Activating benefit claimants of working age in the U.K.

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The main aim of this chapter is to review the work activation requirements within benefits for people of working age who are either unemployed or sick (and in receipt of benefits such as jobseeker’s allowance or incapacity benefit). In the case of unemployed claimants, conditions which are designed to ensure that benefit claimants take active steps to find work have been in place for some time. These have more recently been extended with the introduction of education, training and employment programmes within several “New Deal” schemes. Conditions which will require claimants who are sick or disabled to show that they are taking steps to improve their chances of a return to work are about to be introduced nationally following initial pilot “pathways to work” projects. Many of these work activation provisions are supported by sanctions and therefore have the potential to further intensify the poverty of the benefit claimant.

One of the central difficulties within U.K. social security is its “all or nothing” nature- claimants are either considered to be unemployed or in work. Alternatively, they are either incapable of work or they are capable. This makes it difficult to allow for part time work as a part of an activation policy. The chapter will conclude with a brief consideration of the provisions which allow for part-time work, work trials, “therapeutic work” etc. and of incentives introduced to ease the transition from benefit to work and to “make work pay”.

Introduction

Until recently activation policies within UK social security have been limited in scope and extent. Whilst unemployed claimants have always been required to be available for work, it is only in the last decade or so that the labour market conditions required of this group have been considerably extended. Benefit conditions are now also being progressively introduced for other claimants of working age. This can be seen as part of a project to move towards a more common earnings replacement benefit for all claimants of working age, which incorporates a degree of labour market conditionality. This chapter will review these conditions for the most significant earnings replacement benefits for claimants of working age- the unemployed, those who are incapable of work because of sickness or disability and carers.
This project to extend labour market conditionality must be seen as a part of two other agendas. Firstly, there is the commitment to reduce child poverty and tackle social exclusion. Neighbourhood statistics demonstrate the close correlation between poverty and deprivation and numbers of social security benefit claimants (DWP, 2006,a)\(^1\) and the key policy instrument to tackle poverty is to move people from benefits to employment, from “welfare to work”.

Secondly, demographic changes have resulted in a decline in the proportion of the population in paid work which has caused concern as to the sustainability of pension provisions for those no longer in work. As a result the government has adopted an aspirational 80% employment rate for those of working age. This can only be achieved by extending the welfare to work agenda to people who have traditionally been considered to be outside the labour market, such as lone parents and those who have been classified as incapable of work because of illness or disability. The focus of concern has moved from unemployment to worklessness (Grover, 2007) and has been reinforced by the publication of a government commissioned review of its Welfare to Work policies (Freud, 2007). Government green papers have set targets to reduce the number of people claiming incapacity benefits by 1 million (DWP, 2006,a) and to reduce the numbers claiming benefits because they are lone parents by 300,000 (DWP, 2007,a). One of the key ways in which it hopes to realise these targets is by extending benefit conditionality to these groups in much the same way as it has required conditions of the unemployed benefit claimant.

U.K. Benefits for claimants of working age:

Jobseeker’s allowance (JSA) replaced unemployment benefit as the benefit for unemployed claimants in 1996.\(^2\) JSA was intended to reinforce the link between benefit entitlement and the search for work and thereby improve the supply of labour to meet the needs of a more flexible and de-regulated labour market. Whilst unemployed claimants have always been required to be available for work and to seek and accept any reasonable opportunity of work, the introduction of JSA was intended to represent a step change in these requirements. This intention was exemplified in the choice of name for the new benefit for the unemployed.

Incapacity benefit (IB) is a contributory benefit for those people incapable of work because of sickness or disability. Its origins can be traced back to the sickness benefits first introduced by Part I of the National Insurance Act 1911. It is a work related benefit and can be compared and contrasted with benefits paid because of extra costs associated with disability (eg attendance allowance and disability living allowance), and benefits paid as compensation for loss or injury (such as industrial injuries benefits). Entitlement is determined by a medical assessment and by a test

