

More than words: Rethinking employment support for disabled jobseekers

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A WPI Economics report for ERSA

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About ERSA

ERSA is the representative body of the employment support sector. It has around 250 members, spanning the public, private and voluntary sectors. Its membership includes all the prime contractors of the main Department for Work and Pensions (DWP) contracted employment schemes, including Work Programme and Work Choice, plus a significant number of subcontractors. Three quarters of ERSA's members are not for profit. ERSA's membership is drawn from across England, Scotland, Wales and Northern Ireland, with dedicated networks, in Scotland (Employment Support Scotland), Greater Manchester and London. ERSA works across the UK to support members and commissioners at both a national and regional level.

Summary

The new Prime Minister has committed her Government to economic and social reform to deliver an economy that works for everyone.¹ Based on the experience of the last few decades, one of the biggest challenges that she will face is delivering a labour market and economy that works for disabled people. The Government has already committed to the ambition of halving the disability employment gap but, given that the gap has remained constant for at least the last 15 years and that halving it now would mean increasing the number of disabled people in work by over 1.2 million, this is a significant challenge.

There are many areas of Government policy that will need to be changed if they are to be successful. One obvious place to start is with employment support. Of the 3.8 million disabled people currently out of work, there are around 2.5 million for whom work may be inappropriate, but there are around 1.3 million disabled people who want to work and could benefit from specialist employment support to help them seek, enter and stay in work.

Specialist, contracted employment support has been shown to be successful. Programmes like Work Choice and Working Well have built on the foundations of Pathways to Work and the Work Programme, and are already helping large numbers of disabled people into work.

However, despite this success, investment in specialist contracted employment support is being cut substantially. This means that, while around 300,000 disabled people participated in contracted employment support between 2012 and 2015, between 2017 and 2020 this will fall to just 160,000 disabled people having access to the new Work and Health Programme. Anyone

else wanting support will need to rely on the Jobcentre Plus system that is already under significant pressure to deliver cost savings at the same time as helping more people through the roll-out of Universal Credit. With these pressures in mind, it is unlikely that disabled people who are looking for work, but are unable to access the Work and Health Programme, will receive the personalised

In each year of the remainder of this Parliament, 45,000 fewer disabled people will have access to specialist contracted employment support

support that many of them want and need to get back into employment.

Doubling investment in the Work and Health Programme for five years would mean:

30,000 more disabled people in work

£280 million net Exchequer benefits

This means that, if the Government is serious about halving the disability employment gap, it should rethink its approach to contracted employment support. Modelling by WPI Economics shows that doubling the investment made in the Work and Health Programme over five years would lead to an additional 160,000 disabled people being able to access specialist support by the end of this Parliament. In total, it would mean an additional 30,000 disabled people in work and Exchequer benefits of £280 million. The wider benefits to individual, families and society and savings to broader public services would be even larger.

Source: WPI Economics

Introduction

The new Prime Minister has committed her Government to delivering a stronger, more prosperous and more equal society. Her maiden speech as Prime Minister outlined a vision of more equal growth, of home-ownership, upwards social mobility and life chances for all.

Halving the disability employment gap

In achieving this vision, one of the biggest challenges that the Government will face will be meeting its ambition of halving the disability employment gap. The distance between the employment rate of people who have a long-term health condition or disability that limits their capacity to work and the non-disabled population currently stands at around 43 percentage points.ⁱⁱ Over the last 15 years, the disability employment gap has remained relatively constant.

Halving this gap would require well over 1.2 million more disabled people entering sustained employment than is the case today.ⁱⁱⁱ

The benefits of halving the gap

The benefits of doing so are well documented. Individuals, families, communities, businesses and the economy can all gain from increased employment among the disabled population.

As well as clear benefits, it is also the case that many disabled people want to work, to become financially independent, provide financially for their families and contribute (directly through work) to the economy and society.

A structural problem

For these reasons and more, the ambition of increasing the number of disabled people in employment and reducing the employment gap is the right one. Doing so requires an understanding of both the scale and nature of the issue.

