

Hidden Unemployment: Incapacity Benefit in Hackney

Chief Executive's Briefing

October 2010

Headlines:

- By April 2011, nearly 14,000 residents face conditionality changes to their benefits forcing new demand increases within LBH services. 10,000 of these residents will have one year time limits set on their benefit eligibility.
- The numbers of claimants on Incapacity Benefit have not changed in 10 years in Hackney.
- Local providers suggest that long-term Incapacity Benefit claimants are likely to take a minimum of 18 months to 3 years to get into sustainable work.
- Incapacity Benefit dependency can only be reduced through integrated service support first. Work related activity is only successful when delivered in conjunction with service support.
- There is a chance for local service providers to subcontract through the Single Work Programme to offer parallel service support or integrated employment support.
- This kind of intensive support typically costs a minimum of £12-14,000, which is still a saving over the medium term.
- 5,700 of Hackney IB claimants have mental and behavioural health claims.
- For many of these long-term claimants attitudes and fears about work remain a significant barrier to finding and maintaining employment.
- Service packages which include supported employment placements, training or education as part of an integrated offer are most effective with the population most at risk from welfare reform.

Introduction

Over the last year, the council and its partners in Team Hackney have been looking more closely at our local evidence base on worklessness. As part of that process, we have attempted to clarify which segments of Hackney's population have tended to have been out of work over the longer-term.

Incapacity Benefit (IB) claimants are off the books, they are not counted in the official unemployment rate. The Coalition Government's welfare reform policies are meant to reduce the 2.6 million claimants across the country. Only five EU member states have worse rates of hidden unemployment than the UK (Estonia, Italy, Latvia, Austria and Poland).

As a means of decreasing the numbers on inactive work benefits, Central Government has designed a series of changes to the eligibility conditions. The most drastic of these will affect Incapacity Benefit claimants. The policy aims to move people to Employment Support Allowance after a rigorous Work Capability Assessment (WCA) to determine the extent of any illness that may prevent employment.

Once the WCA has been filed, the new Employment Support Allowance claimants are channelled into employment and training assistance or a variety of programmes that lead to Work Related Activity. Starting in April 2011 after the WCA diagnosis, all new ESA claimants will have one year before their benefit runs out. Considering the evidence in this report, this poses a major risk to Hackney as residents have claimed IB at the third highest average rate in London over the past decade.

Another conditionality change will be a cap on the overall benefit allowed for families. Currently, the projected ceiling is £26,000. This is equivalent to median income earnings after tax for working households. The following benefits will be included in the cap:

- Income replacement benefits (Jobseeker's Allowance, Income Support, Employment Support Allowance);
- Other means-tested benefits (including Housing Benefit and Council Tax Benefit);
- Child Benefit and Child Tax Credit;
- Other benefits (including Carer's Allowance and Industrial Injuries Disablement Benefit).

Welfare reform will also include the introduction of Universal work credit for those out of work or on very low wages which will combine JSA/IS, IB/ESA. Universal life credit will cover additional living expenses or all those on low incomes, it will combine HB,CTB,DLA,WTC and CTC

Section 1 Where we stand: Worklessness Interventions and Incapacity Benefit

Over the last 10 years, Hackney had the 2nd highest number of IB claimants in London, trailing Newham by only a few hundred. For the past decade, an average of 13,000 people have been on IB. The evidence shows that these are roughly the same claimants as 2000. In contrast, the borough consistently supports 7,000 job Seeker's Allowance, the 5th highest in London over the past 10 years.

This brief provides details about the population of residents on Incapacity Benefit including a snapshot of their service dependencies. In Section 1, we breakdown the population by type of reported illness, age, gender and duration on benefit. In Section 2, we provide an explanation of the types of services these clients rely on and demonstrate the various pathways available for employment support. Section 3 highlights our findings, forthcoming analysis and future research.

Hackney's most prominent policy agenda over the past four years has been the reduction of poverty and unemployment. Since 2006, we have funded eight worklessness programmes including our City Strategy Pathfinder programme. These programmes had a total cost of approximately £7 million and placed an estimated 1,400 people into work. Hackney evaluation records report six IB claimants were placed in work or volunteering positions during the four year focus on unemployment programmes. Data indicate that the ongoing Ways into Work programme is repeating this pattern with no current records of programme participants who are long-term unemployed or Incapacity Benefit claimants.

**Team Hackney Funded Project: Moving On
IBs into sustainable work: 3**

From 2007-2009, Team Hackney sponsored Moving On, the project combined employment support with mental health condition management through a vocational group. The main methodology used a recovery model and brief solution focused therapy approach to assist people in setting, pursuing and achieving vocational goals (voluntary, paid or unpaid, work placements and education). The aims of the group were to encourage users to identify skills and qualities with the view to increasing self-awareness and self-esteem, and offering practical strategies and problem solving exercises to overcome possible barriers to engaging in vocational activity. Topics included relapse prevention, barriers to vocational activities, benefits, disclosure, stigma, skills, careers advice and speakers (e.g. DEA, ex service users).

All beneficiaries received individual employment support provided by an Occupational Therapist and Employment Advisors. The Occupational Therapist and Employment Advisors provide advice and guidance and active support to employers (where requested), including joint supervision/mediation meetings and identifying suitable working adjustments. They also offer mental health awareness training.

Following an initial assessment and creation of an action plan, support included CV writing, job search, the identification of suitable training/education and/or work experience and interview preparation. Service users also had access to a benefits advisor through Mind and Jobcentre Plus. The project held a discretionary fund, which includes a £200 back to work entitlement and a contingency element set at £300 per user to cover course fees, learning materials, clothing for interviews etc.

**Team Hackney Funded Project: Hackney Works
IBs into sustainable work: 0**

From 2007-2008, Team Hackney sponsored Hackney Works a partnership between Renaisi and Working Links. The programme hosted a series of small projects aimed at increasing qualifications and soft skills. The programme included the following components:

Fit 4 Work was a one week-programme aimed at providing employability 'soft' skills: motivational activities; discussions on workplace behaviour, time-keeping and resolving conflict; problem solving; career planning; goals and aspirations. Basic skills and ESOL and accredited vocational skills training projects increased marketable skills. A project called Routeways designed training programmes in partnership with a recruiting employer and clients were offered a job interview with the respective employer. Personal Consultants had access to a discretionary spend budget for interview clothes, shopping vouchers, travel and childcare costs Another project offered employers a wage subsidy for Hackney Works clients.

Our unsuccessful interventions with Incapacity Benefit claimants partially have to do with inappropriate design of Hackney's unemployment programmes. Hackney Works, the main programme that targeted IB claimants in particular focused on economically inactive residents with expectations of 70% women and 20% IB claimants. Moving On, the employment programme delivered to mental health clients held a target of 40 people into sustained work. The project delivered three work placements, one part-time position as an administrator with the East London NHS Foundation Trust, a key partner of the project. Programme design could be more appropriate with the right evidence base, which exactly identifies the characteristics and needs of the population of IB claimants and their primary barriers to work. Through better programming, true assessments of the length of intervention could help design more realistic programmes.

Another aspect of difficulty in reducing the IB client base is the complexity of client need. The majority of clients have a health problem, our research found that they usually have multiple health problems and the package of conditions is the primary barrier to work. This is not only Hackney's experience, but also a national problem. A National Audit Office evaluation of DWP's Pathways to Work programme found intense difficulty meeting targets as well. Pathways to Work was able to improve the number of people nationally who went back to work over Job Centre Plus; however, the programme was voluntary. A client base more motivated to participate in a work programme is statistically going to have higher success rates.

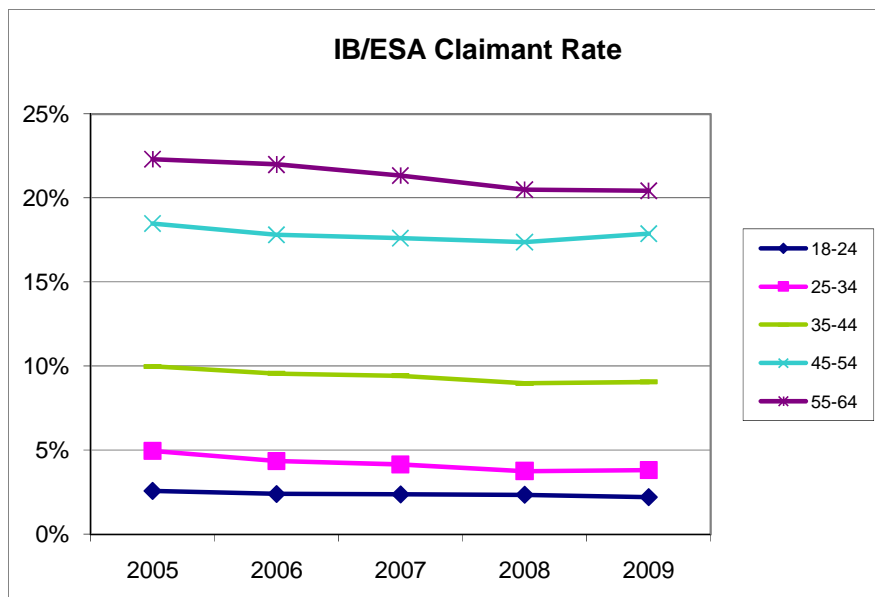
Even with this higher rate of work placement, Pathways was deemed unsuccessful and low value for money by the NAO due the effects of Employment and Support Allowance and the medical assessment within the programme. This effect was stronger in moving people off the benefit, not necessarily into work but off benefit, than any of the effects specific to the Pathways programme. The medical assessments were responsible for moving 38% off Incapacity benefit and ineligible for Employment and Support Allowance.

