

No one written off: reforming welfare to reward responsibility – the response of the Social Security Advisory Committee

1. Introduction

1.1 Our starting point is our continuing endorsement of the Government's aspirations for an increase in the overall employment rate, and its commitment to providing individually tailored support to enable those who are excluded from the labour market for long periods of time to make the most of the employment opportunities available to them. We recognise and welcome the progress that has been made over the last ten years, and we have followed closely both the restructuring of benefit conditionality, and the development and testing of innovative programmes, that make up the core of 'active' welfare.

1.2 However, our support has not been unqualified. In our advice to the Secretary of State on proposals for the legislation that has progressed welfare reform, and in our wider policy advice, we have expressed reservations about both the detail of a number of new policies, and more generally about their direction of travel. We have questioned whether adequate time has been allowed for the testing, evaluation and any subsequent modification of new programmes before they have been rolled out nationally. We have pointed to some inconsistencies and discontinuities in the Government's key policy messages; for example whether the primary analysis is that people are unwilling to work and unlikely to work and need to be coerced into employment or whether those who are unemployed require more support to overcome barriers to paid employment and that changes to the labour market should be made to overcome these barriers. There are also tensions between policies which can be implemented in England, and the responsibilities of the devolved administrations.

1.3 We have also observed that the pace, scope and scale of change has sometimes strained the Department's capacity to deliver the consistent level of customer service it aims to provide. In the past, the backdrop to the challenge was a relatively benign economic climate, with rising rates of employment and growth. The current situation appears to be markedly less favourable and may deteriorate. We would therefore advise caution. If the Government can claim success of employment policies at a time of unprecedented economic growth and stability, will the same claims be able to be made in a time of economic uncertainty? In this connection we would draw attention to the research of Fothergill and Wilson¹ who raised questions about the feasibility of the Government's aspiration of reducing the numbers of claimants of incapacity benefits by as much as one million. They projected a decrease of under half a million by 2015 on current policies.

¹ Fothergill, S, & Wilson, I. (2007) 'A million off Incapacity Benefit: how achievable is Labour's target?' *Cambridge Journal of Economics* 31 pp 1007-1023

1.4 We are in complete agreement with the Government's view that no one should be written off, and we particularly welcome the commitment to provide extra financial support for the most severely disabled people, and the opening up of access to support on a voluntary basis. However, the Green Paper seems to us to veer between an implicit expectation that everyone should 'contribute' through participation in paid work, and an explicit acknowledgement that not everyone can be in paid work. It also appears to equate work with paid employment and to ignore the important, and complex, social and economic role of the unpaid work performed by carers in all its many guises.

The timing of the Green Paper

1.5 These concerns are ones we have expressed in the past, and our response considers how the welfare reform narrative has been pulled together at this point. Much of the Green Paper is anticipatory (ESA has yet to be implemented, for example), and in our view a gulf remains between its high level aspirations and the detail that has been provided of the mechanisms to achieve these aspirations. We would have welcomed much more information on how the Government plans to achieve the policy objectives it has set out. As framed, the consultation questions mostly avoid the detail of these mechanisms and are directed towards an agenda about which we have a number of reservations. It is how the Government proceeds that will determine what it will achieve. Accordingly, we have offered comments on just a small selection of the consultation questions posed.

1.6 The commitment to pushing ahead with more change before the foundation has been successfully constructed and evaluated concerns us. The Green Paper's proposals are based upon the existence of the Flexible New Deal and yet, on the same day as the Social Security Advisory Committee was receiving a briefing on the Green Paper proposals, we were scrutinising the regulations to create the Flexible New Deal. We also note that on the 2nd September the Department announced that from April 2009 there will be a time limit on support for mortgage interest of two years for new Jobseeker's Allowance claims. This is at the same stage in a JSA claim when those on JSA will be expected to work for benefit. We are surprised that this proposal was not included in the Green Paper.