A number of research reports have already highlighted that achieving the Government’s ambition will not be straightforward. It will require a step change in the approach taken by central and local government, businesses and those who support and represent disabled people. The major driver of this is that, in labour market terms, the issue is structural, rather than cyclical. In short, while a growing economy and stronger labour market will increase employment rates for all, there are underlying factors including education, work experience and caring responsibilities that, unless addressed, will severely limit the chances of reducing the disability employment gap.

The disability employment gap was:

40.5% in 2010

The disability employment gap is:

42.5% in 2016

Source: WPI Economics analysis of the Labour Force Survey

Of out of work disabled people:



62% have low or no qualifications



70% have not had a job for at least five years



52% say the severity of their condition or caring responsibilities means they cannot work

Source: WPI Economics analysis of the Labour Force Survey

The need for targeted policy responses

Halving the disability employment gap over a twenty-year period would mean trebling the current rate of growth in employment for people with disabilities.^{iv} The scale of this challenge means that there is not one silver-bullet policy solution that will deliver success. It is also clear that, across the out-of-work disabled population, individuals experience a wide range of circumstances that impact on the likelihood of them entering employment.

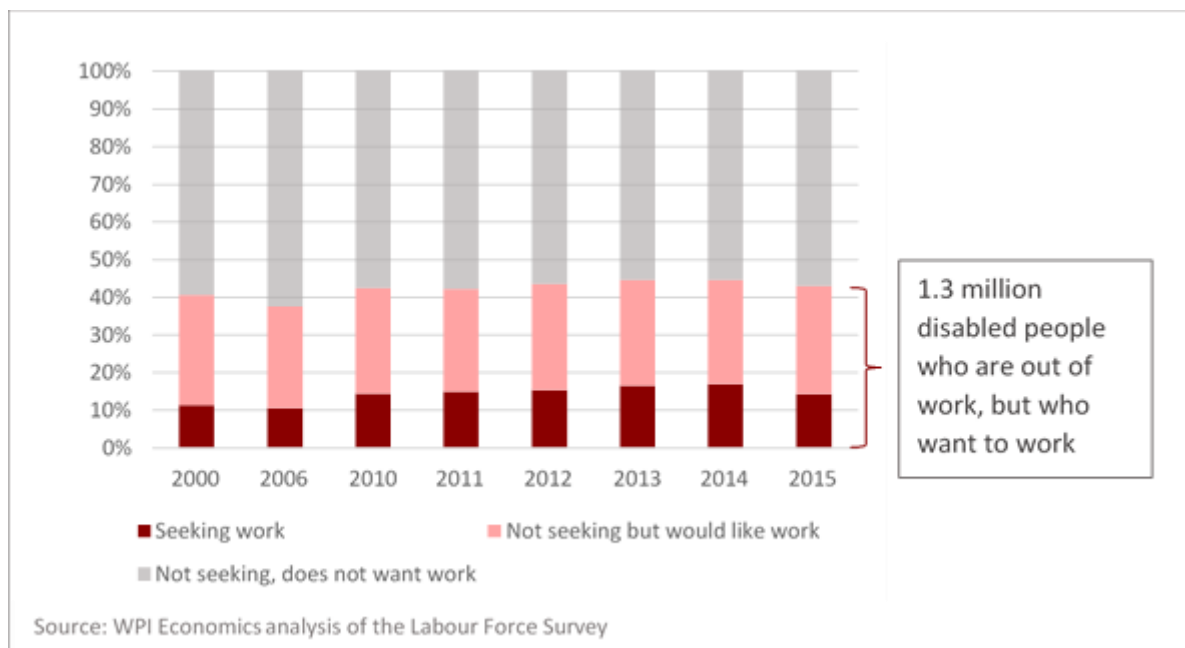
For some, the severity of their condition or disability, or the fact that they have caring responsibilities, will mean that entering work is unlikely to be a feasible or appropriate ambition. Meanwhile, others will have only recently left work, or will still be in work but at risk of falling out. For these individuals, a relatively quick return to work might be possible with support for themselves and their workplace to adapt working practices.

