If you seek ammunition against the government’s welfare-to-work strategy, simply ask how successful it has been in reducing the number of working-age people claiming incapacity benefits. The caseload of Jobseeker’s Allowance and the numbers of lone parents on Income Support have fallen significantly since 1997. Even though it is debatable how much has been the result of the New Deal programmes, some credit is certainly due. Meanwhile, and during a period largely characterised by a healthy and stable economy, the number of people claiming Incapacity Benefit has increased. This group is significantly greater in size than the combined total of unemployed people and lone parents on benefits.

There are both social and economic reasons for promoting employment among disabled people: to reduce the social isolation of disabled people, to enhance their well-being and to increase their independence, but also to contain social security expenditure and increase the efficient functioning of the labour market.

Addressing this problem is one of the government’s key priorities. A range of policies and pilots has been initiated and a Green Paper was launched in the autumn of 2002. In the 2002 spending review a Public Service Agreement target that commits the government to ‘increase the employment rate of people with disabilities…and significantly reduce the difference between their employment rate and the overall rate’ was reinforced as the one of the government’s most important employment policy objectives.

What is the likelihood of this being achieved by current policy instruments?

The scale of the problem
Since the 1970s there has been a significant rise in economic inactivity connected with sickness and disability. It has been particularly prevalent among the over-50s, the low-skilled and has also been geographically concentrated. Over 2.7 million people of working age claimed Incapacity Benefit in Spring 2002. This figure has more than trebled since the 1970s despite the fall in overall unemployment since 1993.

The reasons for this increase in the level of economic inactivity among people with disabilities are complex. Recession and
industrial restructuring in the 1980s and early 1990s resulted in widespread displacement from the labour market. Many disabled people will have been out of the labour force for longer and are less job-ready. An ageing population has also contributed: there are more people in their 50s and 60s, who are more likely to have health problems, and many people in this group may have effectively moved into a form of ‘early retirement’. To put this into perspective, around half of those on incapacity benefits are aged 50 or over. Firms may perceive that non-disabled people are easier to employ and the disabled may experience discrimination as a result. However, these factors cannot explain the whole story and it remains unclear exactly why the caseload has remained stubbornly high.

There is a complex relationship between disability, poverty, low skills and worklessness that is very difficult to untangle. Disabled people of working age are at a considerable economic disadvantage. New research by John Rigg and colleagues (Bardasi et al, 2002) asks whether this is a consequence of their disability or whether they were disadvantaged before becoming disabled. They concluded that people who become disabled are more likely to be at an economic disadvantage before they become disabled compared to those who do not become disabled. This being so, policies of redistribution may be an effective way of reducing both the incidence of disability and the economic disadvantage experienced by disabled people.

Whilst this preventative strategy is laudable, there is still clearly a need to look at how disabled people who find themselves without work can best be supported back into the labour force. Understanding the employment experiences and the barriers to disabled people working is critical to developing the right policy framework.
The employment experience of disabled people

Nearly half of those on incapacity benefits have been receiving them for at least five years. Once a person has been on the benefits for 12 months, the average duration of their claim will be eight years, with only a one in five chance of returning to work within five years. Around 90 per cent of the 700,000 moving onto benefits each year expect to return to work in due course; but over 40 per cent will not have done so 12 months later (DWP, 2002). This is perhaps the biggest failure of all in policy and practice.

Even when disabled people move into work they are more likely to move into a low-paid, low status job. Disabled people are disproportionately likely to be in manual occupations and they have lower average hourly earnings than their non-disabled peers do – even after taking account of differences in age, education and occupation. The chance of becoming unemployed again is higher for those with disabilities: 33 per cent of out-of-work disabled people are out of work again within a year compared to 20 per cent of non-disabled people (DWP, 2002). This is despite the fact that evidence shows that disabled people have a better attendance record, stay longer in a job and have fewer accidents in the workplace than the non-disabled (Willmott, 2000).

