

Welfare to Work

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This brief outlines issues relating to the implementation and impact of the most recent Welfare to Work policy in Northern Ireland. It draws on published research evidence and the discussion at a Roundtable event organised by ARK and held on 24 March 2010. Participants at the Roundtable included officials from a number of government departments, academics and representatives from a range of NGOs.

Introduction

The focus on work as the route out of poverty is reflected in the policies and measures introduced since 1997. The Welfare to Work Act introduced in Britain in November 2009 is the most recent of these. As a result of this Act, most lone parents with a youngest child aged 12 or over, and from Oct 2010, with a youngest child aged 7 or over, are no longer eligible for Income Support and have to claim Jobseeker's Allowance (JSA); this means that they are required to be available for and actively seeking work. New claimants are no longer able to claim Incapacity Benefit (IB); they, and those already on IB, are being moved to Employment Support Allowance (ESA).

This Welfare Reform Act, introduced in November 2009, currently applies to England, Wales and Scotland but not to Northern Ireland. Many of its provisions are based on a report by Professor Paul Gregg (2008) which defined conditionality as 'the principle that entitlement to benefits should be dependent upon satisfying certain conditions'.

The basis of justification for much of the welfare to work policy has been that work promotes well-being and that more people should be able to benefit from the rewards of work. There has also been a significant focus on the cost of Social Security benefits,

including Incapacity Benefit.

As a result of amendments introduced to the legislation in Britain, some key concerns raised by representative organisations have been incorporated, for example, the exemption of single parents with children aged under one from the requirement to participate in Work Focused Interviews.

There is a consensus about the fact that work is beneficial to an individual's health and well-being but the evidence shows that this is dependant on a number of factors including security and quality of employment, opportunity to progress, and improved financial circumstances. Less than optimal employment arrangements have been associated with negative impacts (Graetz B 1993; Ritchie et al, 2005; Zabkiewicz, 2008), raising issues about the appropriateness of conditionality and sanctions especially for those with multiple barriers to entering employment who need high levels of support. (SEU, 2004; Roulstone and Barnes, 2005; Disability Alliance, 2009)

Welfare to Work in Northern Ireland

In Northern Ireland the Assembly is responsible for legislating on this issue. The Department for Social Development (DSD) has responsibility for Social Security benefits and for the legislative process with regard to welfare reform. However, a range of responsibilities including advice, preparation for work and return to work training rests with the Department for Employment and Learning (DEL). Initially the DSD intended to seek accelerated passage for the NI welfare reform legislation on the grounds of parity. However, subsequent to concerns raised by the Committee for Social Development in January 2010, the Minister for Social Development

stated that she would not be seeking accelerated passage for the Welfare Reform Bill. A Bill was introduced to the Assembly in April 2010 with the intention that the legislation will be passed by October 2010. While parity with Westminster is required to ensure the Block Grant is not undermined, policy makers in Northern Ireland have shown a willingness to depart from parity in revenue-neutral ways.

What are the issues for Northern Ireland?

While in many respects the challenges facing people trying to enter or return to the labour market are similar across the UK, there are important differences with regard to local labour markets and to support infrastructure. While Northern Ireland experienced growth in employment between 1998 and 2008, the biggest increase in jobs was in the service sector and many of them were low value, low wage and part-time jobs. This sector has also been severely affected by the economic recession, as have the construction and manufacturing sectors (Gray and Horgan, 2009). The higher number of people employed in the public sector in Northern Ireland means that public expenditure cuts will have a significant impact on the local economy. Infrastructure support, particularly transport and childcare provision is weak. Northern Ireland also has higher levels of disability and mental ill health.

Disability and Welfare to Work

In May 2007, almost three out of every four (72%) benefit claimants in Northern Ireland were registered as sick or disabled. That amounted to 153,420 adults of working age across Northern Ireland, 114,000 of whom were receiving Incapacity Benefit. Northern Ireland has particularly high levels

of people claiming IB, compared to the norm in England, Scotland and Wales. The single biggest category of illness for which people in Northern Ireland claim IB is mental ill-health, and there is growing evidence of the extent to which that this is due to a combination of 30 years of war and generations of poverty (O'Reilly and Browne, 2001; O'Reilly and Stevenson, 2003; Horgan and Monteith, 2009). Of course, some physical impairments that people have are also due to the conflict.

Research into obstacles to getting a job faced by disabled people suggests that the main problem facing welfare-to-work policies in relation to disabled people is not the willingness or ability of ill and disabled people to take a job (Shier et al, 2009; Beatty et al, 2008; Preston, 2006; Roulstone and Barnes, 2005), rather:

- i) discrimination by employers towards disabled people;
- ii) lack of accessible transport;
- iii) the low paid/low quality of much of the work; and, crucially,
- iv) fears that if the person turns out to be too unwell to continue working, they will return to benefits but on far lower rates.

