

From welfare to wages?

an evaluation of current and future support for jobseekers



Contents

- 1 Introduction and summary**
- 2 The steps of unemployment: claiming benefits**
- 3 The role of job centre plus: supportive or severe?**
- 4 Further support available: a plethora of programmes**
- 5 Specialist employability support for the sick and disabled**
- 6 Taking a step back: the system of welfare-to-work support**
- 7 What looks set to come: future plans and our recommendations**

Section one

Introduction and summary

This report sets out how the UK welfare to work system is working, and looks at the extent to which social security and back to work systems meet the aims of the **Welfare Charter**¹ endorsed by Congress 2016. The charter includes supporting: full employment; secure work; a decent income in and out of work; high quality employment support, an end to workfare and an end to the current unfair sanctions regime and work capability assessment.

Below we briefly summarise the key issues of concern, before setting out the issues discussed in more detail in each section of the report.

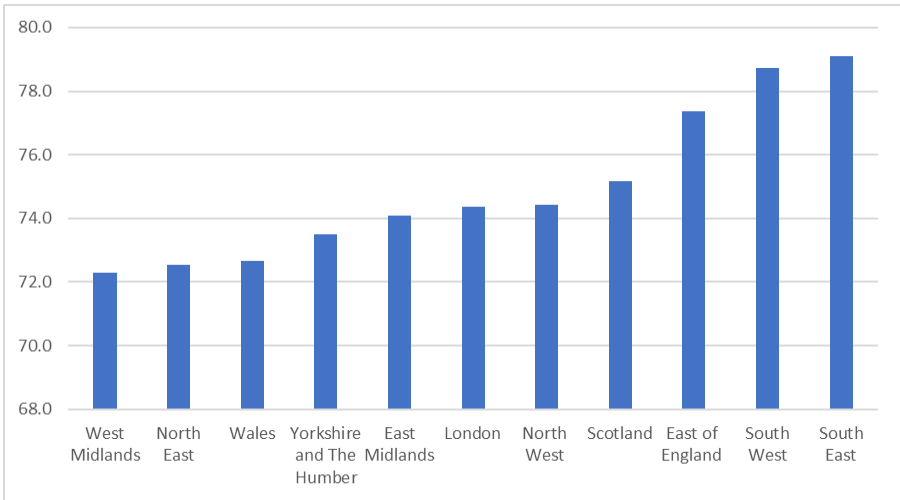
Full employment

The TUC supports full employment and a more inclusive labour market. Achieving full employment would mean progress in reducing many of the unequal outcomes in the current labour market.

The latest labour market statistics show that employment reached 75.1 %, a record high and the unemployment rate fell to 4.4%. However, there are wide differences in employment rates between regions and between the employment of various groups.

Within UK regions and nations, while the West Midlands and the North East have employment rates hovering just above the 70 percent level, the South West and South East are approaching almost 80 percent.

Employment Rate for regions and nations - April – June 2017



Source ons

Our analysis² has continually shown that despite the government’s rhetoric about ‘rebalancing the economy’, employment in London has accelerated well ahead of other regions since the recession. Analysis earlier in the year, looking at the change in employment levels since 2012 (when employment recovery started to take place) showed employment growth in London has been more than double that of other regions.

Employment level in London and (England excluding London)

	England excluding London	London only
2012	21,056,000	3,981,000
2016	22,362,000	4,486,000
Net change 2012-2016	1,306,000	505,000
% change 2012-2016	6%	13%

Source ons

Among women, the employment rate has increased by around 15 percentage points since the early 1970s. Though there is still a considerable gap of around 9 percentage points, as the employment rate for men is 79.8 percent and for women 70.5 percent. While this relates in part to the fact that women with children are far more likely to take time out of the labour market than men, employment rate gender gaps can be narrowed further. Scandinavian³ countries that have the highest aggregate employment rates have relatively high female employment rates.

Our analysis⁴ also showed that Black and Minority Ethnic (BAME) groups are persistently disadvantaged in the labour market. Overall, the employment rates for White people are significantly higher than for those from a minority ethnic group. The TUC believes that race discrimination plays a major role in explaining these inequalities, as does the lack of access to employment opportunities for BAME workers.

UK employment rate (16-64) by ethnicity 2007-2016

Year	Total	White	Ethnic Minority
2016	74.4	76.1	64.2

Source ons

Disabled people also have a huge range of skills and abilities, and their exclusion from the workplace represents a tremendous amount of untapped potential. There has been an increase in the employment rate of disabled people between 2013 and 2017. While this increase is positive, the latest employment figures for disabled people in the fourth quarter (Q1) of 2017 show that only 50 per cent of disabled people (as

classified by the Equality Act) are employed, compared to a rate of 80 per cent for non- disabled people⁵

Insecure work

The TUC has serious concerns about the quality of employment, and has sought to lead the debate on how best to tackle insecurity at work throughout the year. In December 2016, we set out new TUC research showing how 3.2 million people face insecurity at work⁶, this is one in ten of the UK workforce. Not only do they often face uncertainty about their working hours, they also miss out on rights and protections that many of us take for granted.

HOW THE TUC ESTIMATES THE NUMBERS OF PEOPLE IN INSECURE WORK	
Zero-hours contracts workers (excluding the self-employed and those falling in categories below)	810,000
Other insecure temporary work including agency, casual, seasonal and other workers, but not those on fixed-term contracts	730,000
Low paid self-employment (using the Social Market Foundation estimate of low-paid self-employed workers)	1.7 million
TUC estimate of insecure work	3.2 million

ONS 2016 Q2 data

Separate analysis⁷ showed there was a 27 percent rise in insecure work since 2011. Insecurity is concentrated among those groups that already face labour market disadvantage: women, black and minority ethnic workers and those in poorer regions of the UK are all more likely to face insecurity at work.

We published a new report in June, ‘The Gig is up: trade unions tackling insecure work’⁸ that set out how the TUC believes that the balance can be shifted in favour of working people to ensure that everyone has access to decent work.

Income and wages

TUC analysis has repeatedly shown the decline in real earnings has no precedent for at least 150 years.

Workers are really feeling the pinch with wages rising slower than the cost of living for the fourth month in a row. Real wages in cash terms are already below their pre-crisis peak in 2007.

The current living standards squeeze is the combination of weak nominal wage growth and increasing inflation. And the squeeze is not expected to ease. The Bank of England expects inflation to increase to around 3 per cent in the Autumn, and for wage growth to average 2 per cent in 2017.

The Bank of England Governor views the UK's weak productivity as key in explaining poor wage growth. But he also believes Brexit uncertainties have discouraged firms from awarding pay rises.

The pressure on working household incomes has intensified with no immediate signs of an end. And for those working in the public sector, the imposition of the 1 per cent pay cap has made life even more difficult.

For those not in work, numerous studies reveal that the rates at which many welfare benefits are paid are too low to protect families and individuals from poverty. The real value of benefits has declined substantially over recent years, and the TUC is particularly concerned about the decision to freeze working-age benefits until 2020. Analysis from the Joseph Rowntree Foundation⁹ shows that for a single person out of work, the 'safety net' is now providing around a third of income needs, this has fallen from 41% in 2010 to 36% as a result of a decline in the value of benefits.

Throughout the year, the TUC has drawn attention to the impact of social security cuts, in particular within Universal Credit, on low paid and vulnerable workers, raising the case for reversing these cuts in our submission to the Spring Budget, and will raise again for November budget.

Employment Support

The TUC is concerned that some unemployed people are required to engage in activities that will not help them progress in to work. Many unemployed people say their experience of Job search is one of conditionality, rather than support. The recent policy agenda has focussed the blame for unemployment entirely on the motivation of the jobseeker. This has intensified the level of conditionality, as it assumes that unemployed people need the threat of sanctions to engage in job search.

Although some people find work easily, others have more entrenched barriers to work. At present, their first opportunity to receive extra support is usually when they are long-term unemployed and are referred to the Work Programme. Even then the interventions offered are often generic, and insufficient in tackling individuals' specific barriers to work. This is concerning, as we know that the longer someone spends out of work, the harder it becomes for them to find a job.

The TUC believes that personalised support, where the advisor or work coach can be flexible to the needs of the jobseeker, can be critical in supporting disadvantaged people to prepare for, find, enter and stay in work. Sections 3, 4 and 5 set out how the current system of back to work support is working in more detail.

Workfare

Workfare is poor employment policy, and the TUC opposes workfare on both moral and practical grounds. If a job is worth doing it is worth being paid the rate for the job, but even the highest levels of benefit will still leave people working for an hourly rate well below the governments national living/minimum wage – the rate established as the minimum to avoid exploitation.

A few years ago, the Department for Work and Pensions itself published¹⁰ a review of workfare around the world, the main finding of which was that there is little evidence that workfare increases the likelihood of finding work. It can even reduce employment chances by limiting the time available for job search and by failing to provide the skills and experience valued by employers.

The TUC is concerned that the new Youth obligation introduced in 2017 has re-introduced workfare into the UK's welfare-to-work policy.

Sanctions regime

There are many reasons the TUC is troubled by benefit sanctions, one good reason is the way in which sanctions contribute to making the benefit system harsh and unfair. And there's the scale of the hardship being caused: food banks report that benefit sanctions are the main problem for a significant number of the families turning to them. When the changes were introduced in the 2012 Welfare Reform Act to tighten the sanctions regime, the use of sanctions increased dramatically, both in terms of the number of sanctions imposed and as a proportion of JSA recipients.

The Work and Pensions Select Committee published in 2015 their report on *Benefits sanctions policy beyond the Oakley Review*. Evidence given to the Committee¹¹ revealed that sanctions may make claimants more likely to get jobs, though this isn't certain and the jobs they get "often appears to be poorer quality employment, temporary employment or unstable employment." Importantly, they called on the DWP to carry out a full investigation into whether long sanctions work.

Work capability assessments (WCA's)

WCA's in principle are meant to determine whether claimants' limitations should place them in a Work-Related Activity Group, a Support Group, or whether they are deemed fit for work and therefore not eligible for ESA. In practice, disability campaigners have raised concerns for years about their validity for determining fitness for work, citing growing numbers of appeals and unrealistic eligibility criteria.¹² The latest available data¹³ from the DWP shows the number of appeals heard on 'fit for work' decisions on assessments (for claims which started between October 2015 and December 2015), only 41% of the completed appeal decisions in this quarter were upheld.

In August 2017, the UN's Committee on the Rights of Persons with Disabilities¹⁴ made a scathing attack on the UK Government in failing to uphold disabled people's rights across a range of areas. This included concerns on the detrimental impact of the ESA's conditionality and sanctions on people with disabilities, and called for a review. And they were also concerned that the process of the WCA emphasized a functional evaluation of skills and capabilities of disabled people, rather than recognizing the barriers faced by them.

The attacks on the lives and living standards of disabled people and the associated propaganda to justify them that have been carried out by the government have reinforced prejudice and discrimination against disabled people. This makes it even more important that the social model – in which the disability is understood to be the result of barriers preventing the inclusion of people with impairments, and not the impairment itself is used as the foundation for work in this area.

The rest of the report takes a systematic look at how the UK social security and welfare to work system works, and makes recommendations as to how it could be improved.

Section two – The steps of unemployment: claiming benefits

- This chapter focusses on the financial support that the government offers to those out of work.
- In contrast to the negative portrayal of unemployed claimants living comfortably on a life of benefits by the right-wing press and politicians, unemployment benefit (Jobseekers allowance – JSA) in the UK could not be described as generous. Benefits are intended to provide a safety net; they need to take in to account the cost of a minimum standard of living.
- The current process for claiming Employment and Support Allowance (ESA) (the out of work benefit for those unable to work for a health reason) is very complicated, and can be daunting for people already struggling with a health condition or disability. There are also serious and ongoing concerns that the Work Capability Assessment (WCA) has often resulted in incorrect decisions, with a significant number of those found 'fit for work' successfully appealing the decision.

We do not believe that an assessment of disabled people's capability to work should be undertaken without regard to the quality of services and support that are available to disabled people who have the responsibility to seek work placed upon them. The government should create a new, fairer assessment to replace the WCA altogether and ensure it becomes better integrated with employment support programmes.

Section three - The role of job centre plus: supportive or severe?

- The TUC is concerned that some unemployed people are required to engage in activities that will not help them progress in to work. Many unemployed people say

their experience of Job Centre Plus is one solely of conditionality, rather than support. The claimant commitment is not sufficiently personalised to consider individual's circumstances and needs. This has meant for some the requirements placed upon them are onerous and unachievable.

- As we set out above, the TUC believes that the current sanctions regime is neither effective, nor proportionate. The use of food banks has been linked to an increase in the use of sanctions since 2012.
- Eligibility for more intensive job support is generally based on the length of time a person has been unemployed for. The process should identify those who would benefit from extra support from the onset. As the longer a person spends out of work the harder it becomes for them to find a job.
- Multiple issues have been identified with the quality of the Universal Job match website, and this is one of the main sources of support offered to unemployed people. The TUC are also concerned that some people may have difficulties using the internet as their main form of job search, and relevant support should be offered to them.

Section four - Further support available: a plethora of programmes.

- In most circumstances, once a person becomes long-term unemployed they are mandatorily referred to the Work Programme. However, some support is available to unemployed people before they reach this point and is discussed in the report.
- The Work Programme is the Government's main welfare to work programme, though it is currently being run down. From Autumn 2017, the new Work and Health programme will come in to force. The Work Programme is a payment by results system, and contracted out to private and voluntary sectors. There is concern about the 'harder to help groups', as there is evidence of providers focusing time and resources on clients who are closest to the labour market, in the expectation that they are more likely to result in an outcome. This is despite larger payments available for those who have more entrenched barriers. There is little evidence that differential payments have led providers to offer greater support to those with the most challenging circumstances.

Section five - Specialist employment support for the sick and disabled

- Specialist support is essential to help disabled people to overcome the barriers they face in the labour market. The TUC believes more should be done to encourage and support employers to recruit and retain disabled people and those with long-term health conditions.
- Work Choice is a specialist disability employment programme, and referrals are due to end in April 2017. In the final quarter of 2016 there were only 3,470 referrals

to Work Choice, despite there being over 3 million working age disabled people. As a capped programme fewer places have been available than there could have been.

- The new Work and Health programme will consolidate the support provided in Work Choice and the Work Programme. The TUC is concerned that support for the long-term unemployed and disabled people are to be consolidated in to one programme, as there is a definite need for a specialist employment programme.
- The TUC is also disappointed by the decision to replace Disability Employment Advisors with generalist work coaches under Universal Credit. Surveys have shown that people who have used the services of Disability Employment Advisors have found them very helpful.
- With services being withdrawn, and increased conditionality being placed on out of work disabled people, this is of real concern to the TUC. That the conditionality is inappropriate, it 'individualises' the problem of disability, pointing the finger at the individual rather than societal and structural barriers making it difficult to find work. Those in the ESA Work – related activity group, have been medically assessed as currently not being able to work, and should not be considered available for employment.

Section six - Taking a step back: the system of welfare – to – work support

- The recent policy agenda has focussed the blame for unemployment entirely on the motivation of the jobseeker. This has intensified the level of conditionality, as it assumes that unemployed people need the threat of sanctions to engage in job search.
- Blaming the unemployed ignores the structural problems of unemployment. There are huge regional disparities in unemployment, the TUC believes that the government's industrial strategy should prioritise bringing new industries to areas with depressed labour markets to create employment.

Certain groups face discrimination in the labour market resulting in higher unemployment rates. This includes those with a disability, lone parents and black and ethnic minority workers, the Government must seek to tackle these forms of discrimination.

- The focus of welfare to work should also not simply be about moving people into the first job that becomes available, it should be based around people's skills and experience. The TUC believes incentives should be managed to promote sustainable employment entry and better-paid work.
- The system of welfare to work in the UK has had substantial under investment relative to other countries. The UK falls far short of the OECD average spending on supporting unemployed people, 0.54 percent compared to 1.41 percent.

Section seven – What looks set to come: future plans

- The final chapter looks at new reforms- Universal Credit, the Youth Obligation, and the new Work and Health programme.
- The objective of Universal Credit (UC) is to strengthen work incentives and ensure that work always pays. By combining benefits and having one single taper rate the idea is this should make it easier for claimants. Although the TUC agreed with the original intention and principles of the design of UC, it is increasingly alarmed that UC has become a cost-cutting exercise, rather than a mechanism for supporting low-income households. The TUC believes that the government should reverse planned cuts to Universal Credit that will have a significant impact on the incomes of working families.
- The Youth Obligation came in to force in April 2017. The scheme applies to 18-21 year olds on UC, and they receive intensive work focussed support. After six months, if young people haven't taken up a job, apprenticeship or traineeship they must engage in mandatory work experience. The scheme re-introduces workfare in to UK's welfare to work policy, which the TUC sees as exploitative and ineffective.
- The new Work and Health programme will start in October 2017, providing specialist support for claimants with health conditions or disabilities and those unemployed for over 2 years. The limited budget suggests the programme is going to be far smaller in scale. The DWP has indicated the new programme will have funding of around £130million a year, this represents an 80 percent budget cut relative to the combined cost of the Work Programme and Work choice that it replaces. This continues to represent underinvestment in supporting people in to work in the UK.

The TUC will continue to highlight the issues discussed in this report. We need a welfare to work system that not only works but is fair and humane. And a good benefits system not only prevents the very poorest falling in to absolute poverty, it redistributes wealth to those in need, limits the growth of inequality and improves outcomes across society.

Section two

The steps of unemployment: claiming benefits

Unemployment in the UK is currently at 1.48 million¹⁵, this is based on the ILO definition. The ILO definition of unemployment covers people who are: out of work, want a job, have actively sought work in the previous four weeks and are available to start work within the next fortnight.

This report reflects on the support that the government offers to those out of work, though this support is not available to all of the 1.48 million unemployed. Nearly every form of welfare-to-work support is limited to those who are claiming out-of-work benefits, and not all unemployed people are eligible for unemployment benefits.

To understand the nature of the welfare-to-work support, it is therefore necessary to understand the system of out-of-work benefits.

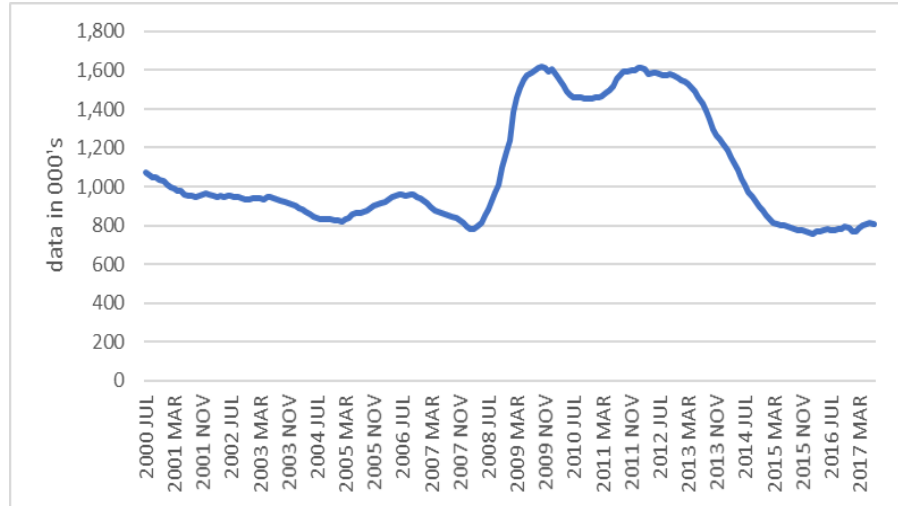
Jobseeker's Allowance

Jobseeker's Allowance (JSA) is the only out-of-work benefit in the UK that is limited to those who are strictly unemployed, i.e. people who are available for and actively seeking work.