1.7 We are also disappointed that at this point the Department has not given more detailed consideration to the interaction of earnings and benefits. The 'better off in work' message does not necessarily translate into a positive customer experience when moving off benefits and into work. We continue to be concerned about the disincentives to exploring paid employment or full time education as a result of how the earnings disregard, permitted work, 16 hour rules etc effect those on benefits. At the same time we strongly believe that the interaction between earnings and benefits requires a joint approach by the DWP and HMRC as both benefit and tax credit regulations are involved. As we point out below (para 10.3), we would have welcomed a clearer interdepartmental commitment to the welfare reform agenda, and one which also engaged the devolved administrations, where appropriate.

However, at the least we would suggest that any subsequent Command Paper following the Green Paper consultation should be the joint product of DWP and HMRC.

1.8 The approach taken in relation to specialist disability employment provision is both timely and welcome, but we would draw attention to two areas which we feel are not considered in sufficient depth. First, the engagement of SMEs with the diverse health needs of their employees and the reasonable adaptations that need to be made to overcome barriers for disabled people. This raises the question of how far Access to Work is focussed upon the needs of the individual employee (who may switch between employers, or be reliant on temporary or agency work) rather than being a resource for a particular employer. Second, the needs of those with fluctuating health conditions, particularly those with mental health conditions need to be considered more fully. Again, engagement with employers, particularly SMEs becomes important as does the education and training provided to Personal Advisers in providing services to claimants in this position.

1.9 Principally, in our response we comment upon:

- Increased conditionality and the obligation to work;
- Working for benefit;
- Child poverty;
- The position of carers;
- Choice and control for disabled people;
- Skills;
- Operational issues;
- Proposals for a single working age benefit.

2 Increased conditionality and the obligation to work

2.1 We welcome the Green Paper's focus on the tackling of long-term unemployment. However, we would take issue with the solutions proposed. The focus on sanctions is, we believe, unhelpful and does not take proper account of the full findings of the Department's own research or our own work². We are disappointed that more evidence has not been presented to prove that sanctions and compulsion are effective in generating long term sustainable employment. For example, we note that in the Executive Summary in paragraph 2, there is the assertion that 'people sit at home and claim benefits', whilst they 'had the offer of a job'. We can find no empirical evidence to support this assertion. Our understanding is that current JSA rules require that the claimant is available for work and actively seeking work, accordingly failure to actively seek work is currently sanctionable behaviour.

² Social Security Advisory Committee Occasional Paper No. 1 Sanctions in the benefit system: Evidence review of JSA, IS and IB sanctions

2.2 Whilst we recognise the Government's position that it wishes to enshrine the obligation to enter paid work at the heart of its approach to welfare, we see practical difficulties in the way it proposes to achieve this. We remain unconvinced that there is sufficient evidence either from the UK or international experience that increased conditionality will be either an efficient use of Jobcentre Plus resources (with its knock-on effects on expenditure on decision making and appeals etc) or effective in changing the behaviour of jobseekers or increasing employment rates.

2.3 It is unfortunate that the results of the Gregg Review will not be available before the consultation on the Green Paper concludes. A thorough examination of the evidence for the proposition that increased conditionality and the use of sanctions in the benefit system is an efficient and effective use of public resources in support of the Government's policy for pushing up the employment rate would have enhanced the current consultation. We note the Green Paper's expectation that increased benefit conditionality and the threat of sanctions will result in the effective achievement of the policy objective of increasing the employment rate. We remain unconvinced that the evidence to support this view is either consistent or robust, or that evidence of improved compliance under threat of sanctions necessarily leads to improved engagement and activation.

2.4 We are particularly concerned about three proposals outlined in the Green Paper:

- the escalated sanction for those who fail to attend Jobcentre interviews;
- the proposals relating to those with problems with illegal drugs; and
- the treatment of customers who are potentially violent.