\(^1\)Executive summary, para.6.
\(^2\) For details see paper by Neville Harris in this collection.
of functional ability, now known as the “Personal Capability Assessment” (PCA). Those people who are incapable of work but do not satisfy the contribution conditions may be entitled to the means tested income support (IS). At the beginning of 1996 the government issued a Green Paper (A New Deal for Welfare: Empowering People to Work) in which it set out proposals to reform sickness benefits (DWP, 2006,a). These proposals built upon many of the initiatives within the “Pathways to Work” pilot programme that had been introduced within selected geographical areas in October 2003. Following a period of consultation on its proposals a Bill was taken through parliament and this has now been enacted as the Welfare Reform Act 2007. A new benefit to be called employment and support allowance will replace IB and IS for claimants who are incapable of work. For the first twelve weeks, incapacity for work will be determined by the claimant’s own doctor, and benefit will be paid at the same rate as for JSA. This is to be known as the assessment phase and is the period within which a PCA will be completed to determine entitlement to the new allowance. There will also be an additional assessment of the claimant’s capability to undertake activities designed to improve their capacity to work (see Rahilly, 2006).

The other significant group of working age claimants of earnings replacement benefits are those who are caring for children or disabled adults. Lone parents who live on their own with dependent children may have an entitlement to IS. Those who are caring for someone who is severely disabled can also claim a non-contributory benefit, carers allowance. Whilst there have been no attempts to make benefit for the latter group of carers conditional upon labour market activity, the government has been very concerned to encourage lone parents to move from benefit to work. Although the rate of employment amongst lone parents in the U.K. has risen to 57% over the past 10 years, it remains amongst the lowest in Europe, and a target of a 70% rate of employment has been set (DWP, 2005).

Labour market conditionality:

The labour market conditions will be considered under three headings: interviews, an agreed plan of action, and work-related activities.

Interviews

Unemployed claimants have always been required to “sign on”. This usually entails a fortnightly visit to the benefit office (now known as Jobcentre Plus) and a signed declaration that they continue to be availability for work and that there has been no change of circumstances. There is also an interview to check on the progress that is being made in the job search. Additional (“restart”) interviews are arranged after 13 weeks unemployment, then after 6 months, 12 months and 24 months. Traditionally, conditions have only been attached to the benefit claimant, but mandatory work-focused interviews (WFIs) have recently been introduced for partners. Ini-
tially this was just for those claimants with no dependent children, but it is now a requirement of all partners.

WFIs with personal advisers at the JobCentre have also been introduced as an additional condition for other benefits. Lone parents have been required to attend an interview at the commencement of their claim since April 2001, with further interviews after 6 months and a year. Those who have been on benefit for at least 12 months and whose youngest child is 14 are required to attend an interview every 13 weeks. The Green Paper suggested further extensions of these interviews, so that they are held at 6 monthly intervals for those with children under 11 and quarterly for those whose children are all aged 11 or over (DWP, 2006,a).

From April 2000 claimants who are incapable of work have also been required to attend an interview with a personal adviser at the start of their claim as an additional condition of benefit. Additional interviews have been required in the Pathways to Work areas for all new claimants. The first interview is arranged after eight weeks on benefit and there are then a further five follow up interviews at monthly intervals.

Agreed work plan

Since 1996, unemployed claimants have been required to sign up to an agreed jobseeker’s agreement. This is discussed at the initial interview and sets out the hours that the claimant is available for work, and any restrictions as to the work that the claimant is prepared to do (the claimant must be able to show there is still a reasonable prospect of work notwithstanding any restrictions) together with any steps to be taken to help improve the chances of finding work. A jobseeker’s direction can be issued to require a claimant to undertake specified activities to improve their job prospects. The government has announced its intention to reduce from 6 to 3 months the period before which unemployed claimants are expected to broaden their job search (DWP, 2007,a).

Similar requirements for a plan of action are now to be introduced for claimants who are incapable of work. For the majority, information about their capacity to undertake work-related activities will be fed into a personal action plan (PAP) which will need to be agreed by the claimant and their personal adviser at the JobCentre. Payment of an additional employment support component within their benefit will then be conditional on the claimant undertaking agreed job related activities.

Whilst work related activity has been voluntary for lone parents, the government has introduced a financial incentive by way of a work related activity premium within their benefit. This is to last for a period of 6 months and be paid in return for claimants undertaking an agreed plan of action including work tasters, improving their employability and job-search assistance. The intention now is to pro-
gressively migrate lone parents from IS to JSA, with all the associated job-seeking conditions (DWP, 2007,a).