These varied situations mean that different policy responses will be needed to:

- Help people stay in work when they experience the onset of a health problem or disability;
- Support those out of work to enter sustainable work; and
- Where appropriate, provide options for those with more severe health conditions and disabilities to move towards the labour market and into work if they want to.^v

The role of employment support

Within this range of interventions, employment support has a clear role. There are 1.3 million out-of-work disabled people who are already seeking work, but who have not been successful, or who want work but are not looking for it. For this group, the help and guidance provided through effective and targeted employment support will be essential in ensuring that their ambitions to enter sustainable work can be realised.



How employment support can help

There are a number of ways in which employment support can help disabled jobseekers to find and enter sustainable work. Experience of previous programmes has shown that:

- Employment support needs to be tailored and personalised to the specific needs of the jobseeker, particularly when they face significant obstacles to work.
- Assessments need to be carried out well to ensure that jobseekers receive the correct support.
- Building a relationship of trust with each jobseeker is crucial, which requires lower caseloads to ensure consistent, frequent contact and, if necessary, delivery in positive non-traditional environments (such as the home).
- Employment support needs to be linked to and integrated with other services (such as health, social care, housing, and skills) to ensure that different provisions can be aligned to meet the needs of individual jobseekers.
- Where required, employment support should offer advice and support from specialists to jobseekers with specific conditions or obstacles to employment.
- Services have to understand the needs of both the local and national labour market to ensure that jobseekers are supported to meet those needs.
- Effective provision must work closely with local and national business both before and after appointment, to help find roles best suited to individual jobseekers and ensure that employers are supported to sustain employees in those roles.

As well as these general principles, there are clear examples of how innovation and new approaches can be used to support disabled people back into work.

For example, the Shaw Trust Community Hubs pilot was established in Hackney and Lewisham in September 2014 when Shaw Trust converted its Work Programme delivery centres in these boroughs into one-stop hubs for employment and wellbeing support. Bringing employment, financial, health and wellbeing support under one roof has allowed for much better communication between teams and led to a clear rise in engagement and attendance from jobseekers using the service. In addition, having easy access to multiple services has allowed service users to access support for specific obstacles faster, and as a result the pilot hubs have seen service users moving into work more quickly and an increase in job sustainment.

Pluss, along with partner local authorities, has been running Project SEARCH in Plymouth, Barnstaple and Torquay. The programme is a ground-breaking scheme offering young people (18-24 year olds) with a learning disability internships within three different hospital departments over an academic year. Alongside their internship, participants also undertake intensive employment skills training with the aim of giving young people with learning disabilities the skills to move into competitive paid employment within the hospital or elsewhere in the community. The scheme has seen significant successes, with Pluss' Project SEARCH sites holding a combined job outcome rate of over 70%.

Working Capital, run by APM in eight central London boroughs, aims to secure employment for 4,000 people claiming Employment Support Allowance (ESA) who have left the Work Programme's Work Related Activity Group (WRAG) after two years without finding employment. Through co-location with local authority and health services and by maintaining close links with local JCP branches, Working Capital staff are able to systematically dismantle jobseekers' obstacles to work before supporting them into employment. Where possible, staff will tackle claimants' health and employment barriers simultaneously or alternatively sequence support in a way that is sensitive to the jobseekers' needs. This approach allows individuals to receive targeted support to help them

overcome whatever issues are preventing them from progressing into work, no matter how complex they are.

Innovative, flexible approaches are more readily found in contracted, rather than state-run, employment support services. However, that is not to say that contracted employment support delivers programmes that are always effective for all groups. It is a well-known that, while the Work Programme was as effective and better value for money than the programmes that came before it, it did not lead to the step-change in employment outcomes for disabled people that it was hoped that it would.

There are a number of key reasons for this. These include differential payments not being targeted well enough at those furthest from the labour market; payment groups too broadly drawn; and some smaller providers finding the contracting model challenging.