The number of people on Jobseeker's Allowance is measured as part of the Claimant Count¹⁶. Between October 1996 and April 2013, the Claimant Count was a count of just the number of people claiming JSA. Since May 2013, however, the Claimant Count has included all out-of-work Universal Credit claimants, as well as all JSA claimants.

The latest Claimant Count shows that there are around 808,000 people who are either claiming JSA or out-of-work Universal Credit.

Claimant count 2000-2017



Eligibility for JSA:

Usually be 18 or over, but below State Pension age.

Not be in full-time education.

Live in England, Scotland or Wales. (rules are different in Northern Ireland)

Be available for and actively seeking work.

Work less than 16 hours per week on average.

There are two types of JSA: income- or contribution-based.

- Contribution based JSA – if you have paid two years of NI contributions, you can be paid JSA whatever your income and savings. This can be paid for 6 months.
- Income Based JSA – This is paid to those on low incomes and with low savings. If you have not made sufficient contributions, you will still be eligible for this if your income is not too high.

To claim JSA, an unemployed person usually applies online or by telephone, and they are then asked to attend a New Jobseeker Interview at Jobcentre Plus. During this interview, the advisor or work coach should endeavour to understand a person's work experience and aspirations, as well as their circumstances – for example their caring responsibilities, or whether they suffer from ill-health.

Before an unemployed person can begin to receive JSA, they must have signed a 'Claimant Commitment'. These are drawn up in the initial interview, and are supposed to be jointly written by the work coach and the jobseeker.

The Claimant Commitment details the work preparation and job search activity that is expected of the unemployed person.

What might be included in the Claimant Commitment?

Compared with the 'Jobseeker's Agreement' it replaced, the Claimant Commitment is much more detailed with respect to the requirements placed upon unemployed people and the consequences of failing to meet these requirements.

The Commitment is designed to be a 'live document' that is updated regularly. Activities stated may include:

Any mandatory work preparation that the work coach thinks will benefit the unemployed person, for example attendance at training or CV clinics.

Other (non-mandatory) activity that the recipient is engaged in that the work coach agrees will improve their employment prospects, for example if the unemployed person is undertaking voluntary work.

Work search activity. Specific tasks (such as spending two hours searching for jobs in the local newspaper each week) are detailed in the unemployed person's 'work plan'. The majority of an unemployed person's time is expected to be spent searching for work.

The 'Claimant Commitment' also details the type and hours of work an unemployed person should be looking for.

Usually JSA recipients have to be available for full-time work, and are expected to take any job that pays at least the National Minimum Wage and is within 90 minutes of travel from their home. Unemployed people who are carers (of a child or adult) may reduce their available hours to fit with their caring responsibilities.

In contrast to the negative portrayal of unemployed claimants living comfortably on a life of benefits, by the right-wing press and politicians, unemployment benefits in the UK could not be described as generous.

In many other European countries, there is a system of 'unemployment insurance', alongside a safety net of 'unemployment assistance'. This means that unemployed people receive a proportion of their previous salary (generally up to a certain level or for a fixed duration). The UK has a flat-rate system (although it is sometimes

reduced if people have personal savings), and people are paid such a pitiful amount it arguably won't cover even their most basic needs. Those who are aged 25 and over can claim £73.10 per week. For those aged under 25, it's £57.90. Couples claiming income-based JSA can receive up to £114.85.

The real value of JSA has decreased over recent years. Until 2010 means-tested benefits were uprated using the 'Rossi' index. This measure was similar to the RPI index, but excluded housing costs. The coalition government after coming in to power in 2010, announced in the June 2010 budget that from April 2011, the measure of price inflation used for uprating benefits and tax credits would become the Consumer Prices Index (CPI). The way that the Rossi index is calculated means that for a given set of data it would show a larger increase in inflation than the CPI index would. TUC calculations for JSA suggest that had benefits (over 25) continued to be uprated using the Rossi index, they would be worth £80.78 and not £73.10, 10.5 per cent higher than they currently are¹⁷.

Following this in the 2012 Autumn Statement, George Osborne announced that working-age benefits would be uprated by one per cent a year for three years. This caused benefits to increase more slowly than inflation, making poorer families undeniably worse off in real terms. Then, in the July Budget following the 2015 election, a four-year freeze in working-age benefits from 2016 was announced. The TUC has calculated that had JSA (over 25) continued to be uprated using the CPI index in 2013 and onwards, rates would be £76.09 compared to £73.10, 4.1 per cent higher than they actually are¹⁸.

The effect of these changes has been that the real value of JSA (alongside a number of other means-tested benefits) has decreased substantially, and these cuts target the poorest and most vulnerable in society.

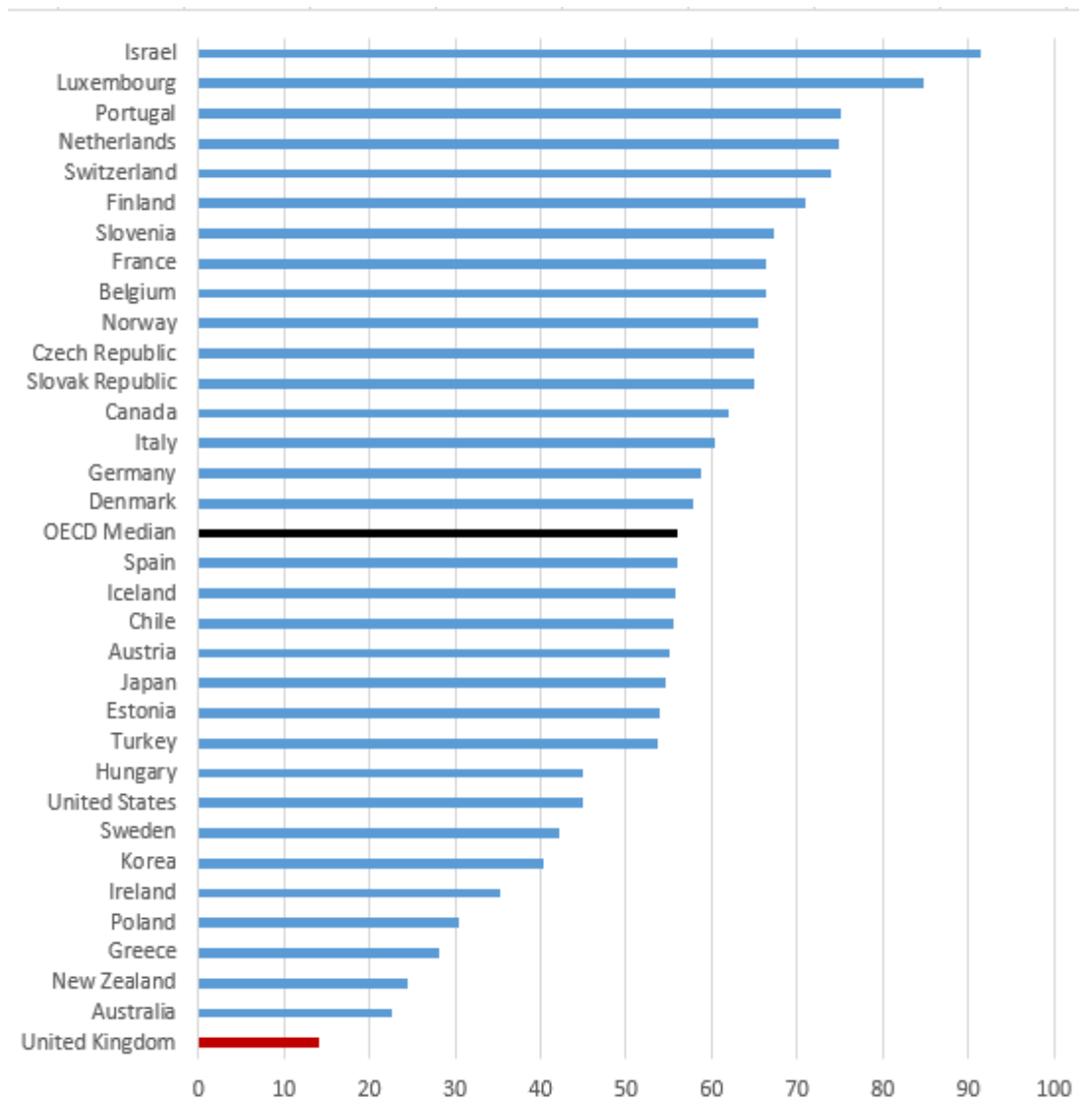
The UK now has one of the least generous welfare states in the developed world. A TUC report published last year¹⁹ showed that the value of unemployment benefits (when family and housing benefits are not included) is exceptionally low in the UK. This is because it both lacks an earnings-related insurance benefit, and its minimum income benefit is less generous than in any country other than the United States.

This can be seen by examining the generosity of unemployment benefits relative to a person's previous wage (this is known as the 'replacement ratio'). As the graph on the following page shows, a single unemployed person in the UK previously earning the average wage will only receive unemployment benefits equivalent to 14 per cent of their previous earnings.

Given that the OECD median is 56 per cent, it's obvious that the UK is particularly ungenerous.

However, once support for children and housing costs are considered, unemployment benefits in the UK become less markedly meagre, although it does remain on the less-generous end of the scale.

Net replacement rate in the initial phase of unemployment for a single person with no children, who previously earned the average wage, 2014²⁰

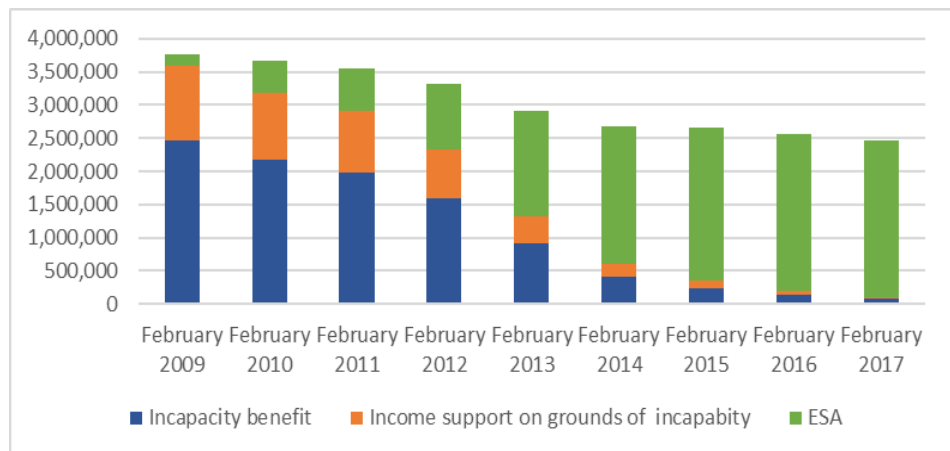


Employment and Support Allowance

Employment and Support Allowance (ESA) is the out-of-work benefit that is paid to people who are unable to work due to a long-term health condition or disability. It is important to note that given their medical condition or disability, the recipients of this benefit should not be considered available for employment.

The number of people on ESA vastly outweighs the number on JSA, with 2.37 million recipients in February 2017. ESA was introduced in 2008 to replace Incapacity Benefit and Income Support on the grounds of incapacity. The increase in the numbers of people claiming ESA can therefore be mainly ascribed to the fact that most people on Incapacity Benefit and Income Support have migrated onto ESA. Overall, the number of people claiming out-of-work sickness and disability benefits has fallen slightly over the last decade, but has plateaued over recent years.

The number of working-age people claiming out-of-work benefits on the basis of incapacity



Source – NOMIS

The process of claiming ESA is long and complicated. Following an interview with a healthcare professional and the Work Capability Assessment, a judgement will be made as to whether a person is fit for work, and if they are declared 'unfit' they are assigned to the Work-Related Activity Group or the Support Group.

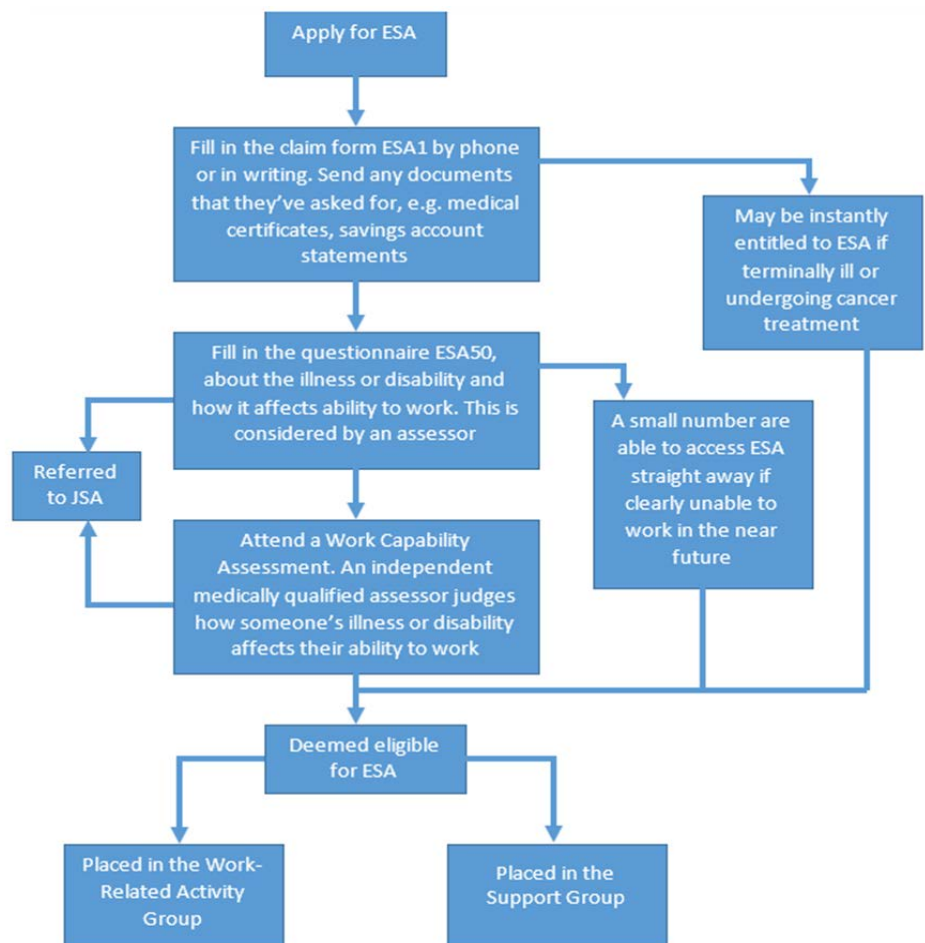
Those in the Work-Related Activity Group (WRAG) are not expected to be available for work or actively search for jobs, due to their sickness or disability. However, they are expected to be able to eventually return to work, and are consequently expected to make steps to prepare for this possibility. Like JSA recipients, they are obliged to sign a Claimant Commitment, which details the 'work related activity' they are

expected to undertake. They are also required to attend work focused interviews with a work coach.

Conversely, the Support Group is for individuals whose illness or disability severely limits them to the extent that they will be unable to work for the foreseeable future. As a result, they are entitled to unconditional support and are not expected to make any steps to prepare for work. However, they can choose to engage with employment support.

Once a person has been assessed, entitlement depends on which group they have been placed in. At present, if a person is placed in the ‘work-related activity group’ they can receive up to £73.10 per week, whilst if they’re in the support group they can receive up to £109.65 weekly.

The complex process of claiming ESA:



As well as ESA, a person may receive payments relating to their disability, such as Disability Living Allowance, or its replacement Personal Independence Payments.

The Welfare Reform and Work Act 2016 means that since April 2017, those who open a new claim and are placed in the ESA WRAG have had their benefits aligned with JSA recipients, and the equivalent “limited capability for work” component in Universal Credit will be abolished. This has reduced the levels of benefits for new ESA recipients from £102.15 to £73.10, a cut of nearly a third.

The TUC is very concerned about this decision. Those in the ESA WRAG have been medically assessed as currently unable to work, as a consequence of their disability or health condition.

The TUC is far from convinced that the levels of JSA provide an adequate standard of living for anyone. This is especially the case given that the cost of living is higher for disabled people, with the disability charity Scope estimating the additional expense occurred at £550 per month²¹.

The government has suggested that cutting the rate of ESA will incentivise sick and disabled people to work. This is despite the fact that there is no evidence supporting this view. A review by numerous disability charities²² has shown that the main consequence will be to push sick and disabled people further into debt and poverty.

The TUC’s overriding concern is that the Work Capability Assessment (WCA) does not assess the chances that disabled people have of moving into work. And we are concerned that the introduction of the WCA has led to large numbers of disabled people facing significant new responsibilities to seek work or engage in work-related activity while their chances of moving into jobs remain very low. We do not believe that an assessment of disabled people’s capability to work should be undertaken without regard to the quality of services and support that are available to disabled people who have the responsibility to seek work placed upon them.

The conditionality disabled people face in the benefit system, and the WCA’s assessment as to whether they are capable of work, takes no account of the quality of the jobs they are being asked to undertake. Some of the jobs that are available for disabled people, and other jobseekers, are not beneficial for health. We do not believe that the benefits system should force disabled people in to jobs that could damage their health or exacerbate existing conditions, and maintain that people whose condition causes them pain or fatigue should not have to look for (or stay in) employment.

WCAs in principle are meant to determine whether claimants’ limitations should place them in a Work-Related Activity Group, a Support Group, or whether they are deemed fit for work and therefore not eligible for ESA. In practice, disability campaigners have raised concerns for years about their validity for determining fitness for work, citing growing numbers of appeals and unrealistic eligibility criteria.²³

Universal Credit

Both the out-of-work benefits discussed so far (JSA and ESA) will come to be replaced with Universal Credit in the following years.

Universal Credit (UC) is designed to bring together all the means-tested benefits and tax credits for people of working age. It will eventually replace six benefits: income-based JSA, income-related ESA, income support, child tax credit, working tax credit and housing benefit. As such, it will be available both to those who are out of work and those who are low paid. The stated primary aim of this reform is to strengthen incentives to work.

UC was introduced in April 2013 in certain pathfinder areas of North West England. Its roll-out has been fraught with problems, with the abolition of the current system of benefits delayed from October 2017, as originally proposed, to 2022²⁴. It is now available in all jobcentres, and has been rolled out to new single unemployed people. The number of people on Universal Credit as of 13 July 2017, was 570,000, 39 per cent of claimants are in work²⁵.

Most people apply online for UC and manage their claim through on an online account. After making a claim, an initial interview takes place with the recipient at which the eligibility for UC is confirmed and a Claimant Commitment is signed.

Unlike previous benefits, UC recipients receive a single monthly household payment, paid into a bank account in the same way as a monthly salary. Support with housing costs will also usually go directly to a recipient as part of their monthly payment. The final chapter includes a broader discussion of UC and its impact on the welfare-to-work system.

How is the amount of Universal Credit calculated?

The amount of UC a family will receive is calculated by working out their maximum entitlement and then deducting an amount related to their income. The maximum entitlement is made up of:

A standard allowance (which depends on whether a person is over 25 and whether they are single).

A child element (with different rates for first and subsequent children).

A disabled child element (which is paid at a lower or higher rate).

A disability element (where the family receive a Lower Capability for Work Element or a higher Limited Capability for Work & Work-Related Activity Element).

A carer element.

A childcare element.

A housing element.

The deductions to UC take account of earnings, other income and savings, earnings are reduced according to a fixed taper.

Recommendations

The TUC calls on the government to:

1. Protect the level of means-tested benefits to prevent hardship

It is the TUC's belief that the levels of means-tested benefits do not provide an adequate standard of living, and arguably fail to cover even the most essentials.

The real value of these benefits has declined substantially over recent years, and the TUC is particularly concerned about the decision to freeze working-age benefits until 2020.