Other forces external to the programme also found to be stronger than the programme, the costs of transport and housing and the willingness of employers to take on Incapacity Benefit claimants had a major effect on the choice between benefits and a wage. This background is vital information as the Single Work Programme comes forward. It demonstrates that conditionality will do more to move people off of the benefit than any soft touch programme, but it will not necessarily place them into work. This could prove to be a larger problem than the claimant rate itself.

Section 2: Population Classification and Description

In this section, we examine the descriptive data to highlight exactly who is claiming benefit and for how long. Graph 1 shows the lack of dynamics in claimant numbers over a 5-year period, the numbers have barely changed.

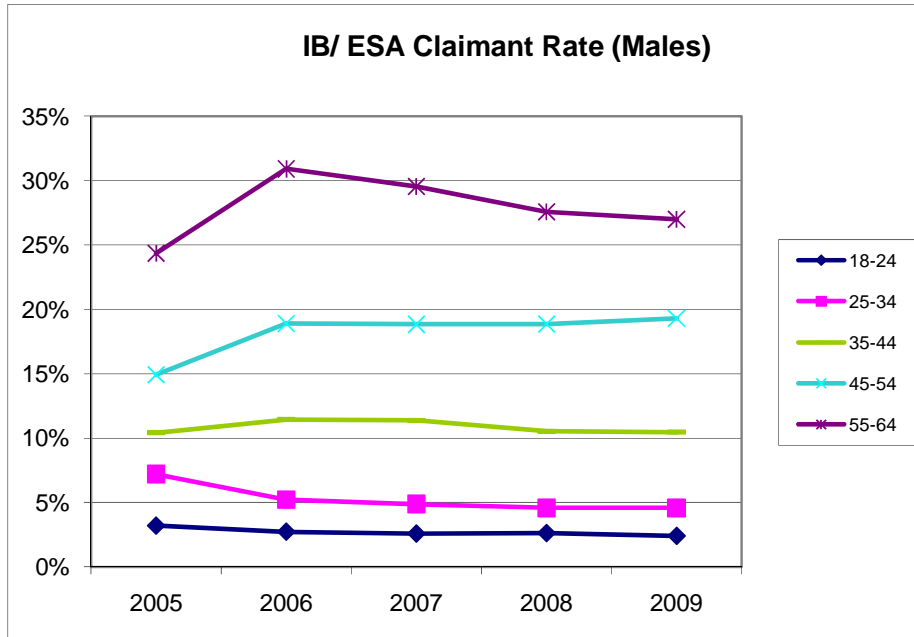
Graph 1 Age: Incapacity Benefit



Over the past decade, the typical duration of an IB claimant in Hackney has nearly doubled. In 2000, only 36% of clients were staying on benefit for five or more years, by 2010, this figure has risen to 65%. The figure for two or more years has also risen, now 90% of clients have been on the benefit for more than two years. As a percentage of the Working Age Population, 45-64s have made up the majority of the Incapacity Benefit population for the last 5 years.

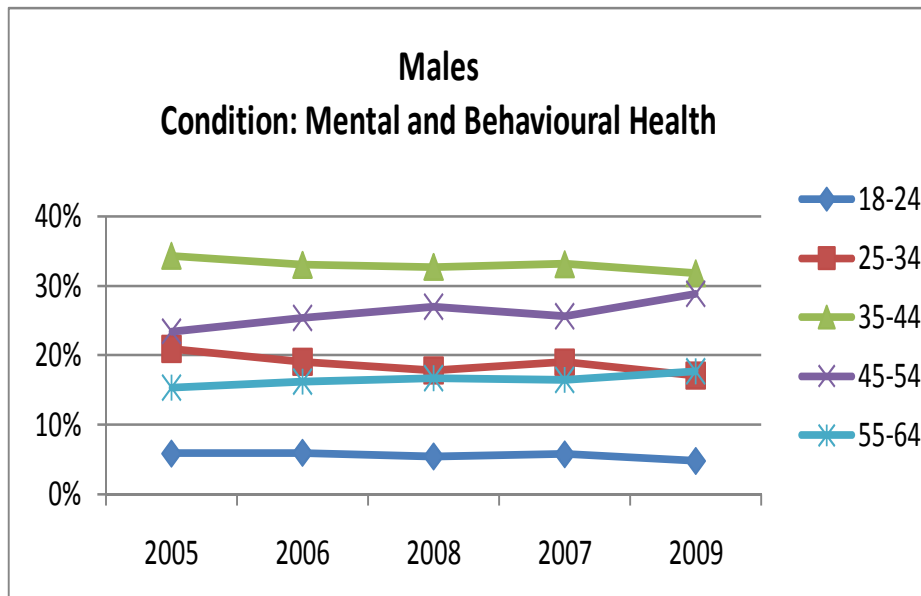
Of the current 13,360 IB claimants, nearly 60% (7,600) are men or 10% of the male Working Age Population claims IB. The age and gender combination reveals that the highest proportion of claimants within the Working Age Population are specifically Males 55-64 as shown in Graph 2. They claim at a rate of roughly 10% higher than the next segment, the 45-54s. They also claim benefit at a rate 4% higher than women of the same age.

Graph 2 Gender/Age: Males on Incapacity Benefit



While it is generally assumed that men in particular were moved outside the labour force and hidden on Incapacity Benefit when the UK economy moved on from manufacturing and mining it is imperative to note that Hackney’s extensive client base was not a result of structural unemployment in the 70s and 80s. In other words, Hackney’s IB claimants were not “parked on IB” as a result of manufacturing jobs loss as the majority of Hackney’s claimants were too young to have been set aside. This becomes even more obvious in Graph 3.

Graph 3 IB Condition: Males Mental and Behavioural Health



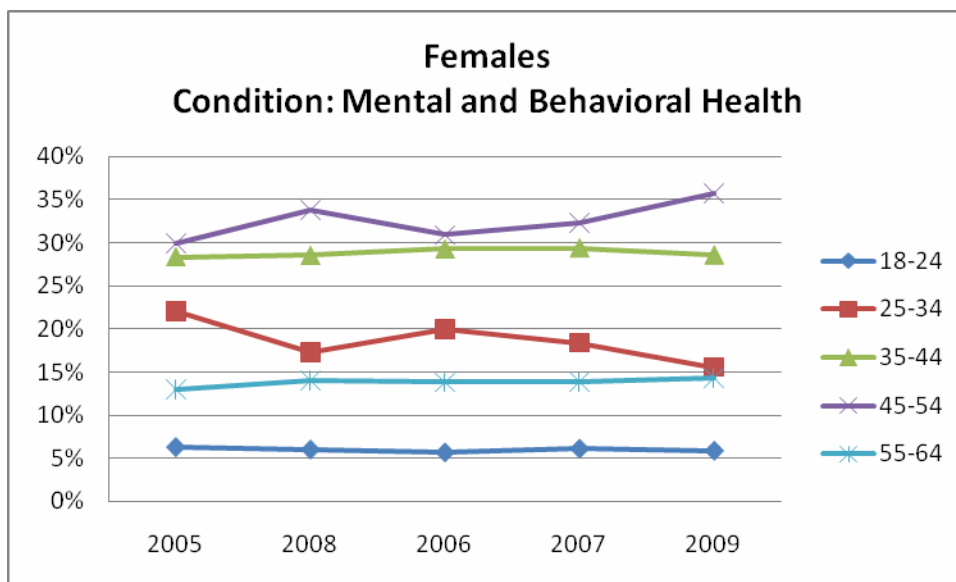
The age dynamic in the benefit population changes when analysed for condition. The highest numbers of claimants within the mental and behavioural health condition are consistently 35-45 year old males, 10% higher than the next age segment, the 45-54s.

The usual story of structural unemployment begins with a large shift of males on benefit around the early 80s through to the early 90s. Within these dates, the 35-54s would have ranged from ages 6-25 in 1980 and 16-35 in 1990. It is clear these men are not unemployed due to structural effects. Additionally, the incidence of benefit parking was less prominent in London as labour market capacity was diverse enough to take on many of the manufacturing employees. These men have an actual service need.

The most commonly reported condition in Hackney for both genders is mental, emotional and behavioural health, 46% of all claimants are mental health clients. This is 11% higher than the Host Boroughs average of 35% and Hackney has the highest numbers of mental health claimants within the six boroughs. Even women report mental and behavioural health conditions higher than any other rationale. Graph 4 demonstrates that while the magnitudes of claimants are lower by 10% than men or more in some ages, the majority of claimants are on the benefit because of mental health issues.