Steps to improve the chances of work

The Social Security Act 1989 amended the requirement that unemployed claimants should be “genuinely seeking work” to require them to be “actively seeking work”. This is defined within the Jobseeker’s Act 1995 as taking such steps as can reasonably be expected to provide the best prospects of obtaining work. This might include activities such as making job applications, registering with an employment agency, drawing up a C.V. etc. When elected in 1997 the Labour government introduced the New Deal employment programmes. These were first introduced as compulsory programmes for claimants under the age of 25 who had been unemployed for 6 months and was then extended to claimants aged between 26 and 49 who have been unemployed for more than a year. These claimants are given employment counselling and guidance for a “gateway” period. The aim is to help tackle any personal barriers to work that the claimant may have. After this period claimants must choose from one of four options, firstly, six months work in the private sector (with subsidies paid to employers), secondly, six months voluntary work, thirdly, six months work with the Environmental Task Force or, fourthly, a full time education or training programme for up to twelve months.

Other versions of the New Deal have since been introduced on a voluntary basis for other claimants of working age. In 1997 the New Deal for Lone Parents was introduced as a pilot programme for lone parents whose youngest child is over the age of 5, and was extended to the whole country in 1998. The government claims that 750,000 lone parents have voluntarily signed up for this New Deal programme and that about half have been helped into work (DWP, 2006,a). The New Deal for Disabled People (NDDP) is also voluntary and was first introduced on a pilot basis in 1998. It also incorporates a personal adviser service and a range of work schemes with a national network of job brokers who are paid by their results in helping clients into work. About a third of the NDDP participants are on IB because of their mental health and another third because of musculo-skeletal difficulties and initial evaluations have shown some success in terms of claimants moving into sustained work (Adelman et al, 2004). Finally, in 2000, the government introduced a further New Deal programme for claimants over the age of 50. The intention is to convert what was a voluntary programme into a compulsory one (DWP, 2006,a).

When IB is replaced by ESA claimants will not only be assessed as to their incapacity for work, there will be an additional assessment as to their ability to undertake work related activities which would improve their capacity to work. The payment of an additional employment and support component will become conditional

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5 J.S.A. 1995 s.7.
6 ch.3.
7 ch.4.
on the claimant satisfactorily undertaking any activities which have been agreed in
the personal action plan. Claimants will be able to choose between a range of inter-
ventions designed to help them move from benefit to work. These could include the
NDDP, voluntary work, training programmes, job-searches with assistance from
personal advisors from the private and voluntary sectors and “Condition Manage-
ment Programmes” designed to help claimants manage their health condition.
These might seek to “stabilise” life activities in key areas such as health, finances
and housing (DWP, 2006,a).8

The government’s hope is that the introduction of conditions for interviews with
personal advisers and for work-related activities will convert the benefit into an ac-
tive “instrument of rehabilitation” (Bolderson, 1974), but this might depend upon
the nature and quality of the advice (Bryson, 2003) and concerns have been raised
about the adequacy of the resources and the capacity of the department to deliver
given the context of reduced departmental expenditure and the government’s com-
mitment to reduce jobs within the public sector.9 It is now clear that most of the
“services” to be provided to help improve the job prospects of incapacity claimants
will be provided by the private sector.

Sanctions

Sanctions within benefits for the unemployed have been used to enforce “industrial
discipline” for some time.10 They are now being progressively extended to other
benefits for claimants of working age. Entitlement to JSA ends if a claimant fails to
sign on or attend an interview unless they can show good cause within 5 days.
Claimants of other benefits who fail to attend their initial work-focussed interview
(WFI) without good cause will, similarly, not be entitled to benefit. Failure to at-
tend any subsequent work-focussed interviews without good case will result in a
benefit reduction until the interview takes place.11 Research suggests that these
sanctions have not often been invoked in the Pathways to Work pilots, where
claimants who fail to attend a WFI are first sent a reminder and, in some cases, a
home visit is made before the imposition of a sanction which is then lifted as soon
as the claimant attends an interview (Blyth, 2006).

A review of the research evidence on WFIs by the Social Security Advisory
Committee (SSAC) led it to conclude that compulsion and greater intervention
have not necessarily resulted in better outcomes as far as the move from welfare to
work is concerned. This is especially true for the “harder-to-help” claimants
(SSAC, 2006). The early evaluations of the pathways to work pilots for incapacity
benefit show that they are having the greatest impact upon those who are motivated to return to work, and that others see the interviews as interfering and punitive. It is entirely possible that those claimants who are more motivated and able to return to work would have done so without any WFI.