Added to this is rising inflation (CPIH) at 2.6 per cent, a year ago, this was only 0.8 per cent, and the Bank of England expects inflation to increase to around 3% in the Autumn. This will further erode the value of benefits.

These benefits are intended to provide a safety net for those who need it. The government should carefully monitor the value of benefits relative to the goods people can buy. If people are no longer able to afford essential items, the government must uprate these benefits accordingly.

Furthermore, the TUC does not believe that under-25s should receive lower levels of benefits. A substantial proportion of young people live independently, and not

always out of choice. Young people often face the same costs of living as older adults, and as such the TUC suspects this policy is causing unacceptable levels of hardship.

2. Reform the Work Capability Assessment

The current process for claiming ESA is very complicated, and can be daunting for people already struggling with a health condition or disability.

The Work Capability Assessment is often considered invasive and inappropriate, particularly for those with mental health conditions. There are serious and ongoing concerns that the Work Capability Assessment has often resulted in incorrect decisions, with a significant number of those found 'fit for work' successfully appealing the decision.

The government should create a new, fairer assessment to replace the WCA altogether and ensure it becomes better integrated with employment support programmes.

3. Support should also be given to navigate the social security system.

Navigating the social security system and appealing decisions can be challenging tasks for claimants, adequate support should be given to claimants by job centre staff. There should also be an equivalent of a claimant ombudsman to arbitrate any unresolved complaints, to ensure claimants can address any grievances.

4. Reverse the decision to reduce the levels of payment to those in the ESA WRAG

The TUC believes that the decision to align the rates of benefit between JSA recipients and those in the ESA WRAG, and to abolish the equivalent "limited capability for work" is deeply flawed.

This reform is likely to deepen poverty for a group who are already vulnerable. This is because people in the ESA WRAG are likely to spend significantly longer out of work, and are also likely to have extra costs associated with their health condition or disability.

The TUC also agrees with numerous disability charities that this reform is likely to be counterproductive in supporting disabled people into work.

Section three

The role of job centre plus: supportive or severe?

Jobcentre Plus (JCP) is the UK's public employment service. In other words, it is the government body which links unemployed people to vacancies. Yet it also has another role: it is responsible for the administration of working-age benefits.

This chapter explores whether JCP is effective in combatting unemployment through considering three key aspects of its role: monitoring compliance, providing jobsearch support, and matching vacancies to unemployed people.

Ensuring that unemployed people fulfil their responsibilities to look for work

A significant aspect of the role of JCP is to ensure that JSA and unemployed UC recipients are independently searching for work.

The system of welfare-to-work in the UK is predominantly “self-help”. Independent jobsearch is perceived to be the primary strategy for moving into work, and as such it is expected to take up the majority of unemployed people's time.

As was discussed in the previous chapter, the Claimant Commitment specifies the number of hours an unemployed person should dedicate to jobsearch, and details the methods they should use.

After the initial New Jobseeker Interview (discussed in the previous chapter), the main interactions JSA and unemployed UC recipients have with JCP are Jobsearch Reviews. These brief meetings are face-to-face, and usually take place weekly or fortnightly. They are also primarily compliance focussed.

Unemployed people are responsible in these meetings for demonstrating that they are fulfilling the conditions of their benefit receipt. When a person first claims unemployment benefits, they are expected to sign up to Universal Jobmatch, the government's website designed to match jobseekers to vacancies. They are then encouraged to allow their work coach access to their online account, in order to provide evidence of their jobsearch. However, unemployed people can also provide their own records, for example by using the ‘My Work Plan Booklet’ provided.

The OECD recently found that the UK has one of the strictest job search monitoring regimes out of all OECD countries²⁶, alongside Portugal, the Slovak Republic and Australia.

The TUC believes that it is important that what is being monitored is an unemployed person's progression to work, rather than simply the time they spend job searching or

Further support available: a plethora of programmes

the number of jobs they apply to. The Work and Pensions Select Committee have voiced concerns that the Claimant Commitment facilitates “process-driven, box-ticking behaviour”²⁷, with the focus being on applying to a specific number of jobs, or completing a prescribed set of tasks, whilst the effectiveness of a recipient’s job search is ignored. Unemployed people are mandated to perform a large number of steps, and a small divergence, such as applying for a different job or one fewer job, can leave them liable for punishment.

The companion of monitoring: sanctioning

Hand-in-hand with heavy job search requirements and monitoring is a strict sanctions regime.

If a person fails to comply with their Claimant Commitment without providing evidence of “good cause”, their benefits can be stopped for a period of time.

In 2012, new changes were introduced in the Welfare Reform Act to tighten the sanctions regime and make it more transparent. After this, the use of sanctions increased dramatically, both in terms of the number of sanctions imposed and as a proportion of JSA recipients. On an annual basis²⁸, in the 12 months to March 2014, 6.76 per cent of JSA claimants were being sanctioned on average per month. A significant proportion of these sanctions were successfully challenged (through the mandatory reconsideration and appeals processes), and taking these into account the figure falls to 5.83 per cent²⁹. While the rate of sanctioning for JSA is still higher than before the coalition government came to power, there has been a fall in the numbers.

The May 2017 DWP statistical release, published statistics on Universal Credit sanctions for the first time. Analysis of the data³⁰ shows in 2016 the average monthly rate of sanctions under UC over the 17 months for which data are published was very high at 7.1% of claimants before challenge, compared with only 2.6% for JSA. This makes the overall monthly rate for unemployed claimants 3.75%. Reasons for the higher UC rate include the relative youth of UC claimants and the fact that under UC, more of those who miss interviews are sanctioned rather than have their cases closed.

The ESA monthly sanction rate before challenges is stable or slightly rising at about 0.33% per month.³¹

If people are repeatedly falling short of the requirements placed upon them, despite the harsh sanctioning regime giving them a good reason to comply, it seems that the problem is likely to be the requirements themselves.

The TUC is concerned that when it comes to vulnerable individuals, the Claimant Commitment is failing to take into account individual circumstances, and is leading to high rates of repeat sanctions.

What is the UK's sanctioning policy?

JSA sanctions

There are three different types of JSA sanctions:

Lower level sanctions, which a JSA recipient might receive if:

- They don't go to meetings on time with their work coach or take part in interviews.
- They don't follow jobseeker directions such as attending a training course or updating their CV.
- They do not take part in employment programmes when told to.
- They don't meet their employment programme provider on time or take actions they tell them to do.
- They lose an employment programme place through misconduct or give up a place on the scheme voluntarily.

Intermediate level sanctions, which could lead to someone's claim being ended. These are normally imposed when it is believed a claimant is not available or actively seeking work.

With both lower and intermediate sanctions, the first sanction in each 52-week period means a person's benefit is stopped for 4 weeks. If they get another sanction within the next 2 weeks, that will also last 4 weeks (concurrently). Any further sanction within 52 weeks of the last will lead to the benefit payment being stopped for 13 weeks.

Higher level sanctions, which are imposed on those who:

- Were dismissed for misconduct from their last job.
- Left their last job without good reason.
- Don't apply for suitable jobs their work coach or employment programme advisor tells them about.
- Don't take a job that their work coach or employment programme advisor told them about if they were offered it.

Further support available: a plethora of programmes

The first higher level sanction a JSA recipient receives in each 52-week period leads to their benefit payment being stopped for 13 weeks, and if they receive another higher-level sanction within the next two weeks that again lasts for 13 weeks (concurrently). If they get another sanction in the next 52 weeks this will lead to their benefit payment being stopped for 26 weeks, and if they receive another higher-level sanction within the following 2 weeks that again lasts for 26 weeks (again, concurrently). However, if they get another higher-level sanction within 52 weeks of the last sanction, their benefit payment will be stopped for 156 weeks, i.e. three years.

ESA sanctions

ESA recipients in the Support Group receive benefits unconditionally, so are not subject to sanctions.

Those in the WRAG, however, can be subjected to sanctions. Where those in the ESA WRAG do not attend, work focussed interviews or engage in work-related activity, they receive an open-ended sanction until they comply. Once they do the activity asked, this is followed by a fixed period sanction. The fixed period sanction is one week for their first failure in a 52-week period, two weeks for a second failure and four weeks for third and subsequent failures.

Universal Credit

The rules for the level of Universal Credit sanctions are based on the rules for JSA and ESA sanctions. Anyone who receives Universal Credit can be sanctioned and the level of the sanction depends upon the conditionality group that you are placed in. However, there are differences in the administration of hardship payments (discussed later), and the fact that they are lengthened by being made consecutive, not concurrent.

Applying a sanction

There are two steps to imposing a sanction. In the first step, a work coach at JCP or advisor on the Work Programme who believes an unemployed person has failed to meet the conditions of benefit receipt files a referral for sanction to the JCP office. In the second step, a decision-maker within JCP who is not the unemployed person's work coach reviews the case and ascertains whether a sanction should be applied. This two-step process is supposed to offer protection from arbitrary sanctioning, as well as protect the relationship between the unemployed person and work coach.

Are sanctions effective?

The monitoring of a person's job-search combined with the risk of sanctions is supposed to have a 'threat' effect. This is intended to motivate unemployed people to find a job quickly, invigorating their job search.

The first thing to note is that this conclusion is far from obvious. Given how harsh the penalty of sanctioning is, many unemployed people are entirely focussed on fulfilling the requirements set and demonstrating their compliance.

If the demands set are useful in helping someone progress to employment, this could be positive. However, if the demands are merely 'hoop-jumping', this could be a diversion of attention and resources away from useful jobsearch. For example, a report by Welfare Conditionality³² found that some welfare users reported applying for jobs just to fulfil a quota, including those which they were unlikely to get and even those they were unqualified for.

Although sanctions are often described as a last resort, it is important to remember that every year a significant minority of JSA recipients are subjected to them. This means sanctions are more than just a 'threat', for many people they are a lived reality. For these people, sanctions cut them off from what is likely to be their primary source of income for a minimum of four weeks, often leaving them unable to pay for essential items. Experiencing destitution is likely to have focussed their attention on survival rather than jobsearch, likely prolonging their time out-of-work.

Overall, the system appears designed to force people to take the first job that comes available. The TUC is concerned that this has led people to become more willing to accept employment that is lower paid than their previous work, which is a poor fit with their skills and experience, or which is insecure or otherwise of low quality.

Indeed, a general overview of the literature³³ makes it clear that whilst sanctioning raises exit from benefits, and may also increase short-term job entry, the longer-term outcomes for earnings, job quality and employment retention appear unfavourable.

Furthermore, a recent paper³⁴ investigated the effectiveness of applying sanctions by evaluating the impact of the rise of sanctioning following the Welfare Reform Act of 2012. It found that increasing the application of sanctions corresponded to a substantial number of people exiting JSA. However, the majority of people who left JSA as a result of a sanction had not found jobs. As such, the stricter sanctioning policy does not appear to have had a positive impact on the recovery of employment levels, only in the decreasing numbers of those on unemployment benefits.

It is important not to welcome 'benefit exit', unless there is corresponding 'employment entry'. If the punitive use of sanctions drives people away from social support, this approach is inhumane, as low take-up of means-tested benefits is a serious contributor to poverty³⁵. This approach is also remarkably myopic. In the short run, it may save the taxpayer money, but the additional financial pressure is likely to hinder an unemployed person's job search. Furthermore, JCP support is only

Further support available: a plethora of programmes

available for those claiming out-of-work benefits, and distancing someone from this support is likely to prolong labour market dis-attachment.

Interestingly, the sanctions regimes of other European countries have been shown to have similar effects on benefit exit and employment entry. However, in most European countries the reduction in benefits is only partial, and it is also common for there to be a warning system – where there is no sanction for a first offence³⁶.

Furthermore, there is no evidence to suggest that having a longer sanction period (higher level sanctions in the UK can lead to a three-year suspension of benefits) is any more effective than shorter sanctions, and there has been no apparent evaluation by the DWP on the likely impact of this policy on JSA recipients³⁷.

Are sanctions proportionate?

The TUC believes that the levels of sanctions imposed on unemployed people are grossly disproportionate to the ‘offences’ for which they are given.

It is often thought that we can distinguish between two types of sanctions: administrative and behavioural³⁸.

Administrative sanctions relate directly to the benefit claim, such as attending JCP interviews on time, correctly filling out forms, and other behaviour that is primarily to do with the process of the claim and continued entitlement. In contrast, behavioural sanctions are those that relate to failing to demonstrate being available for work and actively seeking it, as well as refusing offers of employment.

Although it is sometimes hard in practice to distinguish between these two types of sanctions, it appears that administrative sanctions constitute a large proportion of those applied. For example, about one-quarter of JSA sanctions in 2015 were applied as a result of someone being late or missing an interview at JCP³⁹.

While we may question whether even wilful non-compliance should make one vulnerable to being treated worse than a criminal⁴⁰, it seems that administrative sanctions highlight the inhumaneness of the regime. It seems astonishing that someone could lose their only source of income for a minimum of four weeks, simply as a result of being several minutes late to a meeting.

Furthermore, the system regularly sanctions people incorrectly, or when they had ‘good reason’ not to do something they had agreed to (for example as a result of sickness or bereavement)⁴¹.

If a person believes they have been sanctioned incorrectly, there is a process of challenging that decision. The first step is asking the DWP to review the decision (mandatory reconsideration), and following that there is the option to appeal.

However, it is doubtful that the appeals process offers an adequate safeguard against inappropriate sanctioning. Appealing is perceived to be a drawn out and difficult process, which discourages people from challenging the decision. This is despite the fact that a significant proportion of challenges are successful.

Hardship payments

There is a system of hardship payments in place, which should protect households from going without essential items. However, there is reason to believe that this does not provide an adequate safety net.

In the first place, people have to be aware that this support is available, and know how to apply for it. Evidence suggests that some people in need of this support are unaware it exists.

JSA recipients:

Unless a recipient is classed as vulnerable, there is no entitlement to discretionary hardship payments until the fifteenth day of the sanction period.

In order to be eligible, JSA recipients have to be able to demonstrate that they would be at risk of severe hardship, to the extent that they are unable to afford essential items such as food, clothes and shelter.

As well as being two weeks delayed, JSA hardship payments are only 60 per cent of the JSA recipient's personal allowance, or 80 per cent when the recipient, or a member of their household, is pregnant or seriously ill.

ESA recipients:

Where ESA recipients are subject to a sanction and they can prove that they are at risk of severe financial hardship, hardship payments of 60 per cent of the ESA personal allowance are payable from day one of a sanction period.

Universal Credit:

As mentioned previously, the system of hardship payments for UC recipients differs from that available for JSA recipients.

For UC recipients, hardship payments are only a loan and have to be repaid.

All sanctioned UC recipients must also demonstrate 'compliance' for seven days before applying for hardship payments, and must reapply for each four-week period.

The 80 per cent hardship rate for 'vulnerable' recipients is also abolished.

Further support available: a plethora of programmes

Regardless of the reason for its imposition, a sanction in the UK can leave a person with no income for a minimum of four weeks. Whilst there is a system of hardship payments, it is apparent that it is failing to prevent extreme deprivation.

Given the limited support available through hardship payments, it is no wonder that sanctioning can have such negative impacts on those affected. A recent report found that effects of sanctioning included: “shock and confusion (for those who believed they had been compliant); financial hardship and deep poverty; debt, arrears, eviction threats and homelessness; hunger, missing meals, foodbank use; ill-health; family tension, worsened domestic violence, and acute emotional effects, such as anxiety and depression”⁴².

The link between sanctioning and food bank use has been reported elsewhere. A joint report by CPAG, the Church of England, Oxfam GB and The Trussell Trust⁴³ (which runs a national network of food banks) reported that sanctions “featured strongly” in the in-depth interviews about participants’ given reasons for food bank use. Administrative data⁴⁴ indicates that around 20–30 per cent of food bank users were subject to a benefit sanction.

What is more, the people who are the most at risk of sanctioning are also the most vulnerable. It has been found that those who are homeless, mentally ill, have learning difficulties or struggle with language barriers are disproportionately more likely to receive a sanction.

As reports by homeless charities the YMCA⁴⁵ and Crisis⁴⁶ would suggest, this is not because people do not want to work. Having complex needs means that people are more likely to face difficulties meeting conditionality requirements. For example, many homeless people do not have easy access to a computer, so requiring them to search for work online is setting them up to fail.

The Claimant Commitment is supposed to be personalised to each jobseeker’s circumstances, yet it seems that the present system does not adequately recognise that some people are more likely to struggle to comply with the heavy job-search criteria. It seems that the Claimant Commitment is therefore insufficiently tailored to individual circumstances and limitations.

Providing support and advice to unemployed people

As set out previously “signing on” meetings are generally brief and focused on an unemployed person’s compliance with their Claimant Commitment. Alongside this, however, there are quarterly Work-Focussed Interviews (WFIs), at which work coaches should offer jobsearch advice and support. Work coaches have the flexibility on deciding the frequency, duration and content of these interviews. During WFIs work coaches may refer unemployed people to training or labour market programmes (discussed in the next chapter), or can encourage them to participate in voluntary activities to improve their employment prospects.

One recent reform has been the replacement of the ‘employment advisor’ with the ‘work coach’. Work coaches are supposed to mentor the unemployed people they are responsible for, and tailor job search advice to them. However, many welfare service users say that their experience of JCP is one of punitive conditionality, which fails to be balanced by effective support⁴⁷. There appears to be a lack of capacity within JCP to help unemployed people with their job search or offer individual advice.

The reason for this reduced capacity appears to be the growth of unemployment in the aftermath of the financial crisis⁴⁸. In order to cope with the increased demand for employment advice and support, JCP services were reformed – with increased focus on self-help and less job search support on offer. Despite falling levels of unemployment, these reforms have not been reversed.

As such, before someone is classed as long-term unemployed (and referred to the Work Programme – see following chapter), they are likely to have experienced little advice or assistance in finding a job.

Eligibility for more intensive support is generally based on the length of time a person has been unemployed for. This is to restrict support to people who need it. However, the longer a person spends out of work the harder it becomes for them to find a job. As such, it would be better to identify people who would benefit from extra support at the outset, and provide it in the early stages of their claim. By overcoming barriers to work quickly, the chances of this ‘harder to help’ group finding employment would be greatly improved.

It seems there are, at present, insufficient methods of assessing the relative difficulty a given individual might have in finding work. The means used to assess an unemployed person’s ‘work readiness’ vary substantially between jobcentres, and some key characteristics are being missed⁴⁹. As such, work coaches are often left with insufficient understanding of the barriers unemployed people face. A long-standing policy call of the TUC is that a segmentation tool should be developed, and the Work and Pensions Select Committee have also argued strongly for this. They propose that this would-be a thorough and systematic face-to-face assessment of unemployed people’s barriers to work during their New Jobseeker Interview. This would identify a person’s skills, qualifications, employment history and circumstances (such as sickness, disability or caring responsibilities). This could then help JCP to recognize those who face severe barriers to work and offer them intensive support earlier in their claim. Conversely those with fewer barriers to work could be offered ‘light touch’ treatment during the early months of unemployment.

Matching unemployed people with vacancies

One of the main aims of Jobcentre Plus is to offer an effective recruitment service to employers and match unemployed people to suitable job vacancies.

Universal Jobmatch

Universal Jobmatch, which was introduced in November 2012, is both an online vacancy database and a recruitment website on which unemployed people (regardless

Further support available: a plethora of programmes

of whether they claim out-of-work benefits) can search for and apply for jobs. JSA and unemployed UC recipients are required to register with the website and are encouraged to allow their online job-search activity to be monitored by Work Coaches. JCP provides access to the online portal via computer terminals in JCP offices.

Universal Jobmatch is open to all employers, whether or not they are registered with JCP, who can set up accounts, advertise vacancies, search for unemployed people who have made their CV public, get a list of potentially suitable people matched via their CV and skills and contact selected candidates. The service is free of charge to both unemployed people and employers.