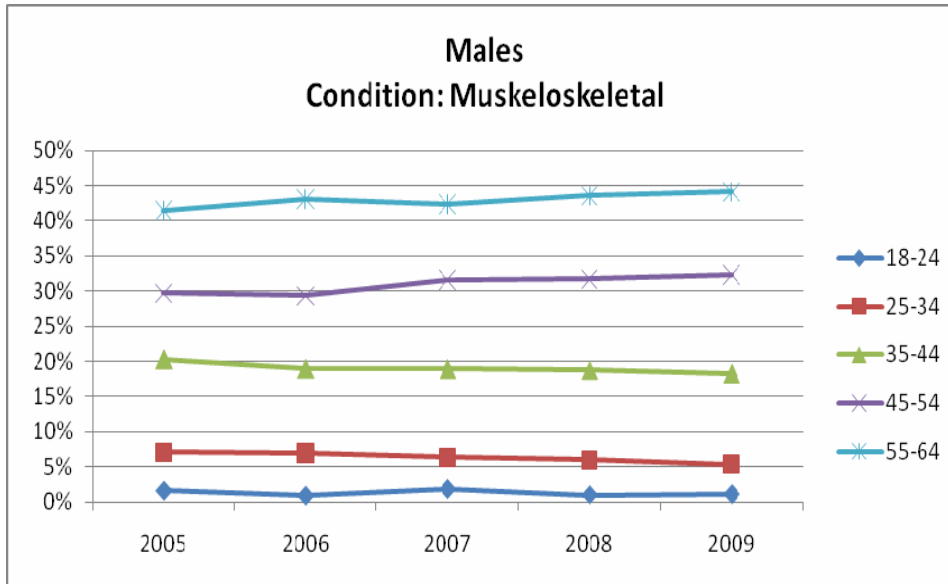
One interesting difference between the genders is the age of peak claims, for men the peak is 35-45, for women it is delayed 45-54. While we can observe a small decrease in the male 25-34 rates, the decreasing trend of 25-34s claiming is more obvious in the female rates. This could be due to the introduction of ESA, a reduction of benefit claimants on the whole or a reduction in mental health cases in the borough. The test will be if the spike remains at 35 as these numbers are relatively flat.

Graph 4 IB Condition: Females Mental and Behavioural Health

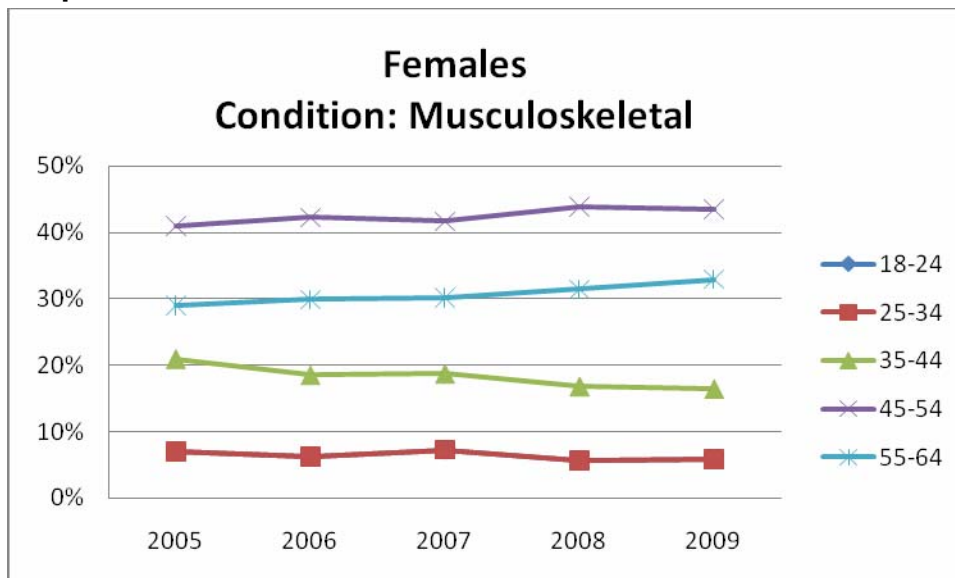


By comparison, musculoskeletal claims come later for both genders, starting primarily at 45 as might be expected. These claims are less than the mental health claims by 5%, except in the 55-64s where the musculoskeletal claims are higher in both genders by 15-20% than mental health claims. Graphs 5 and 6 demonstrate age and gender difference for musculoskeletal conditions. In total, the absolute numbers of claimants for this condition average around 2,000 people, roughly equivalent between men and women or 1,000 each.

Graph 5 IB Condition: Males Musculoskeletal



Graph 6 IB Condition: Females Musculoskeletal



Graph 6 confirms that women on IB are primarily 45-54 as the highest cases of both mental health and musculoskeletal are in this age group.

Findings

The above analysis pinpoints the characteristics of the population on Incapacity Benefit. The majority of Hackney claimants are male aged 45-54, and women aged 45-54 make up the next highest segment. However, the primary age group shifts down to 35-44 for men when we consider the primary health condition, mental illness. Durations on benefit have increased over the past decade and total numbers on benefit have increased over the past 5 years in tandem with Hackney's major push to resolve worklessness.

It is clear investments did not match the needs of this population. We move on to discuss the service requirements of the population and their needs as service users rather than simply benefit claimants.

Section 3: Supporting Employment through Services

Understanding the role of services within employment support has become more relevant than ever as welfare reform targets the very people least able to “get back to work”. The redesign of the benefits system and the new conditionality placed on Incapacity Benefit ignores the realities of Hackney’s claimant population. The Work Capability Assessment will launch a timer for 75% of claimants who are placed in the Work Related Activity Group and they will be expected to move toward employment activities.

Hackney’s Moving On project as well as the Pathways to Work programme funded by Job Centre Plus were designed to integrate service and employment support. The evidence from these programmes underlined the need for rehabilitative and vocational activities to be undertaken in conjunction with each other.

Data collected from a short list of Hackney’s local health and social care providers further clarifies that stand-alone employment assistance delivered through a job brokerage is not effective for a population with mental, emotional and behavioural health issues, or any physical illness that has caused mental illness through extended isolation from the job market. As we will see in the results below, treatment begins with health and social care. These support services are intensive, extensive and expensive as the complex needs that manifest as worklessness are treated.

In preparation for the Comprehensive Spending Review interviews were carried out with

- the current Pathways provider, Ingeus (formerly Work Directions),
- a local disability employment advisor at Job Centre Plus
- health visitors and coordinators
- niche agencies and organisations who are in receipt of Supporting People Grant funding

These organizations provide support for people out of work who are dealing with multiple problems including mental health conditions, criminal records, homelessness and drug and alcohol dependency.

Our research aims were to get a clearer picture of:

- Where this group of claimants are presenting across our services
- How this group of claimants are using employment support services
- What kinds of approaches to employment support already exist within frontline services
- Key challenges and successes of working with the client group
- Effective referral systems between support services
- Costs and benefits of embedded employment support services
- Efficiency savings within employment programmes

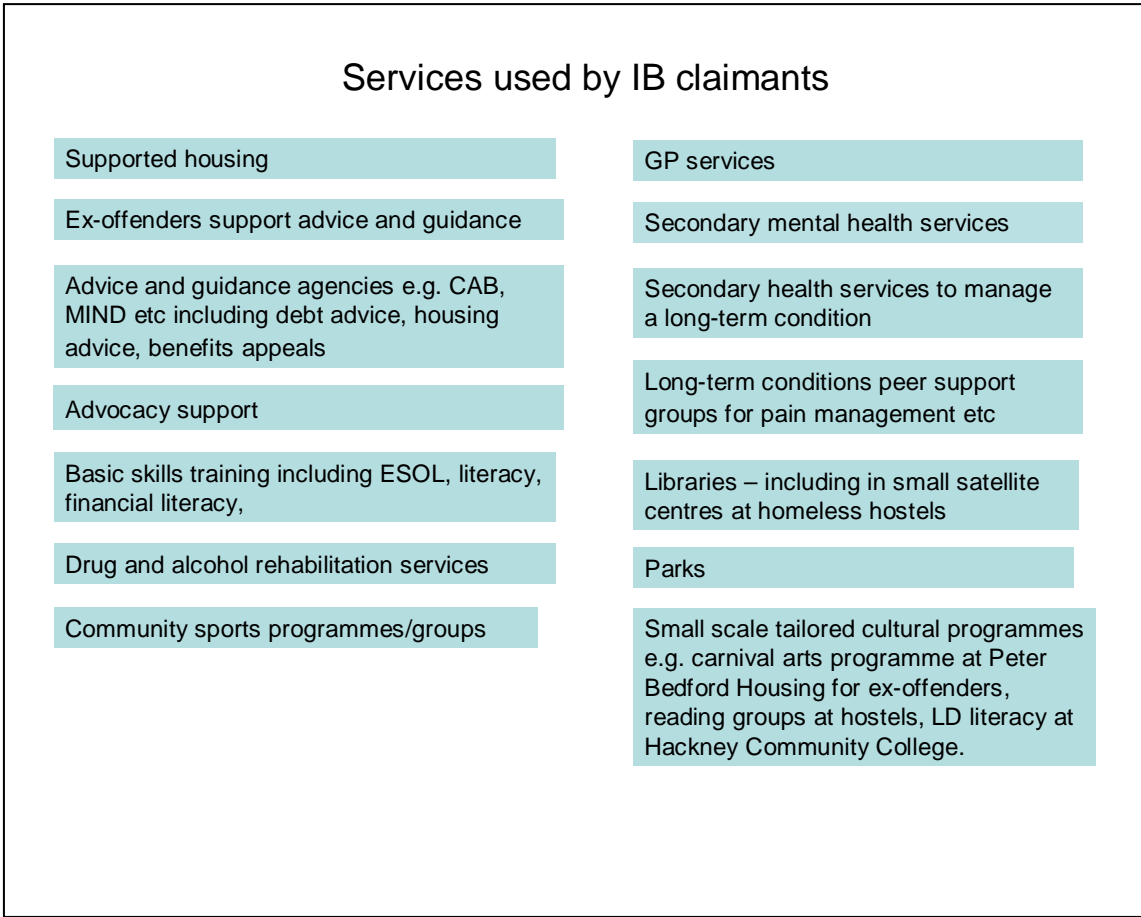
All the providers we spoke to were regularly seeing clients who were on Incapacity Benefit, Employment Support Allowance, many that had been moved on to Job Seekers Allowance as part of the Work Capability Assessment process.