Claimants who are considered to have voluntarily left their employment without just cause, or to have been dismissed because of misconduct are disqualified from JSA for a period of up to 26 weeks. A variable sanction period of up to 26 weeks can also be imposed when a claimant fails to apply for or accept a job without good cause, or where they neglect to avail themselves of a job without good cause. Losing a place on a training or New Deal scheme without good cause, or failing to comply with a jobseeker’s direction without good cause, results in a fixed term sanction. This is a two week benefit disqualification on the first occasion and a four week disqualification on any further occasion within a 12 month period. Whilst a claimant is disqualified from JSA they may be entitled to a hardship payment if they fall within a number of “vulnerable groups”, or if they can show that they would suffer hardship, but these hardship payments are paid at reduced levels compared with JSA.

When ESA replaces IB, payment of the additional employment and support component will be conditional on a personal action plan. Furthermore, it can be progressively reduced by “a series of slices”\textsuperscript{12} if the claimant fails to undertake agreed work-related activities. Although there will be no sanction for failing to take up work or a New Deal option (as in JSA), there will be a sanction for failing to take steps to improve the chances of work. The sanction proposed in this event is a reduction in benefit rather the wholesale removal of entitlement (as for JSA).

The changes being introduced within ESA are derived from the “Pathways to Work” pilots, but the evaluation and analysis of these pilot programmes was undertaken after they had only been running for a very short time. Initial findings indicated a 21% take-up of the voluntary package of work support and an 8% increase in off-flow from benefit (Blyth, 2006). The Government was quick to proclaim the success of what were voluntary arrangements within the Pathways, but in its Green Paper it proposed to make these “choices” compulsory. This had been predicted by David Bonner (2000) when discussing earlier reforms to IB made as a result of the Welfare Reform and Pensions Act (1999): “If the carrots do not produce the effect of encouraging more claimants into work, will a regime of sanctions on the JSA model prove too tempting to resist?”.

Lessons can be learned from similar developments which have taken place in Australia, which has already integrated income security and labour market services using both private and voluntary sector agencies which are paid on results. Terry Carney (2005) found that these agencies tended to use standard contracts with little

\textsuperscript{12} DWP, n.1 above, ch.2, para.87. In his evidence to the Select Committee on Work and Pensions the Secretary of State suggested that “at the moment” the intention was only to impose a sanction for failure to attend work-focused interviews and to prepare an action plan and not for any failure to undertake work-related activities: House of Commons Work and Pensions Committee, Incapacity Benefit and Pathways to Work, Third Report, HC 616-I (Vol.I Report), Session 2005-2006, para.162.
evidence of negotiation or of personalised plans. The integration of benefit admi-
istration with job search assistance is always liable to result in tensions in the roles
of the personal adviser who is expected to both enable and to enforce (Bryson,
2003), and Carney found that there was both a 310% increase in the use of sanc-
tions over a 3 year period and a greater use of discretion, with a reduction in the
number of decisions being challenged by external review. Perhaps as a result of this
experience, the government dropped its proposals that would have enabled private
companies contracted to supply assistance with the return to work to have the
power to make decisions on benefit entitlement and sanctions.

Permitted work

JSA claimants are only allowed to work part time. However any income from this
work is deducted from benefit entitlement apart from a small disregard. The effect
of this rule is to provide practically no financial incentive to undertake part time
work. For lone parents on IS the rules are similar: work for up to 16 hours is per-
mitted but earnings are taken into account in full apart from a disregard of £20.
These rules provide a perverse incentive to work “informally” - i.e. outside the tax
and national insurance system and employment regulation - and not declare any
earnings. Recent Joseph Rowntree research suggests that claimants do indeed com-
bine benefits with informal work in response to their poverty. The research pro-
vided evidence of the disincentives within the tax and benefit system to take up
formal work and that it can be easier for people with few skills and qualifications to
access informal work (Katungi et al, 2006).