Failure to attend (FTA)

2.5 According to paragraph 69 of the Equality Impact Assessment (EIA), 12,000 jobseekers each month fail to attend interviews or appointments with Jobcentre Plus without good cause. The EIA goes on to suggest that these claims are then closed, yet this action typically leads to a loss of two days' benefit. The conclusion that we draw from this limited evidence is that the majority of those who FTA have their benefit reinstated despite being unable to prove 'good cause'. This may be because staff have made practical and sensible decisions which protect the incomes of vulnerable citizens and avoid unnecessary appeals.

2.6 The Green Paper proposes changing the current position for those who FTA from a disqualification to an automatic sanction of one week's benefit. Such a move will inevitably result in more time having to be spent by Jobcentre Plus staff and the appeals service. We are not convinced that it will promote a clearer message and improve compliance since the automatic sanction will apply after the FTA has occurred. We would be more convinced if we were provided with evidence that the 12,000 who FTA, repeat this behaviour.

Drug abuse

2.7 We find the proposals in relation to those citizens who suffer from addiction to crack cocaine and opiates to be unconvincing, simplistic, and to present a number of issues that demand much more thought before they are taken further. The abuse of illegal drugs – just as with alcohol abuse – can be a major barrier to entering, and staying in, employment. However, we find little to commend the Government's proposed approach. It is our understanding that all the evidence points to drug rehabilitation programmes being most effective when the client actively wishes to engage in treatment. Taken together, coercion and the removing of income have the potential to make a bad situation worse. The Green Paper does not consider the knock-on effects on child poverty or child welfare. Even briefly removing some of the income of a family struggling to cope with the consequences of drug use is likely to force the family into deeper poverty and place children at greater risk.

2.8 No evidence is presented in the Green Paper to suggest how the removal of benefit will assist those with drug problems. Given that, even in custodial conditions, the Prison Service struggles to reduce drug dependency, we believe the benefit system is even less likely to succeed. Linking desired behaviours (beyond well-established and generally reasonably well-understood labour market behaviours) to benefit receipt has a poor track record. For example, benefit sanctions for non-compliance with Community Orders, were found to be ineffective.

2.9 We think it highly unlikely that people dependent upon illegal drugs (even supposing that they define themselves as 'drug dependent') would declare their dependency to Jobcentre staff. Many of those with drug dependency are likely to be experiencing other serious mental health conditions, either a result of, or a trigger to, their drug addiction. Meanwhile, the proposals appear to envisage members of the Department's staff making judgements, while respecting the claimant's rights, about the nature and extent of a suspected drug dependency. The suggested exchange of information with police authorities and the courts on positive testing (aside from the resource implications of setting up a system that would be effective) appears to be a clumsy and disproportionate approach to identifying a relatively small group of people.

2.10 Those claimants who already acknowledge their drug addiction and are seeking treatment for drug addiction will be assessed under the WCA as having a medical condition. Those who do not think they have a problem (yet are drug dependant) will not declare that they are addicted, but may view themselves as 'recreational users'. Unless consideration is being given to compulsory drug testing for benefit eligibility purposes (and we can see major obstacles and objections to such a step), we cannot see how this will work.

2.11 We support a voluntary approach to treatment and investment in the sort of joint working programmes described in the Green Paper. We doubt whether the Merseyside project (which we have visited) would be improved by the sort of measures the Green Paper has proposed. We have also noted that

the proposed referral to drug treatment is based upon provision in England alone. If legislation were to be introduced to implement these proposed sanctions then they could not apply in other parts of Great Britain.

Sanctioning potentially violent customers

2.12 We agree that actual violence or the threat of violence towards staff should never be accepted. This is an issue which affects many public and private sector workers, and we welcome a 'zero tolerance' approach to such behaviour. However, sanctioning benefits is not an approach that we would support. The criminal and civil law and due process should be used and provide more effective protection and remedy for vulnerable staff. We note that there is no parallel proposal from the Government to increase the tax rate upon those who threaten HMRC staff.