3.1 A View from Within: Service Foundations

Very little mapping of client journeys has been done by individual providers although some have mapped their own service offers. In part, this is because client journeys vary widely and depend on an individual’s particular circumstances. Not only do the specific service packages vary per client, but also providers mentioned that the length of time people will participate in various employment, education and training activities can range from around three to four months through to four years before finding work. It depends on the complexity of people’s personal circumstances, and crucially, their mental attitude to work.

First, our research tracked the service packages that most clients relied on. Interactions within these services often created the space for the discussion of employment and training. A core component of the employment journey is the ability of the client to move from service rehabilitation to positive activities toward employment. Figure 1 lists the typical services clients utilised by Incapacity Benefit/ESA claimants.

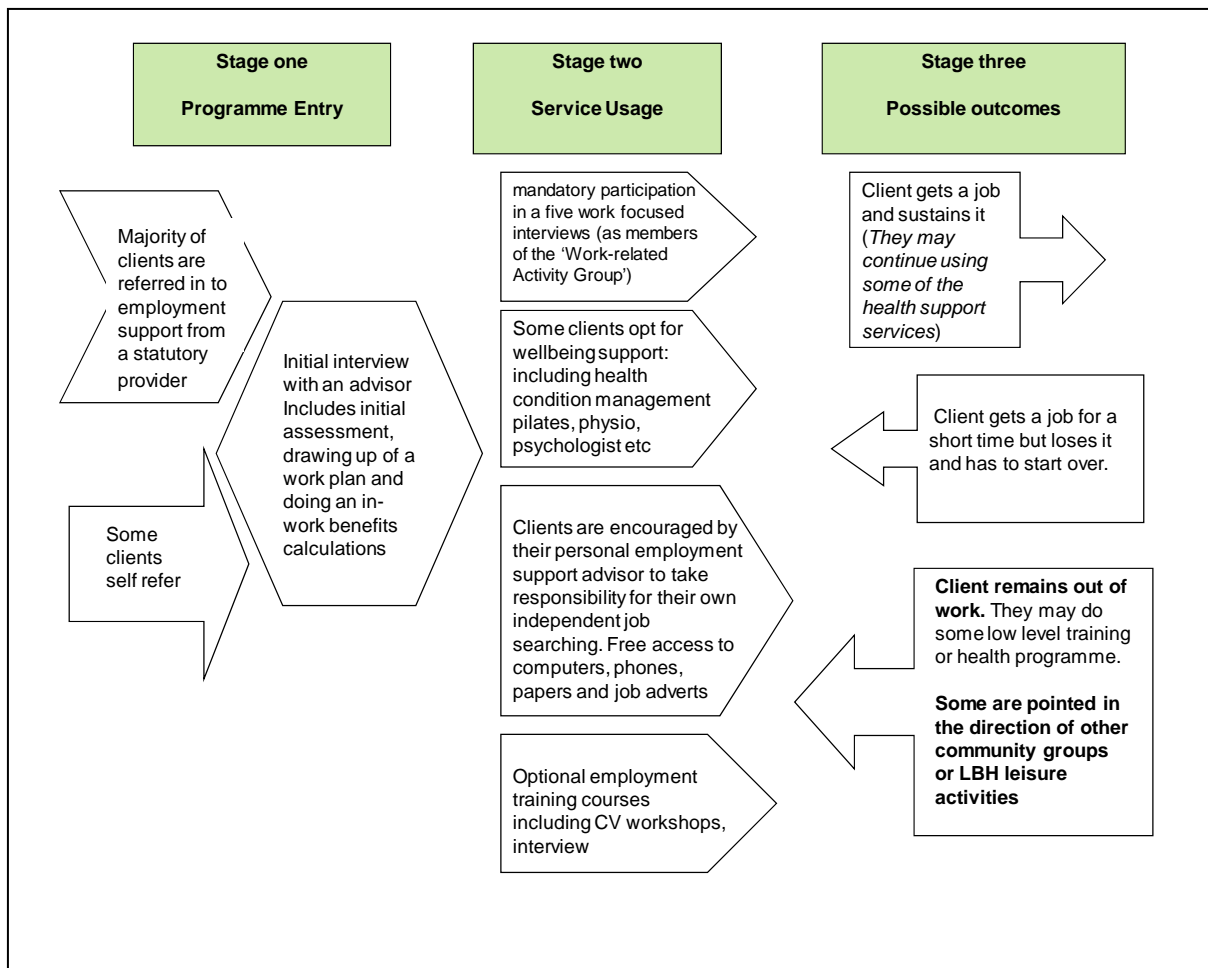
Figure 1 IB Health and Social Care Service Usage



Providers were clear that these services underlie all employment programmes. Responses were unanimous across the board that success in employment programmes began with success in service access and take-up. Services acted as a foundation to all employment programmes assisting with the primary needs of housing, counselling, group support and health condition management. Without these in place, the client was not ready to work through the secondary issues of access to employment, education and training.

Figure 2 illustrates an example of integrated approach to employment support from Ingeus, Hackney's Pathways to Work. Services are delivered alongside an employment programme. They offer health care and condition management as part of work search activities in a phased and coordinated programme.

