UK National Public Policy Initiatives and Regulations Affecting Disabled People’s Labour Market Participation

Report prepared for the Work Research Institute, Norway as part of the project ‘Disabled, Working Life and Welfare State’

Nigel Meager
Director
Institute for Employment Studies
University of Sussex Campus
Brighton BN1 9RF
UK

Darcy Hill
Research Fellow
Institute for Employment Studies

Abstract

This paper presents the contribution of the Institute for Employment Studies (IES) to the second stage of a research project on disability and employment, supported by the Norwegian Work Research Institute, with funding from the Norwegian Research Council. The research involves a comparison of three contrasting sectors (construction, ICT and health) in three countries (Norway, the UK and the Netherlands).

In-depth studies of disabled people’s employment in the three sectors in the UK have been conducted by colleagues (Linda Clarke and Elisabeth Michielsens) at Westminster University. The IES contribution has been a statistical overview of disabled people’s employment and labour market participation in the UK (work package 1), combined with the present paper (work package 2), which aims to provide an overview of the UK national public policy initiatives and regulations which affect the participation of disabled people in the labour market (building on the earlier work of Thornton and Lunt 1997).

The first work package, The Labour Market Participation and Employment of Disabled People in the UK, has been published separately.
1 Introduction and historical background

This paper presents the contribution of the Institute for Employment Studies (IES) to the second stage of a research project on disability and employment, supported by the Norwegian Work Research Institute, with funding from the Norwegian Research Council. The research involves a comparison of three contrasting sectors (construction, ICT and health) in three countries (Norway, the UK and the Netherlands). In-depth studies of disabled people’s employment in the three sectors in the UK have been conducted by colleagues (Linda Clarke and Elisabeth Michielsens) at Westminster University. The IES contribution has been a statistical overview of disabled people’s employment and labour market participation in the UK (work package 1), combined with the present paper (work package 2), which aims to provide an overview of the UK national public policy initiatives and regulations which affect the participation of disabled people in the labour market (building on the earlier work of Thornton and Lunt 1997).

Thornton and Lunt 1997 described the evolution of the UK policy framework since the second world war, starting with the Disabled Persons (Employment) Act 1944 (which, inter alia, created a system of registration for disabled people, established a range of assessment and rehabilitation facilities, and placed an obligation on employers – largely unenforced in practice – to employ a quota of disabled employees), and ending with the Disability Discrimination Act 1995, which marked a significant break with the previous approach and established the basis for enforceable civil rights for disabled people, in employment as in other areas of society. They also noted a number of ongoing and emerging features of the UK policy landscape, notably the voluntarist emphasis on encouraging ‘good practice’ among employers, some of which have continued to inform policy development in more recent years.

2 The current policy approach and the emergence of ‘welfare-to-work’

The current UK policy framework which impacts on disabled people’s employment and their participation in the labour market, contains a number of key elements, which we will explore in detail in this paper in subsequent sections. To understand the recent history of policy development in the UK it is, however, necessary to discuss some aspects of the wider evolution of active labour market policy in the UK in recent years, particularly since the advent of the Labour government in 1997 (although, arguably, much policy development since 1997 can be seen as an acceleration or intensification of trends which were already apparent under the previous Conservative regime). In particular, two important policy trends have developed in parallel with different, and sometimes even contradictory, implications for disabled people’s labour market participation.

2.1 Civil rights and anti-discrimination legislation

The first, described in Thornton and Lunt 1997, has been the growth of the disabled people’s movement and the pressure for a civil-rights approach to public policy for disabled people, based on the social model of disability rather than the traditional medical
model\(^1\), which has underlain the development of policy hitherto. As Thornton and Lunt note, while a full-blown civil rights model has not been implemented, and there is still some way to go in incorporating the social model of disability into all aspects of public policy, it is clear that the implementation of anti-discrimination legislation in 1996 through the *Disability Discrimination Act* 1995 (DDA) marked an important step in this direction, and a clear break with the previous, largely voluntaristic approach. Since that time, further provisions of the DDA have been implemented, the legislation has been broadened and extended and the Disability Rights Commission has been established to promote disability equality and stimulate compliance with the DDA, and this approach has been further reinforced by the development of EU anti-discrimination legislation.