This website is the main tool through which unemployed people are supported to find work. However, it is purely a 'self-help' portal, and arguably not a very adequate one.

Whilst it has been argued that Universal Jobmatch offers an improvement over previous systems, unemployed people have encountered significant problems with it. It has repeatedly been found to list dubious, duplicate, out-of-date and inaccurately categorised vacancies⁵⁰.

The TUC believes that the oversight and management of the Universal Jobmatch website should be improved – so that only genuine and accurately described job vacancies are advertised. This is especially important as Universal Jobmatch is used as a tool to monitor jobseekers' online job search.

Furthermore, it must be noted that not everyone is computer literate or has easy access to a computer. A survey of welfare service users found that a number of them found the expectations to search for jobs online difficult⁵¹.

Recommendations

1. Reform the Claimant Commitment

Given that unemployed people have to provide evidence of compliance with their Claimant Commitment, it is important that the demands placed upon them are reasonable, and will further their progression to work.

This is clearly not the case at present. For example, one survey of Universal Credit recipients⁵² asked people to consider all the actions they accepted as part of their Claimant Commitment. Only half of people felt that all the steps they agreed to would increase their chance of finding work (53 per cent), and only three-fifths (59 per cent) felt the steps they agreed to were achievable.

The TUC has two main concerns when it comes to the Claimant Commitment. Firstly, there is some evidence of 'hoop-jumping', where unemployed people are required to engage in activities that will not help them progress into work. Secondly, the TUC does not believe that the Claimant Commitment is sufficiently personalised

to take into account individuals' circumstances and needs. This has meant that for some people, the requirements placed upon them are onerous and unachievable.

The government therefore should review the Claimant Commitment. It should become more of a genuine discussion between unemployed people and their work coaches, and should only contain activities that are fair and useful.

2. Commission an independent review of benefit conditionality and sanctions

The TUC believes that the current sanctions regime is neither effective, nor proportionate.

It is not effective because:

It diverts attention away from useful jobsearch towards demonstrating compliance.

It deprives people of essential items. This focusses their effort on survival, not jobsearch.

It pressurises people to take jobs that are lower paid and of lower quality.

It drives people away from social security, exacerbating poverty and distancing them from JCP support.

People receive sanctions that are wildly disproportionate to the "offence" for which they are given. People can be cut off from their main source of income for a minimum of four weeks for something as minor as being late to an appointment.

The system of hardship payments is failing to prevent extreme hardship. People who have been sanctioned often experience severe deprivation, and the 2012 rise in sanctioning has been linked to an increase in foodbank use.

The only review that has looked into these issues has been inadequate in addressing these concerns. The Oakley review into benefit sanctions⁵³ was afforded only very limited terms of reference. This meant that there were a great number of issues with the sanctions regime that were not considered at all⁵⁴.

As such, the TUC supports the Work and Pensions Select Committee⁵⁵ call for a broad independent review of benefit conditionality and sanctions. This should investigate whether sanctions are being applied appropriately, fairly and proportionately.

3. Strengthen the safety net provided by hardship payments

To reduce the risk of severe deprivation, hardship payments should be available to all claimants from day one of the sanction period. There should also be moves to make hardship payments automatic, particularly for vulnerable unemployed people.

4. Improve the jobsearch support available to unemployed people

Many unemployed people say that their experience of JCP is one of conditionality, rather than support.

Further support available: a plethora of programmes

Although some people find work easily, others have more entrenched barriers to work. At present, their first opportunity to receive extra support is usually when they are long-term unemployed and are referred to the Work Programme. Even then, as shall be discussed in the following chapter, the interventions offered are often generic, and insufficient in tackling individuals' specific barriers to work. This is concerning, as we know that the longer someone spends out of work, the harder it becomes for them to find a job.

The TUC believes that personalised support, where the advisor or work coach can be flexible to the needs of the jobseeker, can be critical in supporting disadvantaged people to prepare for, find, enter and stay in work.

In order to identify the people most in need of this support, a segmentation tool should be introduced, which would allow severe barriers to work to be identified quickly and consistently.

5. Tackle the problems identified with Universal Jobmatch

There have been multiple issues identified with the quality of the Universal Jobmatch website.

This is of particular concern given that it's one of the main sources of support offered to unemployed people, and because it's a tool work coaches use to monitor a jobseeker's compliance with their Claimant Commitment. As such, the oversight and management of the website should urgently be improved.

The TUC is also concerned that some people required to search for jobs online are not computer literate. JCP should offer support to help people become more confident with online jobsearch. Any sanctions applied in such instances would be wholly inappropriate.

6. Pro-actively 'match' employers and unemployed people

Many employers neither understand nor use JCP services, and those that do are often disappointed with the service they receive.

It should also act more like a recruitment agency. Rather than simply offering a space for employers to advertise their vacancies, they should sift through the unemployed people they are supporting, identify those suitable for the job and promote them to the employer.

Section four

Further support available: a plethora of programmes

Since the 1990s the jobcentre has combined its standardised job search support with employment programmes (“active labour market programmes”), which are designed to help the long term unemployed, or those with particular disadvantages, to find work. These are generally delivered by contracted private and voluntary sector providers. In this section, national programmes will be discussed, but it is important to note that these often coexist with a range of programmes commissioned at a more local or regional level. Support specifically for disabled people will be discussed in the next chapter.

Support for unemployed people before they become long-term unemployed

In most circumstances, once a person becomes long-term unemployed they are mandatorily referred to the Work Programme. However, some support is available to unemployed people before they reach this point.

Support to address particular barriers to work

For some people who are especially distant from the labour market, support with job search (for example help to write CVs, or mock interviews) is not going to be enough, because underlying reasons mean it is hard for them to get work.

Two common barriers to work are low levels of skills and a lack of work experience. Historically, the response to a lack of skills was to provide training programmes. However, successive evaluations⁵⁶ have found mixed results for training programmes for the unemployed, with particularly poor results for longer programmes that lead to people spending a long period not looking for work. However, there is some evidence that programmes can be effective where there are highly targeted, are relatively small in scale, are directly linked to employment opportunities and join up with other provision. These features are therefore more prevalent in the more recent training programmes.

Work experience can also be important in addressing an unemployed person’s barriers to work. Through work experience unemployed people can develop sector-specific skills, improve their ‘soft’ employability skills, build up their confidence and, by having something recent to include in their CV, demonstrate to employers that they are ready to work.

Which training and work experience programmes are currently available?

Work Together

Through the Work Together scheme, unemployed people can volunteer with a local organisation. JCP can help find a participant a volunteering opportunity, or they can find one for themselves. Volunteering can be a way of adding work experience to a person's CV.

There is no data collected on how many unemployed people volunteer, and there is also no evaluation of the effectiveness of this scheme in finding people work.

The Work Experience Programme

The Work Experience scheme was introduced in 2011 and offers an unpaid work experience placement for those with little or no work history. It is targeted at those aged 18–24, and is open to JSA recipients, those in the ESA WRAG and lone parents on Income Support with a youngest child aged four. Referring unemployed people to work experience is discretionary on the part of work coaches, but they are advised to refer people who have been claiming benefits for more than three months. Participation is voluntary.

Participants on work experience schemes are expected to work for 25–30 hours a week for at least a fortnight and up to eight weeks. However, their placement may be extended by up to four weeks if an employer offers to take them on as an apprentice. A recent impact assessment⁵⁷ found that most placements took place in shops (45 per cent), offices (25 per cent) or warehouses (10 per cent).

The evaluation also found that taking part in work experience reduces the time 19–24-year-old JSA recipients spend on benefits and increases the time they spend in employment. In the two years following a work experience start, work experience participants spent on average 10 days less on benefit and 47 days longer in employment. Cost-benefit analysis suggests a net benefit to society of approximately £2,050 per participant.

A large majority (82 per cent) of work experience participants felt positive about their overall experience on the scheme, and nine in ten felt that the placement arranged for them was suitable. Participants generally felt that they had learned new skills and that the placements were well organised.

The TUC is concerned that this scheme demands very little of employers. Participation in the work experience scheme would have a greater impact if there were additional conditions on employers, such as the provision of a guaranteed reference, an exit interview, significant work-based training or an interview for a paid job.

Sector-Based Work Academies

The Sector Based Work Academy (SBWA) programme was introduced in 2011 in England, and 2012 in Scotland. The programme is designed to help unemployed people find work in sectors with high volumes of current local vacancies. Through it, jobseekers should gain relevant skills and work experience to find work in a specific sector, and it should also help them to progress into work.

An SBWA programme lasts up to six weeks and usually consists of sector-specific employment training (possibly achieving units towards a qualification), an unpaid work experience placement and either a job interview to fill a vacancy or help with the employer's application process.

SBWAs are open to those claiming JSA, UC, are in the ESA WRAG or are lone parents on Income Support who are aged 18 to 24 and whose youngest child is four. It is targeted at those who are considered relatively ready for employment, with no basic skills needs. Guidance also suggests that referred individuals should show an interest in a role in the sector. Unemployed people volunteer to take part, but once they have accepted a place, participation for the pre-employment training and interview becomes mandatory.

A recent impact assessment⁵⁸ showed that in the 18 months following a sector-based work academy start participants spend, on average, 50 days longer in employment and 29 days less on benefit compared to similar non-participants. The evaluation estimated a net benefit to society of approximately £2,000 per participant.

Participants seem to benefit from the scheme, with 87 per cent saying they had a positive experience overall. Participants also stated that they received good quality training, had developed new skills and had increased their confidence.

Where the SBWA included a work placement, 42 per cent of participants were offered a job upon completion.

Mandatory Work Activity

Mandatory Work Activity (MWA) was running across Great Britain from May 2011, and referrals ended March 2016. Work coaches could refer JSA and UC recipients over the age of 18 to mandatory work placements which lasted for up to 30 hours a week over a period of four weeks.

The evaluation⁵⁹ states that MWA had two objectives: providing work experience (in helping a job seeker to re-engage with the system, refocus their job search, develop the disciplines associated with full-time work and potentially develop some specific skills) and reinforcing conditionality (by demonstrating to unemployed people that the receipt of benefits is conditional on their willingness to search for and take up employment). Referrals to the scheme were at the discretion of Jobcentre Plus advisors, and guidance to advisors indicated that an unemployed person suitable for referral to MWA is one who is 'lacking or failing to demonstrate the disciplines and behaviours needed to seek out and secure employment'.

The ‘early impacts of Mandatory Work Activity’⁶⁰ evaluation found that participation did decrease the likelihood of someone claiming benefit, suggesting a deterrent effect in the short run. However, in the longer run this impact was not evidenced. On average, the impact over the first 21 weeks following referral equated to people being not in payment of benefit for about eight days. Most importantly, MWA referrals showed no employment impacts.

In the Comprehensive Spending Review, it was announced that contracts for MWA would not be renewed.

The TUC supports work experience for unemployed job seekers. A high-quality work experience placement with structured learning can be an important tool for helping unemployed people, especially those who are younger, to progress into work⁶¹.

However, we are concerned that a high-quality learning opportunity is not what is being offered, and too often these work experience schemes slip into ‘workfare’. The TUC defines workfare as mandatory, unpaid work experience. We believe workfare is a failed policy: it is both exploitative and ineffective.

Skills Conditionality

Skills Conditionality was introduced in England in 2011, and was extended to both Scotland and Wales in 2012. This is a form of conditionality, which has enabled jobseekers whose lack of skills had been identified as a barrier to them finding work to be mandatorily referred to skills training. The aim is that in addressing people’s skills needs, their employment prospects will be improved.

It seems that this policy has been badly implemented, with the type of recipient mandated varying greatly between different Jobcentre Plus offices and different work coaches. This inconsistency leads to uncertainty and confusion.⁶²

What’s wrong with workfare?

The TUC believes that workfare is exploitative to those involved, given that participants are made to work without being entitled to the Government’s National Living Wage. We also believe that this normalises the idea that the idea that certain groups of people are not entitled to payment for their labour and that lengthy periods of unpaid labour (e.g. internships or ‘volunteering’) are a precondition for employment.

Workfare is also unjust to those at the bottom end of the labour market. In the UK, all work experience placements should be additional to actual job roles – unpaid labour cannot be used to fill existing or expected vacancies for paid work. However, there is inadequate protection that employers won’t abuse the supply of free labour by displacing other workers. This means that work experience programmes threaten existing workers’ jobs and pay rates, especially when it comes to the availability of overtime.

There are also arguments that workfare encourages poor practice. By getting a supply of unpaid labour, unscrupulous employers are effectively receiving a subsidy from the government. This disadvantages other businesses who don't want to engage in exploitative programmes.

Multiple evaluations have also shown that workfare does not work in supporting people off benefits and into employment. This is because it limits the time a person has available for job search (the 'locking-in' effect). Too often it also fails to provide the skills and experience valued by employers.⁶³

For these reasons, the TUC considers workfare both exploitative and ineffective.

Support progressing into work

One barrier unemployed people face is that people without recent work experience are viewed as 'risky'. To reassure employers and encourage them to 'take a chance' on someone, JCP facilitates Work Trials.

Once a recipient has successfully applied for a job, they can work on a trial basis for a period of up to 30 days. Individuals participate on a voluntary basis and continue to receive benefit while on the Work Trial. At any point either the jobseeker or the prospective employer can walk away from the job.

To be eligible for a work trial a person must have been claiming JSA for more than 26 weeks, although it may be available earlier for certain unemployed people (for example if they are disabled).

Recently there has been no published evaluation of the effectiveness of work trials.

Support with becoming self-employed

The New Enterprise Allowance supports unemployed people into self-employment through financial assistance and mentoring. It is usually available to all individuals aged 18 or over who are claiming JSA, UC or are in the ESA Work Related Activity Group from day one of their claim.

When a job seeker expresses an interest in becoming self-employed to their work coach, Jobcentre Plus refers them to a contracted mentoring provider. The person receives a mentor, who helps them to develop a business plan. Once the business plan is approved and trading starts, the mentor continues to work with the individual for up to six months.

Providers are paid for on a payments-by-results basis. Where they receive the maximum level of payment for a participant, this can be decomposed into: 10 per cent on attachment, 30 per cent on a business plan being accepted, 30 per cent on trading starting and 30 per cent on a business trading for six months.

Instead of claiming out-of-work benefits, participants receive a small weekly allowance and the option to take out a loan. These loans are delivered through the Start-Up Loans Company, and are worth between £500 and £2,500, with an interest rate of 6 per cent a year.

A recent survey⁶⁴ found that although NEA business had a high sustainability rate, many are very small with low turnover. In the survey, participants were asked to estimate their monthly turnover, before wages and expenses had been paid. Over half of the businesses supported by the scheme (58 per cent) were reported to have an average monthly turnover of less than £1,000, with over one-third (37 per cent) reporting turnover of less than £500.

Support for the long-term unemployed: The Work Programme

What is the Work Programme?

The Work Programme was the Government's main welfare-to-work programme, it is currently being run down. From Autumn 2017, the new Work and Health Programme will come into force.

Unemployed people claiming JSA or ESA are referred on to the programme from JCP, and remain on the programme for up to two years.

The Work Programme is delivered by prime providers, who hold contracts to run the programme in their area. A key aspect of the programme is the freedom for service providers to implement whichever interventions they choose. A 'black box' approach has been adopted, meaning that the service unemployed people are offered is unspecified; providers have the freedom to introduce and implement their own ideas and schemes to help unemployed participants to find work.

To incentivise longer term outcomes the Work programme pays providers mainly for sustained job outcomes. Providers are paid by results: they receive a job outcome payment after a participant has spent a minimum length of time in employment (either 13 or 26 weeks, dependent on their payment group), and sustainment payments for every 4 weeks the participant remains in employment for a period thereafter. For the first three years of the programme, providers also received an attachment payment for taking a recipient on to the Work Programme, but since April 2014 the Work Programme has been an entirely payment-by-results programme. There are also incentive payments for providers from the fourth year of the contract who exceed the performance level of 30 per cent above non-intervention (the number of recipients who would have found employment without a programme).

There is a further incentive through the element of competition: in the first two years of the Work Programme, providers in each contract package area received an equal share of referrals to each customer group. From the third year of contracts, the Department for Work and Pensions (DWP) referred more people to higher performing providers. This market share shift occurs where there is a difference in provider performance (as measured by the ratio of job outcomes to referrals) for a particular customer group of at least three percentage points. Market share shift only applies within individual CPAs and within the relevant customer group. Where market share shift occurs, the worse-performing provider loses five percentage points of their share of new referrals.

The different payment groups:

The Work Programme was intended to be accessible for everyone, but in order to reflect the fact that some people require more support to enter employment than others, participants have been divided into nine different payment groups, largely by benefit but also by other personal characteristics. Which payment group a person is in determines whether their involvement is mandatory or voluntary, at which point they join the programme and when/how much the provider is paid. The differential payment model provides larger payments to providers when they help secure employment for recipients who have more entrenched barriers to working, such as ill-health or disabilities.

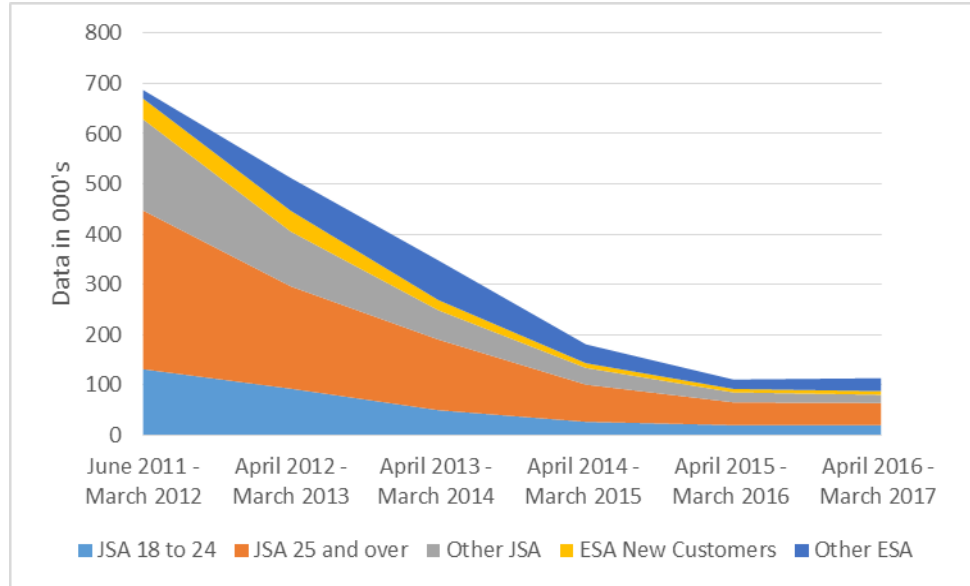
How well has the Work Programme performed?

Note: for the purposes of evaluation ‘other JSA’ includes JSA recipients who used to claim Incapacity Benefits, are early entrants or who are prison leavers. ‘Other ESA’ includes ESA recipients who have are expected to be fit for work in more than 12 months, are volunteering for the programme or previously claimed Incapacity Benefit, and it also includes those on Income Support or Incapacity Benefit.

From June 2011 to March 2017, almost 2 million people have been referred to the Work Programme of which 24 thousand were claiming Universal Credit⁶⁵.

Since the programme began, referrals have slowed down, with the most dramatic declines in the number of JSA recipients referred. This is most likely a result of falling numbers of JSA recipients, a consequence of the labour market recovery. Furthermore, initially ESA recipients who were expected to be ready for work within three months were required to join the programme; this was extended to claimants expected to be ready to work within six months from October 2011 and within twelve months from November 2012. These changes caused the number of ESA recipients to increase. As such, ESA recipients, who are expected to require more support and assistance, make up a higher proportion of later cohorts.