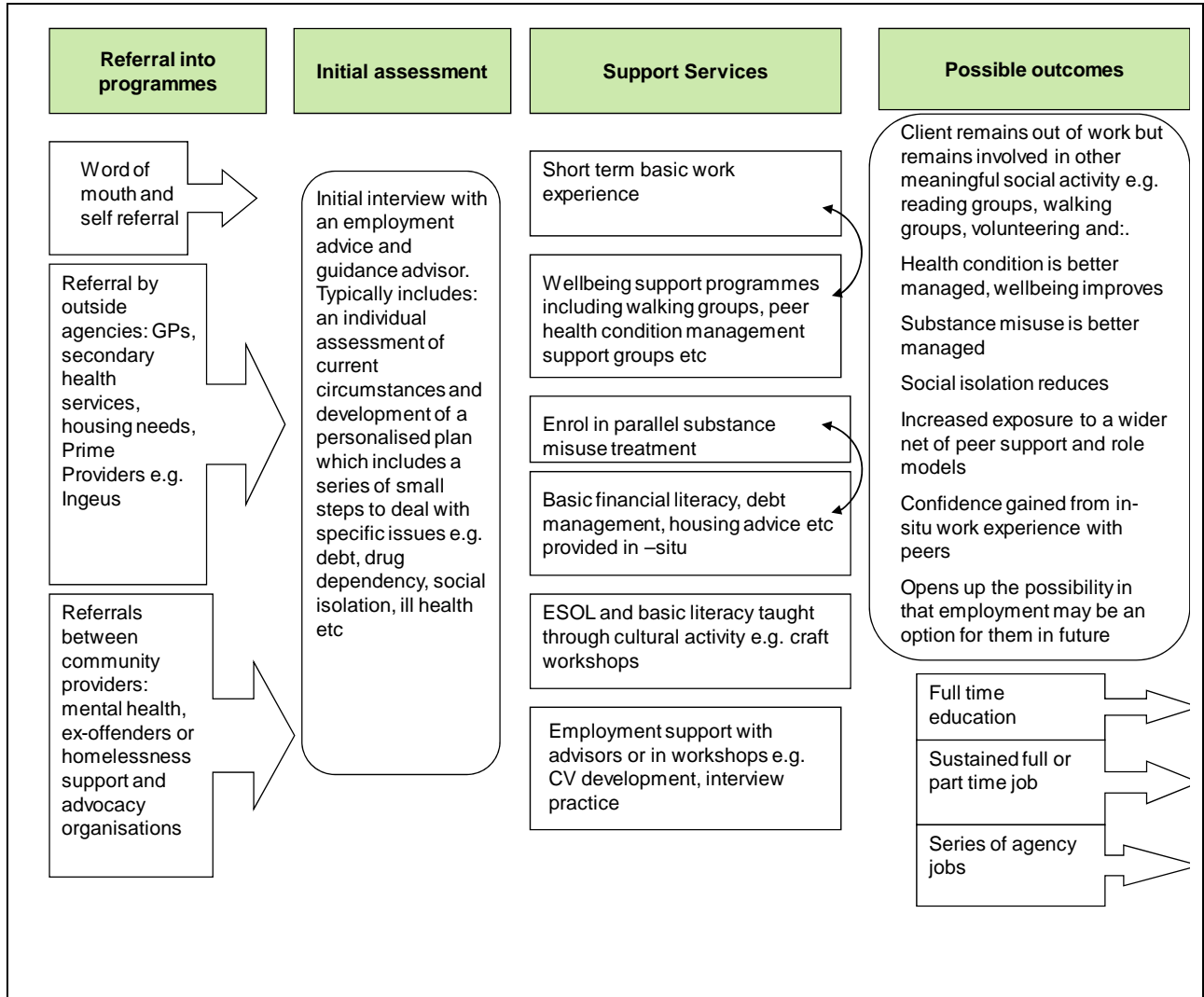
Figure 2 Pathways Programme Phases



Ingeus states how even the smallest amount of activity can work to build confidence and willingness. One of the first 'services' men use are gym memberships to help them feel physically better. Other service support includes yoga and Pilates classes, psychologists, nutrition and cooking classes, mental health services and physiotherapy.

Third sector organisations within Hackney offer a similar system of support. They can lead with health and social care services, offering employment and training as an extra, or vice versa. Like the 2007-2009 Moving On project and Pathways, most programmes delivered by community organisations will couple therapy or health services with work focused activity.

Figure 3 Third Sector Service and Work Focused programmes

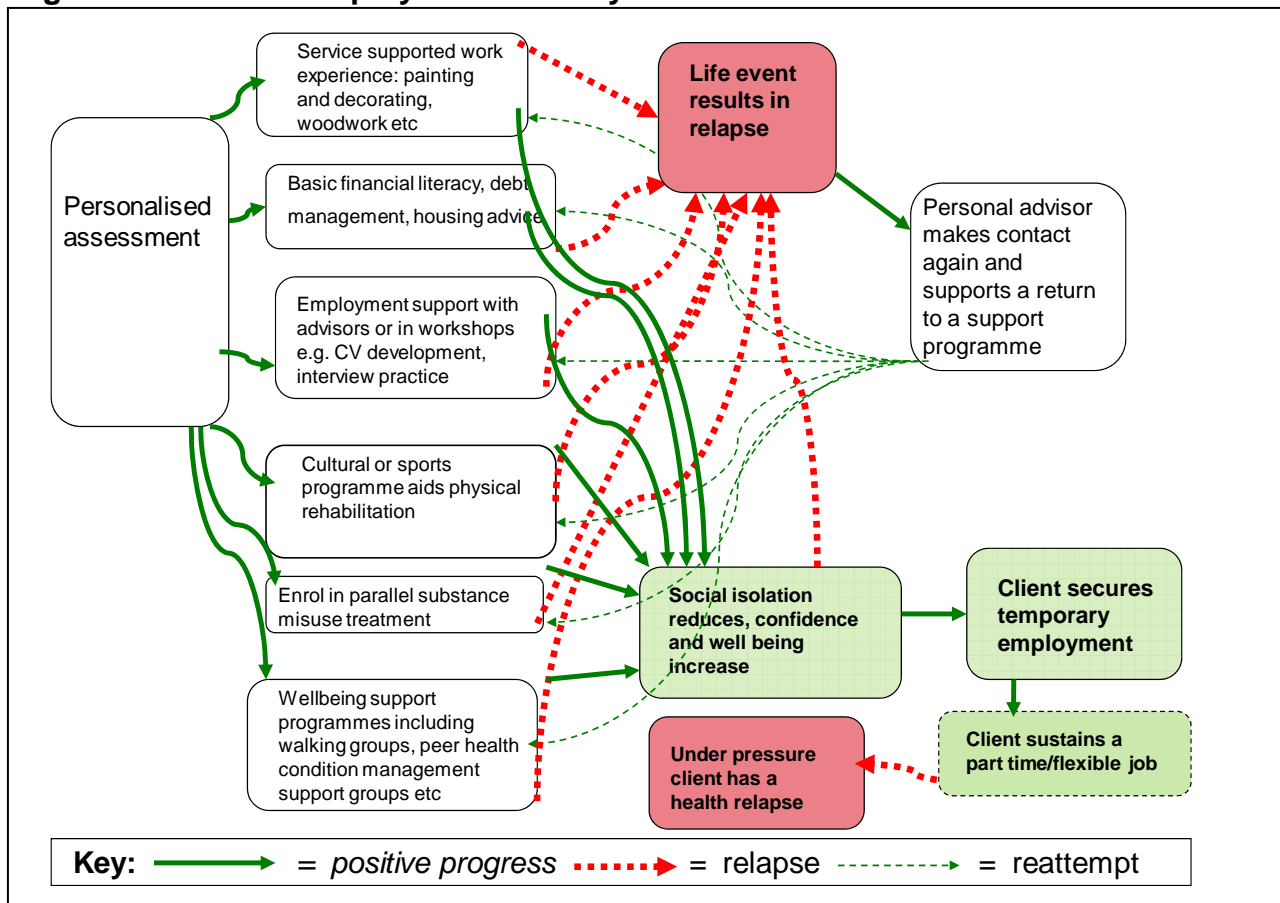


3.2 Failure and Set backs in Employment Projects

The inability of Team Hackney and the national Pathways programmes to get IB claimants into work was echoed among the providers we spoke to, especially sustainable work. The journey just is not that simple either for someone who has been out of work for an extended period, or someone who has service barriers. Especially with mental health issues, the services we spoke with said a linear employment journey where someone moves from out of work to training and then employment to sustained employment is almost unheard of.

Instead, they describe a picture of a complex journey of back and forth in and out of work related activity and extended periods on benefit followed by another round of service support, training and education and possible employment placement. The majority of clients make it only to the interview stage because that is all the employment programmes can guarantee. Providers also flagged that the education, training and employment journey was likely to be especially slow for clients with the most complex support needs, including people who may be in temporary accommodation or going through mental health rehabilitation. This group required ongoing support, persistent follow up and a flexibility from training providers. Figure 4 provides a glimpse into the real design of pathways for Incapacity Benefit claimants.

Figure 4: The Real Employment Journey



This picture is key for budgeting, as the restart process is never included in the budgets projected for these types of programmes. Pathways to Work was considered an unsuccessful programme because of the unrealistic promises made by contractors for time frames and sustained progress. The Moving On evaluation and some providers we spoke with found an average cost per IB claimant, especially anyone claiming mental, behavioural and emotional conditions, would range from, £12,000 to £14,000 per job. This accounting is suspect considering a job may take as long as four years to secure and it does not include the full price of service support. We consider this figure a lower bound.

The loss of investment comes from a range of factors. The list below includes some of the common causes of relapse from education, training and employment.

- practical problems with housing
- delays in receiving benefits
- factors that affected people's established routine
- difficulties scheduling in medical appointments around other commitments
- a lapse alcohol and drugs treatment
- pressure from family members
- a decline in health
- fear of failure and other elements that might trigger some kind of personal crisis

One major point that came from the services, the Ways into Work evaluations, community providers and Ingeus was the need for intensive follow through from outreach to service or work related activities. By this, they mean literal handholding:

- calling people on the phone to wake them up before an appointment
- travelling to appointments with the client
- on call support for confidence boosts
- anger management assistance
- repeat invitations and reminders
- repeat requests to view paperwork and assist with applications etc

3.3 Improving the Chances of Success

We also asked agencies to tell us what they felt was important in terms the design of their services. Many explained that the method by which employment programmes were delivered was as important as what was delivered.

Here they have an employment adviser, they see them in the office every day, and they stay with the employment adviser all the way through. The whole basis of the service is developing rapport and trust, but also to address constraints by asking questions, such as asking why they haven't found work in the past. We try to build up a picture bit by bit of that client.

The kinds of approaches that advisors had found helpful included

- taking an open and creative approach to helping the client move on from extended unemployment
- using individual work coaching to deal with issues like a clients lack of confidence to negotiate time off for medical appointments with employers,
- accepting and acknowledging the small steps people take on what might be quite a lengthy employment journey using a simple outcomes framework like the outcomes star,
- facilitating peer support groups where people with similar barriers to overcome could be mutually supportive
- providing practical support to hand to sort out the other issues in their life at the same time as dealing with the employment journey.

The quality of employment support staff was regarded as central.

