

# Understanding worklessness



**Steve Fothergill**

Professor, CRESR, Sheffield Hallam University  
and  
National Director, Industrial Communities Alliance

# Worklessness on benefit

---

- Unemployment benefits (JSA)
- Incapacity benefits
- Lone parents on Income Support

# Worklessness *off* benefit

---

- Additional ILO unemployed
- Full-time students
- Early retirees
- Full-time parents etc
- Other

# Government target for IB

---

- A one million reduction in the number of incapacity benefit claimants by 2016

# Key propositions

---

- High number of IB claims cannot be understood in 'health' terms alone
- Economic and labour market context is crucial
- So too is local and regional geography

# The Sheffield Hallam evidence base

---

- ❑ More than 3,600 face-to-face interviews with IB claimants (on-stream 2008)
- ❑ A further 2,000 face-to-face interviews in earlier surveys
- ❑ In-depth follow-up interviews with c.150 – and with key stakeholders
- ❑ National data analysis

# Exactly which benefits?

---

- Incapacity Benefit
- Income Support for disability
- Severe Disablement Allowance
- Employment and Support Allowance

# Working age adults on incapacity benefits, Great Britain, February 2009

---

Men	1,504,000
Women	1,087,000
<hr/>	
TOTAL	2,592,000

Source: DWP

# Share of working age adults on IB

## GB regions, February 2009

---

	%		%
Wales	10.5	East Midlands	6.5
North East	9.6	South West	6.2
North West	9.3	London	6.0
Scotland	9.0	Eastern	5.2
West Midlands	7.2	South East	4.7
Yorkshire & Humber	7.1		

Sources: DWP, ONS

# Share of working age adults on IB

Top 20 GB districts, February 2009

---

	%		%
Merthyr Tydfil	16.1	Bridgend	12.6
Blaenau Gwent	15.7	Stoke on Trent	12.1
Neath Port Talbot	15.2	Burnley	12.1
Rhondda Cynon Taff	14.5	Hartlepool	12.0
Caerphilly	13.7	Carmarthenshire	12.0
Glasgow	13.5	Blackburn	11.7
Knowsley	13.1	Barrow in Furness	11.5
Blackpool	12.9	Barnsley	11.5
Liverpool	12.9	Dundee	11.5
Inverclyde	12.8	Torfaen	11.5

Sources: DWP, ONS

# Share of working age adults on IB

Bottom 10 districts, February 2009

---

	%		%
Uttlesford	3.0	Rutland	2.7
Runnymede	2.9	S Northants	2.7
Windsor & M'head	2.9	Surrey Heath	2.6
S Bucks	2.9	Wokingham	2.3
Elmbridge	2.8	Hart	2.2

Sources: DWP, ONS

# Hidden unemployment?

---

- When the industries of older industrial Britain were still working, IB numbers were a lot lower
- In the parts of Britain where the economy is strong and (until recession) there has effectively been full employment, IB claims are far lower

# Benchmarking

---

- IB claimant rate in fully-employed parts of South
- Underlying excess ill health over fully-employed South

# Estimated diversion from unemployment to IB, Great Britain, February 2009

---

	Total IB claimants	Estimated 'hidden unemployed'
Men	1,504,000	510,000
Women	1,087,000	430,000
<b>Total</b>	<b>2,592,000</b>	<b>940,000</b>

Source: Sheffield Hallam University

# Estimated diversion from unemployment to IB

## GB regions, February 2009

---

	% working age		% working age
North West	4.2	East Midlands	2.3
Wales	4.1	London	2.0
Scotland	4.1	South West	1.8
North East	4.0	Eastern	1.4
West Midlands	2.9	South East	0.9
Yorks & Humber	2.4		

Source: Sheffield Hallam University

# Estimated diversion from unemployment to IB

## Selected districts, February 2009

---

	Total IB claimants	Estimated 'hidden unemployed'
Merthyr Tydfil	5,510	2,500
Knowsley	12,280	7,300
Bolsover	4,810	2,600
North Lanarkshire	23,390	11,600
Barrow in Furness	5,000	3,100
Stoke on Trent	17,950	9,200
Oxford	4,550	50
Kingston upon Thames	3,540	0