The Government has claimed that up to a million of those people on IB would
like to work (DWP, 2006,a), but this is another example of benefit rules providing
perverse incentives: claimants undertaking paid work may no longer be considered
sufficiently incapable to satisfy the test of entitlement to benefit. Claimants may
have similar fears about undertaking voluntary work, but whilst entitlement to JSA
may be compromised by voluntary work if it interferes with the claimant’s avail-
ability for (paid) work, there is no such difficulty within the rules of entitlement to
IB. Indeed, the government is encouraging volunteering amongst IB claimants in
the sensible belief that it will be good for them as well as being good for the com-

community (DWP, 2006,a). Benefit rules have allowed for a small amount of paid
work in recognition of the fact that it may help to improve the claimant’s health,
although the extent to which paid work is allowed is severely limited to reflect the
fact that IB is an wages replacement benefit. This has come to be known as “per-
mitted work”. Claimants are able to work for up to sixteen hours per week for earn-

13 i.e. less than 16 hours per week.
14 £5 for contribution based JSA, either £5, or £10 or £20 for income based JSA depending upon whether the
claimant is a single person, one of a couple or a lone parent.
15 ch.2, para.104.
ings up to a prescribed ceiling, and then only for a year. After this they are only able to work for wages up to a much lower earnings limit. It is only those claimants who have been assessed as having more severe health conditions who are allowed to work under medical supervision or in a supported environment for an indefinite period, but there is a limit to the extent to which their earnings are disregarded for benefit purposes.

Research suggests little knowledge and understanding of these permitted work rules (Dawson et al, 2004). Any improvements in working ability that have been gained in the year that claimants can work for up to 16 hours may be lost if they are not able to move off benefit and into work and have to give this permitted work up. Although part time work may be the best route back into full time work, the rules provide only small financial incentives but significant administrative difficulties. This is particularly true for those claimants who are incapable of work but are only entitled to the means tested IS.

**Transition to work: incentives**

Claimants are worried that an unsuccessful attempt to undertake paid work may then result in a return to benefit at a lower rate. JSA claimants who have been on benefit for a minimum of 13 weeks have a limited opportunity to return to JSA without sanction if the job proves not to be satisfactory. The rules require them to have worked in the employment for at least 4 weeks and to leave it before the end of the 12th week.

Initially, IB is paid at a “lower” rate. This is increased after 6 months and then increased again up to its “higher” amount after a year. Any claimant considering a return to work may be worried about the possibility of having to return to the initial lower rate should they have to reclaim benefit. To address these concerns, linking rules were introduced in 1988, but they only applied when claimant returned to benefit after less than a year in work. Of the 24,500 claimants who left an incapacity benefit to return to work in 2002/03, 2,700 of them returned to benefit within one year, but the rules required them to make a specific application for the linking rules to be invoked so that they could be paid benefit at their previous rate. Qualitative research suggested that these rules were not widely appreciated (Dickens et

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16 Currently £81 per week (or about 15 times the minimum wage).
17 The Social Security (Incapacity for Work) Amendment Regulations 2006 (SI 2006/757) introduced the present version of these rules on April 10 2006. The numbers making use of the permitted work facility have doubled from 8,500 in May 2003 to 17,900 in May 2005. (Mrs. McGuire M.P., H.C. Debs, vol.442, col.259W (January 30, 2006).
18 Currently £20 per week.
20 In this case it is only the first £20 of any earned income that is disregarded.
al, 2004) and from October 2006 the linking became automatic without the need to apply and was extended to a period of two years.

The “unemployment trap” is a more fundamental concern. Government social security policy has long sought to ensure that people are better off in work than on benefit. One approach is to reduce the levels of benefit payable,\(^23\) but the present government has been at pains to argue for the need for “security for those who cannot (work)” and has recognised the need to provide financial security to those with health difficulties (DWP, 2006,\(^a\)).\(^24\) Claimants will be no worse off on ESA when it is introduced to replace IB, (apart from the initial 12 week assessment period before the agreement of the personal action plan).\(^25\) The emphasis has rather been upon “making work pay” by means of the introduction of a minimum wage and the payment of in-work benefits to supplement low pay. The recent origins of this approach in the UK can be traced back to family income supplement which was introduced in 1970 but with a very low take-up. Disability working allowance was introduced in 1992 as the first in-work benefit for disabled people. It too had very limited success. The government’s initial estimate had been for 50,000 claimants, but by 1997 there were only 12,000 (SSAC, 1997). Both have since been replaced by tax credits paid by the Inland Revenue. The prototypes (working families tax credit and disabled persons tax credit) have now been merged as the working tax credit, and whilst it may be true that it is rarely the case that people suffer from the unemployment trap, the loss of means tested benefits as income rises means that there continues to be a significant poverty trap in which many people in low paid work remain only marginally better off than on benefits.