2.13 We would have welcomed a statement in the Green Paper on the human rights implications of this set of proposals.

3 Working for benefit

3.1 The Green Paper proposes (para 2.18) 'that people capable of work but who have not found a job by this stage [24 months in most cases] will be required to work full-time or undertake full-time, work related activity in return for their benefits'. We note that this is at the same stage in a claim when the Department is now proposing withdrawal of support for mortgage interest from new claimants on JSA.

3.2 We have very severe reservations about this proposal for a number of reasons.

- The forthcoming DWP Research Paper referred to in the Green Paper, and now published³, questions the effectiveness of 'work for benefits' in reducing welfare caseloads; improving employment outcomes; and helping clients with multiple barriers to work. We have been told that the Government is looking to a system more similar to the ones operated in the Netherlands and Denmark than to the various US models. We have seen no evidence to suggest that any of the contemporary 'workfare' models are likely to be effective in Great Britain and deliver the Government's objectives.
- We are concerned about the nature of the activity that will be required in exchange for benefits. Care will have to be taken to ensure that the activity is not replacing existing jobs and also provides added value to the participant in terms of education and skills training as well as addressing barriers to employment.
- It is not clear to us how someone can actively look for work whilst being mandated onto a full time 'work for benefit' scheme.
- The challenge is to provide positive, meaningful, useful and voluntary work experience, without incurring disproportionate costs in setting up 'make

³ Crisp, R. & Fletcher, D.R. (2008) A comparative review of workfare programmes in the United States, Canada and Australia DWP Research Report No 533

work' schemes. It will be hard to avoid creating a perception of work as punishment for failure and thus creating an additional stigma for those who are long term unemployed or have had a series of short term jobs.

3.3 We note that the Green Paper proposes (para 2.20) exploring giving advisers the power to require full time activity at any stage of the claim particularly focussing upon those who repeatedly claim JSA. The rationale for this is the suggestion that people leave benefit for paid employment in an attempt to rejoin the JSA regime at an earlier stage with weaker requirements on them (para 2.21). We can find no empirical evidence to suggest that this occurs and note that it would require a detailed knowledge of JSA regulations on the part of the customer.

3.4 We are concerned that this proposal does not match other policy objectives such as encouraging people to try paid employment even if it is temporary or insecure. In a flexible labour market (and at a time of economic uncertainty and weakening labour markets), it is to be expected that an increasing number of people will enter employment for short periods and then return to claim JSA. We draw attention to our occasional paper on seasonal work in this context⁴. Job seekers entering and leaving employment is likely to be less a feature of their behaviour or attitudes and more to do with the nature of the labour market which they are entering. We are concerned that the proposal to mandate them onto full time 'work for benefit' will prevent them filling short term paid employment and contradict Government economic policy objectives for a flexible labour market. There seems to be an uneasy conjunction here of anti-fraud and abuse measures and incentivising labour market participation. The current rapid reclaim process for JSA, and the 'In and Out of Work' pilots that are being rolled out nationally, are designed to encourage the engagement of the long term unemployed in exploring even short term employment opportunities. Policies which then penalise those who do so will not sit comfortably with these initiatives.

3.5 The same section of the Green Paper proposes considering 'requiring some people to attend a Jobcentre Plus office to sign daily and account for their activity to secure work' (para 2.22). We assume that this 'daily signing' provision (which, as far as we are aware has always been available in cases where additional compliance was deemed appropriate) will not apply to someone having to work for their benefit, who is also required to actively seek work. We oppose this proposal, not least for operational reasons – i.e. the additional burden placed upon Jobcentre Plus staff. We are also unconvinced that it would result in the exposure and/or prevention of fraud.