Source: Sheffield Hallam University

# In what sense unemployed?

---

- Not fraud
- Not necessarily active job-seekers
- Nor necessarily diverted to IB via JSA
- “Those who could reasonably be expected to have been in work in a genuinely fully employed economy”

# So what's going on?

---

- Many people with health problems do work
- But where there aren't enough jobs for everyone, less healthy workers get squeezed out
- Health problems are real – so they can access IB
- And IB mostly pays more than JSA
- No requirement to look for work – give up looking

# The IB stock is changing.....

---

- In 1990s, IB stock was dominated by redundant industrial workers
- .....but they're rapidly passing out of the figures
- Current IB stock is dominated not just by those with poor health, but also poor skills and (to some extent) low motivation
- More women too

# Key characteristics of IB claimants

---

	Men (%)	Women (%)
Age 45 – 59/64	62	57
5 years or more on IB	54	49
Manual background	83	79
No formal qualifications	61	59

Source: DWP and Sheffield Hallam surveys

# Self-assessed health of IB claimants

---

	Men (%)	Women (%)
'Can't do any work'	27	24
'A lot' of limitation	56	56
No limitation	3	4

Source: Sheffield Hallam surveys

# Job aspirations

---

	Men (%)	Women (%)
Would like a job	19	17
Might like a job further into future	12	12
Looking now	5	4

(Under 60s only)

Source: Sheffield Hallam surveys

# Benefits currently received

---

	Men (%)	Women (%)
Incapacity Benefit	85	80
Council Tax Benefit	50	50
Housing Benefit	46	45
Disability Living Allowance	44	48
Income Support	41	47

(Under 60s only)

Source: Sheffield Hallam surveys

# Other sources of household income

---

	Men (%)	Women (%)
Partner claiming benefit	21	15
Partner in work	14	24
Pension income	12	7
Partner with pension income	3	7
Other personal income	2	3
Temp/casual paid work	1	2

(Under 60s only)

Source: Sheffield Hallam surveys

# Will the IB problem simply fade away?

---

- A generation of older ex-industrial workers is passing out of the figures
- .....but when they do so, they don't free up jobs for the generations behind
- In practice, the claimants that remain on IB get older, and the stock is topped up by new claimants

# Welfare reforms

---

- ❑ Pathways to Work rolled out across whole country
- ❑ Employment and Support Allowance to replace Incapacity Benefit
- ❑ New, tougher Work Capability Assessment
- ❑ Tax credits and top-up to make work pay

# Will Pathways to Work do the trick?

---

- Pathways does work
- ....but rolling out Pathways would at best only reduce IB claimants by 0.5m by 2016
- ....and this assumes no displacement in the labour market (most unlikely)
- .... and that the quality of Pathways is maintained as it is rolled out (very questionable)

## And Employment and Support Allowance?

---

- Tougher Work Capability Assessment will reduce IB numbers
- ‘Conditionality’ of ESA will probably do the same
- ....but will this simply result in a diversion to JSA?

# A twin-track strategy is the only way

---

- Economic regeneration in the areas where IB claimants are concentrated
- Help for IB claimants – training, rehabilitation, advice, re-motivation

# IB claimant rate, 2001 – 2009

## Selected districts

---

	% working age	
	2001	2009
Neath Port Talbot	17.6	15.2
Glasgow	17.3	13.5
Barrow in Furness	13.6	11.5
Barnsley	13.9	11.5
Bolsover	11.5	10.7
Oxford	4.1	4.1
Kingston on Thames	3.0	3.3

Sources: DWP and ONS

# Formidable obstacles

---

- Very long durations on benefit
- High share with no formal qualifications
- Low-skill manual experience
- Prominence of ill health
- Low share who say they would like work
- Even lower share who are presently looking for work

# Hard-won lessons

---

- Sustained intervention and support
- Tailored to the needs of the individual
- Local delivery in the community

## But what about the recession?

---

- Can be expected to increase incapacity numbers – but with a lag
- ESA will push hard in the other direction
- DWP should really go easy on existing claimants
- Step up job generation efforts