Both opportunities and challenges are presented by likely changes in the labour market over the next ten years and the impact of these changes on disabled people will depend on the response of both employers and disabled people themselves. Any increases in job insecurity are likely to present greater problems for disabled people. Developments in new technology have the potential to improve the working environment for disabled people but may also raise barriers to being able to work. The growth in social enterprises may offer more opportunities for people with disabilities but they do not ensure participation in the mainstream. These trends may change the prospects of disabled people, but they will not offer a full solution. There is little doubt that new policies and practices are required.

At the same time as the labour market is changing, the profile of the disabled population is changing. While it remains highly heterogeneous, work-related disability issues have changed. A decade ago muscular skeletal or cardiovascular problems were most commonly cited as reasons for not being able to work – now mental health issues, often linked to workplace stress, dominate. Mental illness accounts for an ever-increasing proportion of the inflows onto Incapacity Benefit.

Barriers to work

There are a number of barriers that disabled people confront in entering work. Employer perceptions are critical. There is still reluctance by some employers to hire people with disabilities and to take on older workers. The motivation, self-esteem and self-perception of the individual is also important, together with the need for support and the constraints imposed by the disability itself. Individuals often lack confidence in a number of ways: in their ability to find a job that they are able to do; to obtain that job; to do the job without aggravating their health problems; or to keep the job without inconveniencing their employers. These worries make them nervous about leaving the security of state benefits (DWP, 2002). Indeed, the benefit/tax credit system itself can act as a disincentive to enter work. We also know that the longer a person is out of work the more their physical and mental health declines.

Appropriate jobs may not be available or people may lack the confidence and skills to get them, financial incentives can be poor and the transition into work can be daunting. Whilst different barriers will exist depending on individuals’ circumstances and local
employment opportunities, a better understanding of the relative importance of those barriers is needed.

**The profile of the disabled population**

The disabled population is highly heterogeneous. A snapshot will include many who have a temporary or intermittent condition and fewer who have been disabled since childhood. As Burchardt’s research shows (Burchardt, 2000) disability is a dynamic process and being able to distinguish between different ‘trajectories’ is important both to avoid conflating what may be very different experiences of being disabled, and for the design and evaluation of effective policies. As she recognises, someone who has recently developed RSI will need different support from someone with intermittent mental health problems.

Eligibility criteria for benefits and employment support need to reflect the non-continuous nature of some disability, especially mental illness. For those with intermittent disability who wish to work, it may be necessary to adapt the work environment to make it amenable to varying levels of attendance or output. Self-employment and other flexible forms of working may be appropriate. Employers have an obligation under the Disability Discrimination Act to make ‘reasonable adjustments’ to accommodate the needs of disabled people.

The disabled population and the work-readiness of disabled people are highly diverse. This makes providing a public policy framework and appropriate tools difficult. For example, we need to be able to differentiate between those close to work and those further away whose journey to work is longer-term.

**The government’s response so far**

The last decade has seen significant public policy reform. The Disability Discrimination Act is the most important, bolstered by the setting up of the Disability Rights Commission. The New Deal for Disabled People (NDDP) showed that the government was aware that many people on Incapacity Benefit wanted to, and could, work. The NDDP is, however, very limited and, although it has had some localised successes, it has not made a significant impact on the number of disabled people on benefits. The Job Retention and Rehabilitation pilots are likewise another important innovation and represent a tentative acknowledgement of the need for preventive action and early intervention. The setting up of Jobcentre Plus, by bringing together the benefit and employment agencies, should ultimately help more disabled people into work.

**The Green Paper: strengths and limitations**

In December 2002, the Department for Work and Pensions unveiled a new Green Paper ‘Pathways to Work: helping people into employment’. It has largely been welcomed. Importantly, the paper’s language and tone feel supportive and seem to reflect the disabled person’s perspective and the diversity of their experience.

Some positive policy changes will be piloted in six areas and include creating a new framework of work-focused interviews within Jobcentre Plus for new claimants. Referral routes between these interviews and pre-existing employment support will be improved; and new work-focused rehabilitation programmes established in conjunction with the NHS. The intention is that this will create a ‘Choices Package’ giving people on Incapacity Benefit access to a wider range of opportunities.