Lone Parents and Welfare to Work

More than a quarter of all families with dependent children in Northern Ireland are headed by a lone parent and the statistics relating to their economic situation are stark. Research has shown that they have the lowest standard of living of any household type. Therefore, getting lone parents into good quality, well-paid and sustainable employment is vital to meeting targets in relation to child poverty (Simmonds and Bivand, 2008; Horgan and Monteith, 2009). In 2008 56.9% of lone parents in Northern Ireland were employed, more than 10% up on the figure for 2007, but well short of the government's target of having 70% of lone parents in employment by 2010. There is a strong consensus in research conducted across the UK that lone parents want to work but that they face significant structural obstacles (Yeandle et al, 2009; Gray and Carragher, 2008; Van Ham and Buchel, 2006; Webster, 2006) including:

- i) low wage levels;
- ii) childcare availability and cost (including provision which meets the flexibility required by employers);
- iii) skills and qualifications which facilitate labour market progression;
- iv) poor health of parents or children;
- v) worries about combining paid work with looking after children and perceived inflexibility of employers when children are ill etc.

Issues Discussed at the Roundtable

There was consensus about the positive benefits of work and especially the way in which employment can contribute to good mental health. But participants also pointed out that the positive impacts of employment depended on secure jobs, improved financial circumstances and employment conditions and support services which enabled people to reconcile employment with other caring responsibilities. People with specific health needs also have to be able to access appropriate support. Strong views were expressed that in the absence of these factors the research has shown that work can have a negative impact on well-being. Participants were invited to identify what they regarded as the main issues with regard to Welfare to Work in Northern Ireland.

Appropriateness of conditionality and sanctions

NGOs and policy makers reflected concerns which had been raised with them regarding the increased conditionality being proposed. Some participants were opposed in principle arguing that it was unnecessary, pointing to the evidence that most people wanted to work but were faced by a range of structural barriers, therefore encouragement, quality of training and adequate support were more important factors. A recurring theme was how this policy would play out in a region where opportunities for work are more limited and where support mechanisms are under-developed. Some participants questioned whether there was sufficient evidence that such a policy would be successful pointing to the lessons from international comparisons. The concern that the policy may jeopardise the right to social protection as defined by international standards was also discussed.

Given the NI context is it appropriate to have a policy of conditionality and sanctions or should these components be removed from the legislation? While there is a tradition of parity between Britain and NI in social security and previous welfare to work policy, there is no legislative barrier to the NI Government taking a different approach. Indeed there are examples of NI acting independently in a manner that is revenue-neutral and does not threaten the Barnett Formula.

Lack of Support Mechanisms

Childcare

There was an overwhelming view that the inadequacy of childcare provision in NI was a huge problem. In Britain a series of measures since 1997 have resulted in the introduction of

a National Strategy on Childcare (2004) and a statutory duty on local authorities to ensure sufficient childcare provision in their areas (Childcare Act, 2006). There was a strong consensus about the need for affordable and accessible childcare provision and for the Northern Ireland Executive to develop and fund an integrated childcare strategy. It was reported that an economic appraisal of childcare options is underway and that the findings would provide a basis for a strategy. However, some participants were not optimistic about whether such a strategy, were it to emerge, would be comprehensive and ensure the required flexibility. Concern was expressed that childcare was still not a priority issue for the Executive. A complicating factor is the way in which responsibility for childcare is divided among a number of government departments, with no one Department keen to lead on it; this lack of leadership inevitably impedes progress.

Unless access to adequate, accessible and affordable childcare is ensured, the policy could have a disproportionate and potentially discriminatory impact on lone mothers. It was pointed out that the DSD has said that conditionality will not be applied to people with childcare difficulties (and this was communicated to the DSD Committee (2 July 2009) and stated by the Minister in the Assembly Debate (20 April 2010). The fact that this is discretionary and not consistent with legislation remains problematic; what support and guidance is being given to Personal Advisers with regard to this? How will Departments ensure that this 'exemption' is applied evenly? And, will the fact that the legislative provision for conditionality remains mean that lone parents will continue to be worried about benefit sanctions?

Support for Disabled People and People with Mental Health Problems

There is a lack of clarity about how disabled people and people with a mental illness will be supported rather than disadvantaged by conditionality and about what 'enhanced support' will be provided to people with mental health issues. Advice organisations spoke of clients recently deemed fit for work but who, in fact, are not well enough to hold down a job. Some of the questions posed included: what training is being given to Personal Advisers engaging with people with mental health problems? What issues arise in relation to the human rights of individuals with health difficulties? The Joint Committee on Human Rights at Westminster (January 2007) has expressed concern that the administration of Employment Support Allowance of individuals with health difficulties could breach the rights of individuals with a

spectrum of health difficulties. What measures need to be introduced to safeguard rights of such individuals?