The right kind of staff, our advisors are the heart of our service and that is where we spend the most amount of money making sure we get the right people. They are recruited through a process to make sure they are creative and innovative, open minded, positive, problem solving and don't have a fixed view of clients and what they can achieve. The quality of front line staff and the flexibility you give them are crucial. Within our outcomes framework, we give advisors a high degree of autonomy to decide who what where when and that is where performance comes from. If you turn everything into a linear process it won't work. Interview 7

Some programmes mentioned that the introduction of employment and training was partially the judgement of key workers. An advisor could be too cautious about promoting employment opportunities and err on the side of protecting their client from any potential failure. Expertise is very important. Although there are many employment trainers, there is not necessarily the kinds of specialist employment support providers that people furthest from employment were likely to require. Some mainstream providers tended to take a too formulaic or linear approach, which focused on CV

development or interview skills and yet were unable to accommodate more complex support needs. In addition, some providers were likely to have restricted eligibility set by funders' requirements rather than peoples' needs:

It is going to be harder to help those remaining outside of employment and it won't be as cheap. One factor in all this is the different funding streams that are available. You sometimes get a geographic postcode lottery or other criteria, which means that not everyone in the borough is eligible for all services. Moreover, some agencies may protect their area of work. Interview 1

Others mentioned it is increasingly important that staff find ways of productively challenging people to have a go at taking on some kind of activity or work. Many agreed that continually putting people onto training courses with no employment end was not necessarily useful.

Discuss education, training and employment early on, but in a clinical setting.

In terms of working with people aged 30-40, a number of interviewees mentioned the need to bring up education, training and employment at the point when people seek treatment for their health condition and substance misuse. A number of practical suggestions were also made including working with secondary health and rehabilitation providers to assist with practicalities like setting up bank accounts or starting raining at the same time someone enters drug and alcohol treatment. Others mentioned the need to better consider how we might support Black men into enterprise rather than CV and job training, given they seemed to be asking about enterprise support.

Others also flagged the need to act much further upstream to prevent this cohort of people leaving school, going into low-grade jobs and eventually ending up disaffected and on benefits aged 35-40, as appears to be the pattern now¹. It was suggested that this could perhaps be achieved for some people by providing personalised support for young people in schools and building their resilience then, targeting students who schools identified as having limited social capital and knowledge and experience of the employment market. Intergeneration poverty should be reduced through this cohort of young people knowing where they could be 20 years down the line.

Employment skills introduced through non-threatening activities outside of vocational classes are more effective with vulnerable groups.

Mainstream providers and organisations in the Third Sector routinely mentioned the value of using generic health, exercise and culture programmes to encourage clients, men in particular, to start participating in an employment support programme. These activities included gardening, physiotherapy support, gym classes, reading groups and

¹ Other literature suggests that claimants now on IB are not necessarily men made redundant from old industries, but rather a new group of less healthy, less skilled and less motivated men (Beatty & Fothergill 2007)

arts and crafts workshops. Several mentioned that men were less likely to sign up cold to confidence building and personal development workshops, but might after addressing other health issues first.

What is meaningful depends on their own context - what is challenging for them. Some may be more than ready for work, others may have been recently out of prison and very drug dependent. Health activity is important as an engagement tool so people can do gardening, healthy eating classes or self management for health conditions...these kinds of social aspects breed confidence. Peer learning is also more effective sometimes than learning from a guy in a suit who has not been out the job market recently. While training is important, sometimes people use it as a barrier not to go on and get work. Interview 1

Examples of small, flexible programmes using included:

- job retention peer support groups for people with a mental health condition
- art drop in sessions with a volunteer artist in residence in a hostel
- hostel reading groups run by resident volunteers using Local Authority Library books provided to the centre
- three to six month paid placement schemes in charity shops, community centre kitchens, painting and decorating and basic construction.

Through these placements, clients with the least skills and confidence have an opportunity to build up a portfolio of practical experience in a setting they felt comfortable in--a hostel or in community venue. This step-by-step process helps address some of the fears and mental barriers they may have to being in employment. Further these schemes can also help set different expectations of what people can do and achieve as the quote below illustrates:

We run a social enterprise that is getting people to do real work under our banner. Clients have respect and feel safe working in that setting and they are learning real skills. Team training in painting and decorating, eating lunch in the canteen with other people helps clients see that talking and laughing together could be interesting. Interview 8

Employment support programmes must address fears about losing housing benefit after gaining employment.

A number of interviewees commented on the reluctance people had to take up a relatively low paid job, which may not be very sustainable, and to risk losing other related entitlements on which they depend, *particularly housing benefit*. While providers can run through exercises to demonstrate how being in work pays off, client perceptions are hard to change. The Coalition government's Single Work Programme is designed to help overcome these culturally embedded concerns.

Specialist, flexible services are paramount for success.

Some providers expressed uncertainty about whether in this economic climate contractors would be likely to continue to commission specialist services that are tailored to clients' specific needs. Concerns were that Government's proposed Single Work Programme would be concentrated with bigger agencies who would only be able to offer a standardised employment support package. Any subcontracting package should include

- Realistic time frames that match client journeys
- Improved data and monitoring to encourage evaluations over time
- Flexibility to adapt programmes to local circumstances
- Provision of discretionary budgets that are key to success such as client transport costs, childcare, work clothes purchases and soft skills courses

Attitudinal barriers and fears needed to be positively challenged to encourage IB claimants to seek employment.

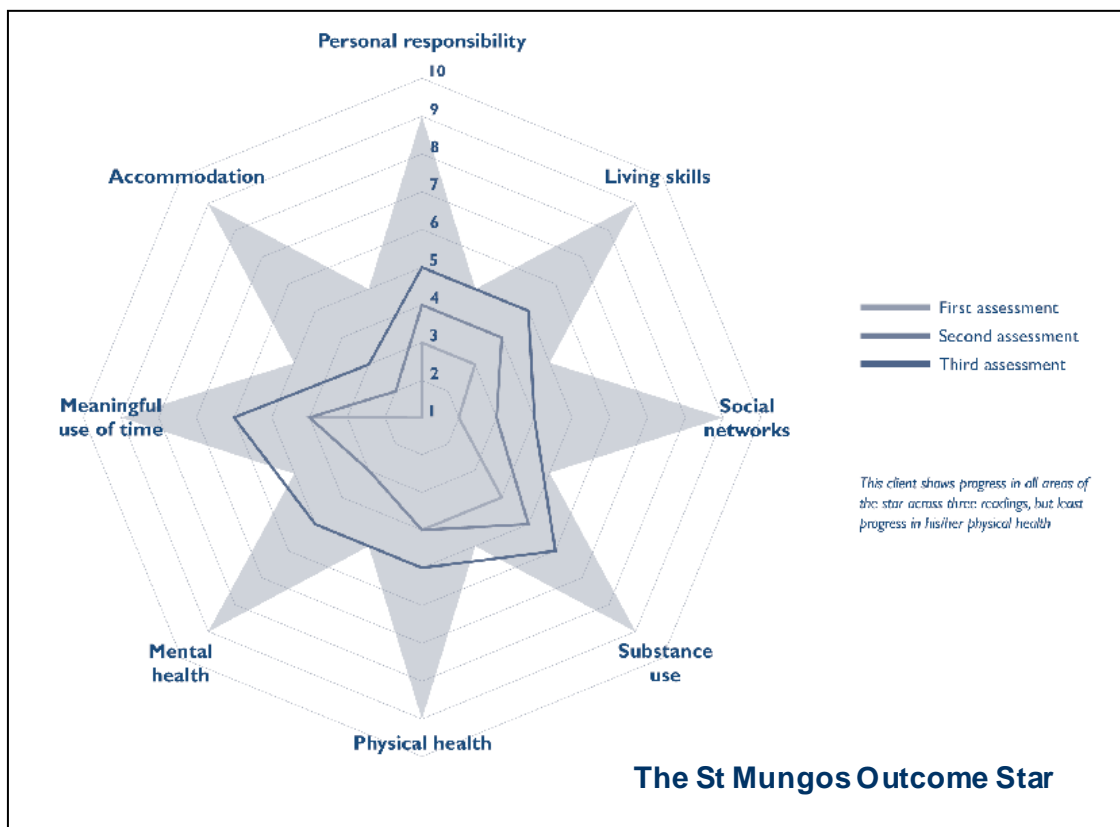
Interviewees noted the difficulty advisors faced when working with clients who have been re-categorised as "capable of looking for work" following their Work Capability Assessment. This group was moved to Job Seekers Allowance rather than on to Employment Support Allowance. They noted that these claimants largely focused on appealing the assessment decision and retaining their former status as a person incapable of work, rather than thinking about the possibility of employment or dealing with debt and other pressing issues.

Several providers stressed that it can take several years, not months, to open up the possibility in some clients' minds that that being in work can be beneficial. For people living with a complex set of circumstances, it can take a considerable amount of time and persistent support to overcome multiple problems that may have caused the long-term unemployment in the first place.

One of the complicating factors mentioned by a several interviewees was the difficulty of evaluating the successes and benefits of some of these interventions in the short term. If programmes only counted numbers of people moved into jobs, they overlook some of the wider savings and benefit these kinds of programmes offer such as moving people out of social isolation or substance misuse or ill health and into some kind of meaningful activity.