Annual referrals to work programme 2011- 2017



Source DWP

A ‘job outcome’ is defined as when someone has been in work for either three or six months, depending on their payment group. Between June 2011 and March 2017, 580,000 people achieved a job outcome, which is equivalent to 30.6 per cent of all recipients⁶⁶ who had been on the programme for a sufficient length of time.

The proportion of the most recent participants to complete a year on the scheme with at least six months in work (or three if they are expected to need more help) are well above minimum expected levels, and performance has been improving (the minimum expected level is based on expected movement into work without the programme). Of the January 2016 intake 22.3 percent spent at least three/six months in work after a year.⁶⁷

Percentage of each monthly intake with at least three/six months in work after a year



Source DWP

Around 1.7 million people have now completed the scheme. However, just how successful is the Work Programme for participants? Only 20 per cent of over 50s have achieved a job outcome over the course of the programme, compared with 37 per cent of 18-24 year olds, and 32 percent of 25 – 34 year olds. Similarly, in the East of England 33 per cent of referees who could achieve a job outcome had done so, compared to 26 per cent in Wales. ⁶⁸Data based on claimants' self-assessment of disability show that to June 2016, 35 per cent of people without a disability have received a job outcome on the Work Programme, compared to 18 per cent of people with a disability. ⁶⁹

It seems that jobs which people find are generally sustainable. Those in the March 2015 cohort who had achieved three/six months in work within a year had a further 50 weeks in work by the two-year point, and across all cohorts the average is just under a further 49 weeks. However, evaluations ⁷⁰ have found that part-time and temporary jobs were much more common among Work Programme participants than among the overall UK workforce.

Of those who have completed the scheme just under 1.1 million people (close to 63%) returned to Jobcentre Plus at the end of their two years on the programme. Around 1.8% of completers (a little under 32 thousand individuals) did not attach to the programme or completed early. The remainder of the completers, around 35%, were in employment at the end of their two years. The most recent participants to complete two years on the scheme spent, on average, just over 45 weeks of their time on the Work Programme off benefit. ⁷¹

The use of payment by results: did it deliver?

The Work Programme was not the first programme to operate on a payment-by-results (PbR) basis. However, it stands out as nearly all payments awarded to prime providers have been outcome-based.

The theory behind PbR is that by paying providers for placing and keeping individuals in work, the incentive structure reflects the outcomes desired. These models have become increasingly used in the pursuit of austerity, as there is additional pressure to deliver services more efficiently and effectively.

The object was to create a new market which optimises performance at the lowest cost. Did the use of PbR achieve this?

Quality

Given that two-thirds of participants return to Jobcentre Plus on completion of the Work Programme, it is not surprising that the quality of the programme has been called into question.

Rather than tailoring the programme to the individual, a 'one size fits all' approach appears to have been used, with rather generic interventions applied. It seems that a typical recipient journey through the Work Programme is the development of an

action plan, followed by fortnightly meetings with their personal advisor and some support with CVs, job search and interview techniques. There is limited referral to specialist support or training⁷².

Related to this is the disappointing performance for ‘harder-to-help’ groups. There is evidence of “creaming and parking”⁷³, a common phenomenon in previous programmes. ‘Creaming’ refers to providers focusing time and resources on clients who are closest to the labour market, in the expectation that they are more likely to trigger an outcome payment. ‘Parking’ refers to the opposite process, where those individuals deemed to be unlikely to generate an outcome payment are de-prioritised.

Having identified some of the key failures of the Work Programme, it is important to recognise how they came about.

The prioritising of cost over quality

PbR is supposed to be more cost-effective, as the government only pays for successful outcomes.

The Work Programme has been a success story with regards to cost-effectiveness – the Learning and Work Institute has estimated that the programme was delivered for about half the cost per participant of previous programmes⁷⁴.

However, there are concerns that cost was prioritised above quality. When organisations bid for contracts, bidders were allowed to offer discounts on DWP job outcome fees. It appears that the scoring system meant that this discounting had a significant impact on the tendering process, and it is likely that the majority of contracts were secured solely on the grounds of who discounted the most⁷⁵. Whilst cost effectiveness is important, it appears that the tendering process meant that it was finance rather than quality driving the shape of the market.

Burden of risk alienating traditional welfare-to-work providers

With PbR, rather than the government having to pay for upfront investment to deliver services, this responsibility is shouldered by providers. The government pays very little until results are seen, which shifts the risk of a service failing onto the provider.

With the Work Programme, prime providers had to make large initial investments, which they would only see a return on when sustainment payments started to come in. As such they had to be very well capitalised and well financed. Consequently, organisations were first required to bid to join the Employment Related Support Services (ERSS) Framework, a group of DWP-approved providers of employment services. To be accepted, organisations had to demonstrate financial strength and a track record of delivering large and complex contracts. After the Framework was decided, organisations then bid for each of the Contract Package Areas.

Out of the 18 primes selected, 15 were from the private sector, 2 from the voluntary sector and 1 was from the public sector. The requirements of the process seemed to

disadvantage voluntary sector organisations, which are generally smaller and more risk-adverse.

Furthermore, the problem of PbR was not limited to prime providers. Many subcontractors reported having the payment model ‘pushed down’ to them, meaning they faced similar difficulties with cash flow and risk. This caused many voluntary sector and specialist organisations to exit the market⁷⁶.

Employment services for years had been delivered by the not-for-profit sector, but the introduction of the Work Programme strongly reduced the role of voluntary organisations in tackling worklessness. Instead, the process has led to a number of large multinationals entering the UK welfare-to-work market, some of which had no previous experience delivering employment services.

Failure to innovate

The ‘black box’ approach means that rather than being mandated to deliver a particular service, providers have been awarded the freedom and flexibility to innovate. Given the outcome-based payment model, the model should encourage providers to act as efficiently as possible, and this pressure should drive innovation.

However, there is tension in the model. On the one hand the ‘black box’ approach and promise of a long contract should encourage innovation. On the other, innovation is both risky and costly. When it came to the Work Programme, it is clear which pressure won-out.

Another weakness in the model is that by not specifying or even noting the interventions, the government has been unable to learn from experience, even where providers have utilised innovative solutions.

Freedom to ignore

As the method with which the organisation is supposed to help recipients is not prescribed, PbR gives providers the freedom to tailor services to individual needs.

Yet it is clear Work Programme providers have adopted a purely ‘work-first’ approach⁷⁷. This has meant that few participants have been referred to training provision or support designed to address specific barriers to employment. Multiple evaluations have noted that specialist subcontractors have received low levels of referrals, and some have been forced to leave the supply chain.

This seems to be because where extra support is required, cost pressures have meant support has almost entirely been delivered in-house by generalist staff. More specialist organisations have complained that they have not received sufficient footfall to make their business viable, despite being used as ‘bid candy’ on prime contractors’ bids.

The consequence of a lack of specialist provision is that ‘harder-to-help’ groups have been severely let down.

One evaluation has noted⁷⁸: “Providers routinely classify participants according to their assessed distance from work, and provide more intensive support (at least as measured by the frequency of contact with advisers, for example) to those who are the most ‘job-ready’. Those assessed as hardest-to-help are in many cases left with infrequent routine contact with advisers, and often with little or no likelihood of referral to specialist (and possibly costly) support, which might help address their specific barriers to work.”

The programme design was supposed to combat this tendency, through offering different payments for different customer groups. This was supposed to encourage contractors to provide specialist support and focus on getting people with multiple barriers to employment into work.

Yet there is little evidence that differential payments have led providers to offer greater support to those with the most challenging circumstances. An evaluation by the National Audit Office⁷⁹ found that the spending prime contractors allocate to harder-to-help payment groups has reduced by 54 per cent per person on average from their original bids.

There appear to be several reasons for this:

Which customer group a person is in is largely dependent on the benefit they receive, but this isn’t always a good proxy for the level of support a person needs. People may well be claiming JSA but experiencing barriers to work such as disability, homelessness, or poor literacy, numeracy and IT skills. The customer groups are therefore rather arbitrary, as there is huge variation within these groups and they are not separated according to need.

Whilst the financial differentials between the payment groups are large, they still do not sufficiently reflect the extra resources required to help some people back to work or the relative likelihood of someone finding and sustaining work. An ESA recipient previously on Incapacity Benefit suffers from ill health or disability, and has no recent experience of work. As such, they are unlikely to find work, even with intensive support.

There are nine different payment groups, which means that organising support around these groups would be very complicated.

Support for the very long term unemployed: Help to Work

Since April 2014, JSA recipients who have left the Work Programme are referred to ‘Help to Work’.

On this scheme, Jobcentre Plus refers recipients to three different types of support in roughly equal quantities. Some recipients are made to attend the Jobcentre every day for three months for Daily Work Search Reviews. During their daily meetings with their work coach, they discuss the progress they’ve made in looking for work, such as the number of job searches or applications made, or new activity to improve their skills base. This support is “designed for recipients who would benefit from regular

support with looking for jobs, including those who need to build motivation, momentum and engagement”⁸⁰.

Others have to undertake a Community Work Placement for up to six months, with the recipient working (unpaid) for up to 30 hours each week. These placements are targeted at those whose lack of work experience is considered a barrier to them finding work. Jobcentre Plus refers the recipient to a contracted provider, who then sources the placement. The provider is paid on a partial payment-by-results basis, with start fees, completion outcome fees for spending time on the workplace or in work and job outcome fees for remaining in sustained employment. DWP has set a target of 15 per cent of recipients who start work placements going on to achieve Job Outcomes.

The work placement should benefit the local community and give the recipient skills and experience within the workplace. The recipient should also receive four to ten hours of job-searching support each week from the provider.

It was announced in the Comprehensive Spending Review that contracts for Community Work Placements will not be renewed. The TUC welcomed this announcement. Given that this scheme is mandatory and unpaid it constitutes workfare, and is exploitative. Furthermore, evaluations into previous community work placement schemes have tended to conclude these programmes frequently reduce participants’ employment prospects due to the time spent away from job search, and generally offer poor value for money⁸¹.

The third stream of support is known as the Mandatory Intervention Regime. A third of participants are initially referred to this stream, and in addition the other two-thirds move onto it once they have completed their Daily Work Search Reviews or a Community Work Placement. The Mandatory Intervention Regime is designed for recipients with multiple or complex barriers to work. Those referred to this stream receive extra-intensive support from their work coach, who tailors back-to-work support for them. The coach has the flexibility to, for example, send people on training schemes or refer them to other local services which may help tackle their barriers to work. The Mandatory Intervention Regime does not last for a set period of time, so recipients continue receiving this support for as long as they claim benefit.

Recommendations

1. Ensure work experience opportunities are of the highest quality

The TUC believes that a high-quality work experience placement with structured learning opportunities can be a key tool in helping unemployed people progress into work.

However, the two work experience programmes currently in place (SBWAs and the Work Experience programme) are failing to realise their full potential.

The TUC believes that work experience placements should:

Include a substantial element of high-quality, structured learning.

Take place in an industry the jobseeker is interested in – as opposed to the current reliance on the retail sector. This maximises the placement’s use to the jobseeker – as the relevant experience will be considered more favourably by future employers, and they will have developed sector-specific skills.

Ideally, have the potential to lead to a job or further training, such as an apprenticeship.

The DWP should trial paying the Government’s National Living Wage to people engaging in work experience placements. This would reinforce the financial advantages of employment to unemployed people.

2. Reform the New Enterprise Allowance to promote well-paid self-employment

The TUC is concerned that the New Enterprise Allowance scheme is leaving participants earning less than the minimum wage. People who rely on Universal Credit whilst in self-employment will find that UC assumes they are earning the living wage on a full-time basis, reducing their entitlements to in work benefits.

The payment-by-results model used rewards providers for the sustainability of a business, but fails to penalise them for low profits. The TUC supports Baroness Mone’s suggestion⁸² that the payments should be structured to reward contractors when participants are able to earn the living wage.

Section five

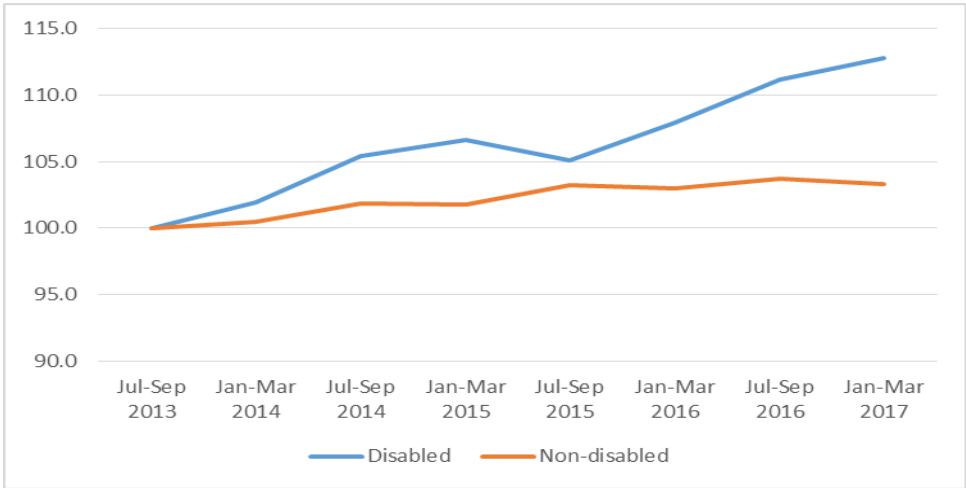
Specialist employability support for the sick and disabled

Employment support for disabled people and those with health conditions has become increasingly important on the political agenda. The previous Conservative government made a commitment to halving the employment gap between disabled and non-disabled workers in 2015. This has now been replaced by the current Conservative government in 2017 with a target to get 1 million more people with disabilities into employment over the next ten years. Analysis shows that this is a downgrade of the 2015 target and the current target will not be met till 2022 on current trends. ⁸³

There has been an increase in the employment rate of disabled people between 2013 and 2017. While this increase is positive, the latest employment figures for disabled people in the fourth quarter (Q1) of 2017 show that only 50 per cent of disabled people (as classified by the Equality Act) are employed, compared to a rate of 80 per cent for non-disabled people. The chart below shows that the level of employment among disabled people has been rising more quickly than for non-disabled people.

Changes in level of employment

Employment levels indexed to Q3 2013 (data not-seasonally adjusted) ⁸⁴



Increasing employment amongst disabled people is important to achieve greater equality and in lessening the extent of poverty amongst disabled people. Disabled people have a huge range of skills and abilities, and their exclusion from the workplace represents a tremendous amount of untapped potential. The disability charity Scope has found that a ten-percentage point increase in the employment rate amongst disabled adults would translate into an increase in GDP of £45bn by 2030, and the Exchequer would gain £12bn⁸⁵.

As well as the ‘mainstream’ programmes discussed previously, disabled people have access to specialist provision, the subject of this chapter.

There has been some long-standing support available to help disabled people move into work, for example the Access to Work programme (which will be discussed later) has been in place since 1994. However, the pressure on disabled people to actively search for jobs and engage with training has intensified over recent years, initiated by the introduction of ESA under the last Labour government.

The TUC believes that the extension of conditionality to disabled people has been inappropriate. The government often cite statistics that over half of disabled recipients would like to work. Yet what they refer to less often is that the same survey found that only 15 per cent of disabled recipients felt that they were currently able to work, and only 25 per cent believed that having a job would be beneficial for their health⁸⁶. Alongside specific issues relating to their condition, disabled people reported barriers to work such as the attitudes of employers, difficulty with transport and a lack of job opportunities.

This is indicative of the fact that the labour market for disabled people is very different to that for non-disabled people. For people with few barriers to work, unemployment rates are largely cyclical – it is predominantly dependent on the state of the economy. For disabled people, unemployment is structural. Disabled people suffer from barriers such as discriminatory behaviour by employers, lack of flexibility (for example, limited options to work on a reduced hour basis) and inaccessible workplaces.

Consequently, the TUC believes that conditionality is inappropriate with regards to disabled people. It ‘individualises’ the problem of disability, pointing the finger at an individual’s work-readiness rather than societal and structural barriers making it difficult for them to find work. The TUC is committed to the principle that disabled people have an equal right to work. However, for this principle to be realised there needs to be a radical transformation of the workplace and the eradication of the societal, and practical, barriers which continue to prevent and constrain disabled people’s work opportunities.

The social model of disability

The social model of disability understands disability as being caused by the way society is organised. It recognises that disabled people face barriers, but with appropriate support disabled people can live independently, exert choice and control over their own lives and make a significant contribution to society.

The social model contrasts with the medical model, which ascribes the problems disabled people face to their impairments or differences.

Whereas the medical model relies on 'fixing' the disabled person, the social model looks at how the barriers disabled people face can be removed. People with impairments become disabled when society fails to take account of these barriers (for example, steps for a wheelchair user). Hence the underlying causes of the barriers disabled people face are cultural and societal.

In the context of employment, the social model argues that the onus should not be on disabled people to demonstrate what they can do. Rather, the focus should be on fitting the job to the worker, to allow them to work to their full potential. This may mean making changes to the workplace and to workplace policies, practices and procedures to render them accessible to disabled people.

Jobcentre Plus support

If a work coach believes that an unemployed person requires specialist support due to their health condition or disability, they can be referred to a Disability Employment Advisor (DEA). These are specialist advisors, who have a greater understanding of disability and health conditions than standard work coaches. They can offer specific advice to disabled people and those with health conditions.

It is important to note that this support is limited. Those in the ESA WRAG typically attend the Jobcentre no more than twice a year, and the Work and Pensions Select Committee has estimated that there is only one DEA for every 600 people in the ESA WRAG, compared with 140 JSA recipients for every employment advisor⁸⁷. Under Universal Credit, work coaches will completely replace DEAs. This is disappointing, as a recent survey of recipients found that disabled respondents found DEAs an important source of support and spoke positively about their experiences with them⁸⁸.

Specialist employment schemes

Work Choice

Work Choice is a contracted specialist disability programme, which was introduced to replace WORKSTEP and Work Preparation in October 2010. Referrals to Work Choice are due to end in April 2017. The new Work and Health programme, to be

discussed in the final chapter, will consolidate the support provided in Work Choice and the Work Programme.

Unlike the Work Programme, Work Choice is voluntary and is open to people regardless of whether they are claiming benefits.

The programme is delivered by contracted prime providers, who may subcontract to a range of other specialist or niche providers to offer more tailored support. Provision is also delivered by Remploy, a non-departmental government body.

Providers receive a service fee for each individual on the Work Choice programme, but they also receive further payment if that individual obtains a job outcome and if that job outcome is sustained (i.e. if that person remains in work for at least six months). Where a provider receives the maximum payment for an individual this is composed of: 70 per cent from the monthly service fee, 15 per cent from the placement payment (for moving into work that is expected to last 13 weeks) and 15 per cent from the sustained work payment.

Eligibility for Work Choice:

To be eligible for Work Choice a person must:

- Be of working age.
- Have a recognised disability that makes it hard for them to get or keep a job.
- Require support both to find work and to stay in work.
- Be able to work at least 16 hours per week within six months.
- Require specialist help that cannot be accessed through other Government schemes such as Access to Work

To join the programme, a disabled person is referred to a Disability Employment Advisor, who is tasked with ensuring that only eligible and suitable disabled people participate. Referrals to the DEA may be made from several sources such as Work Choice providers, external partners, customer/recipient self-referrals or work coaches, and can take place at any time.

Once referred, there are three stages (known as ‘modules’) to the support disabled people receive:

(1) Work Entry Support

During the first stage of support, participants receive work-related advice and help with personal skills in order to help them find a job. This module usually lasts for up to six months, although it can be extended for a further three to six months where

there is a clear prospect of work. Minimum levels of support must be maintained on a monthly basis.

Participants work with their providers to create a detailed 'Development Plan', which addresses their complex barriers and employment support needs. The participant is then supposed to engage in at least eight hours of preparation for work entry a week. The support is supposed to be flexible, to take account of the needs of the participant, and as such the support could take a range of different forms, including one-to-one help or group sessions.