3.6 We understand that these proposals, along with some others outlined in the Green Paper are likely to be piloted and tested before being rolled out nationally. We have already commented upon our concerns about the use of

⁴ Social Security Advisory Committee Occasional Paper No. 4 Patterns of employment, benefit eligibility and the rights and responsibilities agenda
http://www.ssac.org.uk/pdf/occasional/SSAC_seasonal_work.pdf

pilots in some circumstances and we again draw the Department's attention to these concerns⁵.

4 Child poverty

4.1 We support the Government in its continuing commitment to eradicate child poverty by 2020 and welcome the proposed full child maintenance disregard which will assist in achieving this goal.

4.2 We have already pointed out in our response to recent proposed regulations that according to the Department's own estimates a proportion of lone parents who enter employment will enter in-work poverty. In our view skills, sustainability and progression whilst in employment are essential in ensuring that those who enter paid employment, particularly lone parents, are removed from in-work poverty. Sustainability and retention of employment alone would go far towards reaching the Government's overall employment targets and reduce child poverty.

4.3 We have concerns about the details of a more active regime for partners. We welcome support and encouragement for partners to enter paid employment however have reservations about the appropriateness of JSA conditionality being imposed upon partners. We have commented upon this in the past. If this conditionality is to be introduced then steps will need to be taken to assure both that it is imposed in a culturally sensitive manner and also that such a new regime does not result in tension between partners, resulting in the breakdown of relationships and the risk of the exposure of more children to poverty.

5 Carers

5.1 Carers are a very heterogeneous group. They vary according to their age; the number of people they care for; the hours they care; the nature and intensity of the care they provide; and the length of time in their life they will have caring responsibilities. It is clear from organisations that represent carers that their central concern is that the benefit system should recognise the caring work that they do and the economic value to the country of their labour.

5.2 Many carers will want to maintain contact with the labour market in anticipation of returning to paid employment in the future. At present the tax and benefit system create some disincentives to this continued engagement. However the proposal to move those carers currently on Income Support onto a modified JSA regime seems to us to be ill-conceived and short-sighted. We believe that there is a particularly strong case for voluntary engagement and access to the appropriate programmes for this group. Any move that deters people from taking on unpaid caring duties cannot be other than harmful, both in terms of its potential to push up demand for scarce professional care resources, and in terms of the damage it may do to family and wider social

⁵Social Security Advisory Committee Occasional Paper No. 2 An examination of the ethical and legal issues of 'piloting' in its widest sense in the Department for Work and Pensions http://www.ssac.org.uk/pdf/occasional/piloting_paper.pdf

cohesion. It would send the wrong signal to carers – about the nature and status of the work they do. At the same time, further dilution and distortion of the JSA regime is unhelpful and out of line with the push to make the benefits' system simpler and more coherent. The majority of carers are already working fulltime – caring. It would also introduce a third JSA regime – a standard one, one for lone parents, and one for carers.

5.3 Whilst the proposal in the Green Paper to move carers who are in receipt of Income Support onto a modified JSA regime is clear (paras 6.12 – 6.16), it is less clear how Carers Allowance would fit into a single working age benefit structure. Clearly if those in receipt of Carers Allowance were to be moved onto a modified JSA regime, many of them would benefit financially. However others would lose any benefit in recognition of their caring since they may not meet the contribution conditions for contribution based JSA or their household means might exclude them from receiving income related JSA.

5.4 The proposals to move carers onto JSA comes close on the heels of the publication of the Government's Carer Strategy⁶ and whilst the review of social care is still proceeding. In our view there needs to be more joined up policy making in this area.

6 Choice and control for disabled people

6.1 The Green Paper proposes exploring how to give disabled adults greater control over the combined budget which the Government spends on their support (para 5.11). This is a bold proposal and, the Committee notes, a complex one, affecting budgets and policies not just from Whitehall but also from the other administrations in the Great Britain.