### 2.2 Welfare to work

The second, to which we will give greater emphasis in this paper as it has become particularly significant since Thornton and Lunt’s review, is the emergence of a ‘welfare to work’ approach to active labour market policy (ALMP)\(^2\). This has had, in its more recent developments, major implications for policy towards disabled people and the labour market. In particular, as mainstream unemployment levels have fallen to historically low levels in the UK in recent decades (certainly in comparison with other large EU member states), labour market policy attention has increasingly turned to ‘economically inactive’ groups. In particular, the focus of ALMP has been on groups such as disabled people and lone parents, who are over-represented among the economically inactive working population\(^3\). Among the inactive, the largest target group for ALMP has been disabled people, over 3 million of whom (depending on definitions\(^4\)) are disabled or have a long-term health condition or impairment.

---

1 The so-called ‘medical model’ of disability, which is embodied in much of the earlier research and many of the official and statistical definitions of disability, incorporates the premise that people are disabled primarily by their impairment or medical condition. By contrast, the ‘social model’ advanced in recent years by the disabled people’s movement is rooted in the notion that people are disabled primarily by the physical, organisational and attitudinal barriers within society — see Oliver 1990.

2 For a broader account of the recent developments in UK active labour market policy, see Meager 2006.

3 This growing policy interest in economic inactivity is found not only in the UK, but in many other EU member states. It is interesting to note, however (European Commission 2005, Chapter 5), that while the UK’s overall inactivity rate is relatively low in EU terms, it has one of the highest shares of inactivity due to disability (along with the Scandinavian countries and the Netherlands) and, apart from the three small countries of Cyprus, Luxembourg and Malta, it has by far the highest share of inactivity due to ‘family responsibilities’. In 2004, 28.4 per cent of the economically inactive in the UK were inactive due to illness/disability, and 27.3 per cent due to family responsibilities (the corresponding figures for the EU-25 are much lower, at 12.0 per cent and 16.9 per cent, respectively). The particular recent focus in UK policy development on measures to reduce inactivity among disabled people and lone parents is, in this context, entirely understandable.

4 See our report for work package 1 for data on the numbers of economically inactive disabled people under various definitions.
Several factors have been driving this increasing policy emphasis on getting economically inactive groups, including disabled people, into the labour market in the UK. These include:

- **Government targets to raise the overall employment rate** in the UK. There is currently a strategic objective to raise the overall employment rate in the UK (already one of the highest in the EU, outside the Scandinavian countries) to 80 per cent (Department for Work and Pensions, 2005). This target is seen as necessary to secure the further increases in labour supply which are required to support continued economic growth in the context of demographic ageing. Given the relatively low rates of unemployment in the UK (and given increasing political constraints on some of the alternative methods of increasing labour supply, such as mass immigration), it is clear that achieving this target would require significant increases in the employment rates of the main inactive groups. The UK government has also, therefore, outlined a set of subsidiary ‘Public Service Agreement’ (PSA) targets, which include objectives to increase the employment rates of disabled people, lone parents, and people aged over 50 (see Department for Work and Pensions 2006a).

- A major concern at government level with **reducing the level of public expenditure on social benefits** for inactive groups. This is particularly the case for expenditure on incapacity-related benefits (the main benefits for economically inactive disabled people), which has grown by a factor of three since the early 1990s to a current level of around GBP 12 billion per annum (the number of disabled recipients of such benefits is around 2.7 million).

- **An ideological preoccupation**, which essentially continues and extends policies established under the previous Conservative government in the 1980s and early 90s, which is encapsulated by the slogan ‘work first’. Recent policy development in the UK, heavily influenced by experience in the USA, has been dominated by this notion that work is the single most important (or even the only) solution to a range of social and economic problems, and the key mechanism for reducing welfare dependency and social exclusion.