Some of the agencies had developed or were using a simple measurement tool such as the St Mungos Outcome Star to help chart the variety of steps clients were taking in a number of dimensions on their journey to employment or meaningful activity. This better captured the totality of their experience; even they were not in employment yet. Just seeing the whole set of benefit of their actions could be motivating.

Diagram 5 Outcomes Star for Holistic Outcomes Management



Providers mentioned that it is harder to make the case that some of these programmes for ex-offenders or people with mental health problems or drug dependency do result in cost savings for the taxpayer. It was often hard to demonstrate immediate value for the local authority and the strategic partnership; however, returns could be seen in the medium term in the status of families and in reduced reliance on acute services.

With everyone coming in through the door we are getting them to consider the idea of moving into work and we challenge them to consider work, even if it is not the right thing now but it might be something they can think about for 5, 10, 15 years from now. For some people it is very scary, but you are trying to open up that space, expanding people’s horizons. Because although it is terrifying now, similarly terrifying is the idea that in ten years you might be stuck in the same situation, so that is a way of opening up the conversation. I think the success of the model is an integrated approach with the health professionals on board and giving them a range of activities. Much more than is shown in the job outcomes, I think it improves the quality of lots of people’s lives even if you don’t move them into work. Interview 7

3.4 Service Gaps and Overlaps

Complementary programmes across the statutory and Third Sectors help reduce the number of people falling through service nets. Referring clients furthest away from work, with no interest in employment, to support services and programmes was considered vital. These groups need to start somewhere and can build their confidence over a series of softer programmes that are better able to provide them meaningful activity. It was mentioned several times that once people are in the system it was much easier to move them toward work than if they fell out and had to start again within a drug programme or mental health therapy etc. This momentum relies on good networks and seamless provision between employment and health and social care services.

Providers mentioned the importance of good personal communications networks between agencies in both the statutory and Third Sector. Building trust and honesty about what service agencies are able to offer each other and clients was regarded as an important contributing factor to help reduce gaps. Most of the providers talked about the kinds of contacts they have with specialist services including rehabilitation for drug and alcohol misuse or ex-offenders and homelessness organisations. Referrals for non-statutory support services including housing, treatment programmes and advocacy and support organisations came from

- health services
- housing needs
- Job Centre Plus in the state sector
- networks of other providers in the voluntary and private sector

Names that were mentioned by interviewees included: Crossroads, Hackney Carers, Mind, Shelter, Greenhouse, Red Kite, ex-offenders programmes at The Learning Trust, Newlon Housing Trust, Hackney Volunteer Centre etc. GPs were not considered as playing a prominent role in referrals, although some GPs provided risk assessments for some client groups. Interviewees raised questions raised about better evaluation of GPs signing off relatively high numbers of people on statutory sick pay or high numbers of long-term unemployed patients on their registers.

When asked about service overlaps, interviewees within health and social care services felt there was a degree of duplication between some of their employment support services and the mandatory services provided by employment contractors, which could be confusing to clients. However, several interviewees also emphasised the value of niche support services designed to compliment prime providers and noted how they were often more effective at targeting and gaining the confidence and trust of people further from employment. Their point was that the system as whole worked best when everyone understood when to deploy them.

In terms of gaps those mentioned included

- Support for over 50s with health conditions,
- ESOL training
- Affordable basic training for entry level jobs including food hygiene certificates
- Opportunities for adults over 25 now in general.

3.5 Costs, Benefits and Time

As we mentioned before, many benefits are difficult to capture, especially when job outcomes are the primary measurement. As a result, auxiliary benefits of provision are rarely tracked systematically and costs are difficult to trace. Also, some providers were able to disclose information on the costs of their service, but some of it was commercially sensitive information.

The LBH Drug and Alcohol Team offered an estimate of £94,000/year for 60 clients. They expect to have more information in future once the programme has been running for longer and they have evaluation data.

- programme staff
- basic skills training
- discretionary spend such as participant travel costs for their education, training and employment programme

All providers mentioned funding for discretionary spend to tackle some of the practical barriers that often prevented people taking up education, training and employment. Third Sector organisations and employment providers both made the point that they regularly had to draw down on other charitable funding sources to properly resource their education, training and employment. Programme specifications rarely included these costs in their budget expectations, even though many of these costs were primary factors in getting clients to work.

“The typical things we’d spend money on for clients include, phones, suits, we might cover the first months rent if they are going to be in arrears. We might fund supermarket vouchers if they will be in arrears, the first month childcare, a months travel card...we used to have to pay for people to get driving licences and passports where ID for employers was a barrier. Discretionary spend is important but a good quality service goes a long way and treating people well” Interview 7

Discretionary payments often were provided for

- travel costs for participants to get to training or interviews,
- funding for work clothes such as suits or steel toe cap boots and hard hats,
- phone calls, printing etc.
- bridging funds to help people deal with the transition from benefits to employment so they could pay rent, bills

- a travel card
- food and childcare in the first month of work before getting their pay cheque

St Mungos estimate it takes them up three or four years to move someone from the point of homelessness when they enter their service, go through rehabilitation and progress into work. Employment training and education support costs for this group are around £13-15,000, which they estimate then means a saving in the order of £46K to the tax payer. This is a similar figure provided in the evaluation of the Moving On project. £14,000 seems to be an average expected cost per year for an Incapacity Benefit claimant to move into work.

Most agencies used existing literature to estimate the benefit of interventions on people on Incapacity Benefit including the David Freud report commissioned by DWP in 2007. He estimated the savings to the state of moving someone off IB and into work are up to £62,000, given that claimants have tended to stay on that benefit for eight years on average:

"The fiscal gain of a year-long move into employment by a claimant on one of the three main benefits is substantial. I estimate that the savings in terms of gross costs to the Department of moving an average recipient of incapacity benefits into work is £5,900, with wider exchequer gains (offsetting direct and indirect taxes paid with additional tax credits) raising this figure to £9,000. The equivalent figures for Jobseeker's Allowance are £4,100 and £8,100 respectively. For lone parents on Income Support the Department savings are £4,400, with no further Exchequer savings because of the weight of extra tax credits balancing other tax revenues.

To the extent that the person would not have otherwise worked for many years, the saving to the State is a multiple of this figure. For example, once a person has been on incapacity benefits for a year, they are on average on benefit for eight years. So a genuine transformation into long term work for such an individual is worth a present value of around £62,000 per person to the State." (Freud 2007, p7)

Others also referred to the Review on Health and Worklessness by Carol Black. The aggregate costs to the national budget were considered:

"The annual economic costs of sickness absence and worklessness associated with working age ill-health are estimated to be over £100 billion. This is greater than the current annual budget for the NHS and equivalent to the entire GDP of Portugal." (Black 2008, p10)

One of the factors often raised about assessing the cost and benefits of education, training and employment schemes is that some programmes, particularly statutory schemes including the Pathways programme, have tended to cream off clients who are

easier to move into work. These programmes do not emphasise programmes for clients with more complex circumstances and lower motivation to find employment. They pointed to research brought forward by policy from national agencies such as the homelessness charity Crisis

“There are different ways of weighting people in the system, - parking and creaming – looking at a more sophisticated system of weighting outcomes so you get awarded more for people with higher needs, you don’t just park them. It’s based on the Australian system and it encourages the contractors to do more sophisticated work with people or subcontract with smaller groups. We visited an agency three months ago who had a pool of people that they are not working with immediately is about three times as large as the ones they are dedicated support for getting into work. So they do things with them but they invite these people in a lot less, but that is so they can access funding.” Interview 8

The Single Work Programme will provide a different funding scheme for those who are on IB to encourage Prime Contractors to design a system to work with longer term cases. The risk will be passed on to smaller subcontractors and policymakers will need to monitor the levels of capacity and interest in such a system by specialist small organisations.

Providers were not clear whether it always ended up costing more to fund clients who have relapsed and fallen out of education, training and employment programmes and are coming through for the second or third time.

“Second or third time round – yes it can cost more, because it may take more encouragement to get them back there, the process can be longer for some. For others it can be quicker – because they learn something from the failure and they look at how to get round that better next time .I.e. some clients are damaged by it and some learn.” Interview 9

Costs associated with a standardised pathway for all, some interviewees argued, tended to fail people experiencing complex problems such as homelessness, substance misuse and poor mental health. A more nuanced and personalised support package delivered by a range of providers that complimented and was networked into the prime statutory education, training and employment provision was more costly on the outset, but more effective and prevented relapses.

They felt it did not make sense to put people through a prescribed employment pathway if key aspects of their life were chaotic and needed addressing first. There was a sense that some groups were resource intensive but not moving to paid work.

“The people who cost a lot of money are people who engage in the Condition Management Programme and engage in workshops but have no interest in job searching. From Hackney’s point of view that is not a waste of money, because

they are not at the doctor's office and not depressed and costing other services money but from our point of view, given the way we are paid, that is inefficient."
Interview 7

It was argued that some clients were getting too little out of the mainstream employment support programmes and value for money was not being achieved because the programmes are not appropriate for them.