More recent programmes have looked to build on the successes and lessons learned from the Work Programme. The less high profile national Work Choice programme is based on a model of voluntary participation and has better funding for the supported group of claimants facing more significant labour market disadvantages. This has allowed providers to deliver more holistic, person-centred support to those on the programme. This is reflected in the outcomes delivered, with close to six in ten (59%) of those on the programme being supported to find a job that lasts 13 weeks or more.^{vi}

Smaller sub-national schemes are also proving that contracted employment support can be effective at helping disabled people into work. For example, the Working Well programme operating in Greater Manchester delivers contracted support to Employment and Support Allowance claimants who have been out of work for at least two years. The approach uses a key worker to ensure that bespoke packages of support are created and that services across a range of programmes are integrated, all with the goal of helping the client move back towards and into work. The approach has been successful in helping significant numbers of very long-term unemployed disabled people into work and has been expanded to include other groups of benefit claimants.^{vii}

What this shows is that, when designed effectively and where sufficient investment and access is given to the appropriate individuals, specialist contracted employment support can play a vital role in helping disabled people to enter sustainable work. As such, it should play an equally vital role in the Government's approach to halving the disability employment gap.

Heading in the wrong direction

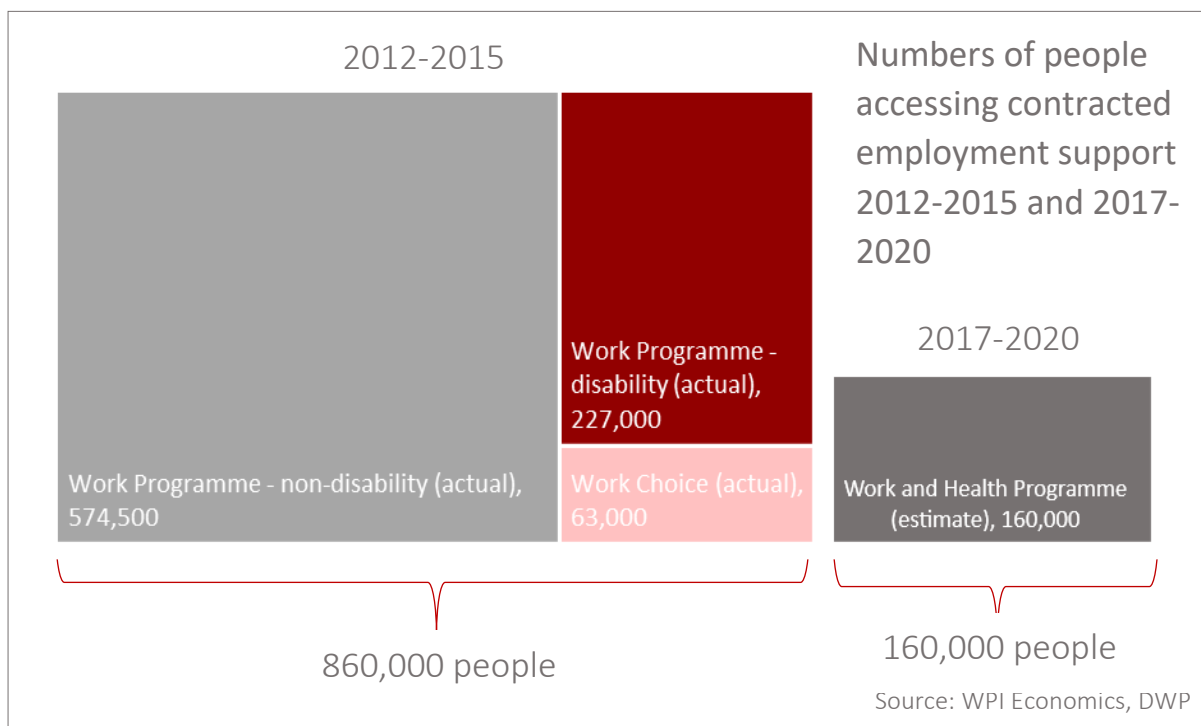
While the potential role that employment support should play in halving the disability employment gap is clear, in practice recent policy changes have taken the UK in the wrong direction.

Early in 2016 it was announced that the Work and Health Programme would replace both the Work Programme and Work Choice after they end in 2017. The Work and Health Programme has been billed as a specialist programme of employment support focussed predominantly on those with health problems and / or disabilities. In many respects, it looks like policy makers have learnt lessons and the programme will build on what has come before. It is likely to be a voluntary programme; more money will be available to provide support for those on the programme and it will be available flexibly to people on a range of benefits, rather than targeting one particular type of benefit claimant.

In each year of the remainder of this Parliament, 45,000 fewer disabled people will have access to specialist contracted employment support

However, in one key area policy makers appear to have taken a wrong turn. With at least 1.3 million disabled people wanting to enter work and likely to need support to do so, investing in a programme that could provide support to a large number of these individuals would be the obvious thing to do. However, funding for the specialist contracted employment support is being dramatically cut. In 2013/14 spending on the Work Programme and Work Choice was around £750 million. Funding for the Work and Health Programme will rise to only £130 million by the end of the Parliament.

This means that significantly fewer disabled people will have access to contracted employment support over the remainder of this Parliament than was the case in the last three years. Between 2012 and 2015, around 300,000 disabled people accessed the Work Programme or Work Choice. Between 2017 and 2020, WPI Economics estimates suggest that just 160,000 disabled people will have access to the Work and Health Programme.



Has overall spending on support been reduced?

The scale of these cuts to the main programmes of contracted provision are significant. Analysis of figures of “deadweight” for groups of disabled people seeking work provided by the Department for Work and Pensions suggest some 26,000 fewer disabled people will enter sustained work in this Parliament than would have been the case if the numbers of people currently accessing support had been put through a programme like Work Choice.

However, Ministers in the Department for Work and Pensions have claimed that, while contracted support is being cut, overall spending on support for disabled people has not been reduced. To understand whether this will be the case, WPI Economics and ERSA submitted several Freedom of Information requests seeking to clarify how much has been spent on programmes for disabled people and how it is expected to change in the future.

The results of these FOIs are inconclusive. They demonstrate spending in 2013/14, but DWP claims that future funding allocations have not been made to any of the programmes. As such, it is impossible to assess whether overall spending has been maintained or reduced. This provides an opportunity for the government to reassess its funding priorities.

	£m	£m
	2013/14	2017/18
Work Choice	86	?
Residential Training Provision	13	?
New Enterprise Allowance	26	?
Access to Work	108	?
Work Programme	636	?
Flexible Support Fund	78	?
Mandatory Work Activity	15	?

Source: DWP

There are also wider uncertainties over the money available to support disabled people into work. Following the vote to leave the European Union, there are concerns that money previously coming from the European Social Fund (ESF) will not be maintained. Despite the Government’s commitment, unveiled by the Chancellor at Conservative Party Conference, to safeguard it until Britain actually leaves the EU, there is no guarantee that these levels will be sustained afterwards.^{viii} Worth £500 million a year, this could have a real impact on the chances of disabled people finding work. Furthermore, following a 42% underspend in 2014/15, the Flexible Support Fund, which is allocated by Jobcentre Plus (JCP) to help reduce obstacles to people seeking work, has been halved in size to under £70 million a year.

Other pressures

With cuts to contracted support, more disabled people will be relying on JCP for the support they need. There are real questions over the capacity for this to happen. Operating budgets are under pressure as DWP seeks to reduce administrative costs by over 20% and they are already expecting an increase in footfall of 1.3 million people as Universal Credit is rolled out.^{ix} They will also be providing support to up to 200,000 non-disabled claimants a year who would have previously been on the Work Programme. With such huge pressure on resources and staff time, there is a real concern that, as many disabled people currently argue, the support available for disabled people through JCP will simply be insufficient.

Alongside a £620 million yearly cut to the budget for contracted employment support, there are uncertainties over the European Social Fund (£500m) and Flexible Support Fund (£70m) budgets. The impact on disabled people’s chances of work can only be negative.

A different approach

This briefing has demonstrated that specialised contracted employment support could play a vital role in helping the Government to achieve its ambition of halving the disability employment gap. However, this sort of support will be cut dramatically in 2017 and the main potential source of support in the future, JCP, will come under significant strain.

This points towards the need for a fundamental re-think of the approach that the government has recently adopted. While increasing the provision of employment support beyond that agreed at the Spending Review will come with upfront costs, without this spending, disability employment is likely to be even lower than it would otherwise have been. In the longer-term, increasing spending on employment support now could lead to Exchequer savings through increased tax revenues and lower benefit spending.

The size of these Exchequer benefits could be substantial. For example, modelling using WPI Economics' policy costing model shows that, for each ESA and JSA claimant moving into full time work, the Exchequer savings from tax and benefits alone amount to £7,800 and £9,900 a year respectively. Even after accounting for the fact that some people moving from employment support programmes into work do not work full time, the expected Exchequer benefits are £4,800 and £6,800 for ESA and JSA claimants respectively. The additional wider benefits to individuals and cost savings to the NHS and local authorities would be even more substantial.

Boosting the Work and Health Programme capacity

Using this same model, we have estimated the potential benefits of a more ambitious contracted employment support programme. Taking a cautious set of assumptions on deadweight and programme performance we estimate that, over a five-year programme, each £50 million of additional yearly investment in the Work and Health Programme would lead to 11,500 more disabled people in work.

If the size of the programme were doubled and the money invested was on the same profile as the current expected spending, we estimate that an additional 13,000 more disabled people could be in work by the end of this Parliament, than would have been the case under current Work and Health Programme funding.

Doubling investment in the Work and Health Programme for five years would mean:

30,000 more disabled people in work
£280 million net Exchequer benefits

Source: WPI Economics

More support, joint working and testing in JCP

Even with a more ambitious headline programme, there are likely to be many more disabled people needing employment support than can be catered for through contracted support. Here, there is a vital role for JCP, city regions and combined authorities. To deliver a set of innovative pilots with the collaboration of these partners and contracted providers, the Government should ring fence existing spending on employment support programmes through the ESF and devolve control to combined authorities. As part of the agreements of funding, the Government should specify the broad groups it wishes the money to be invested in, set out the outcomes it wishes to achieve; and make a requirement for a robust evaluation of the support provided and outcomes achieved.

Conclusion

Employment support is a vital tool in the Government's set of policy options for halving the disability employment gap. While it will not work for everyone, for those 1.3 million disabled people who are already seeking work or wanting work but needing support to move towards it, employment support can make the difference between independence and earning a living and remaining on benefits for the rest of their lives.

However, the current government proposals are simply not workable. Alongside the wide range of pressures that Jobcentre Plus will be under, it is clear that they will not be able to provide the personalised and tailored support that many disabled people will need to get into work.

If the Government is committed to supporting disabled people who want to work, it needs to urgently re-consider its approach to employment support and design a new contracted programme at a scale equal to the challenge that it faces. Doing so could benefit businesses, improve employment outcomes and boost living standards for disabled people and their families. It could also come with significant savings to the Exchequer.

ⁱ <https://www.gov.uk/government/speeches/britain-the-great-meritocracy-prime-ministers-speech> Accessed 25/09/16.

ⁱⁱ Office for National Statistics. Social Survey Division, Northern Ireland Statistics and Research Agency. Central Survey Unit. (2016). *Quarterly Labour Force Survey, January - March, 2016*. [data collection]. 2nd Edition. UK Data Service. SN: 7985, <http://dx.doi.org/10.5255/UKDA-SN-7985-2>

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ⁱⁱⁱ Oakley, M., (2016a). *Closing the gap: creating a framework for tackling the disability employment gap in the UK*. SMF, London.

^{iv} *ibid.*

^v Oakley, M., (2016b). *Striving for better: a labour market and welfare that work for disabled people*. SMF, London.

^{vi} DWP, (2016). *Work Choice official statistics. Data for 25th October 2010 – 24th June 2016*.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/547287/work-choice-statistics-to-june-2016.pdf Accessed 26/09/16.

^{vii} Ainsworth, M., (2015). *Working well expansion*. Presentation – 15/09/15.

^{viii} <https://www.gov.uk/government/news/chancellor-philip-hammond-guarantees-eu-funding-beyond-date-uk-leaves-the-eu> Accessed 18/09/16.

^{ix} <https://www.gov.uk/government/news/department-for-work-and-pensions-settlement-at-the-spending-review> Accessed 25/09/16.