### 3 Trends in labour market policies for disabled people

As noted in Meager 2006, the emergence of a dominant ‘welfare-to-work’ strategy and a growing emphasis on economically inactive groups has had an important influence on the

---

5 See Meager 2006 for more details.

6 At the time of writing this paper, the UK government is consulting on its latest welfare reform green paper (Department for Work and Pensions, 2006), which includes further proposals for active measures targeted at this group, alongside benefit reforms.

7 ‘Work first’ policies, long-established in the USA, have been a model for much recent UK labour market development. Meta-analysis of the US evaluation evidence shows that such programmes have positive employment and earnings effects (diminishing over time, but significantly greater than those delivered by ALMPs based on training or public sector job creation): see Greenberg et al. (2004), which also traces the clear influence of such policies on the design of UK measures.
shape and content of the UK labour market policy portfolio in recent years. A number of important developments can be noted in recent UK labour market policy, and these are particularly apparent in policies targeted at disabled people, not least because, as we have noted above, disabled people comprise a significant share of the economically inactive working age population in the UK. In particular, it is worth highlighting the following developments in the period since the earlier report of Thornton and Lunt:

- An increasing emphasis on supply side measures. This long-standing trend is very evident in the case of policies for disabled people and, as will be shown below, has developed to the point where traditional demand-side interventions (eg job-creation programmes, recruitment subsidies for employers etc.) can hardly be found within the UK’s overall policy portfolio. As we pointed out in our analysis for work package 1 of the present study, this emphasis is premised on the notion that the disadvantage faced by disabled people in the labour market is predominantly the result of barriers on the supply side of the labour market, and that in order to tackle that disadvantage, policy measures need to focus on measures to reduce or remove such barriers. Our analysis in work package 1 questioned whether such a purely supply-side orientation would be sufficient to raise the employment rate of disabled people, given pervasive evidence also of demand-side barriers (in particular the attitude and behaviour of employers towards recruiting and employing disabled people, and the fact that a significant proportion of economically inactive disabled people are concentrated in parts of the UK where available jobs are relatively scarce).

- An emphasis on ‘making work pay’: essentially this has reflected a concern with eliminating or reducing the unemployment trap faced by many disabled benefit recipients, for whom the wages available in low-level employment do not compare sufficiently favourably with benefit levels for them to consider taking the risk of labour market entry. Policies here have involved a complex mixture of reforms to benefit regulations and the introduction or extension of in-work benefits (or ‘tax credits’ as they are called in the UK).

- An increased level of ‘activation’ in the implementation of policies, through a greater degree of compulsion and mandatory participation of workless groups in the various active labour market measures. Most measures targeted at disabled people and other economically inactive groups still retain a voluntary aspect, unlike those targeted at the unemployed, where participation is generally enforced through the use of benefit sanctions for non-participants. It is clear, nevertheless, that the degree of pressure and compulsion has increased over time. Thus, even in cases where participation in a

---

8 As we noted in work package 1, these might variously be barriers associated with personal characteristics (eg health problems, impairments, skill deficiencies); barriers associated with motivation and attitudes (eg lack of pressure to seek work or lack of understanding of how to look for and secure work); barriers associated with the environment (eg lack of childcare availability, or lack of access to the workplace for people with impairments); or barriers associated with the incentive structure (eg benefits too high relative to low paid jobs).

