

“A positive agenda for disability and employment”

... OK, it shows the proportion of the working-age population in reliance of state-funded benefits, and you can see that the UK is very much at the lower end of the distribution. One thing I'm always ticked by in this in a sense is that, if we took out the fact that we have a maternity leave system in this country, we would have lower welfare reliance than the US. Also note in passing that we have lower reliance on disability benefits than the US, and yet at times [it's] argued that we should be focussed on the US model as a welfare reform, with that “get tough” kind of message; in fact, we have no welfare reliance problem relative to other developed nations. We are one of the best performing, if you like, in that particular [?].

Finally, this is the picture of the proportion of the population reliant on the “big three” welfare benefits over the last 30 years or so, and I think it's well known that the proportion of the population that is reliant on welfare is in long-term decline in the UK. It's gone up in the recession - OK, that's what recessions do, they push people out of work and some of those people rely on welfare. But the long-term trend, certainly relative to the mid-1990s, is for a steady decline in the proportion of the population reliant on welfare. That seems to be substantively driven by two processes. One is the improving financial rewards given to work under the previous government through tax credits, which profoundly changed the employment rate of lone parents, and the labour market was performing better in its mix, if you like - it was less focussed on certain sections of the population, it was broader in its regional reach, it was broader in its educational reach, there was less concentration of worklessness on certain sections of society, which improved the welfare picture.

Now, in that picture, you will see the one group where welfare reliance was not declining ahead of the previous recession or the current recession (depression might be the better word, actually) was that for reliance on disability-related benefits. The focus on disability-related benefits by the last government was very much late in the day. It focussed initially on the long-term unemployed, particularly youth unemployment, it pushed a lot next on lone parents, trying to push them into work; the disabled was the last group that got any serious attention in thinking about welfare reform under the previous government.

I just wanted to talk a little bit about what the dynamics were for reliance on disability benefits. It's that the reliance on disability benefits were incredibly lagged from things that were happening in the past. OK, so this is the picture of those who had been reliant on benefits for more than two years, then five years, then ten years -- this is because data's become available more recently, so we can't get the full historical picture. The point I want to make is that the overall picture of stability on disability benefits was masking the fact that, at the shorter durations, and at each stage that we go through it, that the decline was going on, was that reliance on disability benefits was declining in all durations except the very long-term reliance - five, ten years plus, and if it's ten years plus, we're talking about

fifteen or twenty years. Now, this rise is a historical artefact of what was happening back in the late 1980s and early 1990s: this is a historical echo from what was happening 20-odd years ago in the welfare system, OK? And this is why, in the last recession (as in any recession), reliance on welfare increases, and even increases among the disabled population with something of a lag, and it seems fairly clear to me from the 1980s experience that what happens in the recession is that firms disproportionately push out people who are marginal to their workforce, and that includes people who are sick and disabled. There is an “exit push”, if you like, where disabled people are “managed out” of the workforce in times of recession where firms are under acute financial stress. This seems to be happening again - less marked than last time, but generally the employment picture is less marked than last time with loss of jobs, but it seems to be happening again, you can see the kick-up, this kind of pushing out of people, new claims rising as a result of the economic cycle is something that occurs; it seems to be a deliberate act of response to poor labour market conditions by firms, and that’s one of the reasons why we’ve got this long period of relatively high welfare reliance amongst people with disability benefits; they’ve been pushed out, stayed out, no way back, you get this steady build-up of people with long claims dating back, as a historical artefact, from a long time ago.

To say that slightly differently was that, if you look at it as a steady state of where it’s going, we were in a situation where reliance on disability benefits was in sustained decline, that we would have moved from something like 2.7 million to something like 2.2 million before this process of reform started and before the current recession.

Right, I view - and this is kind of my take on things - is that not only are we trying to move into a situation where we want people with disabilities and long-term health conditions to be able to work, and to be able to move back into work (and let me emphasise in passing that half the battle is trying to stop people from leaving work in the first place, and that’s really not received as much attention as it should do; if we’re really serious about holding people in work when they have disabilities and long-term illnesses, then we’ve got a major problem with the fact that people are able to be pushed out and “managed out” of the workforce in a way that doesn’t apply to some other groups). Putting that aside, if we’re trying to build a system where people are able to come back into the world of work, we’re in a situation which is radically different from JSA for the regular unemployed. We need a system where a coalition is built of support and engagement around the individual, and that refers to their personal care and support; it refers to an intermediary, acting in a sense to negotiate that process of returning to work that’s currently occupied by work programme providers (and maybe that’s going to work, maybe it isn’t, we don’t know yet), and crucially it needs the employers to be part of that process.

