners supporting returns to work, making adjustments, promoting occupational health

Challenges for policy – health

- "Passive approaches have often exacerbated the labour market exclusion of people with a disability or chronic illness" (Bambra and Smith 2010, p. 76)
- Consistent evidence of health as key barrier, reason for job loss, limiter of job prospects, predictor of return to work
- First… address 'hidden sickness' at work (Beatty et al 2000, 2009, 2010)
- Lessons from 'what works': clinical evaluations of 'Condition Management' encouraging (Kellett et al 2011); *voluntary* NDDP had positive job outcomes (DWP 2013)
- Need to address both health and employability-related barriers – some clients will need to make gradual progress – 'work-first' activation and increased conditionality will not work

How should policy be delivered?

- ‘Digging’ into stock of clients and increasing work-related activity – need for more intensive, holistic support
- Instead, under-funded work-first programmes; rigid contracting regime that rewards ‘quick wins’ and creaming

An alternative model might focus on:

- Functional matching (Entwistle and Martin 2005) – flexible, partnership-based governance based on which providers have expertise and added value in responding to the problem…
- Expert bodies like NHS (Lindsay and Dutton 2013) and local third sector (Green and Shuttleworth 2010) can help shape effective local services

Conclusions

Conclusions

- The IB/ESA problem is rooted in labour market, health and employability issues – which policy has failed to address by
  - neglecting spatial/labour market processes
  - failing to engage with the complexity of health/employability issues faced with individuals
  - failing to *constructively* challenging employers to be active partners in promoting health and inclusion
- Conditionality is largely irrelevant as a policy *solution* as it does not connect with any of these problems… but may be effective in driving people off benefits

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