9 eg by making it easier for disabled people to ‘test out’ labour market entry through the option of combining short-term or part-time work with continued benefit receipt, or the option of returning to the previous benefit status without medical or other tests if a new job does not work out as expected within a given period.
particular programme remains voluntary, it is increasingly common for it to be compulsory for those in the eligible group at least to participate in interviews with the public employment service (Jobcentre Plus) to discuss the options of programme participation. Similarly, the eligibility criteria for receipt of incapacity-related benefits have been progressively tightened, and under proposals produced in a recent welfare reform green paper (Department for Work and Pensions, 2006), the government plans to replace incapacity benefit with a new benefit (the Employment Support Allowance) and the rate of benefit, and the degree to which pressure will be exerted on the individual to seek work will depend on an assessment of the individual’s capability to work.\(^\text{10}\)

- A greater degree of **individualisation** in support packages offered to disabled people through active measures As with some of the other developments, this is a long-standing trend, which is not confined to measures for disabled people, but is also found in initiatives targeted at other workless groups. It has been associated with a major shift in the culture of the public employment service and the benefit administration system, which have been merged into a single agency (Jobcentre Plus), the frontline staff of which are gradually being retrained from roles of benefit administration and policing to a broader ‘personal advisor’ role providing customised support, advice and guidance to the individual job-seeker.

- A growing involvement of the **private and voluntary (NGO) sectors** in the delivery of active labour market measures for disabled people and other target groups. This role has intensified in recent years, with non-governmental bodies having a significant role in most of the recent initiatives discussed below, such as the *New Deal for Disabled People*. The latest welfare reform green paper (Department for Work and Pensions, 2006) envisages further extension of this trend in future initiatives. While the public employment service retains a key role in service delivery, in many programmes it does so in partnership (or indeed in competition) with private or voluntary agencies. These agencies typically operate under contract to the public employment service, through a performance funding regime, whereby some or all of the payment to the agencies is contingent on achieving certain ‘outputs’, such as job placements. There is a long-standing debate in the UK regarding the impact which such funding regimes have on the behaviour of the agencies involved, and whether it encourages a tendency to ‘creaming’, with the financial incentives stimulating the agencies to put the greatest emphasis on the ‘easiest-to-place’ (eg disabled people with less severe impairments, or with physical rather than mental impairments).

- A growing emphasis on **early intervention and preventative measures**. Traditionally, UK active labour market measures have focused on what the policy literature has described as the ‘stock’, with interventions targeted at the re-integration of those who are already (long-term) workless. This is particularly the case with measures targeted at the unemployed, and policy-makers have long argued that most newly unemployed people re-enter the labour market quickly, such that early intervention measures would entail a high deadweight cost, through expenditure on individuals who would

\(^{10}\) At the time of writing, how such assessments will be made and who will make them is the subject of some discussion and controversy in the UK.
find work in the absence of intervention. For this reason, most active labour market measures targeted at the unemployed have had, as one of their eligibility criteria, a requirement for a certain duration of unemployment or benefit receipt (6 months, 12 months or, in the case of some measures, two years). There have been experiments undertaken over the years in the UK (Hasluck et al. 1997) to develop various kinds of ‘profiling’ tools which use statistical methods to identify the characteristics of newly unemployed people (or people at risk of unemployment), so that early intervention can be targeted at such individuals without the risk of high deadweight; such experiments have not generally produced good results, however, and have not been widely used in practice (Hasluck 2004). Alongside this general emphasis on duration of unemployment as an initial eligibility criterion, however, there has always been a recognition that certain disadvantaged groups, such as disabled people, with higher risks of longer-term unemployment, would benefit from early intervention, and such groups have typically been able to access active labour market measures at an earlier stage of unemployment (often immediately on becoming unemployed). As the emphasis of active labour market measures has shifted to more disadvantaged groups and economically inactive benefit recipients rather than unemployed job-seekers, it has increasingly been recognised that the deadweight argument against early intervention has less force. In particular it is clear, with regard to the nearly 3 million recipients of incapacity-related benefits, that intervention with the long-term ‘stock’ has had relatively low success rates. Official recognition of this point is clearly evident in the latest green paper on welfare reform (Department for Work and Pensions, 2006), which notes (p.3): ‘Although since the mid-1990s the number of people coming onto incapacity benefits has fallen by a third, the total number of claimants remains broadly the same because people stay on benefits longer. Although most people coming onto these benefits expect to get back to work, a very large number never do. After two years on incapacity benefits, a person is more likely to die or retire than to find a new job….’. Increasingly this concern is being translated into a policy focus on the ‘inflow’ into incapacity benefits (the Pathways to Work programme – see below – places some emphasis on working not simply with the stock, but also with the inflow to IB), and even on intervention prior to this (for example, the Job Retention and Rehabilitation Pilot – see below – tests interventions with people on short-term sickness absence from work).