This module ends when a participant has found paid employment (or entered self-employment) of 16 hours or more per week.

(2) Short to medium term in-work support

In the second module, Work Choice providers continue to support the participant by helping to identify the support required for the participant to start work. This support might include disability awareness training for colleagues or ensuring the workplace has been set up to accommodate the needs of the participant.

After starting paid work, participants should be spending at least eight hours a month engaging in activity that will help them progress to unsupported employment. This activity may include addressing a learning or skills need; becoming familiar with new ways of working; adapting to new work routines etc.

This module lasts for up to two years.

(3) Longer-term in-work support

The third module is about preparing the participant to work in an unsupported capacity, with particular focus on their progression in work. The support is likely to be similar to what's available in module two, but the participant should be engaging in only four hours of support a month.

This support is ongoing.

Has Work Choice been successful?

Work Choice is considered to have been largely successful, and it appears that having a specialist programme is considerably more effective for unemployed people with health conditions or disabilities than mainstream support. The latest data shows only 16.5 percent of new ESA claimants on the Work Programme have achieved a job outcome. On Work Choice, for short job outcomes there was a steady improvement over the programme up to October 2015 (the final month before the extended contract). For the final seven months of starts under the old contract terms, 63% achieved a short job outcome within 12 months (starts from Apr-15 to Oct-15). Under the extended contract, 47% of starts (between Nov-15 and Mar-16) have achieved a short job outcome in 12 months. (The drop is almost certainly due to the new definition of a short job outcome.)⁸⁹

The Department of Work and Pension's evaluation of Work Choice⁹⁰ was largely positive about the programme. It noted that there is more participant contact with providers with Work Choice than there is with the Work Programme, and that Work Programme support was less personalised to meet individual needs.

However, there have been suggestions that Work Choice has neglected its key principle to focus on "those who most need specialist support. This may be a consequence of the strict eligibility criteria. On the one hand, Work Choice was specifically created to provide disabled people who had complex work-related support needs with specialist support. As such, participants are supposed to require help that they cannot get through other government schemes, such as the Work Programme. On the other hand, the DEA must also judge that within six months of pre-employment support they will be able to work for at least 16 hours per week. This effectively bars people with more substantial support needs from participating, as they may require longer support before entering work and perhaps 16 hours a week will never be feasible.

There are also concerns that Work Choice has not been opened up to a large enough group of disabled people. As a capped programme, it seems that there were fewer places available than there could have been. For example, in the final quarter of 2016 there were only 3,470 referrals to Work Choice, despite there being over 3 million working age disabled people in Great Britain not in work.⁹¹

Some of those in the ESA WRAG have been referred straight to the Work Programme once the outcome of their Work Capability Assessment was known. This would have effectively blocked their access to Work Choice – which may have supported them better.

With regards to the market structure, it seems that the problems with the broad geographically-based contract areas witnessed in the Work Programme were carried through to Work Choice. The evaluation found that specialist providers, such as those offering specific services for participants with a brain injury or visual impairment, had experienced few, if any, referrals, and are generally utilised on a call-on, call-off basis. Supply chains have been generally dominated by end-to-end providers of pan-disability services, who may not always have been able to offer the specialist support participants need. Some providers indicated that the limited use of specialists was a consequence of the cost involved, rather than an attempt to best meet the needs of participants⁹².

Having said this, the evaluation also found that the vast majority of providers and DEAs interviewed identified a definite need for a specialist disability employment programme; this was also noted by the Work and Pensions Select Committee⁹³. As such, the TUC is disappointed that support for the long-term unemployed and disabled people is to be consolidated in the Work and Health Programme. The evaluation particularly noted that the service fee element of Work Choice was important in preventing the 'parking' of those with higher support needs. The design of the forthcoming Work and Health programme must therefore note the concerns

about outcome-based funding when it comes to people with more significant support needs and introduce a strong service fee element to prevent the “creaming and parking” prevalent in the Work Programme.

As noted by the Work and Pensions Select Committee⁹⁴, there is also evidence that voluntary approaches are more effective for people with health conditions and disabilities, and some evidence that mandatory programmes can be detrimental to people’s health, particularly mental health. The new programme must also take this into account.

Specialist Employability Support

Specialist Employability Support provides mentoring and training to support disabled people into work. It replaces what was available through Residential Training Programmes and has been live since September 2015.

Eligibility for Specialist Employability Support:

To be eligible for Specialist Employability Support a person must:

- Be of working age.
- Be unemployed
- Have a recognised disability that makes it hard for them to get or keep a job.
- Require specialist help that cannot be accessed through other Government schemes such as Access to Work or Work Choice.

The programme is supposed to ensure 1,700 disabled people across the country receive work-related support annually and is expected to help 1,250 disabled people into jobs over the course of an initial two-year contract⁹⁵.

There are two types of support available, and the one best suited to the participant’s needs is determined through an initial assessment. Specialist Employability Support Start Back Provision provides intensive support and training for an average of three months. In contrast, the Specialist Employability Support Main Provision provides longer-term support and training for an agreed length of time (usually 12 months).

Access to Work

The Access to Work scheme provides advice and financial grants to those with a disability, health or mental health condition in order to help them move into work, stay in work or move into self-employment. It is available to those aged 16 and over who live in Great Britain.

To qualify for Access to Work grants, a person has to have a disability or health condition that affects their ability to work, or has additional work-related costs, such

as requiring a special computer or having additional transport costs. The disability or health condition must also be likely to last for at least a year. Those with a mental health condition are eligible for support where it affects their ability to work or means that they need support to start a new job, reduce their absence from work or stay in work.

The grants can be used to pay for things like a communicator at job interviews for people with a hearing impairment; a reader for someone who is blind, or has a visual impairment; special equipment, or alterations to existing equipment; alterations to premises or to the working environment; and travel-to-work costs.

Since October 2015, grants have been capped at one and half times the average salary (a limit of £40,800 per person at October 2015). In 2013/14 the average award was nearly £3,000⁹⁶, which makes this cap appear generous. However, those with higher support needs, for example those who require sign language interpreters, may need very expensive adjustments or require a professional support worker. The TUC believes that disabled people have an equal right to work. This cap threatens this right, by limiting the support available to people with high support needs.

Access to Work grants do not replace an employer's duty to make reasonable adjustments for a disabled employee⁹⁷, it should instead provide additional support beyond what the employer is expected to cover. Where employees have been in post for more than six weeks, employers are required to share the costs of special aids and equipment, or adaptations to premises. The precise level of cost sharing is agreed between the employer and the Access to Work adviser.

As part of Access to Work, there is also a Mental Health Support Service delivered by Remploy which supports individuals who are absent from work or are finding it difficult to stay at work as a result of a mental health condition.

In 2015/16 36,500 disabled people were helped by the Access to Work scheme, around the same as the previous year.⁹⁸ However, it is clear that it only supports a minority of disabled people whom it might benefit – the scheme has been described as the government's "best kept secret"⁹⁹. What is welcome is that the number of mental health users increased to 1,830 people in 2014/15 – an increase of over 200 per cent on 2010/11.

Encouraging the recruitment of disabled people

Disability Confident

Disability Confident is the DWP's campaign to encourage the recruitment of disabled people through engagement with employers. It was launched by David Cameron in July 2015.

The aims of the campaign are to¹⁰⁰: challenge attitudes towards disability; increase understanding of disability; remove barriers to disabled people and those with long term health conditions in employment and ensure that disabled people have the opportunity to fulfil their potential and realise their aspirations.

The TUC does not believe this campaign amounts to a serious attempt to tackle the widespread ignorance and prejudice disabled people face in the workplace. The government should do more to encourage and support employers to recruit and retain disabled people and those with long-term health conditions.

Recommendations

1. Retain specialist support in JCP offices

The TUC is disappointed by the decision to replace Disability Employment Advisors with generalist work coaches. Specialist support is essential to help disabled people to overcome the barriers they face in the labour market. Surveys have shown that people who have used the services of Disability Employment Advisors have found them very helpful.

It is doubtful that providing work coaches with extra training will make up for the loss of specialist support. Disabled unemployed people need an obvious point of contact in jobcentres, and as such Disability Employment Advisors should be retained.

2. Ensure the demands on sick and disabled people are reasonable

The TUC is concerned about the increasing conditionality placed upon out-of-work disabled people.

This looks set to intensify further. The 2015 Comprehensive Spending Review announced that: “Universal Credit will extend the same Jobcentre Plus support that people on Jobseeker’s Allowance (JSA) get to the 1.3 million additional claimants who currently get little or no support”. Reading between the lines, this implies that when people in the ESA WRAG are transferred to Universal Credit, they will be required to engage more with JCP.

People in the ESA WRAG are genuinely different from JSA recipients. They have been medically assessed as currently unable to work, and should not be considered available for employment.

Whilst support should be available for those who want it, for many people regular meetings at JCP offices or additional work-related requirements will be unreasonable given their health condition or disability.

3. Financial support

From 3 April 2017, new ESA claimants who are placed into the work-related activity group (WRAG) following a Work Capability Assessment (WCA) no longer get the work-related activity component of £29.05. This should be reinstated, we do not believe this disincentives people not to look for work, they are not yet ready to work.

4. Integrate employment support with locally-run services

Disabled people often have complex needs, and are likely to be in contact with a range of local government services.

To achieve the best employment outcomes, the government should facilitate more effective integration of employment support with related, locally-run services, including health, education and skills, and housing.

On a central-government level, this approach seems to have been adopted, for example a joint Health and Work unit has been established, with a budget of £115 million. However, this needs to translate into more integrated working on a local level.

5. Remove the cap on Access to Work

The TUC believes that the cap on Access to Work grants is arbitrary, and is preventing people with higher levels of support needs from entering the workplace.

6. Make a concerted effort to encourage the recruitment of disabled people

The TUC believes that the government should do more to encourage and support employers to recruit and retain disabled people and those with long-term health conditions.

The Disability Confident campaign has thus far been unsuccessful, and does not represent a real attempt to break down barriers disabled people and people with a health condition face in the workplace.

Taking a step back: the system of welfare-to-work support

Thus, far the discussion has focussed on individual benefits, schemes and programmes designed to help unemployed people back into work. This chapter takes a step back from that, and consider in its totality the welfare-to-work ‘system’ of the UK.

The UK has adopted the ‘work first’ approach very enthusiastically, with Jobcentre Plus and private providers incentivised to find unemployed people work and get them off benefits as quickly as possible. As such, very little support is available to unemployed people to develop their human capital through further education or training. Yet even job search support is limited – it is characterised largely by ‘self-help’ and heavy conditionality and there is little assistance available to help people to overcome specific barriers to work. Furthermore, this work-first approach is entirely focussed on the jobseeker, with almost nothing done to increase the number of vacancies open to them.

Conceptualising the problem of unemployment

We can think of the problem of unemployment in terms of three variables: the demand for labour, the supply of labour and the matching process. The ‘demand’ for labour refers to whether employers are recruiting and the kind of jobseeker they are looking for. The ‘supply’ of labour refers to the size of the workforce and the “availability” of unemployed people, for example their motivation to find work, how many jobs they have applied for and the quality of their applications. The matching process refers to unemployed people finding an appropriate vacancy and moving into a new job.

The TUC is concerned that recent governments in the UK have focussed entirely on the supply of labour, and neglected both the demand side and the matching process.

The demand aspect

To increase the ‘demand’ for labour, the government should seek to expand the set of available employment opportunities for those seeking work and create an open and accessible labour market for all.

The Department for Work and Pensions is quick to point out that the employment rate has reached record highs, and unemployment is also very low. Yet employers do not demand all people’s labour equally, and these figures mask the fact that different people have very different labour market experiences.

For example, people with disabilities or health conditions, those from a BAME background and lone parents have lower employment rates. Employers can be less keen to provide opportunities for certain groups as a result of discriminatory or ignorant attitudes.

They can also be less keen to take on people who they fear will not easily adjust to established working practices. A significant number of people cannot simply 'fit' around a job, they have to find a job which can fit around their needs and circumstances.

For example, some disabled people will need adjustments or specialist equipment. They may also require, alongside groups such as lone parents, to work on a flexible or reduced hours basis. These concerns can make employers less willing to take a person on.

All these factors mean that even where there are vacancies, they are de facto unavailable to certain people because employers are unwilling to hire them.

At the TUC, we do not believe the government is doing enough to address these barriers. To take one example, already picked up on in the previous chapter, there has been very little attempt to tackle employer ignorance or discrimination when it comes to disabled people. This is exemplified by the weak 'Disability Confident' campaign, which was supposed to be a step change in enlightening employers and encouraging the recruitment of disabled people

Furthermore, despite a booming employment rate, in some areas of the country there simply are not enough vacancies. The Labour Force Survey shows us that the unemployment rate is almost twice as high in the North East as in the South East of England (6.0 per cent compared with 3.4 per cent¹⁰¹). There is a lack of jobs available in certain areas, which the TUC has long linked to deindustrialisation and broader economic concerns.

The supply aspect

As aforementioned, the supply of labour refers to the size of the workforce and the "availability" of the jobseeker. There are two ways in which the government can try to increase the supply of labour: increasing the motivation of the jobseeker to improve their job search effort and providing job search assistance to improve the quality of their applications.

Across the governments of OECD countries, there appears to be widespread consensus¹⁰² on which measures can be used to increase the motivation of an unemployed person. In order to encourage the jobseeker to actively seek work, it has become common practice to develop job search agreements and monitor the jobseeker's compliance with these. Conditionality, in the form of a strict sanctioning policy or workfare, has also been assumed effective.

Furthermore, motivation is supposedly increased by making unemployment more unattractive, for example by reducing eligibility for benefits (such as by restricting

the grounds on which jobs can be left voluntarily), decreasing the value of benefits relative to wages, or restricting benefit duration. Motivation can also be increased by strengthening unemployed people's financial incentives to find work, for example through a generous system of 'in-work' benefits to supplement low wages.

The UK has eagerly adopted many of these policy prescriptions and gone further than the recommendations of bodies such as the OECD – as exemplified in the Claimant Commitment, strict monitoring regime, harsh sanctions policy, workfare and comparatively low unemployment benefits.

However, when it comes to the other supply-side approach – supporting unemployed people to search for jobs – the UK is woefully lacking.

It has been found that case management services can be effective in supporting unemployed people into work¹⁰³. This can take the form of personalised support and individual interviews; access to counselling and health-related assistance and support to make job search and job entry seem "possible", such as providing help with childcare or assistance to reduce work-related costs (for example transport costs).

The UK does provide some job search assistance, particularly where the support is cheap to provide – for example a CV workshop. However, until a person is long-term unemployed they have very little access to personalised support, as 'signing on' is largely compliance focussed. At the TUC, we believe that all unemployed people need to be quickly identified and offered appropriate help. At the moment, such support is usually only offered to those already long-term unemployed.

Personalisation is further hindered by the high caseloads of Jobcentre Plus staff. A Work Coach is responsible for a caseload of around 100 unemployed claimants and conducts 10 to 20 claimant interviews per day¹⁰⁴. In February 2016, 11,000 front-line full-time equivalent Work Coaches supported 745,000 out-of-work claimants across Great Britain. Work Coach numbers have fallen by 35% since 2011–12 a period over which the JSA claimant count has also fallen. The DWP facing tight resource budget restrictions, must reduce its day-to-day spending by 19% between 2015–16 and 2019–20¹⁰⁵, a total reduction of 41% compared with 2010–11.¹⁰⁶

Why is the focus on conditionality rather than support?

There is a mind-set that unemployed people are to blame for their situation, and this has led to the imbalance between conditionality and effective support.

This mind-set is often borne out of a strong belief that much of the unemployment in this country is voluntary. This belief denies the fact that there are some serious structural problems in the labour market. To take just one example, there are huge differences in the quantity and quality of jobs available in different regions of the UK.

Unemployed people are portrayed as living chaotic lifestyles, being idle or lacking motivation. There are also claims that a 'culture of worklessness' exists in some deprived areas, where whole localities are entirely welfare dependent. This is despite the fact that empirical evidence shows these claims to be untrue¹⁰⁷.

The TUC believes that there are numerous problems with this approach. For one thing, the stigmatisation of unemployed people (in which the media clearly have also played a role), has been linked to reductions in take-up of working-age benefits and a corresponding exacerbation of poverty¹⁰⁸.

Furthermore, by attributing unemployment to individual failings, the government has negated its responsibility to tackle the structural barriers leading to unemployment. There has been severe under-investment in the system of welfare-to-work support.

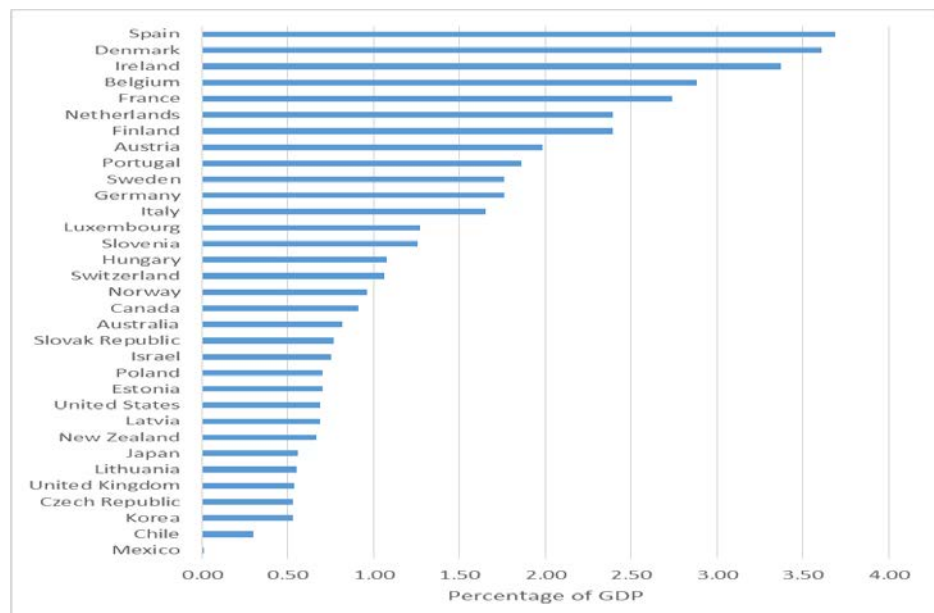
The scale of underinvestment

A significant problem is that the entire welfare-to-work system suffers from severe underinvestment, which is especially apparent relative to other countries.

The latest figures available for the UK are from 2011¹⁰⁹. Comparing these figures with other OECD countries for which 2011 data is available gives us a picture of government spending in an international context.

The graph below shows total public spending on labour market interventions, which includes public employment services (PES), training, hiring subsidies, direct job creations, as well as unemployment benefits. It is clear that by only spending 0.54 per cent of its GDP supporting unemployed people, the UK falls far short of the OECD average of 1.41 per cent. The comparison is particularly stark when we look at countries we are usually categorised alongside, such as Germany, France and the Netherlands.

Total public spending on labour markets 2011



Source – OECD

While we do have a lower unemployment rate than many OECD countries, we are still spending less. To do a comparable comparison of unemployment rates and spending on labour market programmes unfortunately we have to go back to 2011. Unemployment rates have changed since then, the UK rate has fallen considerably, however the data does still us how much was being spent as labour markets were still dealing with the effects of the recession. The table below shows a comparison of some of our European neighbours, and the UK spending less than countries with lower employment rates at the time.