There was agreement that not all people are 'job ready'. Many disabled people have been out of the labour market for a considerable period of time. It was argued that by departing from DWP policy and introducing a flexible programme which can be tailored to the needs of every individual, the DEL had introduced programmes with greater capacity to address some of the above concerns. There was considerable discussion about employers' role in helping people return to work. It was argued that difficulties are being compounded by some employers not meeting their statutory obligations and not buying into the commitments made by government. What encouragement and support is being given to employers so that they might better understand some of the issues which may arise or allay their concerns about recruiting people with mental health problems?, an important issue given the importance of people with mental health problems needing a supportive employer (DWP, 2009).

Training Provision

Training provision is one of the areas where departures from parity have been most visible. For example, in 2005 the Department for Employment and Learning opened the main New Deal programmes (18-24 and 25+) to lone parents on Income Support. This then meant that they could attract the Employer Subsidy, which applied only within these two New Deals; some provision was also made for lone parents interested in childminding and nursing careers to access New Deal training at NVQ Level 3 (for the most part only NVQ 2 level qualifications were available). The Steps to Work Programme introduced in Northern Ireland in 2008 also differs in a number of respects from New Deal and Flexible New Deal programmes in Britain.

The new contracting arrangements for training, and especially the impact this has had on voluntary and community sector organisations, featured prominently in the discussion about training provision. It was noted that not all contracts had been awarded and, as a consequence, in the Derry City Council area the New Deal programme was still in operation. There was strong endorsement of the need for a system which enabled community and voluntary sector organisations which had expertise in providing training and employment opportunities for marginalised groups to play a substantial role. Concern was expressed that the current system had diminished the contribution of these sectors for a number of reasons including the lack of incentive for lead contractors to ensure

that community and voluntary organisations have a significant role and the organisational capacity of small organisations given the level of bureaucracy involved in the process

Other issues concern the way in which individuals understand and can navigate the process. How well informed are they about the service on offer and the choices which they have in terms of providers? How adequate is the accountability mechanisms for users and how well informed are they about what they should expect in terms of quality and scope of training opportunities? An important consideration is what lessons can be learned from this experience if there are to be new contracts in the future. This requires on-going monitoring and evaluation.

The Local Labour Market

It was widely agreed that the recession and growing numbers of unemployed created a very different context for welfare reform. This has particular implications for the most marginalised individuals - who faced considerable challenges even when the economy was growing. This is more significant in Northern Ireland where there are high numbers on Incapacity Benefit. It is highly likely that any available jobs will be taken by the recently unemployed. The contracting framework and the outcome related payment

will tend to encourage contractors to focus on those with the greatest chance of securing work and examples were provided of voluntary clients experiencing difficulty accessing services and support.

The point was made that that recession would compromise more positive outcomes which would otherwise have been expected from the welfare to work policy. Whether this would in fact have been the case was challenged on the grounds that the growing precarity of employment only adds to a range of fairly long standing and well evidenced obstacles. These include the cycling in and out of benefits because pay is too low, because there is little opportunity of progression and available employment often involves atypical and family unfriendly hours and short term contracts.

Are the welfare to work schemes fit for purpose? Many participants were not convinced that there was evidence to support the assertion that the measures address many of the real barriers facing disadvantaged people trying to get into work. The trend toward conditionality is evident in many countries and assessments of those experiences point to mixed success. Importantly, those experiences are very context specific and often relate to very different welfare regimes and employment and benefit systems.

Key points and challenges

- In introducing the Welfare to Work policy Northern Ireland is importing a system devised in Britain. Does the Northern Ireland context demand a different policy approach?
- This different context includes: more long term unemployment; local labour market conditions and restricted opportunities; higher numbers of people on Incapacity Benefit (especially due to mental health problems); the outworkings of the conflict.
- There are still opportunities to explore what could be done in Northern Ireland and consider whether it is still appropriate to introduce the policy in its current form. There would need to be consideration of how that could be done within the scope available and within the existing constraints.
- There is a range of policies in NI differing from those introduced at Westminster, without threatening parity. Besides those mentioned above, for instance, allowing the childcare allowance paid to lone parents on government sponsored training programmes to be paid to family members and the recent example of changes to Housing Benefit in England not being introduced in NI.
- Challenges are presented by responsibilities being split across a number of departments. How can Departments be encouraged to explore how they can work more closely together?
- There is also the issue of where this policy sits within a rights based approach to policy. However there will be a lack of consensus about this between the political parties so how can this be dealt with?

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