4 The current policy regime

We now turn to look at the current portfolio of policy measures, initiatives and developments in the UK\(^\text{11}\) which has emerged from the various trends described above. They can be divided into several broad (and partly overlapping) categories, which we consider briefly in turn:

---

\(^{11}\) Fuller accounts of many of the measures described in this section can be found in Beale 2005a, 2005b and National Audit Office 2005.
Mainstream active labour market measures (these are employment or training programmes, not specifically targeted at disabled people, but in which disabled people can participate, often on different or advantageous terms, compared with non-disabled people)

Active labour market or support measures targeted at disabled people

Employer-focused measures

Tax and benefit reforms and incentives

Anti-discrimination legislation and institutions

Table 1 lists the main measures in each category

Table 1: The main UK policy measures aimed at disabled people’s labour market participation

<table>
<thead>
<tr>
<th>Mainstream active labour market measures</th>
<th>Active labour market or support measures targeted at disabled people</th>
<th>Employer-focused measures</th>
<th>Tax &amp; benefit reforms &amp; incentives</th>
<th>Anti-discrimination legislation &amp; institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Deal 25-plus</td>
<td>Pathways to Work</td>
<td>Job Introduction Scheme</td>
<td>Permitted Work Rules</td>
<td>Disability Rights Commission</td>
</tr>
<tr>
<td>New Deal 50-plus</td>
<td>WORKSTEP</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Deal for Lone Parents</td>
<td>Disability Employment Advisers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Deal for Partners</td>
<td>Pathways to Work</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work-based training for Adults</td>
<td>Job Retention and Rehabilitation Pilot</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work Trials</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.1 Mainstream Active labour market measures

Most of the mainstream active labour market measures established at national level by the post-1997 Labour government fall are grouped under the generic ‘New Deal’ heading. The main New Deals are detailed below, along with the most important of other mainstream active measures for unemployed or inactive people in the UK (a fuller list of mainstream measures can be found in Beale 2005b):

New Deal for Young People (NDYP)

NDYP is a compulsory employment programme for all young people aged 18-24 who have been claiming Jobseeker’s Allowance (JSA)\(^\text{12}\) for six months or more (the programme

---

\(^\text{12}\) Since 1996, unemployment benefits in the UK have been known as the Jobseeker’s Allowance (both the name and the eligibility and other rules associated with JSA were intended to signal a greater degree of ‘activation’ of unemployed people).
was introduced nationwide in 1998). The programme begins with a short, intensive period of advice and training in job search methods (the ‘Gateway’ period). Following this, participants must choose one of four options: a subsidised job; a place on the Environment Task Force (essentially a public job creation programme in the environmental area); a placement with a non-profit employer; or full-time education or training. Participants who refuse to participate face benefit sanctions (in the words of the official mantra, ‘there is no fifth option’). A range of disadvantaged groups (including ex-offenders, homeless, people with drug or alcohol problems, people with language, literacy or numeracy problems) who are in the age group 18-24 can join the programme before 6 months if they choose. This option is also open to disabled people in receipt of JSA (although, as noted in our report for work package 1, the vast majority of workless disabled people are economically inactive rather than unemployed and in receipt of incapacity related benefits rather than JSA). In some parts of the country NDYP is delivered by private or voluntary sector organisations, while elsewhere this role is played by the public employment service (Jobcentre Plus).