Spending on labour markets compared to unemployment rate - 2011

	unemployment rate	% of GDP spent on labour market programmes
Netherlands	5.0	2.39
Germany	5.8	1.76
Belgium	7.1	2.88
Denmark	7.6	3.61
Finland	7.8	2.39
Sweden	7.8	1.76
United Kingdom	8.0	0.54
Slovenia	8.2	1.26
Italy	8.4	1.65
France	8.8	2.74

There may be no direct link between the amount spent and the quality of service provided – indeed a recent evaluation by the OECD noted that there is no obvious cross-country relationship between the proportion of GDP spent on active labour market programmes and unemployment levels¹¹⁰. However, it does appear that the UK government has tried to deliver services for the unemployed on the cheap. This is something evident throughout this report, for example we have noted the emphasis on ‘self-help’ combined with high levels of conditionality (which discourages people from claiming welfare assistance), and the way in which contracts for the Work Programme were won on discounting.

Labour market interventions are costly, especially for disabled people or those with complex barriers to work, and this government appears unwilling to invest in those who are unemployed.

The matching process

The final aspect of the welfare-to-work system to consider is the matching of unemployed people to vacancies.

An important point to note is that a good match between a vacancy and an unemployed person can benefit both employers and employees, and is good for the economy as a whole. Although a match can be ‘good’ in a variety of ways, some

examples from the perspective of the jobseeker might be that it suits an unemployed person's skills, training and experience, furthers their career goals and is convenient (for example with regards to their caring responsibilities).

Such a match is likely to maximise an employee's productivity, and it is also likely to be sustainable (reducing turnover, which can save significant expense to the employer).

It is clearly in everyone's interests to find the right person for the job. Public employment services can facilitate good matching in a number of ways. Part of it comes from offering personalised support from advisors who are experts in the local labour market. However, it is also fundamental that advisors have strong relationships with local employers. Ideally, they would understand their needs, rapidly react to vacancies and make targeted use of direct referrals after a careful preselection of candidates. Especially when it comes to those with additional needs, for example those with disabilities, it can also be useful to provide an aftercare service to ensure a sustainable job outcome.

In the UK, this aspect of JCP's role is somewhat neglected. The responsibility to find a good job lies firmly with the jobseeker, and the main support available is through the 'self-help' portal Universal Jobmatch.

Furthermore, the emphasis on conditionality has meant that people have felt that they are being pushed into accepting the first job that comes along, even where it does not complement their ambitions or existing skills.

In aggregate, the TUC is concerned that this poor matching could have negative implications for the economy as a whole¹¹¹.

As discussed previously, a highly conditional regime with limited support can have a positive impact on exit rates and employment, but this can come at the cost of lower quality post-unemployment outcomes with respect to job duration, earnings, occupational level and proportion of part-time jobs.

This is undoubtedly the case in the UK today, with a large body of evidence suggesting the existence of a 'low-pay no-pay' cycle. It appears that a large proportion of benefit recipients move frequently between unemployment and temporary low-paid jobs, without advancement.

Research by the Joseph Rowntree Foundation has shown that only 36 per cent of recipients will find a job that lasts for over seven months within six months of starting to claim JSA¹¹². As well as being unsustainable, the jobs people enter are generally low paid, with recent research suggesting that around three out of five people moving between unemployment and work enter their next job below the Living Wage¹¹³.

Whilst these consequences are clearly undesirable, it is important to recognise that there are perverse incentives in the system driving it. The performance of Jobcentre Plus is primarily measured on the "off-flow" of recipients, a flawed and incomplete

measure. As such, it counts as successes recipients who have left out-of-work benefits for temporary work, as well as those who have not found work but decided to cease claiming. If the point of welfare-to-work support is to help unemployed people into sustainable employment, the current measures fail to penalise Jobcentre Plus for presiding over so-called ‘churn’, where people cycle between unemployment and temporary, low-quality and low-paid work.

Recommendations

1. Address the demand-side of the labour market

The recent policy agenda has focussed the blame for unemployment entirely on the motivation of the jobseeker. This has intensified the level of conditionality, because it is assumed that unemployed people need the threat of sanctions to engage in jobsearch.

The TUC believes this has individualised the problem of unemployment, and allowed the government to ignore the structural problems which are the real cause of people spending long periods of time out of work.

The government should begin to re-address some of the long-term demand problems in the labour market. The economy is out-of-balance in that there are huge regional disparities in unemployment rates. The TUC believes that the government’s industrial strategy should prioritise bringing new industries to areas with depressed labour markets.

Another demand-side problem is the difficulties in the labour market certain groups face – for example those who have disabilities or health conditions, but also those who are young, BAME, lone parents etc. The government must seek to tackle discrimination in all its forms. It should also provide special advice and support to employers, to make them less reticent about hiring people in these groups.

2. Ensure that people move into good-quality work

The focus of welfare-to-work should not simply be to move people into the first job that comes available, but rather a job which suits people’s skills and experience, that is well-paid and which is of good-quality.

A good match between vacancy and jobseeker will ensure that a job is sustainable, and it will maximise the productivity of the worker.

To improve the match between jobseeker and vacancy, it is important that incentives are aligned with objectives.

Whether private sector contracts or JCP performance measures, the TUC believes incentives should be managed to promote sustainable employment entry and better-paid work.

In practical terms, the reason unemployed people have moved off JSA should be recorded and the DWP should use this information to establish “off-benefit and into work” performance measures. There could be additional measures to measure

sustained job outcomes as well. This should become more achievable once Universal Credit is fully functional, as the department will have prompt access to real-time income information from HM Revenue and Customs for people that move into work.

What looks set to come: future plans and our recommendations

Having evaluated the current system of welfare-to-work support, this chapter is intended to look forward to future reforms: Universal Credit, the Youth Obligation and the new Work and Health Programme.

The roll-out of Universal Credit (UC)

The roll-out of UC is likely to be the most significant welfare reform over this Parliament. The TUC agreed with the original intention and principles of the design of UC, however is has been increasingly alarmed that UC has become a cost-cutting exercise, rather than a mechanism for supporting low-income households.

By providing families with a single payment, the benefits system should become simpler and more transparent to the people who need it. This should make it easier for families to access the system, which should increase the take-up of benefits and thereby alleviate working-age poverty.

The objective of UC is to strengthen work incentives and ensure that work always pays. The current system is confused, with people seeing their benefits withdrawn at different rates at various points. For example, claimants can start to claim tax credits when they work a minimum number of hours (16 hours a week for single parents, 24 hours a week for couple parents), which provides a boost to their income. The way in which benefits are withdrawn on either side of this threshold means that there is a powerful incentive to work a specific number of hours, and this is evident in that one-fifth of single parents in employment work exactly 16 hours¹¹⁴. The constant taper under UC is intended to make the withdrawal of benefits more straightforward. This should make it easier for people to assess the financial advantages of increasing their hours of work, strengthening their incentives to do so.

Furthermore, by integrating in- and out- of work support, the government hopes to make it easier for people to move into work.

The Department for Work and Pensions describes the initial evaluation of UC as “encouraging and in line with the positive impact we would expect to see given the changes in financial incentives, increased simplicity, and additional conditionality”¹¹⁵. Their analysis found that UC recipients were eight percentage points more likely to have worked within the first 270 days of making their claim than a matched comparison group of JSA recipients who made equivalent claims during the same period. On average, they were also estimated to work about 12 days

more than the matched comparison group during the first 270 days after they made their claim.

However, the TUC is concerned that Universal Credit has increasingly become a cost-cutting exercise, rather than a mechanism for supporting low-income households.

From the outset, the TUC and CPAG criticised UC for the low value of elements for children, and especially disabled children.

Another measure in Universal Credit which is already deepening poverty is the six week wait between applying for Universal Credit and receiving financial support. There is a waiting period of seven days, a calendar month to assess a person's income and another week to calculate their entitlement. This six week wait puts people at immediate risk of poverty or destitution, or they may become trapped in a debt spiral as a consequence of having to borrow to survive. This is particularly the case given that financial support for housing is included in Universal Credit. Furthermore, Universal Credit is a "passport" to eligibility for other benefits, importantly free school meals. Although there are advancement payments for those who can demonstrate need, it appears that information about these is not widespread¹¹⁶.

The TUC is also sceptical that UC strengthens people's incentives to work. Since the original design for Universal Credit, the work allowances have been made significantly less generous¹¹⁷. The Summer Budget 2015 announced a series of changes to Universal Credit and, in advance of the full introduction of UC.

- Reductions in the "work allowances" for most UC claimants, from April 2016
- Limiting the child element of tax credits and UC to two children for new claims and births after April 2017
- Removing the family element in tax credits (and the corresponding first child premium in UC) for new claims from April 2017

The Chancellor's announcement of a small cut in the Universal Credit taper rate in the 2016 Autumn statement goes nowhere near making up for the cuts announced in the July 2015 summer budget, which will leave many low-paid working families hundreds, even thousands, of pounds worse off a year¹¹⁸

In addition to this, there is no work allowance for the second earner in families, which means incentives to work are lower for those whose partner works. In most couples the second earner will be a woman, so this effect will tend to reduce women's employment rates and independent incomes.

UC also appears to be a means by which conditionality is being extended and intensified. This has been seen in the sanctions regime (in that sanctions become consecutive rather than concurrent, and hardship payments become repayable). The TUC does not believe that strict conditionality is effective or proportionate.

Furthermore, the TUC is also concerned that under UC those who are receiving in-work benefits will be subject to conditionality for the first time. People will be expected to look for more or better paid work until they reach a certain income – which for non-disabled single people and those with caring responsibilities will normally be 35 hours paid at the minimum wage. They are obliged to attend meetings at JCP and provide evidence of their attempts to increase their hours or pay.

The TUC believes that this approach is particularly inappropriate for insecure workers. Those in insecure work, particularly those on zero-hours or short-hours contracts, often face great fluctuations in their hours, over which they have little control. So, they are more likely to be affected by in-work conditionality proposals and the requirement to increase their hours. The DWP should publish the results of the pilots it has conducted with a particular focus on the impact on insecure workers. And if it proceeds with in-work conditionality, it should set out proposals that guarantee it will not sanction anyone who has worked short hours because their employer will not offer them additional hours.

The Youth Obligation

In the Summer 2015 Budget, a new “Youth Obligation” was announced, which came into force in April 2017. This scheme will apply to 18–21 year olds on Universal Credit. Under it, within the first three weeks of claiming young jobseekers will take up an Intensive Activity Programme (IAP), which is expected to last for up to 71 hours. The intensive curriculum will include practising job applications and interview techniques as well as extensive job search. After six months, if young people haven’t taken up a job, apprenticeship or traineeship they must engage in unpaid work experience or lose their entitlement to benefits.

After the welcome decision, not to renew the contracts for Mandatory Work Activity and Community Work Placements, the TUC is concerned this scheme re-introduces workfare into the UK’s welfare-to-work policy. As described earlier, the TUC believes mandatory unpaid labour is both exploitative and ineffective.

The TUC is also concerned about the Intensive Activity Programme (IAP). Young people are less likely than older unemployed people to be unemployed for long periods of time¹¹⁹. A policy which obliges all unemployed people to engage in a programme like this is likely to be very expensive and will also have a huge amount of ‘deadweight’ (where the outcome – employment entry – would have been secured without the intervention – the IAP). The TUC believes that this programme should have been piloted before full introduction, so it would have been clear if money would be better spent identifying harder-to-help young people and offering them specialist support.

The Work and Health Programme

A new Work and Health programme was announced in the Comprehensive Spending Review, to replace the Work Programme and Work Choice. This programme will start in October 2017. It will “provide specialist support for claimants with health conditions or disabilities and those unemployed for over 2 years”.¹²⁰ As such, it is going to be a collaborative project between the Department of Health and the Department of Work and Pensions.

This programme is a key feature of the devolution and localism agenda. The Scotland Act devolved welfare powers to the Scottish Parliament. In England, co-design and co-commissioning will take place with certain local authorities: London, Greater Manchester, Sheffield City Region, the North East, Tees Valley, Liverpool City Region and the West Midlands. The TUC hopes that this will enable the programme to be aligned and coordinated with the conditions and demands of the local labour market to a far greater extent, as well as with the employment and health support activities that are provided by local government.

There are reasons to be concerned about the Work and Health Programme. Firstly, it seems hugely underfunded. The DWP has indicated that the new programme will have funding of around £130 million a year. This represents an 80 per cent budget cut relative to the combined cost of the Work Programme and Work Choice that it replaces¹²¹. The very limited budget would suggest that this programme is going to be far smaller in scale

Furthermore, in the government’s response to the Work and Pensions Select Committee’s *Welfare-to-Work* report it is written that: “contracted programmes will in the future have a reduced, but still significant, role to play in future, although funding for current contracts will continue”¹²².

Given that the most recent figures show that the only country spending less on active labour market programmes per unemployed person is Mexico, the TUC believes this represents continuing underinvestment in the UK’s workforce.

This is particularly the case in the light of the Work Programme. Whilst the programme has been described as “cost effective”, this is not because it was successful in supporting people into work (around 65 per cent of participants returned to JCP after two years on the programme), but rather because of the low cost with which it was delivered. The nature of the tendering process meant that contracts were won on cost rather than quality, leaving the successful bidders too financially constrained to offer a good quality service to jobseekers.

Evidence of financial pressure was found in every evaluation of the programme – in the ‘parking’ of harder-to-help groups; the lack of personalised support (and the generic interventions offered instead); and the low levels of referrals to specialist support.

The TUC believes that good quality employment support cannot be done on the cheap. This is especially the case given that the programme is set to target the very long term unemployed and those who are disabled or have a health condition. These groups face complex barriers, and will often need more intensive, specialist support for longer periods of time before entering the employment market.

It seems highly likely that payment-by-results will remain a component of the payment structure of the new programme. The TUC believes that fully outcome based payments are inappropriate, given the multiple barriers to work that some clients in this group faces.

In brief, the TUC believes that:

- A monthly service fee is necessary to prevent the ‘parking’ of those who are hardest-to-help. This is because providers need upfront payments to fund more expensive or innovative interventions.
- Differential payments should reflect a person’s actual distance from the labour market, rather than just the benefits they claim. The Work Programme showed that the benefit a person receives does not accurately reflect the barriers they face.
- The DWP should consider introducing ‘distance travelled outcomes’. This could reward providers when someone progresses towards employment, even where they do not actually enter work. This could help prevent the ‘parking’ of those who are very unlikely to enter work in the short term.
- Providers should be paid when a person earns the equivalent of 35 hours a week on the minimum wage. On the Work Programme, many participants moved into jobs that were part-time and low-paid. The payment structure should incentivise providers not just to help unemployed people into a job, but also a well-paid job.
- There are other ways of ensuring that ‘parking’ is prevented. The ‘black box’ of the Work Programme gave providers the freedom to ignore those they deemed the hardest-to-help. The Work and Health Programme should have a minimum set of service standards, which should include guaranteed access to specialist support for those who would benefit from it.

The TUC is also concerned about who the programme will be open to, especially given its smaller scale. Given the low budget, it currently looks unlikely that every jobseeker who has been out-of-work for two years or who has a health condition or disability will be able to participate. The TUC believes that a capped programme is the wrong approach, the scheme should be open to all who want to participate. Furthermore, as with Work Choice, support should be open to people regardless of whether they are claiming out-of-work benefits.

In contrast to Work Choice, however, the TUC does not believe someone must be able to work 16 hours to be eligible. This is an arbitrary rule, and denies support to those with higher level needs.

The TUC is also concerned that early access to the programme will only be open to those with disabilities or health conditions. This approach does not recognise that there are people with other severe barriers to work – for example those who are homeless, care-leavers or ex-offenders. These groups will generally need extra support to progress into work. Denying people additional support until they are long-term unemployed is essentially ‘parking’ them at JCP for two years, by which point they are even less likely to move into work.

Concluding Remarks

The reforms to the welfare-to-work system described in this chapter fail to address the problems in current provision discussed earlier in this report. The TUC has long been concerned that the sustained erosion of working-age benefits means there is no longer an adequate safety net.

Although the aims of Universal Credit were laudable (to tackle poverty and increase incentives to work), it appears that the project has become a cost-cutting exercise, and will no longer achieve what it set out to do.

There are also concerns that the strict conditionality regime, in terms of monitoring, sanctioning and workfare, have failed to help move people into jobs that are sustainable or well-paid. Furthermore, the Youth Obligation reintroduces workfare, which we believe is exploitative, ineffective and expensive.

The TUC is also concerned about the underinvestment in the welfare-to-work system. Unemployed people are a constituent group of the UK’s workforce, but the government has failed to invest sufficiently in them. There is little offered in terms of skills development, or specialist support to overcome people’s barriers to work. The Work and Health Programme signals a reduced role for Active Labour Market Programmes, and is clearly an attempt to provide welfare-to-work support on the cheap.

These reforms fail to tackle the ongoing problems in the UK labour market, such as the substantial disadvantages some groups face in the labour market. They also fail to ensure that unemployed people progress into jobs which are sustainable and well-paid. To ensure that the welfare-to-work system adequately supports unemployed people, greater transformation is needed.

Bibliography

- 1 In annex
- 2 <http://touchstoneblog.org.uk/2017/03/london-calling-capital-dominates-jobs-growth/>
- 3 https://www.ippr.org/files/images/media/files/publication/2013/07/a_job_for_everyone_July2013_11002.pdf
- 4 <https://www.tuc.org.uk/equality-issues/black-workers/insecure-work-and-ethnicity>
- 5 <https://www.ons.gov.uk/>
- 6 <https://www.tuc.org.uk/economic-issues/labour-market/living-edge>
- 7 <https://www.tuc.org.uk/workplace-issues/employment-rights/gig-trade-unions-tackling-insecure-work>
- 8 <https://www.tuc.org.uk/workplace-issues/employment-rights/gig-trade-unions-tackling-insecure-work>
- 9 <https://www.jrf.org.uk/report/minimum-income-standard-uk-2017>
- 10 <http://www.dwp.gov.uk/asd/asd5/rports2007-2008/rrep533.pdf>
- 11 <https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news/benefit-sanctions-report/>
- 12 Gentlemanb , A. (22 July 2013). Work capability assessments decisions follows years of criticism. London: The Guardian. [Online www.theguardian.com/society/2013/jul/22/work-capability-assessmentscriticism](http://www.theguardian.com/society/2013/jul/22/work-capability-assessmentscriticism)
- 13 <https://www.gov.uk/government/statistics/esa-outcomes-of-work-capability-assessments-including-mandatory-reconsiderations-and-appeals-march-2017>
- 14 http://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=CRPD/C/GBR/CO/1&Lang=En
- 15 ONS figure, *UK Labour Market: August 2017*
- 16 ONS figures, *Total Claimant count SA (UK) – thousands: August 2017*. Details about how it is calculated are included in *UK Labour Market: July 2016*.
- 17 TUC calculations.
- 18 TUC calculations.
- 19 Gaffney, TUC, *Welfare States: how generous are British benefits compared with other rich nations?*
- 20 After tax and including unemployment benefits and family benefits. No social assistance "top-ups" or cash housing benefits are assumed to be available in either the in-work or out-of-work situation. These figures are accessed here: <http://www.oecd.org/els/benefits-and-wages-statistics.htm>
- 21 Scope webpage, "What Kinds of Extra Costs do Disabled People Face?" This can be accessed here: <http://www.scope.org.uk/campaigns/extra-costs/what-are-costs>
- 22 Lord Low of Dalston CBE, Baroness Meacher and Baroness Grey-Thompson DBE, *Halving The Gap? A Review into the Government's proposed reduction to Employment and Support Allowance and its impact on halving the disability employment gap*, 2016. This can be accessed here: <http://mind.org.uk/media/3170647/esa-wrag-review-december-2015.pdf>
- 23 Gentlemanb , A. (22 July 2013). Work capability assessments decisions follows years of criticism. London: The Guardian. [Online www.theguardian.com/society/2013/jul/22/work-capability-assessmentscriticism](http://www.theguardian.com/society/2013/jul/22/work-capability-assessmentscriticism)
- 24 Damian Green, written statement, 20/07/16. This can be accessed here:

<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-07-20/HCWS96/>

25 DWP figures. *Universal Credit statistics*:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/637356/universal-credit-statistics-to-13-july-2017.pdf

26 OECD, *Connecting People with Jobs: Activation Policies in the United Kingdom, 2014*
This can be accessed here: <http://www.oecd.org/publications/connecting-people-with-jobs-9789264217188-en.htm>

27 Work and Pensions Select Committee, *The role of Jobcentre Plus in the reformed welfare system*, 2014. This can be accessed here:
<http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/479/47902.htm>

28 Webster's May briefing, Child Poverty Action Group. This can be accessed here:
<http://www.cpag.org.uk/david-webster>

29 Where a challenge is successful, this should result in a refund. However, numbers before sanctions are important, since they show all cases in which claimants gave had their money stopped.