The availability and affordability of childcare represents one of the key barriers to work for lone parents. For the first time, the government has accepted some responsibility in the provision of childcare and has produced a National Childcare Strategy. The Childcare Act 2006 has provided new duties for local authorities to ensure that there are sufficient childcare places available in their area. A proportion of any costs borne by lone parents for registered childcare up to a ceiling, can be paid as a part of working tax credit; whilst the proportion has recently been increased from 70% to 80%, the ceilings have remained at round about £170 for one child and £300 for more than one child, with the result that, often, tax credits can not fully accommodate childcare costs. There is an additional problem; parents will usually want to do what they think is best for their child. Duncan and Edwards (1999) have contrasted the “economic rationality” that government welfare to work policies assume as the basis of claimant decision making with a “gendered moral rationality” that better describes the actual basis of decision making.

The Pathways to Work pilots introduced additional work incentives (DWP, 2003).\(^26\) Firstly, there was a year long return to work credit of £40 per week for

\(^{23}\) See, for example, DHSS, 1985, The Reform of Social Security
\(^{24}\) para.20.
\(^{25}\) During which benefit will be paid at the same rate as for jobseeker’s allowance.
\(^{26}\) ch.4.
those people coming off incapacity benefits and taking up work for at least sixteen hours per week with a gross annual pay of less than £15,000. This credit is disregarded for the purposes of assessing entitlement to other benefits. The Green Paper proposed that this return to work credit should be rolled out to other areas (DWP, 2006,a). Secondly, personal advisers in the Pathways areas have been able to provide financial assistance towards any initial expenses accrued by claimants who move into work. The maximum payment was initially £300, but this has been reduced to £100. A similar approach has been adopted for lone parents on a pilot basis. In certain areas they have been paid an additional in-work credit for the first £ months of their return to work and the government has suggested that it might extend this provision (DWP, 2007,a).

The loss of assistance with housing costs has been recognised as one of the most significant barriers to work (Rahilly, 2004). Housing benefit “run on” (whereby assistance is continued for 4 weeks when the claimant moves into work) was initially introduced for claimants leaving the means tested IS and JSA, and has now been extended to claimants leaving IB.

Whilst the overall trend may be towards the progressive introduction of incentives to work, the abolition of the back to work bonus in 2004 bucked the trend. This had enabled claimants of means tested benefits who moved from part time work to full time work to be paid a lump sum calculated as half of their earnings over the previous 12 months which had served to reduce their benefit entitlement.

Conclusion

The welfare to work agenda in the U.K. has been advanced by means of a series of “pilot” programmes in selected geographical areas. This power to introduce pilots and local variations to a national scheme had been introduced with the Jobseeker’s Act 1995. Whilst it is now difficult to keep up with all these initiatives, there is some evidence of their success. The number of young people claiming benefit because of unemployment has significantly declined (Finn, 2005), the number of IB claimants has been falling for the first time, and the employment rate of lone parents has improved by 12 percentage points to 56.5% since 1997 with a 25% reduction in the number claiming benefits (DWP, 2007,a). It is of course hard to tell how much this is due to changes within the conditions of entitlement to social security and how much is due to the influence of external factors on the demand for labour. The government’s approach is to concentrate on measures to improve the availability and suitability of the supply of labour, but in the absence of any continuing increase in demand there is a real possibility that many of the measures become a meaningless bureaucratic exercise. As Trevor Buck (1996) wrote of earlier measures: “there may develop a commonality of interest between the front line decision-
makers and the majority of claimants to collude in a bureaucratic exercise which bears littler relevance to the economic realities of the job market.”.

Linking rules may reassure those who would otherwise be worried about becoming worse off if they can not sustain full time work and need to return from work to welfare, but there is also a real concern as to the quality of work that people on benefit are being encouraged to take up, and of the possibility that they may become trapped in low status, low income employment. The options for education for those on benefit are limited to employment related skills training programmes, and for many claimants full time education ends benefit entitlement. The importance of employers to the welfare to work agenda is recognised within the 2007 Green Paper (DWP, 2007,a), in which the government sets out plans for local employment partnerships. Employers are to be encouraged to recruit from benefit claimants in return for the government’s investment into improving their work skills. There is also a recognition of the need to provide in-work training to continue to improve skill levels and thus aid retention and progression.