By November 2005, the total number of completed NYDP13 spells since the programme began was 1,320,380, of whom 12.5 per cent (164,670) were disabled people14. Overall, some 543,680 (41 per cent) of these leavers from NDYP entered work immediately, while among disabled leavers 60,780 entered work (37 per cent), suggesting that the short-term success rate for disabled people is almost as high as for non-disabled people in this programme (although, as is the case for most of the other mainstream measures discussed here, there has been no formal, rigorous evaluation of the impact of this programme on disabled people’s labour market entry).

**New Deal 25-plus (ND25+)**

This programme (previously known as the New Deal for the Long-Term Unemployed) is a compulsory employment programme for people aged 25 and over who have been claiming JSA for 18 months or more (Wilkinson 2003). It is delivered by Jobcentre Plus through a network of New Deal Personal Advisers (NDPAs) who offer a range of training, advice, guidance and subsidised work experience, including access to supported self-employment. As with NDYP, members of some specific groups (including disabled people who are receiving JSA, rather than incapacity benefits) are entitled to early entry to the programme, if they are also considered by an NDPA to be disadvantaged.

The programme began in pilot areas in July 1998 and was expanded nationwide from April 2001 in an enhanced programme, which was also accompanied by benefit sanctions for those declining to participate. By November 2005, the total number of completed spells on ND25+ since the programme began was 438,540, of whom 29 per cent (127,300) were disabled people. 125,090 (28 per cent) of these leavers from ND25+ entered work.

13 According to official DWP statistics on cumulative ‘leavers’ from the scheme (note that completed spells, will include some individuals who have participated in the programme more than once).

14 Using a definition based on that of the Disability Discrimination Act, i.e., disability is self-assessed as having a physical or mental impairment which has a substantial and long-term effect on the individual’s ability to carry out normal day-to-day activities.
immediately, and the short-term success rate among disabled leavers was as high, with 34,040 (27 per cent) entering work.

**New Deal 50-plus (ND50+)**

*ND 50-plus* was launched nationwide in April 2000, following local pilots the previous year and is targeted at people over 50 who have claimed one of a range of benefits for at least 6 months (note that these benefits include JSA, but also other social security benefits, and the programme is, therefore, open to both unemployed and economically inactive older people). Participation in the programme is voluntary (although since 2004 some pilots have been running testing a period of mandatory participation in *ND25+* for some of those in the eligible group – ie those aged 50-59). There is no early entry to the programme for particular groups, although a relatively large proportion of participants are disabled people (thus of the 66,580 people starting on *ND50+* between January 2004 and February 2006, official data show that 22,860 or 34 per cent assess themselves as meeting the DDA definition of disability).

*ND50+* provides a combination of advice, jobsearch assistance, a training grant of up to £1,500 and financial support for those entering work (initially this was a specific Employment Credit for those participating in the scheme, but from 2003 this was incorporated into the Tax Credits system – see section 4.4 below, although those on *ND50+* are eligible for an extra amount of Working Tax Credit for the first year of employment). As with most of the other New Deals, the programme is delivered by *Jobcentre Plus* through a network of New Deal Personal Advisers.

It is not straightforward to estimate the relative success rates of disabled and non-disabled people in *ND50+* on the basis of officially-published data, but the data show that of the 54,280 participants gaining a job between April 2003 and February 2006, some 21,740 (40 per cent) were disabled – this figure is slightly higher than the share of participants who are disabled people which is consistent with the short-term success rate of the programme for disabled people being as good as, or slightly better than that for non-disabled people (again, however, this has not been confirmed through a proper impact evaluation study).