I also think some may be on a programme this may perhaps be a waste of time, using a space someone else could better benefit from, because they are left to sit in the corner and not really actively worked with. We have done some peer work on what clients say they got from employment programmes. A lot say they aren't getting much from this kind of service. It needs to be developed in a different way. They are put on lots of different programmes without the provider realising their needs. Interview 8

Both the prime providers and the more niche support providers suggested that it made more sense to use the mandatory interviews to move people towards a programme that kept people actively participating in some way in meaningful activity that over a longer time might lead to some kind of employment. They argued that this would likely help prevent social isolation and improve an individuals' wellbeing and health which would make them more receptive to employment and training.

Generally these people are inactive and are heavy users of services and they don't contribute that much to the economy. There are some groups who are contributing, those are normally older women who started off on income support and brought up their kids and still have a caring role in the community caring for their mother or grandchildren. So they are contributing and not depressed.

Generally it is quite hard to be inactive and not end up depressed. They end up with some kind of health impact or limited mobility and ability to engage with society. The efficiencies are massive. Parks for life, for example, IB claimants are not going to engage with that. They are probably not using other services, only the GP. Using the fact that Job Centre Plus gets people through the door, latching on to that touchpoint can help claimants that might benefit from parks for life but are not going to use Parks for Life. The integration question is how can we get people in by using the mandatory services that link to other services?

4. Conclusions and Future Research

The insight offered over the course of this small sample of interviews with providers helps us begin to understand how people with complex mental or physical health problems are likely to engage with services and employment support after they have been out of work over the long-term. These findings can prepare Hackney's mainstream service and local commissioning plans for the wave of 14,000 new ESA and long-term JSA claimants that will require service support in order to re-enter the labour force.

These interviews remind us that people who present in specialist support services in Hackney are likely to be dealing with multiple factors that impact on how they feel about finding and staying in work. As a result their journeys to employment are often much longer and less linear than other job seekers. It also suggests that mainstream employment support services such as CV surgeries are not necessarily going to be of best use in the first instance, given this group of claimants' life circumstances, their relatively low literacy and numeracy levels and their fears about finding work and losing benefit entitlements.

Factors such as the insecurity that comes from being homeless, or the pressures that follow from a period of mental ill health when combined with a history of insecure service jobs or a substance misuse problem tend to undermine people's capability and resilience to finding and maintaining suitable employment. What came back from these interviews was a message that low-level health, social and cultural interventions such as reading or walking groups or physiotherapy sessions appear to be amongst the most effective means of engaging these initially. These programmes offer the best means of building personal resilience and capability to find and sustain meaningful activity.

While these groups of claimants have to attend mandatory interviews with the prime employment support providers and Job Centre Plus, it is likely that their journey towards sustainable employment will be longer and more involved. Their success will depend on support from statutory and community services providing the foundations of stability to enable them to cope with work related activity.

Two major findings of our Reviews have been the prevalence of males, specifically older males on benefit and the true health related causes of their worklessness. We see two areas for future research coming out of these findings:

1. Many providers mentioned sport, culture and art programmes several times as the most effective tools for hard to reach groups. We found reference to projects that provide key soft skills for the priority populations on IB. We propose a final short worklessness review to examine the mechanisms and complementary approaches these programmes use to help men over 30 gain a willingness to work.

Monitoring and evaluation information from these programmes is not readily available; however, so we will examine existing evidence gathered by our Culture, 2012 and Health and Social Care teams. This information will help us develop a measurement estimate to test the programme effects at an analytical level. With the expectation that this population is Hackney's largest group affected by welfare reform, we feel it's worth further examination to describe the contributions these services provide.

2. Given the prevalence of young men 18-24 on JSA, we believe a possible generational link exists between these men and the younger people in the benefits pipeline. 33% of children (close to 19,000) live in households who are claiming worklessness benefits in Hackney. Understanding how sport, culture and art programmes reach at-risk youth could prevent another generation of negative outcomes.
3. Information on the total cost of an IB claimant to the Council was not easily obtainable, and we have provided generalised data as a place holder. We have found a dataset that may help derive per unit costs. Our next paper will examine this, add in sport, culture and art and find an estimate for both preventative and rehabilitative services for the IB population.

Appendix One

As an illustration of both the complexity of claimants' personal circumstances and the intensive nature of support they are likely to require on their longer-term journey back to meaningful activity and employment, we present highlights of the following case studies. These examples were submitted by individual providers in receipt of supporting People Funding as part of the local commissioning review process for 2009/10.

Case Study 1

13 years life sentence for assault and criminal damage to his partner. At first, LV was very wary of staff but regular support plan meetings, and goal setting meant that he soon became comfortable and confident with his support worker and could plan his service and resettlement package with his support worker.

In September 2007, FTC made arrangements for him to attend the centre and work as a volunteer alongside experienced staff members to enable him to gain practical experience in IAG (Advice and Guidance) work. Thereafter LV did his NVQ award in Information Advice and Guidance with St Giles Trust for which he received his certificate in August 2008. To gain further skills in September 2008 LV did a short training course in IT skills as this would benefit him alongside his IAG course.

LV's voluntary work with FTC came to an end in March 2009 and he is now engaging in Penrose Housing Association Education, Training and Employment services, where he has been participating in various enterprise courses and making contribution to the newsletter. He is also a service user representative.

LV has also been working with Transitional Space since December 2008 to access employment and move on. He has achieved a lot in a short space of time. Due to his motivation LV remains very positive and motivated to find work regardless of having a few knock backs.

Case Study 2

I came to London from Scotland in the summer of 2003. I very soon found myself sleeping on the street. I was always a heavy drinker but living rough increased my drinking. I used to attend various day projects and shelters for the homeless, and after three and a half years of living rough I managed to get a referral to a Novas scheme at 299 Green Lanes, Hackney.

I had an interview and was accepted. My tenancy started in October 2007. I was given a self contained one bedroom flat. This was the first time I had ever had my own place. With the support of the staff at Green Lanes I was able to learn about budgeting, and also maintaining a tenancy. I learnt to cook for myself. I have also, with the help of staff, managed to address my drinking issues.

I am currently on a work placement scheme that is being run by my local Job Centre. I hope to be able to undergo training and hopefully get a full time job.

Case Study 3

JC was resident from the 17/4/08 – 14/4/09. JC was referred by Hackney Advice & Options due to being evicted from previous accommodation for rent arrears. JC was referred with identified support needs: physical health and depression. JC was supported by her key worker and the resettlement worker to make payments towards the rent arrears and access the personal benefits she was entitled to due to her physical health issues. JC was referred to the counselling service attached to Church Walk and was offered emotional supported by the Mental health Worker.

JC was actively involved in all aspects of her support plan and was encouraged to access training run by Outside In [St Mungo's service user involvement group] on recruitment skills, peer mentoring and resident representatives. JC became an active member of Outside In leading on resident involvement at CW with the support of staff. JC was involved in the recruitment of several members of staff, sitting on the selection and interview panels. JC initiated and set up resident run meetings to feed into the management / resident regular meetings and supported other residents to feed into the planning and review of services at CW. JC was a pro active participant in the CW resident / staff way day which took place and encouraged other residents to attend and get involved.

JC had catering skills which she wanted to utilise and was supported to access training where she gained a current reference and recent experience. JC catered several CW events including the Health Day which took place in the summer of 2008 and feedback from partner agencies who attended was positive.

JC was supported by the Resettlement Worker to access private rented accommodation in Hackney and had a planned move on. JC is continuing to work towards her goals of gaining employment in catering whilst living in independent accommodation.

Case Study 4

Adrian was arrested for being in possession of cocaine and was referred to One Housing Group by Hackney Drug Intervention Programme on 16/12/08. He was homeless and had no fixed address since 2005 as he was forced to leave his rented accommodation because he was unable to pay the rent due to his flat mate moving out. Around this time he experienced relationship breakdown and lost his employment as an engineer. He described his past as 'unbearable'. Adrian has a history of suicide attempt, violence etc. At the time of referral, his needs include; making friends/relationships, help with benefits, gaining employment, managing debts/ bills, resettlement, managing a home, support with emotional issues and offending, access to daughter, self neglect, social isolation, lack of regular food, personal care.

Adrian now lives at Albion road and has a fixed address until such a time when he will be able to move on in a planned way. He is receiving jobseeker benefit and has registered and completed courses like web design and computer studies. He is currently in a stable mood and was visited by his daughter three weeks ago. He also makes contact with his parents and maintains good relationships with friends and room mates. He has registered with Hackney Housing and waiting for his bidding number that will enable him bid weekly for a more permanent accommodation. His personal care has improved greatly. He showers and cleanses his room regularly. Adrian showed interest in part time employment and has been referred to working links where he would be further supported with getting a job of his choice. Recently he was to attend a work interview in the security sector but was later informed that the interview had been postponed. He would be informed of a new date later. With this, he now feels socially included in the community. Adrian is currently engaging in activities and has re -built his self esteem. He is independent with his finances.