**“The Green Paper has been criticised for being unbalanced by focusing on the role of the individual and saying little about the responsibilities of employers”**
New incentives will also be introduced to encourage Incapacity Benefit recipients into work through a new Return to Work Credit and an Adviser Discretion Fund allowing advisers to make an award to support return to work. There are also plans to provide more support to those moving from Incapacity Benefit to Jobseeker’s Allowance, including providing tailored help from advisers with specialist skills.

The Green Paper does, however, have its critics and there is a big question mark over whether it is sufficient to make a marked difference in the employment opportunities of disabled people.

A clearer role for employers

The Green Paper has been criticised for being unbalanced (Winyard, 2002) by focusing on the role of the individual and saying little about the responsibilities of employers. Many employers do already have good practices, but the Green Paper does not recognise that many are still reluctant to employ or retain disabled people. This is often due to a basic lack of understanding or the result of misconceptions about employing a disabled person. More efforts are needed to improve the supply of work that will cater for people who suffer from different types of sickness or disability and to build more widespread disability awareness among employers. Therapeutic or voluntary work opportunities also need to be promoted more actively. Other policies that bolster the rights of individuals exist in other countries. For example, the right to return to the same employer after the onset of a disability exists in a number of other European countries such as the Netherlands and Sweden.

Employers do, however, need support in fulfilling their responsibilities. The Access to Work scheme plays a role, but further thought is needed on whether good employer practice can be rewarded and incentivised (or, conversely, penalties applied).

More focus on retention and rehabilitation

Most of those who become disabled do so as adults – only 17 per cent of the disabled population are born with disabilities. While the likelihood of developing a disability increases with age, 70 per cent are in work during the onset of illness or impairment. While many disabled people remain in work (there were over three million disabled people in employment in Spring 2002, making up around 12 per cent of the total workforce), one in six lose their employment during the first year after becoming disabled.

One striking finding of Bardasi, Jenkins and Rigg (2002) is that men who become disabled in Britain are far more likely to leave work. The relatively high employment retention rates in Germany are likely to be associated with the German emphasis on state support for disabled people in securing and retaining employment. By contrast, the high employment retention rate in the US is likely to stem from a more limited state involvement in the provision of labour market programmes and cash benefits for disabled people.

We know that once people become detached from the labour market, it is very difficult for them to return. This makes a compelling case for a more preventative approach and a focus on retention – offering support to ensure that those who develop a disability are given support to help prevent them from having to leave the labour market for long periods of time.
Rehabilitation is key to helping people enter and stay in work; one of the weaknesses of existing welfare-to-work approaches is the failure to provide sufficient rehabilitation support. However, one-off pilots such as the Salford and Bristol back pain study (DWP, 2002) show that such approaches can be very successful. In Germany, Sweden, Finland, and Australia, rehabilitation benefits have played a greater role. In Britain our vocational rehabilitation profession is very weak and ways need to be found to make it more professional with its practitioners becoming members of a professional organisation. A start has been made with the setting up of the National Vocational Rehabilitation Association but this, as yet, has little in the way of resources.

Reforming Incapacity Benefit

Financial considerations are, of course, one of the key barriers to entering work. There are real and significant barriers in the social security system, which make life insecure for people entering work. Because of the nature of Incapacity Benefit, individuals have to prove simultaneously that they are incapable of work and that they are capable to take up employment opportunities. It is a common misapprehension that a person must be incapable of doing any work to get Incapacity Benefit. In fact, a level is set at which it is thought unreasonable to require a person to seek work in return for benefit. Nevertheless, from an individual’s perspective actively seeking work feels risky as they may lose their ‘incapable’ status thereby threatening their benefit receipt and their financial security. There has been much debate around the need for a more flexible benefit which allows people to make the transition into work more easily.

Conclusion

The 2002 Green Paper represented the third attempt since 1995 to address this issue: changes to date have had little effect on the benefit caseload. The central plank of the Green Paper to pilot more initiatives has been greeted with some dismay, with many believing that a big solution is needed to solve what is clearly a big and persistent problem. But what this big solution might be remains illusive.