**New Deal for Lone Parents (NDLP)**

*NDLP* is a voluntary programme which aims to help lone parents on Income Support (the main social assistance benefit for this group) to move into or towards work. The programme offers a support package including advice and help, job search, help finding childcare, advice about in-work benefits and ‘better off calculations’\(^\text{15}\), access to training and education and in-work support. It was introduced nationally in 1998, and overall, the evaluation evidence suggests that, in terms of employment impact, this has been one of the most successful UK welfare-to-work initiatives introduced in recent years:

\(^{15}\) A process through which personal advisors assist individual-decision making on job entry, by explaining the complexities of the tax and benefit system, thereby making more transparent the potential net financial benefit for a lone parent in taking a job.
The headline impacts of NDLP produced by the analysis of the quantitative survey are impressive and suggest that the programme doubles the employment chances of participants: 50 per cent of participants entering work compared to 26 per cent of non-participants – an additional impact of 24 percentage points. If this headline measure of impact is compared to other impacts from ‘welfare to work’ programme evaluations internationally, it ranks with the highest....’ Evans et al. 2003, p. 73.

More recent econometric evidence (Dolton et al. 2006) confirms this picture, suggesting that NDLP has had a ‘substantial impact’ on employment rates of this cohort of lone parents over the period 2000-2004.

As far as disabled people are concerned, rates of participation of disabled people in NDLP are significantly lower than on the other main New Deal programmes. Thus by November 2005, the total number of completed spells since the programme began was 853,820, of whom only four per cent (34,330) were disabled people. Overall 360,690 of those leaving the programme (42 per cent) of these leavers from NDLP entered work immediately; among disabled people the short-term success rate was somewhat lower with 11,920 (35 per cent) of disabled lone parents leaving the scheme entering work immediately. Multivariate analysis reported in Evans et al. 2003 (p. 77) confirms that disability is a relevant factor influencing post-scheme employment rates, and leavers from the programme with a disability are less likely than non-disabled counterparts to move into employment.

New Deal for Partners

The New Deal for Partners (NDP) was launched in April 1999 (as the New Deal for Partners of Unemployed People), as a voluntary programme aimed at helping the partners of those receiving Jobseekers' Allowance (JSA) to improve their prospects of finding work (Dorsett et al. 2006). In 2001 it was expanded to include partners of economically inactive people claiming a range of other benefits (including disabled people in receipt of Incapacity Benefit), and was renamed NDP. To address low take-up of the programme it was redesigned along lines similar to that of NDLP see above, and relaunched nationally in April 2004. The programme includes assistance with jobsearch, information about in-work benefits/tax credits, a training allowance, a childcare subsidy and access to training provision and debt counselling services. The evaluation of Dorsett et al. (2006) suggests a small positive impact of the programme in terms of reducing benefit dependency, but does not distinguish the impact on disabled and non-disabled participants. Official participation data show, first of all, that the programme is rather small, with 5,350 people having started on the programme between April 2004 and May 2006, of whom 900 (17 per cent) were disabled. Over the same period the official data show that 3,330 participants gained work, of whom 750 (22 per cent) were disabled, suggesting that the scheme’s short term success rate may have been slightly higher for disabled people than for non-disabled people.
Work-Based Learning for Adults

Work Based Learning for Adults (WBLA) is a voluntary training programme (administered by Jobcentre Plus and delivered by a range of public, private and voluntary sector training providers and colleges). Its target group is unemployed adults aged 25 years and over who have been claiming Jobseekers’ Allowance (JSA) for at least 6 months (Anderson et al. 2004). Disabled people and members of certain other ‘disadvantaged’ groups are, however, eligible for early entry to the scheme (ie before reaching 6 months of unemployment). Official statistics show that, over the period April 2001 to March 2006, 404,900 people started on the programme, of whom 123,800 (31 per cent) were disabled. The data also show that there is apparently little or no difference between disabled and non-disabled participants with regard to outcomes from the programme; in particular, as at March 2006, some 38 per cent of leavers from WBLA since April 2001 had gone into work on leaving the programme. Among disabled leavers the figure was 39 per cent.

Work Trials

Work Trials is a voluntary scheme which has run since 1993 and allows an individual to work for up to 15 days with an employer while continuing to receive benefits (plus a small travel and subsistence allowance) in order for both employer and employee to discover whether they are suitable for each others needs. Normal eligibility is for people aged over 18 who have been unemployed for 6 months or more, but as with some other active measures, disabled people (and members of some other disadvantaged groups) can join the scheme, irrespective of how long they have been unemployed.