The growing use of sanctions to enforce conditionality runs the risk of exacerbating social exclusion rather than tackling it. The evidence suggests that it is those who are most vulnerable and who are least “job-ready” who most run the risk of sanctions (SSAC, 1997; Dean et al 2003), and that it those people who are already motivated to work who most benefit from the work-focussed interviews and choice options. More could be done to reduce the barriers to work. Notwithstanding the adoption of a national child-care strategy and the incorporation of assistance with the cost of childcare within Working Tax Credit, inadequate child-care provision remains a real barrier. The Disability Discrimination Acts have so far done little to reduce the discrimination suffered by disabled people in employment.

Over thirty years ago Helen Bolderson (1974) was arguing that an earnings replacement benefit (for incapacity) placed “obstacles to rehabilitation and fosters notions of malingering and exploitation”. The increased provision of skills training, work-seeking assistance and health management programmes etc. may improve the employability of benefit claimants, but claimants may continue to fear that the steps that they are required to take to “improve the prospects of work” or to “actively seek work” may be taken as evidence of either their capacity for work, or of their non-availability for work. The government is of the view that there should “no longer be an automatic assumption that just because someone has a health condition or is disabled that they are incapable of doing any kind of work” (DWP, 2006,a). Work experience may well be the most significant factor in improving the employability of claimants, but the fundamental difficulty with earnings replacement benefits remains their inability to promote part time work as a step on the welfare to work journey. This is particularly true of those income based benefits that are means tested. In addition there is a significant administrative difficulty presented by the requirement to report any change of circumstances, so that benefit entitlement

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28 para.81.
can be adjusted accordingly. This does not fit well with the demands of a flexible labour market.

The most obvious way to make benefits more compatible with part time work is to significantly increase the disregard of income for benefit purposes. In-work benefits for those considered to be in full time work, together with short term measures to ease the initial move into work, may make the case on paper that (full time) “work pays”, but the financial difference is often marginal. Increasing the disregard applied to income from part time work would, in turn, require additional support to be provided to those in full time work to maintain any financial incentive to move to full time work. Whilst these changes would add significant costs to the social security bill, they could be significantly offset by helping to remove one of the main reasons for the existence of an informal economy.

The government has proclaimed the success of many of its welfare to work initiatives, but even with the move to convert what have been largely voluntary opportunities into conditions enforced by sanctions, it is most unlikely that they will achieve the targets that have been set. The main way in which the government is likely to be able to reduce the numbers of people claiming incapacity benefits is by introducing a new operational definition of incapacity through its amendments to the PCA. Thinking here has been heavily influenced by the American insurance industry, which has itself been developing a “claims management” response to the increasing number of claims. Incapacity is seen as a growing social and cultural phenomenon which can be distinguished from disease. The most significant growth in claims has been because of mental health factors and there is to be a new assessment of mental health for the purposes of entitlement to ESA, drawing upon the work of a Technical Working Group which was advised by representatives of the American insurance company UNUM (DWP, 2006b and DWP 2007b). The likelihood is that this will result in what Deborah Mallett (2003) has referred to as a “sharpening” of the test of medical conditionality, with significant numbers unable to claim ESA and having to claim JSA instead.

Similarly, with lone parents the target is to reduce the number claiming benefits by 300,000. At present the benefit claimed is IS, which has none of the work-seeking requirements of JSA. However, from October 2008 and in line with the recommendations of the Freud report (2007), lone parents whose youngest child has reached the age of 12 will be required to claim JSA instead of IS, and this age will be reduced to 7 years from 2010 (DWP, 2007,a). In both cases the government’s policy intention is to increase the conditionality attached to groups who have not traditionally been considered to be unemployed for benefit purposes. These developments are consistent with the Green Paper’s vision for a “single gateway to financial and back-to-work support for all claimants” (DWP, 2006,a), and represent a move towards a common earnings replacement benefit for all those of working age who are not in full time work (Smith, 1999) in which there will be a

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29 Para. 34
30 Executive Summary, para.49.
blurring of the distinction between benefits for the unemployed and for those previ-
ously considered unable to of work. In the meantime the aim seems to be to make
all claimants of working age subject to work-related conditions which need to be
agreed in action plans after compulsory interviews with personal advisers.
References:


