

THE MISSING MILLION: SUPPORTING DISABLED PEOPLE INTO WORK

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Production & design by **EMPHASIS**
 ISBN 1 86030 219 X
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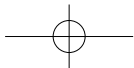
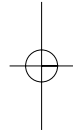
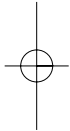
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Acknowledgements

We are very grateful for the support of our funders, without whom this project would not have been possible. They are: Ford Motor Company, the Paul Hamlyn Foundation, Microsoft Ltd, RNIB, Scope, UNISON and Unum Provident.

The authors would also like to thank Mathew Bennett and Rishi Shukla for their work in the preparation of this book and Lisa Harker and Peter Robinson for their valuable comments and support. We would also like to thank Jane Carroll for copy editing the report.

We are also grateful for the valuable comments and input we have received from: Barclays, the British Council of Disabled People, the Confederation of British Industry, Centrica, the Disability Alliance, the Disability Rights Commission, the Greater Manchester Coalition of Disabled People, the Employers' Forum on Disability, Jobcentre Plus, MIND, Marilyn Howard, the Shaw Trust, the Trades Union Congress, and Work Directions. However, the views expressed in this book, and any errors, are those of the authors alone.

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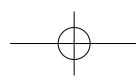
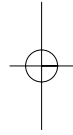
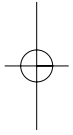
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Abbreviations

ABI	Association of British Insurers
BSRM	British Society of Rehabilitation Medicine
CBI	Confederation of British Industry
DDA	Disability Discrimination Act
DEAC	Disability Employment Advisory Committee
DPTC	Disabled Person's Tax Credit
DRC	Disability Rights Commission
DRTF	Disability Rights Task Force
DSS	Department of Social Security
DWP	Department of Work and Pensions
EFD	Employers' Forum on Disability
EU	European Union
HMT	Her Majesty's Treasury
HSC	Health and Safety Commission
HSE	Health and Safety Executive
IB	Incapacity Benefit
ICT	Information Communication Technology
ISER	
JRF	Jospeph Rowntree Foundation



- JSA Jobseeker's Allowance
- LFS Labour Force Survey
- NDDP New Deal for Disabled People
- NGO Non-governmental Organisation
- NHS National Health Service
- OECD Organisation for Economic Co-operation and Development
- PA Personal Adviser
- PCA Personal Capacity Assessment
- PIU Performance and Innovation Unit
- PSA Public Service Agreement
- RNIB Royal National Institute for the Blind
- TSO The Stationery Office
- TUC Trades Union Congress



Summary

There are well over one million disabled people in the UK who want to work but are not working. In May 2002, there were three million people with a current long-term health problem or disability claiming benefits. This represents nearly a fourfold increase since 1979. Since 1997, and during a period largely characterised by a healthy and stable economy, the number of people claiming incapacity benefits has continued to increase. This now represents significantly more people than the combined total of lone parents and unemployed people claiming benefits. The employment rate of disabled people stands at less than 50 per cent. Given the important impact that being in employment has on reducing poverty and social exclusion, the low employment rate is good for neither disabled people nor for the wider economy and society.

Successive governments have tried unsuccessfully to tackle this issue and to reduce the numbers of people who are economically inactive owing to ill-health or disability. The current Government's most recent attempt is set out in the Green Paper, *Pathways to Work* (DWP 2002), which establishes a number of policy reforms such as a series of compulsory work-focused interviews and improved referral routes which are to be piloted in six areas. Such reforms complement anti-discrimination legislation and in particular the Disability Discrimination Act (DDA) 1995, which whilst

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this legislation is very important, needs to be backed up by proactive social and welfare policy.

Given the limited nature of the reforms planned between now and 2006, the Government's Public Service Agreement (PSA) target to reduce significantly the difference between the employment rate of disabled people and the overall rate is unlikely to be met.

Although advances have been made, the policy framework and tools for supporting disabled people in to work still focus on the individual disabled person, with less attention given to the role of the employer or to effective rehabilitation policies and services. The 2002 DWP Green Paper reforms are targeted at new incapacity benefits claimants and give little hope for people who have been on benefits and out of work for a period of time. This report is an agenda for change which aims to support both existing and new incapacity benefits claimants into work.

Scope of ippr research

The ippr project on disability and work set out to explore why so many disabled people are out of work and what a long-term strategy for engaging more disabled people with the labour market might look like. This report describes how the Government's current strategy – while steering policy in the right direction – is inadequate to meet the challenge. Greater political will, leadership in engaging stakeholders and further

public resources are all needed. We suggest a longer-term vision which will require individuals, employers, government and non-governmental organisations to look at their responsibilities and expectations from a fresh perspective.

A vision of opportunity for disabled people

An environment needs to be created which:

- supports the social inclusion of all disabled people
- gives disabled people more work opportunities
- retains people in the workplace when they become disabled
- rehabilitates people so that they are able to work again after becoming disabled
- prevents disability occurring in the first place.

A revised public policy framework

The elements of a renewed, long-term approach to increasing the number of disabled people in work include:

1. **developing a new account of disability and work** which dispels myths and replaces them with more complex realities
2. **enhancing the role of the employer** and developing an ethical business case model which recognises that business and social benefits are intrinsically linked

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3. **strengthening rehabilitation services** for people when they become disabled which includes refocusing health services
4. creating more **flexible benefits and reducing the risks** for people moving off benefits and into work
5. delivering **successful welfare-to-work initiatives** for disabled people through a twin strategy of expanding and enhancing schemes specifically for disabled people and making mainstream programmes accessible to them
6. developing a **more ambitious role for Jobcentre Plus**
7. **transforming the expectations** of disabled people, employers, the Government and the independent sector.

This seven-point strategy can help the over one million people who want to work, to do so.

1. DEVELOPING A NEW ACCOUNT OF DISABILITY AND WORK

A decade ago, the explanation for rising incapacity benefits claims and persistently lower rates of employment amongst disabled people seemed fairly clear. The story ran: the economic changes, such as the industrial restructuring and recessions of the 1980s and early 1990s led to people being displaced from the labour market and while unemployment benefit became a less attractive option, incapacity benefits became more so.

However, over the past decade, as the economy has steadily strengthened and unemployment rates generally have fallen, this story has lost credence. We need a new account of why so many disabled people are still excluded from work. This account must appreciate the diversity of disabled people, the dynamic nature of their experiences and the importance of the way their impairment interacts with the wider environment. Specifically, this new account needs to recognise four key factors:

- Substantially more people now define themselves as disabled. Society now recognises more illnesses or new forms of illness, particularly in relation to mental health. It may also have become more socially acceptable to say you have a disability and for people not to work if their disability makes it difficult for them to do so.
- Yet, paradoxically, less than half of the people who would be classified as disabled under the DDA definition would classify themselves as 'disabled'. This is mainly because people see their health problems as related to illness rather than to disability, or they believe they are not ill enough.
- A decade ago musculo-skeletal or cardiovascular problems were the most commonly cited reasons for not being able to work due to disability. Now, people with mental health problems make up the largest group on incapacity benefits.

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- There is a complex relationship between impairment, poverty, poor qualifications and worklessness, which translate into barriers to work. It is very difficult to untangle these layers and for public policy to respond to them.

Developing this new account means dispelling a number of entrenched myths and replacing them with more complex realities:

- **Not many disabled people work.**
In May 2002, there were three-and-a-half million disabled people in work.
- **Disability is a specialist issue.**
Disability affects nearly one in five adults in the UK. It is a mainstream issue and permeates all aspects of life.
- **Disabled people are people with visible physical impairments.**
Disabled people are a highly diverse group and include people with a wide range of different impairments.
- **You are either born disabled or are never disabled.**
Most people who become disabled do so as adults. Less than 20 per cent of all disabled people were born with a disability.
- **There is a hard and fast distinction between disabled and non-disabled people.**

Disability, health and ill-health are dynamic experiences. People can, and often do, move between different states over time.

- **There is a hard and fast distinction between working and not working.**

Work may take many forms, from unpaid domestic and caring duties to voluntary work to full-time or part-time paid employment. All of which can make a valuable contribution to the labour market and wider society.

2. ENHANCING THE ROLE OF THE EMPLOYER

The role of the employer is central to any debate about disabled people and work. Some employers already operate good practice in retaining and recruiting disabled people, but the majority do not.

All employers need to fulfil their legal obligations to disabled people but it is in their interests to go further. We develop the notion of an **ethical business case** as a means of explaining this. This is about a more comprehensive understanding of the traditional business case model. It acknowledges the fact that business and social benefits are intrinsically linked. In other words, business concerns are affected by how the company performs in relation to a social agenda, which will include good health management at work, and efforts to recruit disabled people. The ethical business case is therefore still about the 'bottom line' but it

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also recognises that the 'bottom line' is influenced by the company's treatment of its employees (and prospective employees) and by customers' perception of the company in relation to social issues.

The ethical business case requires employers to take into consideration a broader range of costs and benefits over the longer term. Its longer-term perspective may also makes the case more resilient to short-term market pressures.

Some firms already take this more sophisticated approach that we call the ethical business case. We need to get all employers to recognise and act in accordance with this approach. To do this we must break down prejudice and increase understanding of disability and of the practical assistance that is available to employers of disabled people. We will need to use a combination of hard and soft levers to ensure these changes are brought about.

The role of employers will be enhanced and business will benefit if:

- all employers are well informed of their legal obligations to disabled people, act on the merits of the ethical business case and put in place effective policies to retain and recruit disabled people. Jobcentre Plus and a range of other organisations such as, the Disability Rights Commission, have an important role in this process: ensuring that information on the DDA's implications for

employers is reaching all employers; promoting the ethical business case; and sharing ideas on best practice

- employers ensure that new technologies benefit disabled people and that health management systems in the workplace are continually improved to try to prevent ill-health and disability occurring in the first place
- targeted public intervention such as the Access to Work scheme is enhanced and promoted by the Government so that more disabled people and employers benefit from it
- the Government continues to advance its 'flexible working' or 'work-life balance' agenda, encouraging the trend towards more flexible working arrangements. 'Disability leave' should form part of our long-term vision for an inclusive labour market
- a duty to promote opportunities for disabled people is introduced for all employers in both the private and public sectors.

3. STRENGTHENING REHABILITATION SERVICES

There is a range of initiatives promoting rehabilitation but overall provision is highly fragmented, unco-ordinated and poorly resourced. The rehabilitation profession is very weak and the health service has forgotten that employment is a key element of effective healthcare.

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We want a rehabilitation service made up of multi-disciplinary professionals providing a service that ensures the early identification of people who are disabled or at risk of becoming disabled, and delivers a range of interventions aiming to achieve their return to work through active case management. We want a health service that works in partnership with disabled people and rehabilitation services to deliver return to work as a positive treatment outcome for disabled people.

Rehabilitation can play a stronger and vital role in returning more people to work if:

- a more ‘joined-up’ approach to rehabilitation is delivered in terms of overall responsibility, information dissemination and delivery of services
- the Government facilitates the development of an empirical evidence base that tells us what works, why and in what circumstances in relation to rehabilitation services. The Retention and Rehabilitation pilots are a step along this path
- a rehabilitation infrastructure, including the establishment of a professional body for rehabilitation professionals, is developed and supported by the Government. The body would have responsibility for promoting multi-disciplinary research and practice, accrediting training programmes and influencing the culture of the health service and employers

- the National Health Service is tasked with rediscovering its vocational rehabilitation role.

4. CREATING MORE FLEXIBLE BENEFITS AND REDUCING THE RISKS FOR PEOPLE MOVING OFF BENEFITS

The tax and benefits system can still represent a significant barrier to entering work. This stems from a central paradox that people are required to demonstrate their incapacity for work to gain access to benefits while having to prove their capacity for work to employers to move off benefits and into employment. In particular, people fear losing benefits if they look for or make the move into work which proves unsustainable.

Disability does not equate to being incapable of work but the policy confusion surrounding this issue sometimes creates that impression. Likewise Incapacity Benefit (IB) does not indicate that a person is incapable of work, but that the state has deemed it cannot reasonably expect them to work. There is clearly a need to draw this line between those who are required to work as a condition of benefit and those who are not.

The benefit system will be less of an obstacle to disabled people entering work if:

- as discussed in the 2002 DWP Green Paper, there is a change in the language connecting disability with inca-

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capacity to work. This should start with a new name for IB but more is needed

- Jobcentre Plus and job brokers are able to deliver on the expectations created by work focussed interviews. This means providing full information and a range of options and support. Placing additional conditions on benefit receipt is likely to produce positive outcomes only when individuals have the capacity and the right support in place to enable them to fulfil the conditions
- the Government takes more seriously disabled people's fear of losing benefit. We suggest review of a disabled person's IB should be frozen for a fixed period while they are fulfilling a work-focused action plan.

5. DELIVERING SUCCESSFUL WELFARE-TO-WORK INITIATIVES

It is clear that disabled people need support and the right incentives to move back into work. It is far less clear which interventions and forms of welfare-to-work initiative are effective for whom. The volume of resources committed to programmes supporting disabled people is very small compared with what is allocated to programmes for other groups and compared with the number of disabled people out of work.

We should be aiming for a range of welfare-to-work initiatives which reflect the diversity of disabled people's experi-

ences and which offer real opportunities for all – from the most job-ready through to the less job-ready. Central to this will be the development of a twin strategy to extend and improve schemes specifically for disabled people, and to make mainstream programmes accessible to disabled people.

Successful welfare-to-work initiatives for disabled people can be delivered if:

- the Government ensures that the needs of disabled people are considered in the development of mainstream employment initiatives. This could include ensuring that incapacity benefits claimants have access to mainstream employment services and that the needs of disabled people are considered in any job-creation schemes that are developed
- the Government facilitates the collection of better information about disabled people so that specific needs and demand can be targeted by new and existing programmes
- the Government ensures that providers are selected on their ability to market their services effectively, develop constructive relationships with employers and have an understanding of the local labour market
- the funding mechanism in these welfare-to-work initiatives is improved, allows providers to deliver a tailored, flexible service that can meet the needs of a wider range of clients

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- better use is made of the voluntary and private sectors in delivering welfare-to-work in line with broader public service reform agendas.

6. WORKING TOWARDS A MORE AMBITIOUS ROLE FOR JOBCENTRE PLUS

How Jobcentre Plus develops and prioritises its functions in the coming years will be critical for the success of welfare-to-work for disabled people. Jobcentre Plus needs to provide universal high-quality services and selective services for different groups. For disabled people, this means a wide range of into work support, as well as services that promote the social inclusion of those incapacity benefits claimants for whom work is not a viable option. Jobcentre Plus should view employers as clients and consider the sustainability, retention and progression of disabled people in quality jobs. The incentives structure of Jobcentre Plus should reflect these requirements. Jobcentre Plus needs support to fulfil this wide-ranging role, and therefore there are likely to be significant implications for the private and voluntary sectors.

Jobcentre Plus will succeed in this more ambitious role only if:

- it is adequately resourced and is able to attract high-calibre staff so that it can credibly provide services to both disabled people and employers
- it can deliver more reliable and comprehensive client assessment. We suggest the development of a software-

based Personal Adviser (PA) aid to be used as a profiling tool to help differentiate people according to their needs, and PA training

- its staff can ensure that compulsory work-focused interviews are seen to be unconnected with eligibility for incapacity benefits. This could be achieved by freezing any review of eligibility while a person is carrying out the action plan agreed at the interviews. The interviews must also be followed up by other work-focused activities as appropriate, including rehabilitation.

7. TRANSFORMING THE EXPECTATIONS OF ALL

It seems clear that the expectations of individuals, employers, governmental and non-governmental bodies all need to be changed as part of a long-term strategy for engaging more disabled people with the labour market. The best way to stop the flow of people on to incapacity benefits is to shift attitudes within the workplace and to focus on prevention and effective rehabilitation. The best way to reduce the number of people out of work and claiming benefits is to change their expectations of working by delivering welfare-to-work initiatives that ensure that people get the range of support they need to move into work.

We need a strategy that involves raising awareness through the sharing of information and good practice, and shifts the expectations and aspirations of all stakeholders:

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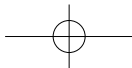
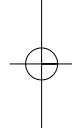
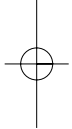
- Individuals must change their expectations so that they assume they will work if they become disabled. They should also expect to be supported at work and receive proactive rehabilitation interventions when they become disabled. If they cannot work they should expect other opportunities for social inclusion through participation in alternatives to employment
- In order that these expectations are realistic, employers must take seriously the ethical business case for recruiting and retaining disabled people and take steps to implement measures enabling them to maximise the business benefit
- Government must ensure that Jobcentre Plus has the capacity to deliver a service that can identify and respond to the needs of each individual, providing a tailored package of support. The voluntary and private sectors will have an expanded role in ensuring disabled people get the support they need.

A longer-term and more ambitious strategy for supporting disabled people into work

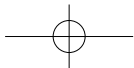
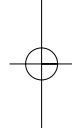
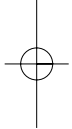
The current public policy framework is insufficient to meet the scale and importance of the challenge of helping many more disabled people into work. A longer-term and more ambitious strategy is needed. This report starts to map out what this strategy might look like and suggests seven key ele-

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ments that the government and others should pursue in moving this agenda forward. Only when all these elements are in motion will we really begin to see progress in supporting the one million disabled people who would like to work, move into work and for us all to reap the benefits.



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1. Introduction

The greatest failure of employment and welfare policy for disabled people over the past two decades has been that even though many economically inactive disabled people want to re-enter work, most do not. So, while there is a continuing flow of disabled people out of employment or job-seeking and on to incapacity benefits, the flow of people back into employment remains limited and the number of incapacity benefits claimants has trebled over the past 20 years.

In May 2002 over three million sick and disabled people of working age were claiming benefits (DWP 2002a). This was substantially more than the combined total of unemployed people and lone parents claiming out-of-work benefits.

The employment rate among disabled people was just 47.6 per cent in spring 2002 compared with 80.7 per cent among the non-disabled population (LFS 2002). However, in spring 2002, there were about 1.4 million unemployed or inactive disabled people who said they wanted to work. This was made up of 300,000 people classified as unemployed according to the International Labour Organization (ILO) classification – that is, wanting a job and available for work – and another 1.1 million people who were economically inactive – that is, wanting a job but not looking for work (LFS 2002).¹

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These high levels of economic inactivity among disabled people are undesirable for us all. Disabled people themselves suffer social isolation, reduced independence and worsening health and well-being as a result of being out of work (DWP, 2002c). The wider economy and society also suffer the consequences of high levels of economic inactivity among disabled people. This occurs through increased social security spending but also output is being forgone because of a failure to effectively utilise the contribution of a significant part of the potential labour force – this is the ‘missing million’. Similarly, the failure to ensure social inclusion and security for those for whom work is not possible has adverse consequences for both the individual and wider society.

The ippr project

The Institute for Public Policy Research’s (ippr’s) project on disability and work aimed to take a fresh look at these issues. We commissioned papers² and hosted a seminar series to generate an inclusive debate around key topics. We also undertook secondary research and consulted with a wide range of stakeholders. The project set out to explore why so many disabled people are out of work and what a long-term strategy for engaging more disabled people with the labour market might look like.

In this report we take stock of what can be learned from the available data and what we have learned from attempts to

tackle this issue so far, and we look at what direction policy might take from here. We examine the successes and failures of Welfare to Work and the role of government agencies, as well as the private and voluntary sectors, in delivering greater success in supporting disabled people into work in the future. We consider the role of employers and the best mechanisms for boosting their engagement and spreading good practice on this issue. At the end of each section we sketch out a vision of what we would like to see from the key partners in the future. We then list the steps that will be necessary to deliver that vision, which is about creating a labour market where there is sustainable work for all those who can work as well as social inclusion for all disabled people.

Successive governments have also sought to address this issue and we begin by briefly setting out the approach used in recent years. We then define disability and take a brief look at incapacity benefits. We conclude by setting out some of the myths that so often frame the debate in this area and replace them with realities.

Government strategies

WELFARE TO WORK

A Department for Social Security Green Paper (DSS 1998) coined the phrase that has become the mantra for welfare under New Labour: ‘work for those who can, security for

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those who cannot'. This Green Paper represented the first significant attempt on the part of the new Labour Government to improve the benefits system and move more people into work. It declared that the best way out of poverty for disabled people was through work and that the revised welfare system would provide the support that would enable disabled people to help themselves.

The 1998 Green Paper led to a number of changes, including the revision of the 'All Work Test' so that the assessment provided information about what people could do, as well as what they could not. Incapacity benefits claimants had to take part in an interview to help them plan a route back to independence including a return to suitable work where possible and to ensure that they received the benefits to which they were entitled. The Green Paper sought to re-frame incapacity benefits by strengthening the link between work and entitlement, so that Incapacity Benefit (IB) would be paid only to those who had recently been in work and made National Insurance contributions. While this Green Paper was the first attempt of the new Labour Government to tackle this issue, it followed reforms made in 1995 by the Conservative Government, and was itself followed by another Green Paper in 2002 – the third attempt in recent years to tackle the issue.

The Department for Work and Pensions³ (DWP) Green Paper, Pathways to Work (DWP 2002b, referred to hereafter as the 2002 DWP Green Paper), contained some positive

policy reforms to be piloted in six areas. These included: the creation of a new framework of compulsory work-focused interviews within Jobcentre Plus for new claimants; improved referral routes between these interviews and pre-existing employment support; and the establishment of work-focused rehabilitation pilots in conjunction with the National Health Service (NHS). The intention was to create a 'Choices Package' giving people on incapacity benefits access to a wider range of opportunities.

New incentives were also proposed to encourage incapacity benefits recipients into work through a Return to Work Credit and an Adviser Discretion Fund allowing advisers to make an award to support return to work. There were also plans to provide more support to those moving from incapacity benefits to Jobseeker's Allowance (JSA), including providing tailored help from advisers with specialist skills.

The 2002 Green Paper recognised that the DWP could not tackle this issue alone and that for progress to be made the input of a range of stakeholders would be required. However, there was little in the Green Paper about employers and their responsibilities and how they might be supported in fulfilling them. Similarly, voluntary and private sector organisations and health and rehabilitation services are vital pieces of the jigsaw but received scant attention. The paper also essentially ignored existing incapacity benefits claimants and focused on new claimants.

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It was widely felt that the paper did not go far enough to make a marked difference in the employment opportunities of disabled people and tackling discrimination in the workplace. However, it is questionable how far a DWP Green Paper could go when the DWP does not have lead responsibility for many of the critical factors in achieving a healthy workforce and social inclusion for all, although it does foot the costs of economic inactivity through social security payments. This reinforces the observation that this is an issue where the responsibility for a successful strategy lies within several departments and a cross-cutting approach is essential.

Walker (1999) has identified that welfare-to-work policy is often about the reformation of the individual disabled person rather than the labour market or economy and the social environment. This approach was evident in the 2002 DWP Green Paper. The Green Paper did not consider strategies for the social inclusion of disabled people for whom work is not an option. This adds to the impression that current policy is being driven first and foremost by an interest in reducing the incapacity benefits caseload rather than ensuring the social inclusion of all disabled people.

These Green Papers and other government activity have led to the development of a range of welfare-to-work initiatives targeted at disabled people, such as the New Deal for Disabled People (NDDP). We will look at welfare-to-work strategies in detail in Chapter 4.

TARGETS

The Public Service Agreement (PSA) framework sets targets in relation to all the Government's priority reform issues. In 2002 the Government indicated a step change in the priority given to increasing the employment rates for disabled people by separating out this PSA target from similar targets for other groups, such as black and minority ethnic groups and the over-50s. The new PSA target committed the government to: 'increase the employment rate of people with disabilities... and significantly reduce the difference between their employment rate and the overall rate [by 2006]'.

Notwithstanding the importance of meeting this target in its own right, its achievement is also crucial for the realisation of other policy ambitions. Given the large proportion of disabled people who are over 50 years old and the regional concentration of disabled people, the success of the Government in meeting the PSA targets on increasing the participation rates of the over-50s, as well as meeting the aspirations of the Pensions Green Paper (2002)⁴ and to reduce regional disparities, will be contingent on meeting the PSA target on disability.

Unlike many other PSA targets, which set figures, the measurement of what constitutes a 'significant' reduction in the difference between employment rates is open to interpretation. Even so, current policy does not inspire confidence that the target will be met on any interpretation, not least

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because there are very few substantial strategies in place to achieve higher employment rates for disabled people. The proposals contained in the DWP Green Paper 2002 were mainly for pilots and will therefore have little impact before 2006, even if successful. This PSA seems unambitious in not setting quantifiable targets, as indeed are the measures proposed to achieve it.

DISCRIMINATION

There have been significant steps forward in strengthening equality legislation and anti-discriminatory practices through the Disability Discrimination Act (DDA) 1995. The DDA represents the extension of equality legislation to disabled people. It gave disabled people rights in employment as well as in access to goods, facilities and services and in buying land and property. The Act has come into force gradually and certain provisions in relation to access to goods and services will not come into effect until 2004. The DDA introduced the requirement that employers must make 'reasonable adjustments' to accommodate a disabled job applicant or employee and specified that an employer must not treat a disabled job applicant or employee less favourably because of his or her disability.

The enforcement and awareness of the DDA has already been bolstered by the creation of the Disability Rights Commission (DRC) in 2000 to help secure civil rights for disabled people. But the DDA will be further strengthened

by the regulations being introduced in the 2002/03 parliamentary session to implement the disability provisions of Article 13 of the European Union (EU) Employment Directive to extend employment protection for disabled people. This ends a number of exemptions from the DDA, such as for companies with fewer than 15 employees and for professions such as the police, thereby bringing into the scope of the DDA over one million additional small employers and around seven million further jobs (DWP press release, January 2003).

Compliance with the EU Equal Treatment Directive will also require the UK Government to bring advanced vocational training and retraining, including practical work experience, under the DDA. This still leaves more informal kinds of volunteering and work experience excluded. It is, however, an important development in recognising both the importance of transitional forms of work in getting people back into mainstream employment, and – in the pursuit of social inclusion for all disabled people – the inherent value of these more informal and unpaid activities.

Most would agree that any practical impact of the DDA so far has been hard to discern. It has been more than five years since legal obligations were placed on many employers and although employment rates have risen, the under-representation of disabled people in the labour force remains acute. However, it is hoped that the full implementation of

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the DDA in 2004, the supporting legislation and planned amendments, will all increase its effectiveness.

A Disability Bill is expected to form part of the Government's legislative programme in the 2003/04 Parliament. The draft Bill will include measures proposed by the Disability Rights Task Force (which pre-dated the DRC), such as changes to the DDA affecting transport and premises, and some widening of the definition of disability. Disability has so far been defined in ways that have led to many disabled people having their cases dismissed by Employment Tribunals on the grounds that their particular disability does not come within the scope of the legislation. Disabled people with mental health problems have been especially affected.

A key reform, expected to appear in the Disability Bill, is the introduction of a general duty on public authorities to promote equality of opportunity for disabled people (as distinct from outlawing discrimination). This means that public employers would have a duty to make the necessary changes to remove barriers to disabled people's access to goods, services and employment opportunities. This would build on experience from other anti-discrimination legislation showing that it is impossible to eliminate discrimination by relying on individuals, one by one, bringing legal cases to challenge acts of discrimination. This proactive approach would mirror that taken in the recent Race Relations (Amendment) Act 2000 which requires public

bodies to take steps to promote race equality and good race relations.

A substantial proportion of the disabled population are aged over 50, so discrimination on the grounds of age is also relevant here. The EU framework directive for equal treatment in employment (2000/78/EC) requires the UK to make age discrimination unlawful in employment and the Government is committed to doing this by 2006. However, this will not require employers to promote equality for older people.

While the DDA's impact date is unclear, what is clear is that the DDA and other anti-discrimination legislation are insufficient on their own to create equality in employment. Social and employment policy measures are needed to back up direct anti-discrimination measures. As in other areas, such as age equality (Spencer and Fredman 2003), we need both effective anti-discrimination legislation and effective social policy interventions to further shape the behaviour of individuals, employers and other stakeholders.

What is disability?

Disability is defined in many different ways and our understanding of what disability means affects policy development. The most widely used definition of disability is that given in the DDA. This defines a disabled person as someone with: 'a physical or mental impairment which has a sub-

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stantial and long-term adverse effect on his ability to carry out normal day-to-day activities’.

This is a useful functional definition for categorising people as disabled for the purposes of data collection and legal compliance. Under this definition there were seven million people of working age with a current long-term health problem or disability in the UK in spring 2002 (LFS 2002).

However, a more nuanced understanding of disability is needed. Employers in particular have said that the DDA definition of disability does not help them to assess employees’ needs and find an appropriate response. A recent study (DWP 2002b) found that people’s understanding of disability was shaped by their attitudes to disabled people and their lives and, importantly, that inclusionary attitudes were characterised by a broad definition and positive view of disabled people’s lives. The study found that the dominant images of disability were of wheelchair-users or blind people and it was common for people to believe that disability relates to a physical impairment, is visible to others, leads to incapacity or dependence, and is a permanent unchanging state.

The prevalence of these views extended to disabled people themselves. Less than half of the respondents who would be classified as disabled under the DDA definition classified themselves as ‘disabled’. This was mainly because they saw their problems as related to illness rather than disability, or they believed that they were not ill enough. This has rele-

vance for how employment and other services are structured and labelled.

These popular views reflect the continuing influence of a medical approach to disability. The medical model sees disability as being about an impairment, which indicates that our attention should be focused on the individual and on addressing the impairment itself or the consequences of the impairment (such as providing an income to compensate for the lack of ability to work).

There is another view, the social model of disability, which has been influential in the development of the campaigning and awareness-raising work of disability groups. This says that disability is the product of society's failure to deal with the needs of a disabled person, in part as a result of direct and indirect discrimination. That is, society actively disables a person and our efforts should therefore be focused on tackling discrimination.

The 'interactionist'⁵ model takes a broader perspective than either the medical or social model. It emphasises that disability is a dynamic process not a status, as an impairment may be progressive, intermittent or continuous; similarly, the wider environment in which the person lives is dynamic and ever changing. This means that if you change the dynamics of the relationship between both the individual and the wider social context you can change the outcomes for disabled people. In this way disability can be seen as a

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description of what happens when a person with a mental or physical impairment interacts with their environment over time. By taking an interactionist approach we can avoid an exclusive focus on either the individual or the environment and instead consider both, as well as the relationship between them.

It is important to note that a person may be disabled as a result of ill health, or they may be disabled as a result of an impairment but healthy. We use the term 'disabled' to include both those who are healthy and those suffering long-term ill health or sickness.

In this report we use the term impairment to describe 'a physical or mental impairment which has a substantial and long-term adverse effect on [a person's] ability to carry out normal day-to-day activities' (DDA 1995) and disability to describe the effect of the interaction between a person with an impairment and the wider environment.

With this definition in mind, Mayhew's assertion (2001) that the prevalence of disability is frequently underestimated and that we each spend an average of eight years of our lives disabled becomes less shocking. This view of disability also helps us to understand disability as a mainstream issue that affects us all.

In thinking about the employment of disabled people, we must recognise that work is not just about economic partici-

pation, it has a crucial function in bringing about social inclusion. This also alerts us to the fact that there are disabled people who cannot work for a variety of reasons and we must ensure that we create alternative forms of social inclusion for them. We must also realise that work and benefits can take a wide range of forms and a variety of work options must be available to meet the diverse needs and capabilities of disabled people.

Disability and incapacity benefits

There is confusion and contradiction in the way policy adjudicates on eligibility for benefits and incapacity to work. Eligibility for incapacity benefits is granted at the point of incapacity at which the state cannot reasonably expect a person to work in order to receive support. The assessment of this capacity to work is called the Personal Capacity Assessment (PCA). If a person reaches the point on the assessment scale where they are eligible for incapacity benefits, this does not mean that they are incapable of work, simply that they should not be required to work. However, there are also regulations that require a person to demonstrate that they are incapable of work because of impairment for the period of their claim. As a result, if a person shows that they are capable of working (with some limited exceptions called 'permitted work') then their eligibility for benefits is brought into question.

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This policy confusion is further exaggerated by government attempts to encourage incapacity benefits claimants to seek work; attempts that would appear to be in conflict with the requirement for the person to be incapable of work in order to retain their benefits.

Moreover, there is a further tension for those incapacity benefits claimants who do wish to seek work in that they must demonstrate their incapacity to work in order to be eligible for incapacity benefits while demonstrating to employers their capacity to work in order to gain employment (Howard, 1999). This tension translates into significant risks for disabled people who wish to seek a job or to undertake voluntary or other forms of intermediate work, as their benefits may be put in jeopardy as a result. The cumulative effect of this policy confusion is to create fear and a lack of trust in claimants and uncertainty for would-be employers.

Clearly, there are disabled people who do not meet the criteria that would allow them to claim incapacity benefits: for example, they may have not met the threshold set by the PCA to be able to claim and will have moved on to JSA. Efforts to develop strategies to increase employment rates among disabled people need to consider this group. It is important to note, however, that only those claiming incapacity benefits are targeted by welfare-to-work schemes for disabled people.

Incapacity Benefit (IB) is an income-replacement benefit and one of a number of incapacity benefits (that include Severe Disablement Allowance which is being phased out, Income Support with a disability premium and National Insurance contribution credits). In this report we are referring to the range of incapacity benefits unless we specify IB itself. In addition, there is Disability Living Allowance, which is a contribution to the extra costs of disability, available to people assessed as being over 80 per cent disabled.

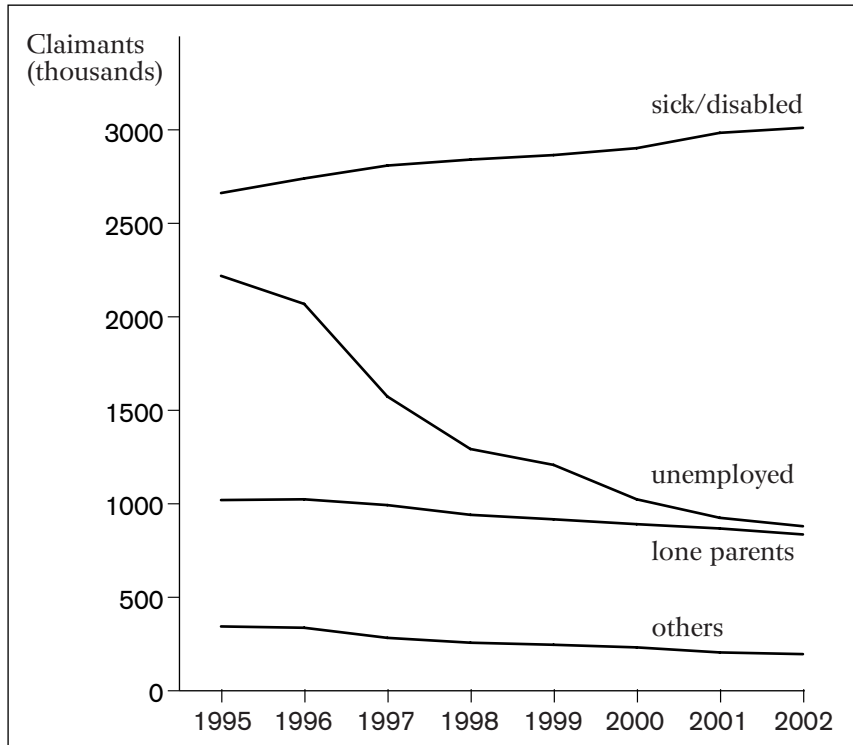
2. Trends in disability and employment

Disabled people out of work

In spring 2002, there were seven million people of working age with a current long-term health problem or disability in the UK (LFS 2002). Caution should always be exercised when comparing figures for disability⁶ over time, as the definitions of disability used in surveys have changed on a number of occasions. However, using a consistent definition, the Labour Force Survey (LFS) recorded an increase of 700,000 in the number of working-age people reporting a current long-term health problem or disability over just three years between autumn 1998 and autumn 2001 (LFS 2001). This significant increase in the self-reported incidence of ill-health and disability is one of the most important and poorly understood trends in the population.

Figure 2.1 shows that over the period since May 1995 (when consistent data have been maintained), the number of people of working age claiming benefits relating to unemployment has been on a consistently and sharply downward trend, reflecting the steady improvement in employment across the UK economy. The lone-parent benefit caseload has fallen steadily over the period. In sharp contrast, the numbers of sick and disabled benefit claimants of working age has continued to rise, so that by May 2002 they made up three-fifths of the total benefit caseload.

Figure 2.1 Trends in the working-age population claiming key benefits, 1995–2002



Source: DWP, 2002

Although there were more people of working age reporting a current long-term health problem or disability, a higher proportion of them were also in employment. Between autumn 1998 and autumn 2001, the number of disabled people in employment rose from 2.9 million to 3.4 million, a rise in the employment rate from 45 per cent of all disabled people of working age to almost 48 per cent (LFS 2001).

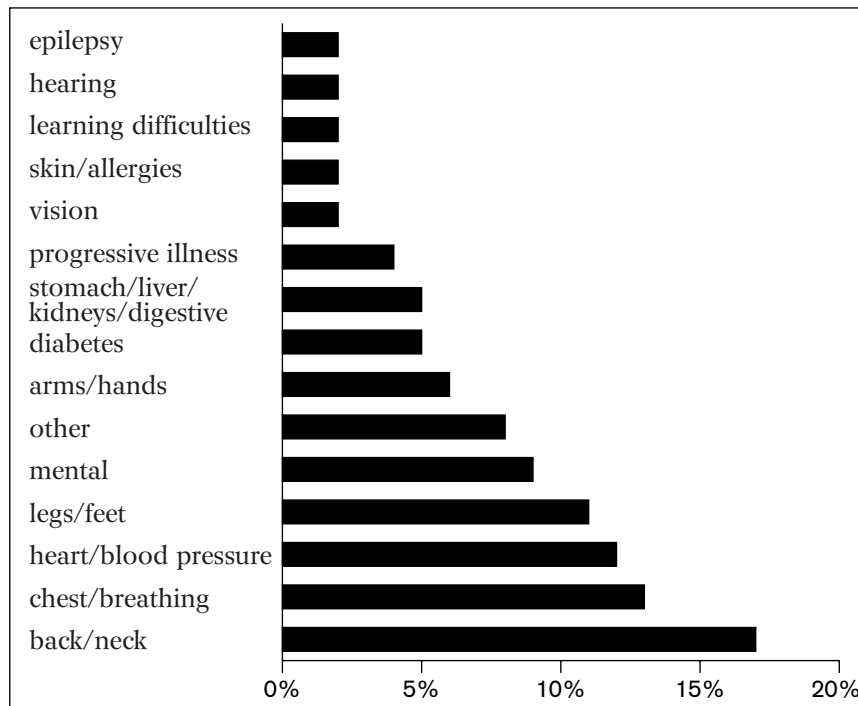
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Profile of disabled population

IMPAIRMENT

Figure 2.2, below, shows the percentages of all disabled people of working age by impairment. This illustrates the wide range of impairments experienced by disabled people, particularly when we note the broad categories that are used to describe impairments such as 'mental impairment', which could mean anything from depression to schizophrenia.

Figure 2.2 Working-age disabled people by impairment, spring 2002



Source: *Labour Force Survey Spring 2002*

Whilst people with mental impairments account for less than ten per cent of the overall disabled population, they represented the largest group of IB claimants in May 2002, when they accounted for over-one third of all claims. This may reflect the specific impact of mental impairment on employment opportunities which we discuss below. There have been increases in claimants with mental impairments across all age groups and both genders, from 28 per cent of all claimants in May 1998 to 35 per cent in May 2002 (DWP 2002c).

According to the DWP (DWP 2002c), in 2002 the majority of those with mental health impairments had depression or anxiety, the musculo-skeletal impairments were largely attributed to back or neck pain and only a small number of those with circulatory or respiratory impairments had a permanently limiting heart or lung disease.

The type of impairment or severity of condition does not have a simple relationship with the barriers to work (Ashworth *et al* 2001). Although there is some evidence that economic activity decreases as severity increases, it does not necessarily follow that people who are more severely disabled are unlikely to want work or to be in a job. For example, a DWP survey (Ashworth *et al* 2001) revealed that people with medium-high severity scores were more likely to want work than those with lower scores.

Having said this there is a link between the type of impairment and the likelihood of employment. Figure 2.3 shows the differ-

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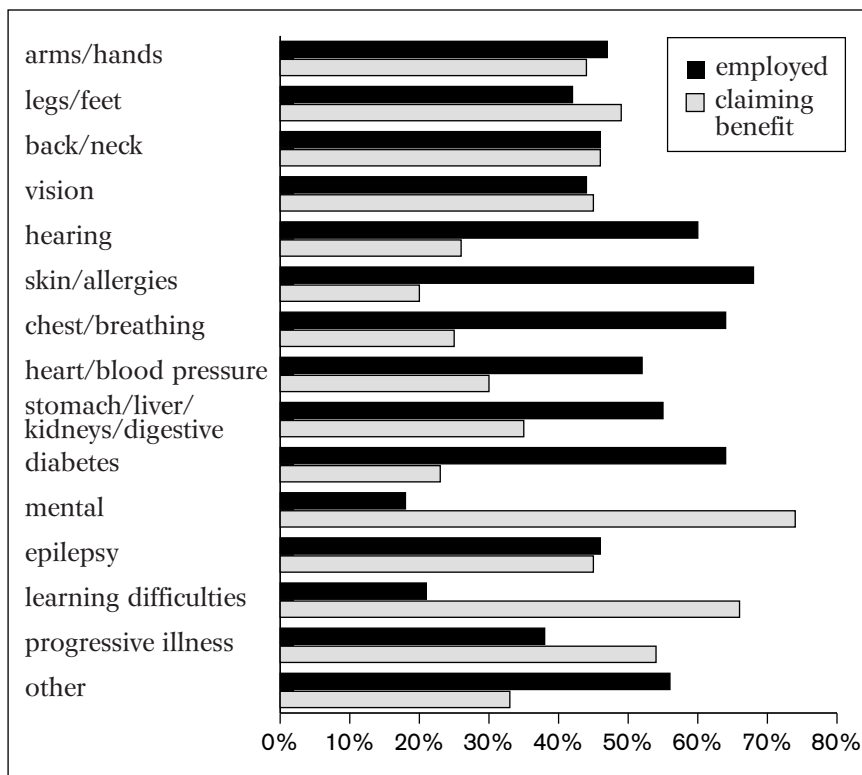
ences in the employment rate and benefit receipt rate of people with various impairments. For example, out of the 118,000 people known to have hearing impairments in spring 2002, 60 per cent were employed and 26 per cent were claiming incapacity benefits. Those known to have mental impairments had the lowest rate of employment, which stood at just 18 per cent, with 74 per cent claiming incapacity benefits⁷ (LFS 2002). The relationship between unemployment and poor mental health is complex and the two can be mutually reinforcing.

This has particularly important policy implications, given the substantial rise in the number of people with mental impairments. For one thing, it suggests that it is important for public policy to pay particular attention to preventing mental impairments arising and to supporting people with mental impairments into work. This makes the Social Exclusion Unit's project, due to report in late 2003, very welcome as it is looking at how to improve rates of employment for adults with mental health problems, through support both in taking up and in retaining work. The project also considers how to promote greater social participation and better access to services for this group.

So, although the link between impairment and employability is not at all straightforward, as it is the product of the interaction of a range of barriers and opportunities, some types of impairment are more likely than others to be linked with unemployment.

However, impairment is only one possible barrier to work. An evaluation of the New Deal for Disabled People (Ashworth *et al* 2001) found that only 41 per cent of disabled people said they were ‘too sick or disabled’ to work. On this basis it is very important that we consider other characteristics which may act as barriers to work.

Figure 2.3 Employment rates and benefit claims by impairment



Source: *Labour Force Survey Spring 2002*

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AGE

A large proportion of the increased number of incapacity benefits claimants are disabled people aged over 50. The increase is likely to be, at least partly, the result of an ageing population, since older people are more likely to develop an impairment and less likely to be employed than their younger counterparts.

Although the Government is on course to meet its target of increasing the employment rate of the over-50s, the participation rates of people aged over 50 remain far lower than they were in the 1970s, while the size of cohort is growing (Spencer and Fredman 2003).

GENDER

In spring 2002, there were 400,000 more men of working age with a current long-term health problem or disability than women, although this difference is largely accounted for by the fact that the data relating to people of working age refers to women aged 16 to 59 and to men aged 16 to 64 (LFS 2002). In fact, disability rates were equal for men and women in spring 2002, with 19 per cent of men of working age (16 to 64) and 19 per cent of women of working age (16 to 59) reporting a current long-term health problem or disability (LFS 2002).

The number of women claiming IB has increased substantially in recent years from just under 764,000 in May

1995 to just under 900,000 in May 2002 (DWP 2002a). This could be the result of more women being in paid employment, which means there is likely to be a greater number of women wishing to replace lost earned income on becoming disabled and are eligible to claim incapacity benefits.

This area is under-explored and it is not possible on the basis of the available evidence to draw firm conclusions; nevertheless, the trends in incapacity benefits claims and labour market participation suggest that some gender-based analysis is required and that the policy solutions may be different for women and men.

ETHNICITY

Asian (excluding Chinese) and black people are more likely to be disabled than white people, particularly in the 50-plus age group (LFS 2002). Some research has found that members of the Afro-Caribbean, Asian and refugee communities and asylum-seekers have a rate of mental impairment twice the rate found in white communities (Nazroo 1997). In addition, we know that the overall rates of unemployment are higher among some ethnic groups than others.

Again, there is a lack of data in this field and we need to know more about the relationships between ethnicity, disability and work. Because of this, we have not considered ethnicity in any detail in our study.

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QUALIFICATIONS

The 2002 DWP Green Paper reports that disabled people were twice as likely as non-disabled people to have no qualifications, at all ages. Four in ten people on incapacity benefits had no qualifications, twice the proportion of unemployed people, and 15 per cent had problems with literacy and numeracy. Disabled people were also half as likely to have been in further education than non-disabled people. Between 1995 and 1998, of the people moving from JSA to IB, nearly half had no vocational or academic qualifications compared with 29 per cent of all JSA leavers (Bacon 2002).

REGIONAL DIFFERENCES

Previous ippr research has stressed that different parts of the UK have very different labour market performance (Adams and Robinson 2002). The likelihood of disabled people being employed consequently varies by region (see Figure 2.4 below). Disabled people were more likely to be in employment and not claiming incapacity benefits in those regions which in the early 2000s had a tight labour market – the South East, South West and East of England. Whereas, in other regions such as the North East or Wales, disabled people were more likely to be claiming incapacity benefits than to be employed. In regions such as these there was also a higher incidence of disability. This is in large part the legacy of the dramatic loss of jobs in traditional industries such as manufacturing and mining in the

1980s and 1990s, losses concentrated in lagging regions.

A broad 'North–South divide' does not negate the existence of intra-regional disparities, which can be very significant. Incapacity benefits recipients are concentrated in particular areas – often deprived areas – within regions.

Figure 2.4 Percentages of claimants of key benefits by statistical group and region, May 2002

	<i>All</i>	<i>Unemployed</i>	<i>Sick/ disabled</i>	<i>Lone parents</i>	<i>Others</i>
North East	20.2	3.7	12.8	3.0	0.7
Wales	19.3	2.5	13.6	2.6	0.6
North West	18.2	2.9	11.8	2.8	0.6
Scotland	17.6	3.2	11.3	2.4	0.7
Yorkshire & the Humber	14.9	2.8	9.0	2.4	0.6
West Midlands	14.6	2.8	8.7	2.4	0.6
London	14.5	3.4	7.0	3.4	0.7
East Midlands	12.7	2.2	8.0	2.0	0.5
South West	10.7	1.6	6.8	1.8	0.4
East	9.7	1.7	5.8	1.8	0.4
South East	8.5	1.4	5.1	1.7	0.3
Great Britain	14.0	2.5	8.5	2.4	0.6

Source: DWP (2002) *Client Group Analysis: Quarterly bulletin on the population of working age on key benefits* May 2002 (taken from Adams and Robinson 2002)

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POVERTY

Working-age men with low incomes are more likely to become disabled than those with higher incomes. No research has been carried out to see whether this association holds true for women. However, we do know that both men and women aged 65 or over who had a manual job (which is associated with low income) are more likely to suffer a long-standing illness or disability than those with professional or managerial work histories (NPI/JRF 2002).

The incomes of disabled working-age men are substantially lower than those of non-disabled working-age men. An Institute for Social and Economic Research (ISER 2000) study found that the majority of this difference is accounted for by the low incomes of the men who later become disabled. The reduction in income following the onset of disability is relatively small (ten per cent) because the loss in earnings from employment is largely cushioned by increased private pension income, benefits and a reduction in taxes. Nonetheless, because their income was low before the onset of disability, their income once they became disabled was also low.

There is also evidence that disability generates significant additional costs of living, especially for those living alone, and the costs increase with severity of disability (Zaidi and Burchardt 2003); these extra costs should be taken into account when assessing the impact of disability on a person's standard of living.

Furthermore, if a person does not work because of disability they will also be prevented from building up a pension, and this could also lead to poverty in later life.

The average weekly IB payment in May 2002 was £83.53. Government figures for 2001/02 show that almost one-third of households with one or more disabled people were living below the poverty line (DWP 2003b). Taking into account the extra costs associated with disability, half of all disabled people have incomes below half the general population mean (JRF 2000). This evidence is compatible with the literature on health inequalities and shows that poverty is linked to becoming disabled but also that disability reinforces or exacerbates poverty.

BARRIERS TO WORK

Each of the characteristics described above such as impairment, the regional labour market and poor qualifications can act as barriers to work. The effect of this can be low self-esteem in disabled people and low expectations in those around them. The structure of the benefits system and in particular the fear of losing benefits can also create a substantial barrier to work.

Different characteristics may also combine to create barriers to work. For example, when an impairment interacts with other factors, such as an inaccessible local transport system, it becomes a disability and a barrier to work.

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Disabled people have a range of support needs in accessing work depending on the interaction and combination of barriers they face. This range of needs requires a range of interventions and policy responses.

Labour market trends and disabled people

There is a relationship between trends in the wider economy and the employment of disabled people, so it is important to consider whether the current trends in the labour market are helping or hindering disabled people in gaining work.

The decline of heavy industry led to a reduction in work opportunities and has been cited as a cause of growth in incapacity benefits claims in the 1980s and early 1990s. Conversely, we might expect the growth in new technologies and service industries to present employment opportunities for disabled people displaced by industrial decline.

However, it is possible that disabled people have been largely unable to take up these opportunities as a result of a mismatch between their qualifications and those required by new industries (BSRM 2000). Furthermore, it has been suggested that people, particularly older people, may find it difficult to retrain to acquire the necessary skills, even if retraining is available (BSRM 2000).

The continuing decline in the demand for less well-qualified labour⁸ has been to the detriment of disabled people because of the link between poor qualifications and disability. In par-

ticular, the growth of information communication technologies (ICTs) has reduced the demand for unqualified labour.

There is debate about the role of ICTs both in causing disability and in helping to overcome disability. It has been suggested that they have led to a higher intensity of working and pressure in the workplace⁹ leading to higher levels of stress which is associated with a number of illnesses. ICT-based work is also associated with certain injuries resulting in disability such as repetitive strain injury or back pain from poor sedentary working positions. However, ICTs including adaptive technologies also present real opportunities for making many jobs more easily adaptable to the needs and capabilities of disabled people. ICT-based jobs also seem to be suited to the needs of people with physical impairments that prevent them from undertaking manual work.

Part-time employment has been rising steadily over the whole post-war period and there were over seven million people in part-time jobs in the economy at the end of 2002. However, perhaps contrary to expectations, the proportion of disabled people in part-time employment is not very much higher than the proportion of non-disabled people (28 per cent of disabled people to 23 per cent non-disabled, LFS 2002), despite the clear advantages of working reduced hours for some disabled people.

Trends toward more flexible working terms and conditions clearly represent a positive movement for disabled people,

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for example, home-working and flexible working patterns can make work much more accessible. The April 2003 legislation giving people with young or disabled children the right to request flexible working arrangements should support this trend. In 2000 the Government also agreed to promote the advantages of diversity and flexibility in working practices through a group of champion employers focusing on good practice in enabling workers to 'downshift' later in their working lives rather than facing a 'cliff edge' of full-time work or full retirement (PIU 2000). This practice would appear to have potential to support the needs of people when they become disabled.

There are labour market trends that could serve to either help or hinder the inclusion of disabled people. Of course, the way the labour market affects a person's employment potential will depend on their individual characteristics and, because of regional inequalities, where they live.

Finally, it is worth noting one other feature of the labour market, discrimination by employers and intermediaries. Discrimination may act as a significant barrier to work despite the existence of anti-discrimination legislation. In a survey conducted by the Disability Rights Commission in 2001, half of all people said they believed disabled people are not treated fairly in society and less than a quarter thought disabled people are treated fairly by employers. Disabled people frequently said that they felt they had expe-

rienced prejudice in the employment application process and less than half said they believed employers were as likely to employ people with a disability as people without a disability. This was reinforced by a survey by Scope published in 2003 (Daone and Scott) in which disabled people said that the biggest barriers for them getting into work were employer's fear of the unknown and their assumption that they needed more support. The attitudes of other staff were also felt to be a significant barrier by disabled people.

Myths and realities

Successive governments have failed to achieve a sustained reduction in the numbers of incapacity benefits claimants, although the employment rate among disabled people has been slowly rising. It seems that we understand less about the reasons for this now than we did ten years ago. The story then was fairly clear: the economic changes, such as the industrial re-structuring and recessions of the 1980s and early 1990s, led to people being displaced from the labour market and while unemployment benefit became a less attractive option, incapacity benefits became more so. A rise in people taking early retirement on health grounds, for example, also led to an increase in the incapacity benefits caseload. However, a decade on and in a period of consistent economic growth, that story has begun to lose credence as a wholly convincing explanation.

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A new explanation is needed for the persistently low employment rate of disabled people and continuing rise in incapacity benefits claimants. There are a number of possible contributing factors.

Substantially more people now define themselves as disabled, partly as a result of new definitions of disability. Some also argue that society now recognises more illnesses or new forms of illness, particularly in relation to mental health, and it is becoming more socially acceptable to say you have a disability and for people not to work if their impairment makes it difficult for them to do so. Walker and Howard (2000) suggest there has been an increase in the rate at which people report ill health and a shift in the perceived responsibility for access to work moving from the individual to society and government as part of an equal opportunities agenda. They also suggest people are now more likely to see benefits as a viable alternative to paid work, possibly as a result of an increased number of people in their 50s and 60s, who are more likely to have health problems. These changing perceptions may be accompanied by changes in the workplace, discussed above, which are leading to an actual rise in work-related stress and consequent ill health.

It is also worth noting that this increase in disability and in disability-related benefit claims is occurring in other comparable countries throughout Europe. According to the

Organisation for Economic Co-operation and Development (OECD 2003), member countries spend twice as much on disability-related programmes as they spend on unemployment, and 'policy efforts to help persons with disabilities return to work have hardly been successful in any of the countries'.

However, there is a lack of rigorous data and analysis in this field which would allow us to develop a coherent explanation of what is happening. We need to start from scratch and build up an accurate analysis of why incapacity benefits caseloads continue to rise, why more people are reporting current long-term ill-health or disability and why the employment rate of disabled people has increased but remains low in comparison with the overall employment rate. On the basis of this analysis we can develop comprehensive and ambitious strategies that can have a really substantial impact on this issue. This analysis must begin with dismantling the myths that have developed around disability and work and replacing them with more complex realities.

- There is a myth that not many disabled people work, when in fact in spring 2002 nearly three-and-a-half million did.
- There is a myth that the disabled cannot work or do not want to work, when in fact in spring 2002, 1.4 million wanted to work (and believed they could, or soon could).

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- There is a myth that disability is a specialist issue, when in fact in spring 2002 it directly affected nearly one in every five adults in the UK. It is a mainstream issue and permeates all aspects of life.
- There is a myth that disabled people are those with visible physical impairments, for example, those who use wheelchairs. In fact people with mental health impairments account for a substantial and increasing proportion of disabled people.
- There is a myth that you are either born disabled or you are never disabled. In fact, the great majority of those who are disabled become so as adults and the likelihood of developing a disability increases with age. The majority of people are in work at the time of onset of disability and although many remain in work, one in six loses their employment during the first year after becoming disabled. We know that once people become detached from the labour market, it is very difficult for them to return.
- There is a myth that employers will be persuaded to employ disabled people once they understand the arguments of the business case; in fact, the persuasive power of the business case rests on an improved understanding of equality and disability, and other legislative and 'soft' levers are also crucial.

- Many employers believe in a myth that disabled employees are more likely to be ill than non-disabled employees. In fact, evidence suggests they are less likely to take time off sick than non-disabled employees (Employers' Forum on Disability 2001)
- There is a myth that it is possible to make a hard and fast distinction between working and not working. In fact, work may take many forms, from unpaid domestic and caring duties to voluntary work to full-time paid employment. Similarly, there is a myth that there is a solid distinction between disabled and non-disabled people. This ignores the dynamic nature of disability, health and ill health. People can, and often do, move between these states over time. These myths about disability and work are reflected in rigid and static benefit rules.

Only when we explode these myths will we be able to develop a more accurate and more detailed account of why disabled people are so excluded from the labour market and society. This account will appreciate the diversity of people who experience disability and the dynamic nature of that experience and its interaction with the wider environment. In the next chapter we examine the role of employers and assess how they might develop a more effective approach to disability.

3. The Employer

The role of employers is central to any debate about disabled people and work. The 2002 DWP Green Paper was criticised for being unbalanced by focusing on the role of the individual and saying little about the responsibilities of employers and employment practice (Winyard 2002¹⁰). Some employers do already have good practice in recruiting and retaining¹¹ disabled people, but many more do not. This is often due to a basic lack of understanding or the result of misconceptions about employing a disabled person.

In this chapter we discuss why employers should engage in this issue and ask if they could be doing more. We look first at the 'ethical business case' for recruiting and retaining disabled people and then at good practice in prevention, recruitment, retention and rehabilitation, and how this might be made widespread. We assess the different ways in which government can influence the behaviour of employers. We suggest some public policy interventions that could be made to improve support in the workplace, in particular in relation to retention and rehabilitation policy, and increase the supply of work catering for disabled people.

Firstly, though, it is worth reminding ourselves of the big picture. We know that most of those who become disabled do so as adults. Less than 20 per cent of the disabled population are born with a disability. Although the likelihood of developing a disability increases with age, 70 per cent of

people are in work at the time of the onset of illness or impairment. Many disabled people do remain in work, but one in six loses their employment during the first year after becoming disabled. We also know that once people become detached from the labour market, it is very difficult for them to return (DWP 2002c).

The combination of the cost of disabled people's exclusion from work and the UK's poor performance in keeping them in work make for a strong case for both a more preventive approach and a greater focus on recruitment and retention. This issue appears ripe for an 'invest to save' strategy. As the 2002 DWP Green Paper said, we want to be in the position where 'as many employers as possible are actively managing health at work, effective occupational health support is accessible and staff are appropriately supported and encouraged to stay in, and return to work, when health problems develop' (DWP 2002c). The question is: how is this achieved?

The ethical business case

The 'business case' is often championed as the reason for employers to recruit and retain disabled people. Put simply, the case runs: employers should recruit, retain and promote disabled people because it is good for business. The strength of this argument is not always regarded as self-evident. If it were, there would be more disabled people in work.

Alternatively, some use a social justice argument which runs:

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employers should recruit, retain and promote disabled people because it contributes to creating a just society. Again, on its own this argument is not always persuasive.

We believe that any argument that fails to link social interests and business interests is of only limited value; if we want to make real progress in encouraging many more businesses to engage in better practice in relation to disabled people, we need to present a more developed business case which takes a broader view and incorporates a social or ethical dimension. We develop that case in the present chapter.

The employment of disabled people is an equality and diversity issue; however, it is also a simple cost issue about the cost of replacing staff lost through disability and in this sense is different from other questions of equality and diversity. Because most disabled people become disabled while in work, retention is a pivotal issue, which is less relevant in the case of gender or racial equality, for example. Having said this, there are clear links with the question of age equality because the incidence of disability increases with age.

Substantial work has already been done to unravel the case for employing and retaining disabled people by the DRC, the Employers' Forum on Disability (EFD), Business in the Community (Business in the Community 2000) and others. The EFD expresses the arguments succinctly:

Organisations which have the insight, the will and the competencies to engage with this diverse and growing population will gain from a competitive edge through access to increased spending power, a pool of skills and talents, and the support of disabled people as shareholders and voters (Zadek and Scott-Parker 2001)

In 2002 the DWP created a Disability Employment Advisory Committee (DEAC) to advise on how to engage key stakeholders (employers, trade unions, insurers and General Practitioners) in supporting the recruitment and retention of disabled people.

THE CASE FOR THE RECRUITMENT, RETENTION AND REHABILITATION OF DISABLED PEOPLE

Examples of best practice suggest that having a working environment which is free from discrimination, and which promotes a healthy workforce, can enhance profitability for the firm through a number of means.

Replacement costs

The costs of replacing an employee who becomes disabled are significant. It requires resources to recruit a person with the skills for the job and to train them to know the company's products and methods of working. The DDA Code of Practice says that an employer should expect to spend at least as much on an adjustment for a disabled person to remain in work, including any retraining, as might be spent

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on recruiting and training a replacement, although the actual costs of adjustments can be far less than those of recruiting a new employee. There are a number of adjustments that can be made to effectively rehabilitate people back into the workplace including transferring jobs, changing duties or providing practical aids and equipment.

Corporate image

Employers can gain the competitive advantage and enhance their reputation by participating in or winning awards for positive action and achieving membership of schemes such as Investors in People. The Millennium Poll on Corporate Social Responsibility¹² in May 1999 showed that all around the world impressions of individual companies are shaped more by corporate citizenship (56 per cent) than by either brand quality/reputation (40 per cent) or business fundamentals (34 per cent). Establishing a company as socially responsible can build trust and credibility, giving companies a leading edge.

Brand loyalty and distinctiveness can be built by valuing all customers and employees as individuals. Staff morale can be improved if staff view the organisation as more representative and diverse.

Litigation, and the associated costs and damage to reputation, can also be minimised by a positive approach to accommodating the needs of disabled customers, job applicants and employees.

Widening the recruitment pool

Including disabled people in the recruitment pool offers more choice, making it more likely that the employer will get the right person for the job. This is a particular advantage in areas of the market where labour supply is tight.

Employers have also found that disabled people stay in the job for longer and have a strong commitment to work as well as good punctuality records and low absentee records (EFD 2001). Disabled people also bring particular skills that they may have developed as a result of living with their disability, such as problem-solving abilities. As a substantial proportion of the disabled population are in the older age bracket, this can mean that they also bring the benefits of greater maturity and customer handling skills. Furthermore, research has consistently shown that people want to work for socially responsible companies (Business in the Community 2000) which will widen the recruitment pool still further.

Encouraging disabled customers

Employing disabled people equips an employer with knowledge of the needs and expectations of disabled customers, who represent a growing sector of the market. If disabled customers regard a company as diverse and as representing their interests they are also more likely to patronise it. It has been suggested by the EFD (2001) that the spending power of disabled people was about £45–60 billion in

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2000. This represents ten per cent of UK annual domestic consumption.

In addition, the adjustments that may be made when employing a disabled person can bring benefits for other employees and customers; for example, clear print and accessible buildings benefit everyone. Employing disabled people and engaging with them directly on these issues helps to break down misconceptions, resulting in tangible business benefit. As the EFD (2001) puts it: 'It is essential to simultaneously address the ignorance and fear that currently prevent potential business benefits from being realised.'

Overcoming the limitations of the ethical business case

This all sounds compelling. However, there are clearly weaknesses in the case that must be addressed. This begins with helping businesses to develop a better understanding of equality and diversity issues and disability.

It is important to remember that promoting the inclusion of disabled people is not about putting or keeping the wrong person in the job. The disabled person must be the right person for the job. Good practice here is about ensuring equality of opportunity in employment, not guaranteeing equality of outcome. The ethical business case is not about wasting resources or making bad investments for the sake of political correctness (Business in the Community 2000), it is about creating a level playing field.

If employers are supported in developing a better understanding of disability, many of the apparent barriers to more inclusive practice disappear. Frequently, barriers are related to misconceptions about disabled people and prejudice. A survey of employers by the charity Scope (Daone and Scott 2003), found that one in seven employers believed that disabled people would not fit in with their other staff. It has been argued by disability organisations that the majority of reasonable adjustments required by disabled people are those that occur in employers' heads. If employers were more aware of the financial support and advice available to them, they would be able to carry out these adjustments. Intermediary organisations such as job brokers can play an important role in communicating information about this support. Good intermediary organisations have the advantage of knowing the employers' needs and can provide practical and ongoing support to address those needs. Another advantage is their perceived independence from Government.

Secondly, the evidence base to demonstrate the ethical business case is weak as there is a dearth of rigorous independent evaluation of the practice of the leading exponents. Where there is evidence, it is often not clear how the practice might be replicated by others, particularly those operating in a different business environment. Just as the disabled population is highly heterogeneous and experience of disability is unique to individuals, employers likewise are extremely diverse. The

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case will work differently according to a company's size and the sector and market environment in which it operates. For some, especially large employers, where changes to working patterns and costs of adaptations can be absorbed, the business case will be stronger. For small and medium-sized enterprises, which account for 43 per cent of all non-government employment, these costs will be harder to absorb. Similarly, the advantages of recruiting and retaining disabled employees are often clearer for customer-facing businesses operating in a highly competitive market than for those that sell business-to-business in a more monopolistic-type market. There is a role for employees' and employers' organisations to support their members to monitor and evaluate their own company's practice so that results can be clearly demonstrated and the practice replicated by others.

It is also clear that within companies where the business case is strong, practice to recruit and retain disabled people might be weak. Raising awareness of the ethical business case among managers and the workforce is a major step in the successful implementation of an equal opportunities policy. External forces can be very powerful in creating this awareness or in driving change. For example, a form of peer pressure can be applied by trade associations, investors and trade unions whereby a number of businesses within a sector sign up to good practice, perhaps through adopting a voluntary benchmark¹³. The business that does not sign up risks being left behind.

It has been argued that in circumstances of economic downturn the business case weakens because of the costs associated with changing practices. However, it seems more likely that this agenda is simply de-prioritised by organisations, as it can require a longer-term view to be taken before tangible benefits are realised. Accepting that the ethical business case makes sense for your organisation is about having the ability to see the bigger picture and to think beyond the short term. The benefits of engaging positively with disabled people may not always manifest themselves immediately and it may be that an organisation has to be prepared to wait for a period of time before seeing tangible benefits. There is a role for external actors such as Government, investors, trade unions and employers bodies in making this longer-term case. Once an organisation is convinced by the business case it may need support in order to deliver the recruitment and retention of disabled people. We examine below how this might be provided.

Promoting good employer practice

While the ethical business case is not fully understood or supported with appropriate public policy interventions and good practice is not widespread, there is merit in exploring what constitutes good employer practice and what financial support systems, tools or incentives might be needed to promote it.

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Government can pull a wide range of levers to effect behavioural change in employer practice. These range from ‘hard’ regulation to define certain forms of behaviour in law (as with the DDA) to ‘soft’ forms of regulation which might include promotion of guidelines and codes of practice as well as information and awareness-raising strategies.

There is a raft of other tools available to Government in strengthening what might be called ‘civil regulation’, which is pressure applied by market actors as well as non-governmental bodies – such as members of the disability lobby – and the media. The Government also has a role in strengthening civil regulation by supporting the development and promotion of voluntary codes, exhortation and ‘naming and shaming’ in the case of poor performance, leading by example and threatening further legislation. These things can all have an impact on employer behaviour. Evidence of the relative effectiveness of these different tools is unfortunately very limited, not least because what works will vary from business to business. What is clear is that much more still needs to be done, and by many more employers, if we are to increase opportunities for disabled people in work.

It is worth recalling that employers in the UK jointly fund a central expert resource – the EFD. The Forum sets out to help them change their cultures, policies and procedures and tries to promote the acknowledgement of the key role of the

employer in the employment of disabled people. It works with employers to set a standard for the employment of disabled people that moves beyond compliance with hard regulation. We should consider how the potential of this organisation can be exploited by policy and decision-makers to maximum effect.

Over time a group of employers, some of whom are members of the EDF, have emerged as leading lights in terms of the employment of disabled people and they have done much to trial and spread good practice. These employers can act as champions to help other businesses see the strengths of the ethical business case. It is crucial that this group is widened to include other companies which perhaps do not have such a clear capability to apply the business case and invest in disabled people. It is also to the advantage of 'champion' employers to publicly report their successes, since this enables them to realise the business benefits of their policy and practice.

THE ROLE OF HARD REGULATION

Despite the DDA, discrimination against disabled people in employment still takes place. In a DRC survey (2001), 17 per cent of disabled people said they had experienced actual discrimination in the workplace because of their disability and 37 per cent said they had experienced some kind of unfair or prejudicial treatment.

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It has been argued by the DRC and others that the DDA is not sufficiently powerful as it allows an excessively broad interpretation of justification for discriminatory practice, lacks the power to reinstate people who have been discriminated against, has too narrow a definition of disability and does not create an anticipatory duty on employers. They hope that the amendments to the DDA to be brought into effect in 2004 and the introduction of a Disability Bill in 2003 will go some way to addressing these shortfalls in the legislative framework.

However, there are others who believe that the role of hard regulation is reaching the limits of its usefulness. The Confederation of British Industry (CBI) argues that it is essential not to introduce substantial changes to the current legal framework. For example, it argues that the justification of less favourable treatment allowed by the current framework is appropriate, partly because a disability can affect a person's ability to do a job in the way that, say, their race could not. They argue that the introduction of the power to reinstate an employee would be unnecessary and inappropriate because tribunals already have the power to recommend reinstatement and where this does not happen, higher compensation is payable; and furthermore that reinstatement following a breakdown in relations, which the tribunal often causes, is not in either party's interests.

The creation of an anticipatory duty in employers would bring the DDA into line with the Race Relations

Amendment Act 2000 by obliging employers to dismantle institutional barriers, such as unnecessary job criteria, inflexible work practices and intranets that are inaccessible to disabled people. The CBI has argued that the potential range of adjustments required to anticipate the needs of a disabled person is enormous, given the heterogeneity of disability and it would not be possible to implement an anticipatory duty in advance of individual complaints. However, the DRC strongly supports the introduction of an anticipatory duty. It is expected that the Disability Bill will pursue a more proactive, problem-solving approach to addressing inequality by introducing a duty on public authorities to promote opportunities for disabled people. However, there is no clear reason why this duty should not be extended to include the private sector.

It would seem prudent to introduce a duty on all employers to promote opportunities for disabled people in the first instance, and to carefully monitor and enforce the application of this duty before considering any form of anticipatory duty. There will continue to be a role, currently fulfilled by the DRC, for an independent body to undertake this monitoring role, to identify where the legislation falls short or is an inappropriate tool for the purpose, and to promote change through other means.

The Disability Rights Task Force (DRTF, which pre-dated the DRC) was clearly of the view that additional rights were

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not enough and a sustained communication programme was needed to 'challenge negative attitudes and ignorance towards disabled people and to ensure that all in society understand why these rights are necessary and what they mean' (DRTF, 1999). This clearly includes employers. Raising employers' awareness of their obligations under the DDA and other equalities legislation (such as the new legislation against age discrimination), and disabled people's awareness of their rights, is a crucially important counterpoint to hard legislation.

The Government is currently consulting on proposals to create a single overarching body with responsibility for promoting the six strands of anti-discrimination legislation (disability, age, racial, gender, sexual orientation and religion/belief). This may present advantages for the progress of equality for disabled people, particularly because of the benefits of simultaneously tackling other forms of discrimination, but it will also be important that each strand, including disability, can be pursued separately where that is appropriate (Spencer 2003). At present, the great majority of recorded instances of discrimination are strand-specific and of the 7,100 cases registered on the DRC's database, only 45 have been associated with multiple discrimination – that is, involving disability and another strand (DRC 2003). However, when legislation is passed to make it unlawful to discriminate on the basis of age we can expect to see an increase in the number of reported cases of discrimination on the basis of both age and disability. Similarly, the cre-

ation of a single equalities body will probably make cases of multiple discrimination more likely to be brought as well as facilitating the promotion of best practice, and the conduct of investigations, in relation to equality as such.

There are obstacles to a joined-up approach to hard regulation within Government. Responsibility for employment regulation lies with the Department for Trade and Industry, while the Health and Safety Executive (HSE) is part of the DWP, so that health and safety is linked with return-to-work policies and disability benefits. Responsibility for equalities issues lies across several departments.

Government also has a role in promoting awareness of the DDA and how to apply it to good practice. The 2002 DWP Green Paper commits the DWP to collating and distributing to employers a best-practice guide on effective health management systems and rehabilitation of employees with health problems. It also describes how the DWP will develop a tool to facilitate data collection by small and medium-sized enterprises that lack complex management recording systems, and thus help highlight workplace difficulties. Both these initiatives are welcome and complement the existing work of the DRC, EFD, Trades Union Congress (TUC) and other organisations.

The extension of the DDA in 2004 represents a strengthening of 'hard' regulation but this is unlikely to generate the level of change that is required in employer practice. The

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natural reluctance by Government to impose obligations that many businesses may find impossible to meet also means there is inevitably a lowest common denominator effect, with the law setting only base-line standards. Some companies which lead the field in terms of the employment of disabled people argue that the introduction of legislation such as the right of employees to request flexible working patterns actually restricts their ability to innovate and deliver better terms and conditions for their employees. Such forms of externally imposed rules often engender a minimal compliance approach (Joseph, 2003 forthcoming). The rules may be followed, but those subject to them may pay little regard to their underlying purpose.

Take, for example, health and safety issues. The prevention of disability is a key aspect of developing a long-term strategy, so it is crucial that the right balance be struck between hard and soft levers. It has been suggested that for many companies the aim is simply to satisfy the legislative requirements rather than to focus directly on the health and safety needs of employees. Minimal compliance with the letter rather than the spirit of regulation may undermine the achievement of outcomes. A legalistic approach to the rights of disabled people in employment is adversarial in nature and about apportioning blame; this can make it difficult for an employee to return to the same employer after bringing a case against them. In addition, hard regulation can act as a disincentive to employ a disabled person. In a survey by the charity Scope

(Daone and Scott 2003), 15 per cent of employers said that they felt existing health and safety regulations would prevent them employing a disabled person and a further 41 per cent said they did not know whether health and safety concerns would prevent employment. As a result of the limitations of hard regulation non-legislative moves have also been considered to step up efforts to prevent of disability.

COMBINING HARD AND SOFT LEVERS: GOOD PRACTICE IN RECRUITMENT

It is clear that hard regulation must be supported by a range of activities to ensure its effectiveness, and it by no means holds all the answers. In recognition of this the Labour Government's approach to employment policy has attempted to strike the right balance between on the one hand regulating to ensure minimum standards and on the other, retaining an efficiently functioning labour market with high levels of employment (Burkitt, 2001). While there has been a significant raft of new rights for workers in recent years (including, for example, the national minimum wage, parental leave and the DDA), policy attention has also focused on how to make better use of voluntary methods of improving work practices. It may be helpful to consider, as an example, how hard and soft levers can be used to deliver good employer practice in the field of recruitment, before going on to discuss the state of play in retention and rehabilitation in the next chapter.

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Employers regularly report that disabled people do not apply for their vacancies, although this perception may be partly due to disabled applicants not disclosing their impairment (Howard, 2003). In a survey (DWP ?? 2001) more than half of small firms said they had never knowingly employed a disabled person and that this was mainly because none had applied. Only six per cent had actively encouraged disabled applicants.

The key business argument given by managers employing disabled people is that it enables them to secure the best person for the job. If this business benefit is to be realised then the active encouragement of applications from disabled people is essential. To some extent this can be achieved if employers working with Jobcentre Plus indicate that they would like disabled people to be included in the applicants put forward.

The companies that are the most successful in attracting disabled applicants to work for them are those which start off by having a leadership commitment to equal opportunities and which have equal opportunities policies that pay attention to the arrangements for disabled employees. Employers who have trained their managers and workforce in disability awareness and who have helped their employees to confront their misconceptions about what disabled people can do, are also more successful. Employers who are familiar with their duties and responsibilities under the DDA, and have acted

so as to comply with the Act, have a better record on recruiting disabled people. Also, knowledge of the support that is available to them helps to convince employers of the case for recruiting disabled people. The Access to Work scheme (see below) is key to this.

The disability symbol (or two tick symbol) is a very visible way for employers to show that they are taking positive steps to employ disabled people. Around 4,000 people have signed up to the disability symbol, which requires them to fulfil a number of conditions. Voluntary codes of practice such as the one attached to this symbol can act as powerful tools in the promotion of good practice. However, there are doubts as to whether the impact of the disability symbol has been monitored effectively, which diminishes its value.

ACCESS TO WORK

The Access to Work scheme provides advice and financial assistance for employers towards the extra costs of employing a disabled person. It can help, for example, with workplace adaptations and equipment, support workers such as a reader or communicator for an interview, and costs involved in adapting vehicles for travelling to work.

In 2000/01, 32,500 people used the scheme. The evaluation of Access to Work was able to show clear-cut successes of the programme in a way that other evaluations have failed to do and, crucially, it gave emphasis to the views of

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both disabled people and employers. This scheme is important in helping to overcome the belief of many employers that they would not be able to afford to employ a disabled person or that their premises might not be accessible.¹⁴ The evaluation showed that it was highly valued by disabled people who had used it (Thornton and Corden 2002). Nine out of ten people said it had met their requirements completely or mostly. Almost half of the users surveyed said they could not work without it and almost half of employers agreed their employee would not be in the job without it. There is strong evidence that support worker and travel-to-work provision can be essential to a disabled person taking up a job. Access to Work is particularly effective in enabling disabled people to work on an equal footing with non-disabled colleagues and in supporting self-employment. Access to Work may also increase work standards and reliability and reduce sick leave (Thornton and Corden 2002).

Despite the clear successes of the scheme in keeping and getting disabled people into work, there is some concern that the Government is not keen to promote it. The Government argues that because the scheme's annual budget is fully used there is no need to promote it. There is a clear case of 'spend to save' here, as investment in Access to Work can reduce recurrent benefit payments. The scheme should be actively promoted and the budget increased if necessary. It may not be suitable for use by a large proportion of incapacity benefits claimants, although it could be made

more flexible and adaptable to a wider range of needs. Analysis of demand should start from the perspective of need not diagnosis. This means, for example, emphasising that the scheme is available for use by people with health conditions, as opposed to disabilities, in order to promote its use by people who do not classify themselves as disabled. There may also be merit in extending the scheme to cover the costs associated with progression at work, voluntary work and permitted work.

For people who have been in a job for more than six weeks – and therefore in retention cases – some cost-sharing rules apply in relation to aids and equipment costs. Here the employer is required to pay costs of less than £300 and 20 per cent of costs between £300 and £10,000 (the scheme pays costs over £10,000). This can present difficulties particularly for smaller companies for which these costs may be significant in proportion to their turnover. The notion of what makes a ‘reasonable adjustment’ takes into account the size of the company and so, similarly, the £300 threshold and the proportion payable should also be subject to some assessment of what is reasonable for smaller companies to pay. The scheme pays all eligible costs for people who have been in a job for less than six weeks.

JOB INTRODUCTION SCHEME

The Job Introduction Scheme also provides financial support to encourage employers to recruit disabled applicants. The

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scheme pays a weekly grant of £75 to the employer for the first six weeks of a disabled person entering a job, to help towards wages or other costs such as training. The grant is payable if the disabled person or their employer has genuine concerns that they might not be able to manage the job because of their disability. For reasons which are not clear, the grant is not payable to participants of the NDDP. There is little evidence of the effectiveness of this scheme.

However, even with the most positive approach to the recruitment of disabled people, employers can find it difficult to attract quality applications from disabled people. One innovative example of how this may be achieved in the case of a larger employer is 'Recruitment that Works', described in the box below.

RECRUITMENT THAT WORKS

This model translates the learning from the evaluation¹⁵ of a Centrica New Deal project that successfully brought 50 disabled people and carers into work in Manchester. The EFD produces a guide for organisations wishing to use this model.

The model seeks to change the working relationship between the employer and Jobcentre Plus or intermediaries to create significantly greater opportunities for disadvantaged people to move into work, including dis-

abled people. The approach is suitable for employers wishing to recruit a high volume of employees at a particular time and includes the following steps:

- The employer engages in the pre-interview process, helping applicants prepare to succeed.
- The job applicant undertakes a work preparation course which may be held on site at the employer's. This allows the applicant to see that they can get there, see what the environment is like and to build their confidence. The work preparation also gets people to identify their skills including interview skills and may include some work experience. Disability awareness training is provided for employers and the fact that the work preparation course takes place on site helps to overcome employers' negative perceptions. In this way the process aims to build trust between the two sides. The work preparation programme is tailored to the needs of the particular applicants.
- Jobcentre Plus and the employer advertise that the employer is actively seeking disabled and other disadvantaged applicants.
- Jobcentre Plus sends staff into the employer's organisation to become familiar with the jobs on offer and

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the way the company operates so that it can better match people to vacancies and corporate culture.

Participants are guaranteed a job interview, though not a job, at the end of their work preparation course.

What do we want from employers?

Some firms already take this more sophisticated approach that we call the ethical business case. We need to get all employers to recognise and act in accordance with this approach. To do this we must break down prejudice and increase understanding of disability and of the practical assistance that is available to employers of disabled people. We will need to use a combination of hard and soft levers to ensure these changes are brought about.

The role of employers will be enhanced and business will benefit if:

- all employers are well informed of their legal obligations to disabled people, act on the merits of the ethical business case and put in place effective policies to retain and recruit disabled people. Jobcentre Plus and a range of other organisations such as, the Disability Rights Commission, have an important role in this process: ensuring that information on the DDA's implications for employers is reaching all employers; promoting the ethical business case; and sharing ideas on best practice

- employers ensure that new technologies benefit disabled people and that health management systems in the workplace are continually improved to try to prevent ill-health and disability occurring in the first place
- targeted public intervention such as the Access to Work scheme is enhanced and promoted by the Government so that more disabled people and employers benefit from it
- the Government continues to advance its 'flexible working' or 'work-life balance' agenda, encouraging the trend towards more flexible working arrangements. 'Disability leave' should form part of our long-term vision for an inclusive labour market
- a duty to promote opportunities for disabled people is introduced for all employers in both the private and public sectors.

4. Retention and rehabilitation services

Rehabilitation is a complex process involving individuals having relationships with many different agents, as implicit in the Association of British Insurers (ABI)/TUC working group definition (2002):

Rehabilitation should restore a person who has been injured or suffered an illness to as productive and as independent a lifestyle as possible through the use of medical, functional and vocational interventions.

Vocational rehabilitation is not just about restoring a person to health in order to get them back to work but also about preparing them mentally and psychologically.¹⁶ There are many policy influences on vocational rehabilitation because it brings together medical and employment interventions. These include the DDA and other anti-discrimination legislation, health and safety law, and NHS reform, as well as the functioning of other actors such as insurers, union representatives and welfare Personal Advisers (PAs).

The employer is also critical to the successful rehabilitation of employees back into the workforce, but often employers have been marginalised in programme development and delivery (Riddell 2002). At present, however, there is not a great deal of practice to draw on as a basis for developing the case for good rehabilitation practice. A survey by the TUC in July 2002 found that only 19.8 per cent of employ-

ers who recognise unions applied five or more rehabilitation measures (TUC 2002). Just 8.6 per cent of employers considered themselves 'very successful' at re-integrating employees after a long period of sickness.

The UK has been described as having a 'blank slate' on rehabilitation generally and as lagging well behind other countries (Thornton *et al* 2000). Research by ISER (2000) has similarly found that employment policy towards disabled men in Britain not only produces a relatively low number of disabled men in employment, but also produces a higher outflow from employment following the onset of a disability than is the case in Germany and the US. Given this very poor record, we must consider what action is being taken to improve our retention and rehabilitation performance and what evidence there is of what type of practice works.

Current retention and rehabilitation practice: establishing an evidence base

Our need to understand not just 'what works' but also why and in what circumstances (Floyd 2002) makes the development of a sound empirical base urgent. We need to know, for example, which are the most effective intervention strategies and for whom, when and why. This knowledge could be applied when deciding how to design welfare-to-work programmes and could help to answer questions such as: is it

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more effective to place people in work then train them, or to train people then place them in work? Interestingly, the few studies that have explored this have cast doubt on the link between vocational rehabilitation and return to work (Banks *et al* 2002). The lack of evidence on the effectiveness of particular components of job rehabilitation is partly because it is difficult to isolate the effectiveness of specific services, since services are often delivered in conjunction. Only through better evaluation and learning from what has been tried can we begin to spread and scale-up effective rehabilitation practices.

A recent example of this issue is the Salford back pain study (Ridell 2002). This appeared to demonstrate that people with back pain can get back to work with suitable cross-agency support and a combination of physical and psychological interventions together with vocational rehabilitation. However, caution is needed in assessing the success of this programme because there was no control group, so it is impossible to know whether those who returned to work would not have done so without this support.

The Government's retention and rehabilitation pilots aim to build up some of this evidence base. The Treasury is investing £97 million in these pilots and it is imperative that the evaluation is thorough and comprehensive, and designed to answer questions about what works. The pilots started in 2003 and will run for approximately two years. Their aim is

to test the effectiveness of three different ways which might help people return to and remain in work, and there will be a control group. All the groups will continue to have access to existing services.

1. Workplace group

Interventions will aim only to address problems in the workplace that might be contributing to a person's ill health

2. Healthcare group

Interventions will offer boosted healthcare services and advice only

3. Combined approach group

Interventions will address problems in the workplace and offer boosted healthcare services and advice

4. Control group

This group will have continued access to existing services only.

It will be essential that the employer-facing element of the programme is effective, as good employer relationships are a key part of the equation. This will be the responsibility of Jobcentre Plus. The experience of the US tells us that success also requires the implementation of effective management information systems so that the pilot can be evaluated properly and run efficiently and consistently (Kornfield and Rupp 2000).

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These pilots add to a highly fragmented and unco-ordinated approach to the organisation of rehabilitation within Government. There is a range of government initiatives promoting rehabilitation practice, including the examples in the box below.

INITIATIVES PROMOTING REHABILITATION PRACTICE

The Healthy Workplace initiative and pilot projects are operated [ok?]under the Back in Work programme, focusing on back pain.

The Revitalising Health and Safety Strategy Statement (2000)¹⁷ aims to encourage better access to occupational health support and promote coverage of occupational health in local Health Improvement Programmes and Primary Care Trust strategies in England.

The HSC also plans to consult on whether the duty on employers under health and safety law to ensure the continuing health of employees at work, including whether or not action that should be taken to rehabilitate, could be clarified. This might mean, for example, that organisations could be required to set out their approach to rehabilitation within their health and safety policy.

The pilot schemes proposed by the 2002 Green Paper include voluntary rehabilitation programmes for people

with back pain, non-severe mental health problems and cardio-vascular conditions to ensure early return to work.

The Green Paper also proposed the development of a good practice guide for employers in relation to retention and rehabilitation and the creation of a simple aid to recording sickness absence. A good practice toolkit for employers has already been produced through a partnership between Jobcentre Plus, the EFD and the insurers Unum Provident.¹⁸

Typically, one of the key current vocational rehabilitation programmes, Work Preparation, is a discrete intervention run through Jobcentre Plus and not integrated with other provision (Banks *et al* 2002). It provides short-term work placements and personal development by helping people to build confidence and develop strategies for coping with work. It also provides some modular, flexible programmes of assessment and pre-employment rehabilitation. An evaluation of the programme found that one-third of participants took up employment after completion of the programme (Corden and Sainsbury 2002).

However, we must exercise caution in relation to this and most other evaluations undertaken in relation to disability and work in the UK, as the lack of a control group severely limits our learning from the programmes. The use of ran-

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domised control trials (or control groups) proposed in relation to some employment pilots (though not proposed for Work Preparation) has been strongly resisted, on ethical grounds, by disability non-governmental organisations and others. Although these concerns are understandable, it does mean that we have not achieved the level of certainty or learning from the pilots that we might have done with the use of control groups or some equally robust methodology.

It seems that these initiatives are all being taken forward largely independently of each other. There is no single department or agency responsible for promoting rehabilitation, with initiatives currently running through the Health and Safety Executive and Commission, other parts of the DWP, the Department of Health and the Department of Trade and Industry. Responsibility for vocational rehabilitation services lies with the DWP but responsibility for occupational health lies with the Department of Health. Further, there is no single source of information about these activities or how other, essential, stakeholders could or should get involved.

There is also a crucial gap in our knowledge about the outcomes of vocational rehabilitation programmes for employers (Corden and Sainsbury 2002). There is a clear opportunity to improve our knowledge base in this under-developed area through better co-ordination of existing information about rehabilitation services and better evaluation of them.

This is particularly important, given the need for substantial up-front investment in rehabilitation services before benefits can be derived.

THE WAY FORWARD FOR RETENTION AND REHABILITATION POLICY

A TUC (2002) study looking at rehabilitation, defined as ‘any method by which people with a condition resulting from sickness or injury which interferes with their ability to work can be returned to work’, found that although provision was weak, there was acceptance that greater effort was needed to retain employees affected by poor health, injury or disability. A number of success factors were identified, including the need to:

- make rehabilitation a policy goal
- invest in employee health: providing access to good occupational health facilities and workplace health initiatives
- be responsive to absence: monitoring health, keeping in touch with sick employees, responding early with referral for medical checks, being alert to disability issues, and applying practical rehabilitation measures
- ensure that health is not made a disciplinary matter but instead investigate work-related health problems
- involve all levels of management in rehabilitation

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- work with unions and their members, being open on health and absence issues and involving them fully in the development of relevant policies.

The HSE (James *et al* 2002) has also tried to identify what makes an effective rehabilitation programme in the workplace. The critical factors include: the identification and assessment of vulnerable workers, the provision of rehabilitation support (including various vocational services such as training, social support and workplace adjustments) and co-ordination of the rehabilitation process (a case management role). A clear policy framework is also needed which identifies who is responsible for what and how policy is to be implemented and monitored. Successes have been achieved through rehabilitation involving adaptations to work and working practices, changes in duties, phased return to work and alterations to working hours.

The organisational commitment and culture within the company is important, as are the awareness, resources and expertise of staff involved in the rehabilitation process. The availability of external guidance and support can make a significant difference. The HSE research (James *et al* 2002) also highlights the fact that surrounding legal frameworks may sometimes hinder, as well as promote, rehabilitation. For example, personal injury litigation may often serve to hinder the rehabilitation and return to work of employees (as people have a vested interest in demonstrating their disability).

It is clear that many countries have more effective services than the UK and lessons can be drawn from their experience. Countries with successful vocational rehabilitation have assessed the scale of demand for vocational rehabilitation services and invested resources in creating well-developed services, making sure staff with professional qualifications are supported by an academic base for research, and developing appropriate training programmes (BSRM 2000). There are active rehabilitation industries with early intervention and case management in New Zealand, Germany, Canada and the US and examples of good practice across Europe.

Australia has a highly developed case management model of rehabilitation which takes people into rehabilitation almost immediately an injury or illness is identified. The individual has a statutory duty to participate. In turn, employers are required through legislation to:

- a. establish a return-to-work programme for injured workers (including, if necessary, vocational re-training)
- b. hold an injured worker's job open for them for six months (varies across States but averages six)
- c. provide suitable alternative employment for an injured worker if they cannot return to the same job (Ingeus 2003).

These requirements also make managing health at work an imperative. The Australian approach has helped achieve rates

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of return to work with the same employer of 89 per cent within an average of 21.5 weeks and return to work with a new employer of 59 per cent in an average of 46 weeks (Ingeus 2003).

The development of rehabilitation programmes in Australia and other countries has been due partly to the extent to which private, for profit, organisations are major providers of vocational rehabilitation; this in turn has been made possible by the Workers' Compensation scheme, an insurance scheme that covers injury or illness in the workplace. In countries that operate state workers' compensation schemes, rehabilitation and case management support for return to work are prominent features. Effective rehabilitation services need not be complex, the key is actually early intervention when a person becomes disabled or is at risk of becoming disabled, and then tracking and managing a series of appropriate interventions. In the UK the issue is not so much that we are getting this very wrong, but that we are not really doing it at all.

One of the key ingredients for successful rehabilitation is to allow individuals the time to rehabilitate and return to their previous job. A policy of providing additional leave clearly reflects recognition of the value of paid time off for employees to recuperate from or adjust to a disability. In a survey of employers who recognise unions by the TUC (2002),¹⁹ only nine per cent of workplaces offered at least one of reha-

bilitation, stress or disability leave. Policies that bolster the right of individuals to extended leave exist in other countries. For example, in a number of other European countries such as the Netherlands and Sweden, there is the right to return to the same employer after the onset of a disability. Many organisations in the UK have called for such 'disability leave', which would work along similar lines to maternity leave. Disability leave would certainly seem to fit with our vision of welfare and employment policy for disabled people in the future. It would be an effective way of enhancing retention and rehabilitation policies and recognising the widespread and dynamic nature of disability.

The tax system treats some rehabilitation services as employee perks, especially in the field of stress counselling, and this acts as a disincentive to providing these services. It does not treat expenditure on prevention and rehabilitation as investment to be encouraged by tax breaks. Some disability groups (for example, see RNID 2003) have suggested that the Government should experiment with financial incentives such as tax or national insurance breaks to encourage employers to recruit or retain disabled people. However, we are sceptical about the case for large-scale incentives, not least because of the power of the ethical business case discussed in Chapter 3. We believe that it would be prudent to focus on existing financial supports and reinforce those targeted and carefully budgeted schemes that have demonstrably worked, such as the Access to Work scheme.

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From April 2003, employers will have a legal duty to consider applications for flexible working from employees who are parents of very young or disabled children. This is significant here for two reasons. Beyond helping families, a good work–life balance also has implications for improving all employees' health by helping prevent some types of disability from developing. But this also indicates the furthering of a trend towards more flexible ways of working. If companies can develop their businesses to promote work–life balance policies such as allowing part-time working, working from home, unpaid leave, and setting hours annually, then this type of workplace and these types of opportunity will also benefit disabled people.

The Secretary of State for Trade and Industry has said repeatedly that by the end of this Parliament the aim is for everyone to have more choice and control over their working lives. The question is whether it is imperative to legislate for more flexible working conditions and extended leave for disabled people or whether it can be achieved through other means. This question must be viewed in the context of the requirements already placed on employers and the Government needs to identify those areas that require statutory standards and those areas where improvements can be promoted through robust non-statutory interventions (Burkitt 2001).

This all suggests that employers should be approaching the employment of disabled people from two directions simulta-

neously by strengthening their occupational health practice, including health and safety, while also actively pursuing the equalities agenda through fulfilling the obligations of the DDA. This means having policies to promote occupational health in order to prevent impairments developing in the workplace, in tandem with policies to promote adjustments to the environment in order to prevent the impact of impairment becoming disabling by causing exclusion from work.

Health services and rehabilitation

The lack of rehabilitation provision is reflected, and perhaps partly caused by, a very weak rehabilitation profession in the UK. The attractiveness of rehabilitation as a career option in the UK may be indicated by the fact that 20 per cent of posts for occupational therapists were unfilled in 2003 (Ingeus 2003).

If we are serious about bolstering rehabilitation services in the UK, there is a need to make it more professional and establish a professional body for practitioners. A start has been made in the UK with the setting up of the National Vocational Rehabilitation Association, though this has few resources (Floyd 2002) and the Case Managers Society of the UK.

In the US, as in other countries, there is a national institute for rehabilitation and disability, a branch of the Government's Department of Health and Human Welfare,

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which supports a number of rehabilitation research and training centres. The British Society of Rehabilitation Medicine (BSRM) working group recommended that a new Institute for Vocational Rehabilitation Research should be set up to promote multi-professional research into vocational aspects of rehabilitation and accredit training programmes. This would boost the supply of rehabilitation professionals and provide a guarantee of quality to organisations that employ them, so boosting demand (Unum Provident, 2002b). A key role of the Institute would be to work with the undergraduate schools of health professionals to ensure there is awareness of the importance of employment to good health, and of the need to reduce sickness absence and to promote vocational rehabilitation and return to work as an outcome of positive treatment.

Alongside the disabled person, their employer and rehabilitation professionals, health professionals within the NHS are key players in the rehabilitation process. Over time there has been an increasing separation of employment and health services, with detrimental effects (BSRM 2000). In the UK, vocational rehabilitation programmes have tended not to include health professionals (Banks *et al* 2002) and there is little designated responsibility within the NHS or employment services to facilitate interagency working, a key facet of effective rehabilitation. Most rehabilitation practice considers employment rehabilitation only after completion of health-oriented treatment, which can represent a failure to promote

return-to-work goals as positive treatment outcomes. This issue is particularly stark in the case of mental health treatment, which rarely considers the return to or retention of employment a measure of success. As a consequence, employers find it difficult to get support for employees with mental health problems.

The BSRM working party (2000) felt that the NHS had largely lost the culture and skills of facilitating employment as a key element of effective healthcare. Currently, rehabilitation services within the NHS are mostly focused on promoting independence in personal daily life and enabling people to leave hospital rather than on enabling them to return to productive work. Appropriately focused healthcare has the potential to prevent patients progressing on to incapacity benefits, and there is a need for the NHS to rediscover its vocational rehabilitation role. This rediscovery should begin with vocational rehabilitation being incorporated into the medical curriculum for health professionals.

One key means of bringing about this shift in thinking would be the development of the NHS around the core principles of a patient-centred approach, as described in Lissauer and Kendall (2002), and which are pertinent to rehabilitation practice:

1. **Delivering safe and effective treatment** whereby patients are not harmed by the care that is intended to help them by, for example, advising them not to work.

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2. **Promoting health and well-being**, which means effectively treating illness but also seeking to prevent ill health and promote good health. This may include a positive approach to health and safety in the workplace and flexible working arrangements.
3. **Integrated services taking a ‘whole person’ approach** and seeking to meet users’ social and emotional needs, as well as their physical and medical needs, reflecting our concern with developing a more holistic approach to disability assessment.
4. **Providing patients with high-quality information**, enabling them to become equal partners in decision-making; this would help to build trust and reduce fear about claiming incapacity benefits while also seeking to work.
5. **Providing services in a timely and convenient manner**, which may mean early intervention before or soon after the onset of disability.

There are some positive developments within the NHS that may improve, or mitigate the need for, rehabilitation services. For example, excessive waiting times for hospital assessment, investigations and therapy all militate against reducing sickness absence and job retention. Tackling waiting times across the board is likely to be a major contributing factor to improved rehabilitation prospects. The NHS (Department of Health 2002) has also recently produced a guide on men-

tal health and employment. The mental health charity MIND has recommended that the work done in developing this guidance should be used in promoting good practice across the public sector. The Department of Health is also developing employment support in mental health services, and it is hoped that it is linking up with the DWP in this endeavour. Finally, NHS Plus is a new service designed to provide occupational health services to improve the health of the workforce and to generate income for the NHS. The service has targets for substantial reductions in the incidence of work-related ill health and in the number of days lost to work-related ill health by 2010.

The 2002 DWP Green Paper recognised the importance of the role of GPs and the quality of their advice, and committed DWP to establishing a website to provide on-line training and advice for all GPs. It will be crucial that this advice includes information about developing an approach to disability that involves assessing what a person can and cannot do as a result of their disability rather than simply signing off work a person identified as disabled. The Green Paper also said DWP would undertake research into the feasibility of extending responsibility for issuing sick certificates to other healthcare professional (such as occupational therapists, community psychiatric nurses and physiotherapists) to help ensure that fitness for work assessment is undertaken at all relevant stages. This would be a welcome step which would facilitate more work-oriented guidance to patients, as

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occupational health professionals could assess the workplace in relation to the individual and so on. We have already seen that the expansion of nurses' role in primary care has helped to deliver a high level of patient satisfaction, and quality of care as good as that provided by doctors (Lissauer and Kendall 2002). This takes us more in the direction of a multi-disciplinary approach. These are important steps.

Building a sustainable rehabilitation infrastructure, based on rigorous evaluation of what works and for whom, seems vital if we are to make any significant headway in reducing the numbers of people out of work because of disability. Government has a key role in co-ordinating, promoting and funding rehabilitation services, which would pay off in both social and economic terms. These services should include employment, medical, psychological and therapeutic components and must be based on improved communication between hospital, GP and employer. There is scope for improving health professionals' (particularly GPs') understanding of employment issues, and employers' understanding of disability and rehabilitation issues and of the role of Jobcentre Plus in supporting disabled people.

WHAT DO WE WANT FROM RETENTION AND REHABILITATION SERVICES?

We want a rehabilitation service made up of multi-disciplinary professionals providing a service that ensures the early identification of people who are disabled or at risk of

becoming disabled, and delivers a range of interventions aiming to achieve their return to work through active case management. We want a health service that works in partnership with disabled people and rehabilitation services to deliver return to work as a positive treatment outcome for disabled people.

Rehabilitation can play a stronger and vital role in returning more people to work if:

- a more ‘joined-up’ approach to rehabilitation is delivered in terms of overall responsibility, information dissemination and delivery of services
- the Government facilitates the development of an empirical evidence base that tells us what works, why and in what circumstances in relation to rehabilitation services. The Retention and Rehabilitation pilots are a step along this path
- a rehabilitation infrastructure, including the establishment of a professional body for rehabilitation professionals, is developed and supported by the Government. The body would have responsibility for promoting multi-disciplinary research and practice, accrediting training programmes and influencing the culture of the health service and employers
- the National Health Service is tasked with rediscovering its vocational rehabilitation role.

4. Welfare to Work and Jobcentre Plus

Benefits and tax credits

Our focus in this report is on the identification of a new approach to disability which will promote the economic and social engagement of disabled people. Taking benefits as the starting point can often generate a misunderstanding that welfare itself is the entire problem, whereas we believe that the issues confronting us here run far deeper than simply the way the social security system works.

Nonetheless, there are real and significant barriers to disabled people entering work within the tax and benefit system. Below, we take a brief look at the important role of tax credits and possible reform of incapacity benefits that would fit in with a new approach to disability.

TAX CREDITS

Since 1997, the single most dramatic reform to the welfare system has been the expansion of in-work benefits via tax credits delivered through the Inland Revenue. In-work benefits, from tax credits to earnings disregards, are important because they raise the incomes of people in work but also begin to break down the unhelpful opposition between 'on welfare' and 'in work'.

In 1999, as part of this trend, the Disabled Person's Tax Credit (DPTC) replaced the Disability Working Allowance

to offer greater financial incentives to move into work. In April 2003, the DPTC was itself merged into the new tax credit framework and became subsumed under the Child Tax Credit and the Working Tax Credit. This merger should not only reduce some of the complexities of the tax credit system but also encourage higher take-up as a result of the removal of the 'disabled' label.

The 2002 DWP Green Paper also announced the introduction of a new Return to Work Credit available to anyone leaving incapacity benefits for paid work of over 16 hours in six pilot areas. This will operate in a similar way to the top-up Employment Credit under the New Deal 50 plus.

Take-up of DPTC was disappointing with only 34,000 claimants by April 2002, although this was an improvement on take-up of the Disability Working Allowance. Given that the number of disabled people out of work remained so high, and take-up of tax credits by disabled people so low, the DPTC did not seem to act as an effective financial incentive to work.

One reason for this may have been that DPTC was more sensitive than IB to partners' earnings and occupational pensions, so not all IB recipients were better-off from taking a job and it could not compensate for the risks associated with moving into work. It is clearly important that work should pay and be seen to pay, and in-work benefits are part of this, but in order to give a real incentive to people to seek

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work it is crucial that the risks in taking up work are minimised. This means helping people to feel that they are not giving up all security when they move into work.

It is vital that people are given, as early as possible, full and accurate information about all in-work benefits for which they are eligible; the new series of work-focused interviews will be an opportunity to do this. The production of this information by Jobcentre Plus should be a more straightforward process in the future as the Inland Revenue has developed the necessary technology.

INCAPACITY AND ELIGIBILITY FOR BENEFITS

As we highlighted in Chapter 1, using incapacity as the basis of eligibility for benefits is deeply problematic if we want more disabled people to move off incapacity benefits and into work.

Under this system, disabled people have to demonstrate their incapacity for work in order to gain access to incapacity benefits, but they have to demonstrate to employers their capacity for work in order to move off benefits and into employment. The situation becomes absurd when we consider that benefit regulations stipulate that a person must be 'incapable for work'²⁰ in order to receive benefits, and yet the 2002 DWP Green Paper proposes compulsory interviews to discuss work for the very people recently deemed 'incapable for work'.

Given this, it is hardly surprising that many incapacity benefits claimants do not feel able to seek work as this risks calling into question their eligibility for incapacity benefits and anyway provides no guarantee of secure and sustainable employment at the end of their search.

The lack of subtlety in the Personal Capability Assessment also leads to what seems a rather odd situation whereby there are many people on incapacity benefits who could be working and would like to (though cannot be reasonably expected to work), and many people on Jobseeker's Allowance who cannot work due to a disability. Some commentators have therefore suggested removing the distinction altogether (for example, see Howard 2003 forthcoming) and having one benefit for people of working age, plus enhanced payments for the extra costs associated with disability. Alternatively, others (see, for example, Unum Provident 2002) suggest moving all incapacity benefits claimants who are capable of some work on to Jobseeker's Allowance (again with extra costs provision). Comparable schemes are under discussion in Australia, and in New Zealand unemployment and sickness benefits were merged into a 'community wage' for a period of time.

A report by the OECD (2003) concluded that disabled people should be required to participate in employment, vocational rehabilitation and other integration measures as a condition of receipt of incapacity-type benefits, with a failure to participate

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resulting in benefit sanctions. The authors suggest that disability should not automatically be treated as an obstacle to work and that ‘disability should be recognised as a condition, but it should be distinct from eligibility for, and receipt of, benefits’.

Although these proposals would enable us to overcome the tensions in the current system, none of them really solves the central problem of the need to effectively identify and draw a line between people the state deems should be expected to look for work and those that it does not.

People’s capacity to work is also likely to change over time, so they may move between categories. Incapacity benefits are a useful way of saying who is not required to work, and for that reason have value. The problem comes when claiming incapacity benefits is equated with not being allowed to work (beyond certain narrow parameters).

There are many small changes that would certainly improve the current tax and benefit system. For example, tax credits could be made available to disabled people working fewer than 16 hours a week; incapacity benefits could run on for four weeks after starting work in order to reduce the financial difficulties associated with starting work; and a guarantee not to review incapacity while the person is taking advantage of the linking rule or doing voluntary or rehabilitative work could be considered. Welcome though such changes would be, focusing on them would represent a continuation of the current incremental approach to tackling

this issue. We believe these measures alone would be inadequate to help us move beyond the false equation between claiming incapacity benefits and incapacity for work.

Evidence submitted by many organisations to the Work and Pensions Committee in 2003 highlighted the fact that we have to address people's fear that they will trigger a review of their incapacity benefits if they take steps to move into work (Work and Pensions Committee 2003). This should begin with using terms that are transparent and that people will understand and associate with themselves and their circumstances. It is equally important that employers do not regard incapacity benefits claimants as unable to work and, again, this begins with language. The proposal to rename Incapacity Benefit is a step in the right direction, though not enough on its own to change long-held misconceptions.

It is also crucial that the guidance accompanying the 1994 Incapacity to Work Act is reviewed and redrafted so that the requirement to be 'incapable of work' is removed and replaced with the well-versed principle that the person 'cannot be reasonably expected to work'. Although few disabled people are likely to be familiar with the guidance itself, they are clearly aware of its message. Changing the guidance would remove a considerable barrier to disabled people working. But in order to ensure that people feel able to seek work without putting their security at undue risk, the guidance should also state that a person's eligibility for incapacity benefits would

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not be reviewed while they were undertaking job-seeking activity or in the early stages of starting work, as set out in their action plan agreed with their PA at their work-focused interview. We will return to some of the additional advantages of this in the section below on Jobcentre Plus.

WHAT DO WE WANT FROM THE TAX AND BENEFIT SYSTEM?

We want a benefit and tax system that is flexible enough to respond to people's different needs. The benefit system will be less of an obstacle to disabled people entering work if:

- as discussed in the 2002 DWP Green Paper, there is a change in the language connecting disability with incapacity to work. This should start with a new name for IB but more is needed
- Jobcentre Plus and job brokers are able to deliver on the expectations created by work focussed interviews. This means providing full information and a range of options and support. Placing additional conditions on benefit receipt is likely to produce positive outcomes only when individuals have the capacity and the right support in place to enable them to fulfil the conditions
- the Government takes more seriously disabled people's fear of losing benefit. We suggest review of a disabled person's IB should be frozen for a fixed period while they are fulfilling a work-focused action plan.

Welfare-to-work initiatives

It is clear that unless people move off incapacity benefits quickly their chances of moving off benefits and into work at all are slim (DWP 2002). In spring 2002, 63 per cent of incapacity benefits claimants had claimed for more than five years and only 7 per cent of claimants had been claiming for less than a year. Once a person has been on incapacity benefits for 12 months, the average duration of their claim will be eight years (DWP 2002c). It is among these more recent claimants that we might expect to find those who have expressed a wish to work again soon. However, we should be cautious in assuming that even these people are very close to the labour market.

Welfare to work initiatives and Jobcentre Plus clearly have a pivotal role in making this assessment and in moving people closer to the labour market. The 2002 DWP Green Paper conceded that 'there is little evidence so far that the proportions flowing off incapacity benefits have increased or that the overall numbers receiving benefit have fallen as a result of [the] measures [adopted]'. This suggests that in order to develop the promising ideas we need to take a close look at what is and what is not working to support disabled people off welfare and into work, and why. We consider the role of Jobcentre Plus in the next section.

A range of initiatives exist to assist benefit claimants back into work – from those specifically designed to meet the par-

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particular needs of certain groups such as disabled people (for example, the New Deal for Disabled People), to those designed for disadvantaged groups more generally (such as Employment Zones), to mainstream employment services and tax and benefit rules (such as the Working Tax Credit).

A DWP survey in 2002 showed that less than one in ten employment-focused projects provided generic services aimed at both disabled and non-disabled people. We also know that many disabled people do not define themselves as disabled, which makes it particularly important to consider whether it is helpful for services to focus specifically on the needs of disabled people, or whether it would be more effective to develop mainstream employment support so that it can cater for the diverse needs of disabled people.

Welfare to work programmes in the UK tend to be a compromise between a 'work first' approach which seeks to influence the behaviour of potential job seekers and move them quickly into jobs, and a 'human capital' approach which seeks to enhance people's employability and develop their capacity to overcome obstacles to participation in the labour market (Dean 2002). So it is useful to consider who this approach works for and who it leaves out and what kinds of approaches might be more effective for more people. This analysis will indicate where further research or data is needed and where the service gaps exist to provide a range and level of services to create work opportunities for more disabled people.

Our analysis must recognise that a return to work is a continuum of options between which people can move over time. It may manifest itself in anything from an hour's therapeutic work to full-time employment, and the system needs to be flexible enough to cope with this fact (Unum Provident 2003). At present, the benefits system, employment and rehabilitation services treat the decision whether to work as a binary one – one is either fit to work or one is not. We need to relate our definition of work to our goal to increase the participation of disabled people in social and economic life. We also want to increase the performance of the economy and society more generally by maximising the contribution of disabled people. This suggests we need to think of work as the contribution made by a disabled person to economic and social life: their contribution may be conventional, paid employment, it may be supported employment, or it may be voluntary or therapeutic work, or even domestic and caring duties within the home. We begin by taking a look at some prominent welfare to work initiatives.

THE NEW DEAL FOR DISABLED PEOPLE (NDDP)

The NDDP is the main work-focused programme for people on incapacity benefits. Pilot projects operated in certain areas from 1998 to 2001 and were designed to help disabled people return to or remain in work. The 'National Extension' began to roll out a modified version of the pilots in 2001; they are scheduled to run until March 2004.

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Jobcentre Plus Personal Advisers (PAs) tell new incapacity benefits claimants about the NDDP scheme and the claimants are encouraged to contact a job broker²¹.

Participation in the NDDP is entirely voluntary. Jobcentre Plus has contracted out job-brokering services to: give people advice on how to get a job; help match their skills and abilities to what employers need; provide advice on training; and support when people start work. The intention of Jobcentre Plus was to create competition between a number of job brokers in each area to give clients choice. Job brokers' funding is closely related to the outcomes that they achieve. Brokers receive a modest payment (of around £100) on the registration of a person to the scheme, half of the remaining payment on successfully placing them in a job and the final payment after the person has sustained employment for thirteen weeks.

The take-up rate of the NDDP pilots was very low. Just six per cent of the eligible client group participated; this represented approximately 28,000 people, of whom just over 6,000 were placed in a job (Loumides *et al* 2001). It remains unclear, following the evaluation of the pilots, why take-up was so low but the reason for not participating most commonly given by disabled people was that they were too ill to work. It is striking that an evaluation of participants in welfare-to-work schemes found that fewer than 42 per cent of those judged to be closer to the labour market said they felt able to work and less than half expressed interest in

receiving help to prepare them for work, to find training or paid work, to help them try out a job, or to support them to remain in their current job (Loumidis *et al* 2002).

This suggests two possibilities. One is that there is a need to change the expectations of disabled people, which includes making it easier for them to access and sustain work that is appropriate to their capacities. The other is that we need to be realistic about the number of people who may be able to make the transition into conventional work in the short to medium term.

The evaluation of the NDDP pilots (Hills *et al* 2001; Loumidis *et al* 2001) concluded that it was not possible to detect the net impact of the project and in fact 'there was no evidence that the... Service...significantly increased the movement of people into paid work'. Further analysis, looking at benefit records, 'could not identify a statistically significant movement off incapacity benefits which could be attributed directly to NDDP across the eligible population as a whole' (Vincent 2001) and the sample was too small to make a cost/benefit analysis possible. As a consequence the DWP – and the Treasury – have felt unable to establish the NDDP as a permanent feature in the welfare-to-work armoury in the same way that other New Deals have been rolled out. Expenditure on the NDDP in 2002/03 was provisionally estimated at £30 million, compared with £80 million on the New Deal for Lone Parents and £270 million on

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the New Deal for Young People (HMT Budget 2003). It is interesting to note that over two billion pounds was allocated to the New Deal for Young People in 1997 (although only £1100 million had been spent by 2002) without any pilots being carried out in the UK, even though all new initiatives in relation to disabled people have been piloted before any financial allocations have been made to it on anything like the same scale as other New Deals.

The widely varying performance of different NDDP providers masks the positive progress made by some. It is notable that there appears to be little evidence that competition between employment service providers is leading to a better service for disabled people, which should be the ultimate goal of competition. In Australia intermediaries are ranked on a weekly basis according to their rate of job placement translated into a 'star rating'. This information is posted on the internet so that disabled job-seekers and employers can assess the relative performance of different brokers. Transparency about the performance of brokers can drive up performance across the board and it might also assist Jobcentre Plus to better assess brokers and improve their ability to contract effectively.

NEW DEAL 50 PLUS

The New Deal for people aged 50 and over who wish to return to employment and have been claiming incapacity benefits or selected other benefits for six months or more

has enjoyed a greater take-up than the NDDP since it was rolled out nationally in April 2000. By the end of August 2001, 85,000 had participated, with 49,000 claiming the Employment Credit, a tax-free wage top-up worth £60 a week. The New Deal also includes access to fortnightly interviews with a Personal Adviser (PA) for one-to-one advice and guidance about work, and a training grant.

The features of the New Deal 50 Plus can be combined with those of the NDDP for clients aged over 50 who have been claiming incapacity benefits to create an attractive return to work package. This is very relevant, given the older age profile of disabled people. Evidence from the New Deal 50 Plus (Atkinson 2001) shows that almost one-third of participants reported some form of health problem or disability which affected their ability to work, although 90 per cent of participants were JSA claimants and very few were claiming incapacity benefits. The strong overlap in the characteristics of the client groups of these two New Deals adds strength to the growing arguments for streamlining the New Deals into one to avoid duplication and reduce administration costs. This streamlining may also make it easier for people with ill health or an impairment who do not consider themselves disabled to participate in a welfare-to-work programme able to meet their needs. However, it is worth noting that spending on the New Deal 50 Plus has been even lower than spending on the NDDP.

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EMPLOYMENT ZONES

Fifteen Employment Zones were launched in March 2000 to support the long-term unemployed into work in areas of high unemployment. In Employment Zones personal job accounts combined money available for benefits and training to offer the unemployed new options leading to work and independence. By the end of March 2002, 67,825 people had participated in the programme and 22,280 had been successfully placed in jobs, although as there was no control group in the pilots, we cannot be confident about how much of this success was down to the Employment Zone schemes.

Incapacity benefits claimants were not eligible for support under the Employment Zones scheme, the reason for which appears to be simply that the pilots were targeted at JSA claimants. This reinforces their exclusion and if we want to change disabled people's expectations of working we need to remove such barriers.

THE ROLE OF THE NDDP, OTHER NEW DEALS AND EMPLOYMENT ZONES

The NDDP, the New Deal 50 Plus and Employment Zones have been accused of simply 'creaming off' those closest to the labour market and who would have been likely to find jobs without intervention, as suggested by Walker (2003):

NDDP is probably reaching mainly disabled people who are already able to secure employment rather

than those who require support to acquire paid work, and offers nothing to people who are at a distance from the labour market or for whom work is an inappropriate option.

In both the NDDP and Employment Zones, outcome-related funding led to service providers informally segmenting clients based on job readiness (Hirst *et al* 2002).

Evaluations show that as the NDDP pilots became more outcome-focused, some PAs became more selective about who was accepted on to their caseload (Hills *et al* 2001; Loumides *et al* 2001). This practice makes it more difficult to compare the performance of different job brokers, as some will be more prepared than others to register all those who wish to register, which will distort both take-up levels and the outcomes that different brokers achieve.

Even if some selection of clients or 'creaming' is taking place, it seems highly unlikely that all NDDP placements would have occurred without the support of a PA or job broker and even those who are most job-ready benefit from support. Some people, for example, approach job brokers having already identified a job but they have other matters, such as a need for support in connection with benefit procedures, that must be addressed in order for them to be able to take the job. In these circumstances the NDDP is still enabling a person to get back into work when they might not otherwise have done so.

There is also other evidence to suggest that the NDDP does have greater penetration than the idea that it is simply 'creaming' suggests. For example, the NDDP has achieved positive outcomes for people who are quite severely disabled and for large numbers with mental health problems or who are some distance from the labour market (Hills *et al* 2001; Loumides *et al* 2001). The internal evaluation of one broker showed that 25 per cent of the people who participated in their scheme had been on incapacity benefits for more than five years (one of the measures used to indicate distance from the labour market) and that 20 per cent of those who went into jobs had also been on benefits for more than five years, suggesting they are highly successful in placing these potentially more difficult cases.²² Nonetheless, it must be conceded that the current structure and implementation of the NDDP does work better for the more 'job-ready' than for those with greater or multiple needs.

The New Deal 50 Plus has also had greater success in placing certain sections of its client group in work. Success was strongly correlated with being younger (just over half were aged 50–54); female (although 72 per cent of clients were men); not being unemployed for long; and willingness to take a reduced wage.

In Employment Zones support was most frequently focused on those able to respond to an intensive focus on job entry and retention while those requiring more support tended to

receive minimal and low-cost intervention only. This latter group included a so-called 'hard core' of clients making up between 25 and 40 per cent of the total client base, who were deemed to have needs which were insurmountable within 39 weeks and included people with mental health problems.

It is important to recognise that 'creaming' or selection of the most job-ready is occurring within some employment schemes. However, this need not be a problem, so long as:

- those schemes that are selective are adapted so that they do provide as effective as possible a service; and
- there are alternative schemes available to assist those who are less job-ready.

We consider below what some of these changes and alternatives might look like.

WHAT MORE ACTION IS NEEDED?

New Deals and Employment Zones: Flexible access and funding

People claiming incapacity benefits should not be excluded from any employment scheme purely on the basis that they claim incapacity benefits. Employment Zones are not open to incapacity benefits claimants although they are a diverse group and it seems highly probable that some would be responsive to the fast-paced Zone approach.

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Funding structures and levels should reflect the level of clients' support needs, where some participants need intensive and ongoing support (Corden and Sainsbury 2002). In Australia, for example, under the Intensive Assistance programme, payment for a placement is determined by the level of the job-seeker's disadvantage, with higher amounts paid for the placement of more disadvantaged people.

Given the success of Employment Zones in gaining high levels of registrations, as well as job placement, it would be interesting to see if the incentives in the programme could be re-structured to address this 'hard core' client group. This could be done in a number of ways. Employment Zones work on the basis that people are placed in jobs within 39 weeks. As we have seen, those people who are assessed by job brokers as unlikely to be ready to secure and take up a job within 39 weeks tend not to receive particular attention. So it might be possible to stop the clock counting up the 39 weeks while people received the necessary vocational rehabilitation to prepare them to re-enter the services provided by the Zone. Alternatively, the funding structure, and therefore service delivery, could be amended to reflect the distance an individual travels towards job readiness rather than a simple measure of job placement.

Employment Zones may also offer the advantage that they are not labelled as being for disabled people and so can be seen as more relevant to incapacity benefits claimants who

do not consider themselves 'disabled', of whom we know there are a substantial number. Similar arguments apply to various other employment initiatives which are exclusive to those on JSA.

The right brokers building the right partnerships

In the NDDP the outcome-related funding structure combined with the wide variations in the 'job readiness' of participants means that job brokers need to achieve a critical mass of registrations in a given locality in order to be viable. One provider in London has calculated their service needs to make one hundred registrations a month in order to generate the income to provide a high-quality service. Some job brokers have suggested that access to the benefits database for marketing purposes would allow them to target clients much more effectively (and thereby diminish the risk). To achieve a high level of registrations, extensive and targeted marketing and outreach to potential clients is required, as well as good-quality offices and specialist staff. This requires substantial up-front investment, and therefore risk, to be taken on by the broker, which is not recognised by the funding structure. Those brokers who are not prepared to take on this risk are unlikely to generate clients or provide a high-quality service and therefore Jobcentre Plus should consider this closely when contracting with job brokers.

One way of providing a targeted and specialised service for those who are less job-ready or who have very particular

needs to help them into work, is for NDDP providers to sub-contract with specialist services. This means developing effective partnerships with health services and other employment services. One example of this was a large NDDP provider which contracted with a smaller job broker (without a NDDP contract) to provide support and assistance to participants with a specific disability such as autism and Aspergers disorder. It was notable in the pilot NDDPs that few job brokers were able to develop effective partnerships with health services. It is important that brokers have equally good relationships with organisations that can refer clients to them and with those that can provide rehabilitation services.

Evaluations have also shown that it is very important that there are real employment opportunities open to participants in New Deals (Vincent 2001) and that job brokers should carefully target skills gaps or labour shortages in the local labour market. The more difficult the client group to place in employment the more important it is that job brokers are analytical about demand. This implies that it is crucial that job brokers view employers as customers alongside their disabled clients and seek to build strong relationships and networks in their area.

Alternative employment schemes

As we have seen, it is often very difficult to untangle the layers of disadvantage experienced by disabled people and to

attempt to do so may not in fact be the most useful approach. Rather, a holistic approach that acknowledges the need to help people deal with, and prioritise, all their life needs, including their need to work, may be more effective (Dean 2002). However, New Deal participants with multiple needs are 'not being allowed the space in which to sort out their lives' (Dean 2002). This is perhaps not surprising given, that this would require long-term, expert, independent and flexible support which the heavily outcome-oriented funding of the NDDP does not easily permit.

Evaluations have shown the importance of focusing on work as a key outcome, rather than on intermediate outcomes (Vincent 2001). Clearly, this makes sense within the work-focused outcomes structure of the NDDP, but if we were to measure success more closely in accordance with the needs of the disabled person we might find that immediate outcomes were crucial to building a pathway to work. We need to deliver a series of alternative options for people with greater or more complex needs.

Regional approaches

We have already seen how it may be valuable to open up more mainstream employment opportunities to incapacity benefits claimants, and local factors come into play here. For example, one job broker reported that their clients in London tended to experience multiple disadvantages compared with clients in other areas whose issues were more

about the interaction of their impairment with local economic barriers. This reflects our knowledge that the employment of disabled people does to some extent reflect the wider labour market in a given region; for example, in London, where there are more jobs available, disabled people who are unemployed but would like to work face significant personal barriers. The regions where job creation is needed are those where the rates of disability and incapacity benefit receipt are high. This suggests that Jobcentre Plus has an important role in firstly ensuring that job creation initiatives are established in these places and also that the needs of disabled people are taken into account in such regions.

In addition, a regional approach could be taken to tackling key common barriers such as access to reliable and affordable transport. Access to private transport can be important in securing employment for many who are out of work and there may be some scope for specific local schemes to enable access to private transport or low-cost car loans. Adviser discretion funds could be used to assist with meeting local transport needs,²³ as has already been tried with some New Deal schemes (Howard 2003), as well as using Access to Work (discussed in Chapter 3) resources for travel to work.

Workstep and the supported employment programme

Workstep is a new programme replacing the Supported Employment Programme. In 2000/01, 23,000 people

were on the supported employment programme in the UK. Under the new programme, organisations contracted to Jobcentre Plus arrange a job for a disabled person in mainstream employment or, less often, in a business set up to employ disabled people,²⁴ and provide support to the employer and employee. Workstep is designed to meet the needs of people who face more complex barriers to finding and keeping work. Many users have a learning disability and most of these have little or no work history, so few are claiming incapacity benefits (they are more likely to be claiming non-contributory DLA and Income Support).

Supported employment should be competitive, employer-paid work in an integrated work settings where support, which may be continuous, is provided for those who require it. The employment must be a real job with opportunities to work and train on the job and for progression. Supported employment can be seen as a jumpstart to engagement for both employers and disabled people.

A five-year programme of evaluation of Workstep began in 2003. This evaluation should be instructive for the development of opportunities for the social inclusion of those people for whom unsupported work is not an option and it should also indicate progression routes into unsupported employment for others.

KNOWING WHAT WORKS FOR WHOM: LEARNING FROM THE US

It is clear from our analysis of existing employment schemes that we face a considerable information gap in knowing what works for whom. This deficit makes it difficult to confidently direct people on to a particular employment scheme. It is worth briefly considering an example from the US as that country's evaluations tend to provide a better level of information than those in the UK. This is partly because it uses randomised control trials which have been rejected in the UK on ethical grounds. The example of Project NetWork in the US highlights the importance of a complex evaluation of programmes (though not necessarily randomised control trials) including a credible method of implementing a net outcome evaluation.

In 1991 Project NetWork was introduced to test case management and referral approaches to providing vocational rehabilitation and employment services. Participation in the programme was voluntary but randomly assigned, and participation rates were comparable to that of the NDDP, with only about five per cent of the eligible group taking part. Like NDDP, Project NetWork worked better for certain groups such as those who were closer to the labour market, than for others. The least intensive model tested was the least effective.

It has generally been assumed that this kind of vocational rehabilitation employment programme would bring benefits to the taxpayer through reductions in benefits expenditure and increased contributions to the exchequer from earnings. The evidence from Project NetWork suggests that this should not be taken for granted. It did not reduce reliance on benefits by statistically significant amounts and the treatment group showed little or no measurable improvement in health or well-being relative to the control group. A cost/benefit analysis showed that Project NetWork produced modest benefits to the participant and net costs to taxpayers; from a social perspective the evaluators concluded the costs probably exceeded the benefits (Kornfield *et al* 1999).

However, the evaluators concluded that while the net outcomes of case management were modest this did not mean they would be modest using a different bundle of services with different incentive structures and service delivery mechanisms (Kornfield and Rupp 2000). For example, they suggested that where case management was targeted at the less job-ready the cost/benefit analysis was likely to be more positive. This reinforces the emerging understanding that different strategies are required for people with different needs and we need to develop our evidence base to show which strategies work best for which people.

WHAT DO WE WANT FROM WELFARE-TO-WORK INITIATIVES?

We should be aiming for a range of welfare-to-work initiatives which reflect the diversity of disabled people's experiences and which offer real opportunities for all – from the most job-ready through to the less job-ready. Central to this will be the development of a twin strategy to extend and improve schemes specifically for disabled people, and to make mainstream programmes accessible to disabled people.

Successful welfare-to-work initiatives for disabled people can be delivered if:

- the Government ensures that the needs of disabled people are considered in the development of mainstream employment initiatives. This could include ensuring that incapacity benefits claimants have access to mainstream employment services and that the needs of disabled people are considered in any job-creation schemes that are developed
- the Government facilitates the collection of better information about disabled people so that specific needs and demand can be targeted by new and existing programmes
- the Government ensures that providers are selected on their ability to market their services effectively, develop constructive relationships with employers and have an understanding of the local labour market

- the funding mechanism in these welfare-to-work initiatives is improved, allows providers to deliver a tailored, flexible service that can meet the needs of a wider range of clients
- better use is made of the voluntary and private sectors in delivering welfare-to-work in line with broader public service reform agendas.

Jobcentre Plus and disabled client-facing services

Jobcentre Plus merges the Employment Services and the Working Age parts of the Benefits Agency within the DWP. The five-year roll-out of the new service began in 2002. Jobcentre Plus has responsibility for delivering work-focused services to everyone claiming a benefit including all welfare-to-work initiatives. All clients initially meet a Personal Adviser (PA) and are then referred to a specialist adviser within Jobcentre Plus as appropriate. Specialist teams working with disabled people will include the existing Disability Employment Advisers.

THE ASSESSMENT PROCESS AND PERSONAL ADVISERS

The role of PA in Jobcentre Plus is to assess the needs of benefits clients and on that basis make appropriate referrals, including to other parts of Jobcentre Plus, and to identify what kind of support or interventions will be appropriate for

that person. This indicates the need for very specific and high-level skills. PA job descriptions say they should aim to adopt a proactive, holistic, problem-solving approach to helping clients move towards work.

Currently, the assessment of a client, sometimes referred to as 'profiling' or 'segmenting', relies on the skills and experience of the individual PA and their ability to create a positive relationship with the individual and a focus on work in their discussions. Evaluations of various employment schemes have shown that PAs tend to categorise their diverse caseloads on the basis of their assessment of a client's job prospects and then focus on those nearer the labour market (Vincent 2001). There is a need to bring a greater level of rigour and oversight to this categorisation process in order to ensure a consistently accurate and comprehensive assessment, and one that is less subject to personal dynamics. Once a more useful and comprehensive assessment is achieved we must look at developing a range of possible options, in particular for those who are further away from the labour market and for those for whom work is not a viable option.

Evaluations (Vincent 2001) have shown that PAs can feel ill equipped to deal with the needs of disabled clients. A standardised tool to assist PAs' assessment of possible pathways to work would help to boost their confidence in working with disabled people and allow them to make the most

appropriate referrals.²⁵ This ability and confidence will become increasingly important when the compulsory work-focused interviews proposed in the 2002 DWP Green Paper are introduced. This will substantially expand both the range and the number of clients. In order to achieve high-quality assessments cost effectively on this large scale it will be crucial to know what services benefit which people and then to ensure clients are given access to the right services for them. Further research in this area is needed as the evaluations of the PA pilots did not ascertain which types of services worked best or which components worked best for particular groups of clients, although we may learn something from the American and Australian experiences. For example, the Project NetWork experience (as described above) indicates that a case management approach can be most cost effective and worthwhile for the less job-ready clients.

Given the complex nature of disability, a 'profiling tool' or software would act as an aid to guide PAs and ensure a comprehensive and more standardised approach rather than a set of yes/no questions which unhelpfully constrain the process. The tool would have to take into account a wide range of personal characteristics and external factors such as family circumstances and access to transport.

Loumidis *et al* (2002) showed that there are links between health and closeness to the labour market; for example, the lower the severity score of the disability, the higher the likeli-

hood of being closer to the labour market (although this relationship is not always so predictable or straightforward). In the study, 80 per cent of those identified as close to the labour market had ongoing health problems, compared with 98 per cent of incapacity benefits claimants as a whole. Health is the most significant barrier to employment identified by people claiming incapacity benefits. For these reasons the impairment would need to be one of the factors taken into account when an assessment is made.

However, impairment is not the only barrier to work, as we have seen in Chapter 2. The profiling tool would also need to take into account a broad range of other factors such as qualifications and recent work experience. It would also be important for PAs to understand what motivates different people to work and identify opportunities that appeal to their motivations. Studies have shown that financial motivations are the most common. In one study, those closer to the labour market said non-physical work (59 per cent), a job that is not stressful (54 per cent) and one that is flexible (50 per cent) would suit them (Loumidis 2002).

There is a clear need for a comprehensive programme of training for PAs. Disabled people and voluntary organisations have an important role to play in helping PAs develop their understanding of disability. Indeed, it is possible that voluntary organisations could themselves provide PA services for certain groups of disabled people; for example, a vol-

untary organisation run by and for deaf people providing services for deaf clients (the RNID currently runs an Employment, Learning and Skills Service). This is part of a wider debate about the role of the voluntary sector in delivery of 'public' services.

The need for a more holistic assessment must be balanced against an awareness that intensive or multiple assessments could prolong the waiting period before the receipt of services (as happened in the Canadian National Vocational Rehabilitation Programme, Corden and Sainsbury 2002) which can be de-motivating for clients.

A starting point for a profiling tool might be the six broad categories identified by Loumidis *et al* (2001) on the basis of the participants in the New Deal for Disabled People (NDDP) pilots which describe people in relation to their closeness to the labour market. People in each category would be likely to require a different type and intensity of support and there would also be people with very diverse needs within each category. The options for intervention available to PAs would have to be able to cope with the heterogeneity of clients' characteristics, needs and motivations. The categories are:

1. those who had identified a job and perceived few problems
2. those who had identified a job and had concerns associated with their impairment or health

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3. those actively seeking work but finding few suitable jobs
4. those seeking training or education, and hoping for funding
5. those perceiving significant barriers to work
6. those who appeared to be a long way from the labour market.

Employers can be grouped into two broad categories: those actively committed to employing disabled people and those who are not. The latter include smaller organisations with little experience or knowledge of employing disabled people. Any efforts to match people with employers will need to be coupled with efforts to move more employers into the former category as discussed in Chapter 3.

Jobcentre Plus cannot just be about getting people into jobs; it is also about ensuring that those jobs are sustainable and of good quality. We have very little knowledge about career progression. Jobcentre Plus is a relatively new organisation and it will take time to get established across the country. Given its limited capacity, its first priority should be getting people into work, as 'in general the effects of being out of work on people's mental and physical health are more damaging than being in a poor quality job' (Burkitt, 2001). Nonetheless, there will be a need for Jobcentre Plus to consider the balance between job-search activities and thinking about longer-term employability and career progression with clients.

COMPULSORY WORK-FOCUSED INTERVIEWS

The 2002 Green Paper proposed the introduction of a series of five or six compulsory work-focused interviews as a condition of benefit receipt for new and recent claimants (in the past claimants were required to attend one interview at an early stage of their claim and return once every six months thereafter). Longer-term existing claimants and those exempt from the PCA on the basis of the severity of their impairment will be exempt from the interviews. This proposal appears to be part of a wider interest within Government in reinforcing the idea that with rights come responsibilities. Here this means requiring people to fulfil more conditions in order to be entitled to claim incapacity benefits.

The first work-focused interview would take place six weeks after a claim was made for incapacity benefits. This timing aims to strike a balance between giving people the opportunity to get their benefits sorted out before focusing on work, and recognising that the earlier the intervention the more likely the swift return to work. The nature of this interview will need to be broad, asking people what support they may need to return to work, with a particular focus on vocational rehabilitation. This would lead to the development of an action plan agreed between the client and the PA.

Other employment schemes which have used compulsory work-focused interviews have failed to demonstrate clear-cut benefits. In the ONE pilots²⁶ interview attendance was a

condition of access to benefits. The evaluation by Green *et al* (2001) concluded: 'There was no evidence that the switch from voluntary to compulsory meetings with Personal Advisers...had resulted in changes in labour market participation.'

However, this is perhaps not surprising, given that many disabled clients did not return for a follow-up interview after the compulsory interview and there was little follow-up work, with only two per cent of people being referred for additional support (Green *et al* 2001). Only 21 per cent of disabled people actually discussed ways of finding work at the PA meeting they attended.

The switch from voluntary to compulsory attendance at interviews for lone parents led to a rise in participation in the New Deal for Lone Parents from between five and ten per cent to twenty per cent (Green *et al* 2001).

An evaluation of the 26-week withdrawal of JSA for non-attendance at placements by job-seekers on the New Deal for Young People found that the sanction was poorly communicated or understood by the job-seekers, most of whom disengaged from the system after being sanctioned. It also appeared to fail those who were hardest to help (Saunders *et al*, 2001). There is a risk of this being repeated in cases where incapacity benefits are withdrawn for failure to attend interviews.

Making the interviews compulsory suggests a belief that the issue for disabled people is one of engagement. However, if you accept that more than one million disabled people would prefer to be working, then they are likely to want to attend such an interview provided they had some confidence in its effectiveness and could be assured that this would not impinge upon their eligibility for benefits. Such reassurance would only be possible within a better co-ordinated system. At present, for example, people can be deterred from job-seeking as a result of being asked to attend a PCA around the time that they register with an NDDP provider. This may be a coincidence but is unlikely to be viewed as such, and efforts are required to create a cohesive process where one aspect is not working against the other. In addition, as discussed in Chapter 3, amendments need to be made to the regulations that require a person to be demonstrably incapable of work for the duration of the period of their claim for incapacity benefits.

It is also relevant that people have to secure their access to incapacity benefits from the same organisation that is to help and support them to get a job. This highlights the tension between the requirement to demonstrate a certain level of incapacity to be eligible for benefits and the requirement to discuss capacity for work. Certainly, if we wish to erode the notion that people on incapacity benefits cannot and do not work and replace this with increased expectations of working, then the introduction of work-focused interviews

makes much sense. The flip side of this is that compulsion creates a particular mindset. People may end up thinking of the interview as another hurdle they need to get through with their benefits intact. Without a significant shift in the way that incapacity benefits eligibility is perceived, it is likely that many people will feel anxious about putting their benefits at risk by going for a work-focused interview.

It is possible that the tension in the dual role of Jobcentre Plus in acting as gatekeepers to benefit and supporting individuals back into work could be mitigated by the greater use of intermediaries (from either the private or voluntary sector) to undertake back-to-work support.

The introduction of compulsory work-focused interviews will require substantial resources, not least because it will be essential that they are followed up by other work-focused activities if they are to be effective. The key to delivering success is unlikely to be the work-focused interviews themselves but active case management, with PAs having the ability to offer people real work opportunities, as a DWP evaluation concluded:

It seems unreasonable to increase pressure on IB... recipients to get work without taking more steps to ensure that there is reasonable access to jobs for those who are fit enough to take them. This sounds a substantial task. (Hedges and Sykes 2001)

The point is not about compulsion but about the quality of the interviews and the actions that follow them up. If the interviews and action plans developed are inadequate then the interviews will only serve to deepen the sense of mistrust felt by many incapacity benefits claimants toward the employment and benefits service.

In light of the risks of introducing compulsory work-focused interviews and the significant possibility of them not being able to deliver on the expectation of work, at least in the short term future, other routes to increasing participation in work-focused activity might be considered. For example, one job broker reports significant improvements in attendance at (non-compulsory) interviews and in job entry by publicising the existence of the advisers' discretionary fund at the initial Jobcentre Plus interview, as well as offering a generous in-work package of support. Other factors it attributes to its success include high-quality promotional material and professional-looking offices. The broker ensures all clients have both a mobile phone so they are easily contactable when opportunities arise and a bank account to meet employers' needs and act as a step toward financial inclusion. It also emphasises: making sure attendance responsibilities are clear, selling the benefits of attending, monitoring all attendance, following up on non-attendance by phone, letter and in person, providing incentives for attendance and making sure every attendance achieves something.

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The exemption of pre-existing incapacity benefits claimants from work-focused interviews is understandable in terms of the lack of capacity of Jobcentre Plus to deliver a high-quality service to all claimants in the first instance, and there is also a reluctance to attempt any engagement with this group for fear of it being viewed controversially. However, in the longer term it will be necessary to consider strategies for engaging with this group and the social exclusion it faces cannot be ignored for much longer. There may be an important role for the independent sector in developing a communication strategy to begin this engagement.

Jobcentre Plus and employer-facing services

The client assessment process needs to be closely linked with a range of options or 'pathways' to move people into work or to promote their social inclusion where work is not possible at that time. PAs need to be able to combine elements from a range of different options to create a tailored package of interventions complemented by ongoing active case management. In order to deliver this level of service it is critical that Jobcentre Plus treats employers as dual clients alongside disabled people. This means always having an eye to employers' needs and the local labour market, measuring their performance against employer satisfaction and the delivery of employer-relevant services ensuring that employers who wish to employ disabled people are enabled to do so. Currently, there is a gap in Jobcentre Plus's ability to

meet the needs of both the most disadvantaged clients and of employers.

Jobcentre Plus is seeking to address the gap in their ability to deliver on employer needs through the creation of an Employers' Services Directorate. Within this, a Diversity Team will negotiate with larger employers about the employment of disabled people as well as members of minority ethnic communities, lone parents, older workers and ex-offenders. However, this team, according to current plans, is expected to consist of only one person per region. This means, for example, that there will only be one person working with larger employers in all of Wales, which substantially limits their capacity to achieve change on a large scale.

The success of PAs in matching clients with employers' needs could be improved by learning the lessons of the evaluation of the PA pilot scheme (Hills *et al* 2001; Loumidis *et al* 2001). This found that employer satisfaction could be enhanced by developing good working relationships between the employer and the PA service, including:

- building a relationship with one PA (rather than several) and the PA being easily contacted
- having a PA who is knowledgeable about the issues. This would be greatly assisted if Jobcentre Plus itself were to employ more disabled people

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- having a PA who understands the employer's business needs as well as the client's circumstances.

It is crucial that PAs have a detailed understanding of the employer's needs, which means that they must have a real sense of its business and culture. This will enable them to tell disabled clients what it is like to work, for example, in a call centre, and enable them to select the right people to put forward for the job. There are large employers who are very keen to work in partnership with Jobcentre Plus to deliver this training and understanding to PAs.

Jobcentre Plus also has a role in communicating the ethical business case to employers and in ensuring that businesses are fully aware of the support that is available to them (such as Access to Work). In addition, Jobcentre Plus has a role in explaining to organisations their obligations as both employers and service providers under the DDA. According to the EFD, many employers still find it excessively difficult to get the facts about disability and the business case as it affects their business and to get appropriate practical advice to support that knowledge.

WHAT DO WE WANT FROM JOBCENTRE PLUS?

How Jobcentre Plus develops and prioritises its functions in the coming years will be critical for the success of welfare-to-work for disabled people. Jobcentre Plus needs to provide universal high-quality services and selective services for differ-

ent groups. For disabled people, this means a wide range of into work support, as well as services that promote the social inclusion of those incapacity benefits claimants for whom work is not a viable option. Jobcentre Plus should view employers as clients and consider the sustainability, retention and progression of disabled people in quality jobs. The incentives structure of Jobcentre Plus should reflect these requirements. Jobcentre Plus needs support to fulfil this wide-ranging role, and therefore there are likely to be significant implications for the private and voluntary sectors.

Jobcentre Plus will succeed in this more ambitious role only if:

- it is adequately resourced and is able to attract high-calibre staff so that it can credibly provide services to both disabled people and employers
- it can deliver more reliable and comprehensive client assessment. We suggest the development of a software-based Personal Adviser (PA) aid to be used as a profiling tool to help differentiate people according to their needs, and PA training
- its staff can ensure that compulsory work-focused interviews are seen to be unconnected with eligibility for incapacity benefits. This could be achieved by freezing any review of eligibility while a person is carrying out the action plan agreed at the interviews. The interviews must also be followed up by other work-focused activities as appropriate, including rehabilitation.

5. Conclusion

The current public policy framework is insufficient to meet the scale and importance of the challenge of helping many more disabled people into work. A longer-term and more ambitious strategy is needed. This report starts to map out what this strategy might look like and suggests seven key elements that the government and others should pursue in moving this agenda forward. Only when all these elements are in motion will we really begin to see progress in supporting the more than one million disabled people who would like to work move into work and for us all to reap the benefits.

Endnotes

1. Sixteen per cent of the seven million people of working age who are long-term disabled and not working.
2. These papers can be found on the Disability and Work page of www.ippr.org
3. The Department for Work and Pensions replaced the Department for Social Security.
4. 'Simplicity, security and choice: working and saving for retirement' Department for Work and Pensions, 2002 (NOT IN BIBLIOGRAPHY)
5. This idea is developed in 'An Interactionist Perspective on Barriers and Bridges to Work for Disabled People' by Marilyn Howard (2003), published at www.ippr.org.
6. There are two main sources of data relating to disabled people and employment. Data on incapacity benefit claimants is available from the DWP client analysis and data on economic activity is available from the Labour Force Survey.
7. There are a number of possible explanations for this including issues around when different impairments are reported. It is possible, for example, that people with mental health impairments only report this if they are unemployed; whereas those who are hearing impaired are more likely to report this when they are employed also.
8. Between 1986 and 1997, the number of jobs requiring less than three months training fell by nine per cent and jobs requiring no qualifications fell to 21 per cent of all available

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jobs (Green F in Burkitt N, 2001 *A Life's Work* ippr) NOT IN BIBLIOGRAPHY

9. Social Change and Economic Life Initiative, 1986; Employment in Britain Survey 1992; Skills Survey 1997 cf Burkitt N (2001) *A Life's Work* ippr
10. Presented at an ippr seminar on disability and employment on 10 December 2002
11. Retention is the process of 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
12. Quoted in *Business in the Community*, 2000.
13. This argument is developed in Joseph, 2003.
14. In a survey by Scope (Daone and Scott 2003), 45 per cent of employers said they would not employ a disabled person because they could not afford it and 40 per cent said they did not know if their premises would be accessible
15. The evaluation was undertaken by Work Structuring Ltd commissioned by the Employers' Forum on Disability
16. Vocational rehabilitation is the restoration of injured workers to the fullest physical, psychological, social, vocational and economic functioning of which they are capable, consistent with pre-injury status. It is a managed process aimed at maintaining injured or ill workers in, or returning them to, suitable employment. Occupational health aims to maximise a person's functional capacity and identify realistic goals for

- employment where return to work is possible.
17. Revitalising Health and Safety campaign, Strategy Statement (2000), Health and Safety Commission, Department for the Environment, Transport and the Regions
 18. EFD, Jobcentre Plus and Unum Provident (2002) *The Knowledge* NOT IN BIBLIOGRAPHY
 19. It could be argued that those employers who recognise unions are already amongst those more likely to have rehabilitation services.
 20. Incapacity to Work Act 1994 Guidance: Incapacity benefit, Section 30
 21. The 2002 DWP Green Paper proposed a new series of four or five compulsory work focused interviews with specially trained Jobcentre Plus advisers. It is not yet clear how exactly these interviews will link with the work of job brokers in the NDDP.
 22. Shaw Trust monitoring data, July 2001 to January 2003. Out of 6701 registrations, 2003 people were placed in jobs. Of these, 25 per cent who registered were also aged 51 or over and 25 per cent of those who went into jobs were aged 51 or over.
 23. As recommended in the 2003 report by the Social Exclusion Unit *Making the Connections: Transport and Social Exclusion* Office of the Deputy Prime Minister NOT IN BIBLIO
 24. Remploy, the largest provider of supported employment placed disabled people into supported work in factories set up

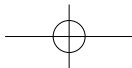
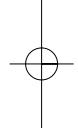
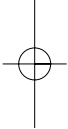


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to employ them, however, they are currently re-structuring their provision so that more and more of the supported employment opportunities they provide are in mainstream employment.

25. This idea was put forward by Robert Walker in Walker, 2003.

26. The ONE pilots tested a new way of delivering social security benefits to people of working age by bringing together the Employment Service and Benefits Agency and Local Authorities at a single point of contact .



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