6.2 We recognise the objective of promoting choice and empowering individuals by allowing them direct access to the funds that would be spent upon them, and we are aware of the debate about independent budgets as they currently stand. Whilst they provide choice and control for disabled people, they may also result in a postcode lottery where assessment may vary from area to area. Furthermore, the relationship between carer and disabled person may not fit easily into a contractual employment relationship. They also involve the disabled person taking on the responsibilities associated with being an employer and the burdens of entering into contractual relationships with service providers. On the other hand individual budgets provide greater control over the nature and source of care provided for disabled people.

6.3 We are concerned that extending direct payments will only benefit those who have appropriate support or those who wish to manage their own budgets. It may be a very effective approach for those who are highly

⁶ Carers at the heart of 21st-century families and communities "A caring system on your side. A life of your own." HM Government, London 2008
http://www.dh.gov.uk/en/publicationsandstatistics/publications/publicationspolicyandguidance/DH_085345

motivated and persevere. It is not clear to us how some of the more vulnerable will cope with dealing in a market place.

6.4 The Committee hopes that Department will listen carefully to the views of disabled people about extending direct payments and promoting choice and control, before designing the detail of these proposals. The views of carers and the providers of services for disabled people will also be important in ensuring that the policy design works.

7 Skills

7.1 We welcome the proposals to improve skills guidance and support to all individuals whether in or out of work. We support the proposal for 'skills health checks' and hope that these will be conducted by well qualified staff with detailed knowledge of local skills and training provision as well as the needs of the labour market.

7.2 We do not support proposals to require claimants to attend relevant skills training. We take this view for a number of reasons. First, it is not possible to command people to learn. A course, half of whom are willing participants and the other half attending because they have to, to receive benefit, will destroy the experience of those who wish to learn. We see no justification for requiring ESA recipients to attend training when they do not do so voluntarily (para 2.61). Jobcentre Plus Personal Advisers have an important role in assisting and directing those on JSA or ESA towards appropriate training. There is no empirical evidence that mandation and compulsion in this field will succeed, and a risk that they will undermine the relationship between the customer and the Personal Adviser.

7.3 We would welcome a general review of the 16 hour study rule in JSA and more thought being given to policies which lift barriers to access to training, incentivise those who participate in training and create a positive attitude towards education and training. As it stands, the Green Paper's proposals seem to be based upon a negative view of training as something which people should be forced to participate in.

8 Operational issues

8.1 We welcome the introduction of a Flexible New Deal which we hope will achieve the policy objective of being responsive to the very different needs of jobseekers, particularly those who experience long term unemployment. We agree that a personalised service addressing individual needs should be at the heart of employment services.

8.2 We share concerns expressed by others such as the Social Market Foundation⁷ that the incentives being provided to primary providers may

⁷ Mulheirn, I & Menne, V.(2008) The Flexible New Deal: Making it work SMF London 2008
http://www.smf.co.uk/assets/files/publications/SMF_Flexible_New_Deal.pdf

create a perverse incentive to ‘park’ those who are furthest from the labour market. In our view resources should be concentrated upon those who are furthest away from labour market engagement. At a time when unemployment is rising, and labour markets may be loosening, some incentives (or penalties) will need to be built into contracts to ensure that the most disadvantaged receive the support they will need to compete for jobs.

8.3 We have reservations about the nature of the relationships proposed between primary providers, the majority of whom will be large private sector organisations and secondary providers, the majority of whom will be in the public or voluntary sector. The model of contestability which is proposed is unlikely to create a market which is responsive to customers’ needs and government policies. Primary providers will be insulated by long term contracts with the DWP whilst secondary providers may be vulnerable to the demands of the primary provider. We are concerned that the rights of the citizen may be diluted in this supply chain whilst the responsibilities of suppliers are towards the Department rather than the citizen.

8.4 We would have welcomed more information about how easily the proposals in the Green Paper could be implemented in Wales and Scotland. The proposals for joint registration of parents on a birth certificate and the follow on effect on child maintenance can only be implemented in England and Wales through Westminster legislation. It cannot be implemented in Scotland without corresponding legislation in the Scottish Parliament. The new system of child maintenance must take into account the legislation in the different parts of the United Kingdom, which will add complexity to the system. There are other examples of how the proposals in the Green Paper anticipate policies in the devolved administrations.