That employer relationship in this kind of process, in my view, needs to be negotiated by the intermediaries. Intermediaries need to be working alongside people with disability and health problems, negotiating relationships with employers to bring the match, if you like, together because it’s not going to happen organically for obvious reasons. Secondly, the match needs to be a willing match. We can’t have a situation where people are forced into jobs which are potentially damaging for their health, forced into situations where the

job isn't flexible enough for them as an individual, even if it's flexible enough for the employer. It's got to be built around the individual and the person who best understands the individual is, surprise, surprise, the individual. That means we can't have compulsion to take jobs; we can't even have compulsion, in my view, to look for jobs. This is an engagement process where people need to be supported, brought along, agreeing where they want to go, stating where they want to go, they need to lay out the vision of what they want to happen and the processes, the support services they want, including intermediaries and employers, to make this vision a reality.

That's kind of what I was trying to articulate when I wrote about this; that this is a very different model to that used for regular unemployed people in several dimensions. The first dimension, in a sense, is that the support and engagement needs to start straight away, whereas with regular unemployed people, it starts after a period of time; and secondly, it's got to be an entirely voluntary process where a relationship is established with an intermediary to discuss, inform, to set about the process and try to move people forward and take them into the labour market. That, as I said, involves employers.

Now the problem here at the moment, as I see it, that we are in serious danger of undermining the potential positives of that process, which is a point Kaliya [Franklin] made. What's going on at the moment, in what I'll call the welfare reform process, is making it, in my view, substantively harder to build that positive agenda of trying to help people move back to work. There's two major reasons for that ...

Now, I think I may have jumped ahead of myself a bit; I just want to say one more thing, I'll come back, sorry. The use of statistics at the moment is really pissing me off. We're getting this kind of statistic that only 7% of people being tested by the WCA are being found incapable of work. Well, the true figure is about 30% of people tested by the WCA are being found eligible for ESA after appeals (it's about 25% before appeals) - this is new claims, not the people being re-tested - but something like 40% are never tested at all. They leave the benefit before the testing process starts, and that's a natural process of some people on disability benefits having short-term conditions and they return to the labour market. So, something like 60% of the population being *tested* are being found eligible for benefits, not 7% of those tested being found incapable of work - these are profoundly different statements.

Secondly, and this is a paradox I find interesting, despite the language that all these people are somehow being caught out by the new kind of test, is the number of claims of people for ESA has barely fallen one iota, and the reason is - the new test is different from the old one, it's pushing about 10% of people over the line that makes them ineligible for ESA related to incapacity benefits, but as I showed before, the number of claims is rising because of the recession, and this means that at the moment, we're in a kind of stasis - the recession, which is, I think, [leading to] deliberate managing-out of sick and disabled people by employers, is offsetting the counter-force of the WCA test making pushing people over the line and making them ineligible for ESA.

Finally then, just talking about that in a little more detail, so that's what I think is happening in terms of the WCA test, but there's two things I think are deeply regrettable in this process. The first is, of those people being pushed across the line, we know absolutely nothing of what's happening to them. At no stage in the process, and this is the previous government that's at fault here, have we set up the kind of tracking mechanism to say what's happening. Is it the case that people's conditions are deteriorating because of the stress of not being able to get access to the welfare systems that are suitable for them? Are they moving into work? We simply don't know. We simply also don't know whether it's different across different kinds of conditions, and one of the things we could easily be doing at this stage is trying to work out which part of the conditions people are presenting with, the system is failing. And yet, none of this information is being gathered, used, analysed, and I think it's just completely unacceptable that you're taking a group that are very vulnerable, you're introducing a new system, you don't properly test what is happening to people as they go through the system, you aren't following people, and we have, in a sense, policy-making by an iterative process of reform and scream. They introduce a reform, everybody screams, they change something, everybody screams. They change something again, and each time they say "we've changed it, it's fine now", but at no stage is it actually tested to prove that things are fine. I think this is entirely the wrong group to be trying to make policies on the hoof. This is something you've got to work through, you've got to prove the concept's working, you've got to materially follow people and what's happening to them as they go through the process, and then, and only then, do you start trying to deliver that to a population that have been reliant on sickness and disability benefits for a long period of time. I also think it's extremely strange that you're taking a group that have been on welfare for a period of two or three years plus, and typically a lot longer, taking them out of incapacity benefit, not putting them in ESA, and really not offering them any kind of additional support or recognition within the welfare system to try and help them into work. Anybody who's been out of work for that length of time will struggle to find work; people with health problems are only going to struggle more.

Finally, I think there are two deep contradictions in this process, where I feel we are undermining where we should like to try and go. We want a process which is engaging people, which is supporting people, carrying them through so as to make work a viable possibility for them. That requires a relationship between the intermediaries and the individual, a *positive* relationship, and the hostility of the reform process that's going on and how it's treating people is only going to cause those who get onto ESA to entrench. "I'm not going to risk anything by trying to make a positive engagement on the road back to work; it only puts what I've achieved at risk." It brings the shutters down; it makes the whole engagement process almost impossible. The scream of people as they're going through this process is only going to make the realisation of a positive agenda of moving people back into work harder. And echoing that point in a slightly different way, the process of moving people, as part of an engagement process of moving people back to work under the Work-Related Activity Group is going to take two to five years. The contributory ESA is being capped at one year.