30 <http://www.cpag.org.uk/david-webster>

31 <http://www.cpag.org.uk/david-webster>

32 *Welfare Conditionality, First Wave Findings: Jobseekers*, 2016. This can be accessed here:
<http://www.welfareconditionality.ac.uk/wp-content/uploads/2016/05/WelCond-findings-jobseekers-May16.pdf>

33 Joseph Rowntree Foundation, *Welfare Sanctions and Conditionality in the UK*, 2014. This can be accessed here: <https://www.jrf.org.uk/report/welfare-sanctions-and-conditionality-uk>

34 Loopstra et al, *Do punitive approaches to unemployment benefit recipients increase welfare exit and employment? A cross-area analysis of UK sanctioning reforms*, 2015, Oxford University Department of Sociology, Sociology Working Paper 2015-01. This can be accessed here:
<http://www.sociology.ox.ac.uk/materials/papers/sanction120115-2.pdf>

35 Joseph Rowntree Foundation, *Reducing Poverty in the UK: a Collection of Evidence Reviews*, 2014. This can be accessed here:
https://www.jrf.org.uk/sites/default/files/jrf/migrated/files/Reducing-poverty-reviews-FULL_0.pdf

36 For a discussion of the different severity of sanctions regimes, see McVicar, *The impact of monitoring and sanctioning on unemployment exit and job-finding rates*, 2014. This can be accessed here: <http://wol.iza.org/articles/impact-of-monitoring-and-sanctioning-on-unemployment-exit-and-job-finding-rates.pdf>

37 As noted by the Work and Pensions Select Committee, *Benefits Sanction policy beyond the Oakley review*, 2015. This can be accessed here:
<http://www.publications.parliament.uk/pa/cm201415/cmselect/cmworpen/814/81402.htm>

38 Joseph Rowntree Foundation, *Welfare Sanctions and Conditionality in the UK*, 2014. This can be accessed here: <https://www.jrf.org.uk/report/welfare-sanctions-and-conditionality-uk>

39 Webster's May briefing, Child Poverty Action Group, May 2017
<http://www.cpag.org.uk/david-webster>

40 Ibid.

41 Trussell Trust evidence to the House of Commons Work and Pensions Committee, 2014. This can be accessed here:
<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/benefit-sanctions-policy-beyond-the-oakley-review/written/16465.html>

42 *Welfare Conditionality, First Wave Findings: Jobseekers*, 2016. This can be accessed here:
<http://www.welfareconditionality.ac.uk/wp-content/uploads/2016/05/WelCond-findings-jobseekers-May16.pdf>

43 The Child Poverty Action Group, Church of England, Oxfam GB and The Trussell Trust, *Emergency Use Only: Understanding and reducing the use of food banks in the UK*, 2014. This can be accessed here: http://www.cpag.org.uk/sites/default/files/Foodbank%20Report_web.pdf

44 The report of the All-Party Parliamentary Inquiry into Hunger in the United Kingdom, *Feeding Britain*, 2014. This can be accessed here: <https://foodpovertyinquiry.files.wordpress.com/2014/12/food-poverty-feeding-britain-final.pdf>

45 YMCA, *Signed on and Sanctioned: An insight into vulnerable young people's perspectives on the benefit sanctions*, 2014. This can be accessed here: <http://www.cpag.org.uk/sites/default/files/uploads/Signed%20on%20and%20Sanctioned%20-%20YMCA%20England.pdf>

46 Crisis, *Homeless people's experiences of welfare conditionality and benefit sanctions*, 2015. This can be accessed here: http://www.crisis.org.uk/data/files/publications/sanctions_report_FINAL.pdf

47 See, for example, YMCA, *Safety Net or Springboard?*, 2015. This can be accessed here: http://www.ymca.org.uk/wp-content/uploads/2016/07/YMCA_Safety-Net-or-Springboard_web.pdf

48 Wright, "On 'Activation Workers' Perceptions: A Reply to Dunn", 2013 *Journal of Social Policy*, Vol 42 / Issue 04 / Oct 2013, 829 - 837

49 As has been noted repeatedly by the Work and Pensions Select Committee, for example in *Welfare-to-Work*, 2016. This can be accessed here: <http://www.publications.parliament.uk/pa/cm201516/cmselect/cmworpen/363/36302.html>

50 *Welfare Conditionality, First Wave Findings: Jobseekers*, 2016. This can be accessed here: <http://www.welfareconditionality.ac.uk/wp-content/uploads/2016/05/WelCond-findings-jobseekers-May16.pdf>

51 *Ibid.*

52 Department for Work and Pensions, *Universal Credit Pathfinder evaluation*, 2014. This can be accessed here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/380537/rr886-universal-credit-pathfinder-evaluation.pdf

53 Oakley, *Independent review of the operation of Jobseeker's Allowance sanctions validated by the Jobseekers Act 2013*, 2014. This can be accessed here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/335144/jsa-sanctions-independent-review.pdf

54 David Webster, *JSA sanctions: a guide to the Oakley report and the government response*, 2014. This can be accessed here: <http://www.cpag.org.uk/sites/default/files/uploads/CPAG-Oakley-Report-Guide-DW-rev-14-Sept-2014.pdf>

55 Work and Pensions Select Committee, *Benefit sanctions policy beyond the Oakley Review*, 2015. This can be accessed here: <http://www.publications.parliament.uk/pa/cm201415/cmselect/cmworpen/814/81402.htm>

56 TUC, *Equitable Full Employment*, 2014. This can be accessed here: https://www.tuc.org.uk/sites/default/files/Equitable_Full_Employment.pdf

57 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/507514/rr917-work-experience.pdf

58 Department for Work and Pensions, *Sector Based Work Academies: a quantitative impact assessment*, 2016
This can be accessed here: <https://www.gov.uk/government/publications/sector-based-work-academies-a-quantitative-impact-assessment>

59 Department for Work and Pensions, *Evaluation of Mandatory Work Activity*, 2012

This can be accessed here: <https://www.gov.uk/government/publications/evaluation-of-mandatory-work-activity-rr823>

60 Department for Work and Pensions, *Early impacts of Mandatory Work Activity*, 2012
This can be accessed here:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/222938/early_impacts_mwa.pdf

61 TUC *Charter on Work Experience*, 2012. This can be accessed here:
<https://www.tuc.org.uk/economic-issues/labour-market/say-no-workfare-tuc-charter-work-experience>

62 Department for Business, Innovation and Skills, *Research to Assess the Impact of Further Education Funding Changes Relating to Incentives for Training Unemployed Learners*, 2013
This can be accessed here:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/148518/13-708-assess-impact-further-education-funding-changes-training-unemployed-learners.pdf

63 <http://www.bristol.ac.uk/media-library/sites/cmipo/migrated/documents/jobguarantee.pdf>

64 Department for Work and Pensions, *New Enterprise Allowance Survey*, 2016. This can be accessed here: <https://www.gov.uk/government/publications/new-enterprise-allowance-survey>

65 All figures taken from Department for Work and Pensions, *Work Programme Statistics*. This can be accessed here:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/608392/work-programme-statistics-to-december-2016.pdf

66
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/608392/work-programme-statistics-to-december-2016.pdf

67
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/608392/work-programme-statistics-to-december-2016.pdf

68-
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/621012/work-programme-statistics-to-march-2017.pdf

69 <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7540>

70 Department for Work and Pensions, *Work Programme evaluation: the participant experience*, 2014. This can be accessed here:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/425081/rr892.pdf

71 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/621012/work-programme-statistics-to-march-2017.pdf

72 Department for Work and Pensions, *Work Programme evaluation: the participant experience*, 2014. This can be accessed here:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/425081/rr892.pdf

73 Third Sector Research Centre, *Support for all in the UK Work Programme? Differential payments, same old problem...*, 2013. This can be accessed here:
<http://www.birmingham.ac.uk/generic/tsrc/documents/tsrc/working-papers/working-paper-115.pdf>

74 As noted by the Work and Pensions Select Committee, *Welfare-to-Work*, 2016, as for n. 55.

75 Learning and Work Institute (formerly Inclusion), *Work programme results: perform or bust*, 2011. This can be accessed here:
http://www.learningandwork.org.uk/sites/niace_en/files/response_downloads/perform_or_bust.pdf?redirectedfrom=cesi

76 Department for Work and Pensions, *Work Programme Evaluation: Procurement, supply*

chains and implementation of the commissioning model, 2013. This can be accessed here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/197710/rrep832.pdf

77 The work-first approach is that unemployed people's sole focus should be to get a job quickly, regardless of the nature of the work. This is in contrast to a 'human capital' approach, which focuses on helping an unemployed person achieve their career aspirations. For example, there is emphasis on the value of skills development and training for unemployed people.

78 Department for Work and Pensions, *Work Programme evaluation: Findings from the first phase of qualitative research on programme delivery*, 2012. This can be accessed here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/193323/rrep821.pdf

79 National Audit Office, *The Work Programme*, 2014. This can be accessed: <https://www.nao.org.uk/wp-content/uploads/2014/07/The-work-programme.pdf>

80 Department for Work and Pensions, *Help to Work: nationwide drive to help the long-term unemployed into work*, 2014. This can be accessed here: <https://www.gov.uk/government/news/help-to-work-nationwide-drive-to-help-the-long-term-unemployed-into-work>

81 As described in the LSE Politics and Policy blog, Gulliford and Foley, "The new Help to Work scheme could use some work", 2014. This can be accessed here: <http://blogs.lse.ac.uk/politicsandpolicy/help-to-work/>

82 Baroness Mone, *Boosting enterprise in more deprived communities*, 2016. This can be accessed here: <https://www.gov.uk/government/publications/boosting-enterprise-in-more-deprived-communities>

83 https://twitter.com/Stephen_EvansUK/status/865237760503885825/photo/1

84 Great Britain, TUC analysis of Labour Force Survey

85 Scope, *Enabling work: disabled people, employment and the UK economy*, 2015. This can be accessed here: http://www.scope.org.uk/Scope/media/Images/Publication%20Directory/Landman_Report.PDF?ext=.pdf

86 Department for Work and Pensions, *A survey of disabled working age benefit claimants*, 2013. This can be accessed here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224543/ihr_16_v2.pdf

87 Work and Pensions Select Committee, *The role of Jobcentre Plus in the reformed welfare system*, 2014, as for n. 27.

88 *Welfare Conditionality, First Wave Findings: Disability and conditionality*, 2016. This can be accessed here: <http://www.welfareconditionality.ac.uk/wp-content/uploads/2016/05/WelCond-findings-disability-May16.pdf>

89 All figures taken from Department for Work and Pensions, *Work Choice Statistics*. This can be accessed here: <https://www.gov.uk/government/collections/work-choice-statistics-number-of-starts-and-referrals--2>

90 Department for Work and Pensions, *Evaluation of the Work Choice Specialist Disability Employment Programme*, 2013. This can be accessed here: <https://www.gov.uk/government/publications/evaluation-of-the-work-choice-specialist-disability-employment-programme-rr846>

91 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/500814/work-choice-statistics-to-dec-2015.pdf

92 Department for Work and Pensions, *Evaluation of the Work Choice Specialist Disability*

Employment Programme, 2013. This can be accessed here:
<https://www.gov.uk/government/publications/evaluation-of-the-work-choice-specialist-disability-employment-programme-rr846>

93 Work and Pensions Select Committee, *Welfare-to-Work*, 2016, as n. 55.

94 Ibid.

95 Department for Work and Pensions press release, "Improved specialist employment scheme will double number of disabled people supported into work", 2015. This can be accessed here:
<https://www.gov.uk/government/news/improved-specialist-employment-scheme-will-double-number-of-disabled-people-supported-into-work>

96 Figures taken from House of Commons Library, '*Access to Work*' scheme for people with disabilities, 2016. This can be accessed here:
<http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06666>

97 Reasonable adjustments for disabled workers, see: <https://www.gov.uk/reasonable-adjustments-for-disabled-workers>

⁹⁸ <https://www.gov.uk/government/statistics/access-to-work-individuals-helped-to-end-of-march-2016>

99 Sayce, *Getting in, staying in and getting on: Disability employment support fit for the future*, 2011. This can be accessed here:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/49779/sayce-report.pdf

100 *Disability Confident employer scheme and guidance*. This can be accessed here:
<https://www.gov.uk/government/collections/disability-confident-campaign>

101 *Regional Labour Market summary*, March–May 2017 -
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/july2017>

102 Inter-American Development Bank, *The Design and Effectiveness of Active Labor Market Programs in OECD Countries: A Review of Recent Evidence for Latin America and the Caribbean*, 2012. This can be accessed here: <http://eprints.port.ac.uk/9999/1/getdocument.pdf>

103 See, for example, IPPR, *Now It's Personal: Learning from welfare-to-work approaches around the world*, 2010. This can be accessed here:
http://www.ippr.org/files/images/media/files/publication/2011/09/Now%20Its%20Personal%20International_1790.pdf?noredirect=1

104 Personal correspondence with DWP officials cited in
<https://publications.parliament.uk/pa/cm201617/cmselect/cmworpen/57/57.pdf>

105 HM Treasury, Budget 2016, Departmental Resource Budgets (Resource Departmental Expenditure Limit excluding depreciation), HC 901, March 2016, p. 91. cited in
<https://publications.parliament.uk/pa/cm201617/cmselect/cmworpen/57/57.pdf>

106 The Department plans to achieve savings through reducing the size of its estate by 20% and co-locating JCP offices with local authorities. See: DWP, Press release: DWP settlement at the Spending Review, 25 November 2015. cited in
<https://publications.parliament.uk/pa/cm201617/cmselect/cmworpen/57/57.pdf>

107 Joseph Rowntree Foundation, *Are 'cultures of worklessness' passed down the generations?*, 2012. This can be accessed here: <https://www.jrf.org.uk/report/are-cultures-worklessness-passed-down-generations>

108 Joseph Rowntree Foundation, *Reducing Poverty in the UK: a Collection of Evidence Reviews*, 2014, as for n. 39.

109 OECD figures can be found at: <https://data.oecd.org/socialexp/public-spending-on-labour-markets.htm>

110 OECD, *Activating unemployed people: Lessons from seven OECD countries*, 2013. This can be accessed here: http://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2013/activating-unemployed-people-lessons-from-seven-oecd-countries_empl_outlook-2013-

7-en

111 Webster's May briefing, Child Poverty Action Group, as for n. 28.

112 Joseph Rowntree Foundation, *Employment support for a high-wage economy*, 2015. This can be accessed here: <https://www.jrf.org.uk/report/employment-support-high-wage-economy>

113 Joseph Rowntree Foundation, *Monitoring Poverty and Social Exclusion*, 2014. This can be accessed here: <https://www.jrf.org.uk/report/monitoring-poverty-and-social-exclusion-2014>

114 Resolution Foundation, *Universal Challenge Making a success of Universal Credit*, 2016. This can be accessed here: <http://www.resolutionfoundation.org/wp-content/uploads/2016/05/Universal-Challenge-%E2%80%93-making-a-success-of-Universal-Credit-.pdf>

115 Department for Work and Pensions, *Estimating the Early Labour Market Impacts of Universal Credit*, 2015. This can be accessed here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/481827/universal-credit-estimating-early-labour-market-impacts-dec-2015.pdf

116 Citizens Advice, *Waiting for Credit: The delivery of Universal Credit as experienced by Citizens Advice clients in England and Wales*, 2015. This can be accessed here:

<http://www.tamesidecab.org.uk/Global/Waiting%20for%20Credit%20PDF%20final.pdf>

117 House of Commons Library, *Universal Credit changes from April 2016*, 2016. This can be accessed here: <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7446#fullreport>

118 <http://touchstoneblog.org.uk/2016/11/autumnstatement-universal-credit-changes-wont-make-up-for-cuts-that-hit-families-and-low-paid-workers/>

119 ONS figures for March–May 2016 show that less than one-fifth (18.9 per cent) of unemployed 18–24 year olds have been unemployed for more than six months. This can be accessed here:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/summaryoflabourmarketstatistics>

120 HM Treasury, *Spending Review and Autumn Statement 2015*, 2015. This can be accessed here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf

121 Learning and Work Institute press release, "DWP employment programme funding set for 80% cut", 2015. This can be accessed here: <http://www.learningandwork.org.uk/our-thinking/news/dwp-employment-programme-funding-set-80-cut>

122 *Welfare-to-work: Government Response to the Committee's Second Report of Session 2015-16*, 2016. This can be accessed here:

<http://www.publications.parliament.uk/pa/cm201516/cmselect/cmworpen/720/72004.htm>

Annex

Congress Motion

Welfare Charter

The UK is one of the richest countries on earth. But one million people use foodbanks, over 25 per cent of children live in poverty, and 5.5 million adults go without basic clothing necessities, like a warm, waterproof coat. Congress fully supports the Trades Union Councils' Welfare Charter.

There is no place for a system that sees pushing people into poverty, the threat of hunger and eviction as legitimate punishments for not being in work. We need a social security system that enables everyone to have a safe, warm home, good food, proper clothing and to participate in society.

The Welfare Charter calls for:

- i political commitment to full employment achieved with decent jobs
- ii people being entitled to decent, stable secure jobs providing regular, guaranteed hours allowing them to meet any caring responsibilities; not zerohours contracts in precarious jobs
- iii a universal wage you can live on and a social security system that works to end poverty i.e. a national living wage people can live on, not just survive on, which applies to all
- iv no work conscription – keep volunteering voluntary; forcing people to work for free on pain of losing benefits is simply providing free labour to organisations that should pay workers proper wages
- v representation for unemployed workers – everyone should have access to advocates to help them navigate the social security system and appeal adverse decisions
- vi an ombudsman for claimants: a Claimants Ombudsman should be appointed to arbitrate on unresolved complaints, to ensure claimants are treated with respect and dignity
- vii equality in the labour market and workplace; equality in access to benefits: we need a labour market where structural inequalities are overturned and a benefit system that is accessible to all
- viii an end to the sanctions regime and Work Capability Assessment – full maintenance for both unemployed and underemployed: we need a nonmeans tested, non-discriminatory benefit payable to all, with housing costs met allied with extensive provision of low-cost housing

ix state provision of high quality information, advice and guidance on employment, training and careers: a supportive, independent careers and job-broking service is essential, not linked to conditionality or benefits, offering face-to-face advice. Congress calls on the TUC and General Council to: a give support to the Welfare Charter b raise awareness of the issues raised and the demands made c work with TUC Unemployed Workers' Centres, Trades Councils, CATUCs and the wider trade union movement to realise the objectives of the charter.

TUC Trades Councils Conference

Trades Union Congress
Congress House
Great Russell Street
London WC1B 3LS

www.tuc.org.uk

© 2017 Trades Union Congress

For more copies of this title contact our ordering point on 020 7467 1294 or publications@tuc.org.uk. Bulk discounts may be offered.

All TUC publications can be provided for dyslexic or visually impaired readers in an agreed accessible format, on request, at no extra cost.