8.5 In the case of Northern Ireland, whilst there has been a principle of parity with Great Britain in social security legislation during the years of direct rule, there is currently no obstacle to the Northern Ireland Assembly implementing different policies. For example, currently, in Northern Ireland pathways to work is not being contracted out to the private or voluntary sectors. SSAC, as a statutory body has a responsibility in relation to Northern Ireland and we look forward to hearing from the Department for Social Development about how far they wish to follow the direction proposed in the Green Paper for Great Britain.

8.6 We note that chapter seven of the Green Paper proposes a ‘triple devolution’. We welcome the policy objective of ensuring that services are delivered to citizens in a flexible and responsive manner. However, the proposals in this chapter, which are vague, seem to suggest that involving the private sector will promote ‘what works best’ and are not supported by evidence that this is the case. We would have liked to have seen a focus upon the citizens’ experience rather than the delivery mechanism in this discussion.

8.7 Our major concern is with the capacity of Jobcentre Plus and their personal advisers and decision makers to be able to respond to the considerable challenges which the Green Paper suggest will be placed upon

them. The Green Paper emphasises the support that will be provided in return for increased conditionality, and this may raise the expectations of Jobcentre Plus customers beyond what will be deliverable. The increased conditionality, at the same time as an on-flow of ESA claimants and lone parents (in addition to a possible increase in unemployed claimants with the economic slow-down) will create considerable pressures upon the Department's staff at a time of a continuing reduction in head count and changes in operational practices. On the basis of our observations during visits to the Department's delivery sites, we are not convinced that staff will be able to respond, as they would wish, to these policy changes and consequent operational pressures.

8.8 We note that the latest research from the Department⁸ concludes:

'Pathways was successful in encouraging employment and may also have helped reduce the extent to which individuals' health conditions limited their ability to go about their everyday affairs. This was achieved in a cost-effective way with net measured benefits accruing to both the individual and the Exchequer (and therefore, to society as a whole). However, benefit receipt was not substantially reduced in the long-term '.

At a time when resources are tight, and outcomes may be affected by a less favourable economic climate, we are concerned about the sustainability of these relatively expensive programmes.

9 Single Working Age Benefit

9.1 The Green Paper outlines some ideas around the simplification of the benefit system through a longer term move to some form of single working age benefit. We agree with the Government's view that the current system is overly complex and we agree that people's needs are many and varied. Those of working age are far from a homogeneous group. As the Green Paper acknowledges, the welfare system must be able to cope flexibly with these diverse needs. Indeed, this is at the heart of the proposal for a Flexible New Deal.

9.2 The Green Paper is not clear whether the way forward is a reduction in the number of benefits, the simplifying of the complexity of the benefit regulations, or the introduction a truly single working age benefit. The ideas suggested in paragraphs 6.7 and 6.8 are not in our view coherent. If, as proposed, the system would be better based upon individual need rather than type of benefit, then it is irrelevant how many benefits there may be if meeting diverse needs is the objective. The issue is rather the interaction between benefits, and the interaction between benefits and paid employment. A single benefit which genuinely met the heterogeneous needs of the working age population would have to be complex. If, however, the objective is to place the vast majority of working age benefit recipients onto JSA and a small minority

⁸ Dorsett, R. (2008) *Pathways to Work for new and repeat incapacity benefits claimants: Evaluation synthesis report* Department for Work and Pensions Research Report No 525

onto the ESA support group, then many groups of people would be on a benefit – JSA - which by its nature would not meet their needs because, as we comment above in relation to carers, many recipients will not be seeking paid employment as they are already working full time providing care. Meanwhile the minority – those in the ESA Support Group - would be placed in a position, the opposite of that which is central to the Green Paper: in effect, they would be ‘written off’.

9.3 To overcome the problems of moving those of working age who are currently on IS onto JSA the Green Paper suggests a modified JSA regime. It suggests that for some there would be no additional conditionality. This implies that this single benefit would have at least three different JSA regimes – for those currently on JSA; for lone parents and for others currently on IS. We fail to see how such a proposal simplifies the system either for citizens or for staff. It would, however, send a message to all those of working age that they should be in paid employment.

9.4 The Green Paper makes no reference to how the current distinction between contribution based and income related benefits would be dealt with in a single system. We note the proposal to reform the contribution condition and are concerned that a move in this direction may signal an aspiration to further erode the principle of national insurance.

9.5 We also note that a proposal for a single working age benefit is being aired just as the Pensions Service has been amalgamated with the Disability and Carers Service. The new PDCS covers both those of working age and those who are not of working age. We would question whether resources would be sensibly devoted to ensuring an operational alignment between benefit and service if a single working age benefit were to be introduced.

9.6 The long term reform of the benefit system for those both in and out of work is of such major long term significance that we would recommend that the Government establish a commission, as was done for pensions, to examine the options for the structure of the benefits system. This is not an area where incremental reform towards an uncertain goal is appropriate.

10 Conclusions

10.1 We have major reservations about how the practicalities of how the Green Paper proposes achieving its objectives and the lack of an evidence base. It is our view that employment retention and progression, whilst in employment, are more likely to achieve the policy objectives than coercion and sanctions for those who are more distant from the labour market. In addition we would suggest that concentrating resources upon providing positive support for disabled people and ensuring the effective enforcement of anti-discrimination legislation is the most efficient use of resources devoted to encouraging an increase in the employment rate amongst disabled people. For those on benefit, there should be a more simple and flexible earnings rule (see para 1.6 above).

10.2 We welcome the support suggested for all those more distant from the labour market. But, in our view, the balance between rights and responsibilities being proposed in the Green Paper seems to place less emphasis upon the rights of citizens and the responsibilities of Government than it does upon the responsibilities of the most disadvantaged citizens. In this connection, we note that the Prime Minister's foreword suggests that 'rights are met with tough responsibilities'. We would welcome a clearer statement of what the responsibilities of the state, the private sector providers, and employers will be.

10.3 If this Green Paper is to represent a major step change in Government policy to ensure the long term progression of those currently excluded from the labour market into a prosperous and sustained engagement with paid employment, we believe that the policies and proposals to achieve this cannot originate from the DWP alone. As the Green Paper notes the DWP alone will not be able to achieve the ambitious objective of ensuring that no one is written off. We have pointed to areas where the Green Paper makes assumptions about the policies to be pursued by other Whitehall Departments and by the devolved administrations. To ensure a holistic perspective on the benefit of transition into paid employment we would have welcomed a Green Paper jointly prepared by the DWP and HMRC so that issues of benefits and tax credits and the position and perceptions of people in and out of paid employment could be examined in the round.

10.4 The Committee is concerned about the incremental approach being taken in the series of policy initiatives that have been announced in recent years and the lack of an evidence base to support many of them. Many of the building blocks for the proposed further advance of welfare reform are untried, and will be establishing themselves at a time of economic uncertainty and rising unemployment. The whole background against which ESA is rolled out, lone parents transfer from IS to JSA and the Flexible New Deal is introduced, may be substantially different to that against which these changes were planned. It might be prudent to opt for a period of retrenchment and close monitoring and evaluation of the impacts of these changes before proceeding further. The overall end point of these reforms is uncertain and requires greater engagement across Whitehall and also direct input from the constituent parts of the United Kingdom. The current direction of travel marks a major departure from the principles of Beveridge that have underpinned UK social protection for almost 60 years. We would recommend the Government as a whole considers establishing a commission on the lines of the Turner Commission on Pensions to consider the future of social benefits for those of working age, whether in or out of work.