Data on participation in, and the impact of Work Trials are rather limited, and we have been unable to identify any information on disabled people’s participation in this programme. It is, nevertheless of interest to point out that an early evaluation of the scheme (White and Bryson, 1997) suggested that overall the scheme had a substantial positive impact on individuals’ employment chances, with Work Trials participants experiencing an increase in their employment chances by 35-40 percentage points. Indeed, the authors claimed that this was the largest improvement generated by a UK active labour market measure ever recorded.

4.2 Active labour market or support measures targeted at disabled people

New Deal for Disabled People (NDDP)

NDDP was introduced on a pilot basis in 1998, with two key elements: a personal adviser service, and a series of innovative schemes to help sick or disabled people return to work. The pilots were evaluated (see, Hills et al., 2001 and Loumidis et al. 2001), and the scheme was extended on a national basis in July 2001; it is interesting to note that although the national extension of NDDP aimed to build on the experience of the two pilots, it did not directly incorporate either model, and the national extension was designed and implemented prior to the completion of the pilot evaluations.
Since 2001, NDDP has been the main ALMP provision for people with an incapacity, illness or disability. Essentially it is a voluntary scheme for recipients of one or more of a range of incapacity-related benefits, involving a package of individual job-search advice and support (and follow-up in-work support for those entering employment), delivered by a network of ‘Job Brokers’ in the private, voluntary or public sectors, who should also work with employers in achieving sustainable job placements for participants. Official data suggest that by the end of February 2006 (ie nearly five years into the scheme), some 188,690 disabled individuals had registered with Job Brokers to participate in the scheme (a minority had registered more than once during this period), of whom 48 per cent (91,240) had entered work (see section 5.2 below for a discussion of the impact evaluation of this programme).

**Pathways to work**

*Pathways to Work* is a pilot scheme, which is being tested in a number of areas across the UK; the programme began in October 2003 in three pilot areas, and has since been extended in two stages to cover around a third of the UK. The initial focus has been on the inflow to incapacity benefits, with a preventative emphasis. People making new claims for incapacity benefits, have a ‘work-focused interview’, at which a screening tool is used to distinguish those likely to return to work of their own accord, from those who would benefit from further assistance. The latter are required to attend a series of further work-focused interviews, with benefit sanctions for non-participation. The support offered is a mix of a) traditional advice and guidance, with the option of being referred to other public employment service programmes, including the *New Deal for Disabled People*; b) a medical rehabilitation or ‘condition management’ programme, delivered jointly by the public employment service and local health services; and c) financial incentives, with participants offered a ‘Return to Work Credit’ of £40 per week, payable for up to a year, on entering low paid full-time work.

**WORKSTEP**

This programme (see Purvis et al. 2006) is a development of the previous *Supported Employment Programme*, targeted at people with more severe impairments or facing more complex barriers to entering employment. There is an ongoing debate in the UK about the role of supported employment as part of the portfolio of policy measures to increase disabled people’s employment. Whilst it is recognised that there will always be a group of severely disabled people who will not be able to find open (mainstream) employment, there has been a clear strategy on the part of UK policy-makers to shift away from what was previously known as ‘sheltered employment’ towards encouraging, wherever possible, integrated employment in a mainstream environment. This development, although consistent with an overall approach based on civil rights and equality for disabled people, has been controversial in some of its aspects (eg the gradual reduction in the number of places in sheltered workshops and factories), and has not always been wholly welcomed by organisations working with disabled people.

The *Supported Employment Programme* was revamped to become WORKSTEP in 2001. The objective of the change was to increase the proportion of disabled people who move from
supported to mainstream employment, this process being driven through financial incentives to the voluntary and private sector organisations which are contracted to the government to supply supported employment. The programme, which may include a wage subsidy, is delivered in partnership with a large number of local authority and voluntary sector organisations, and a publicly-subsidised company (Remploy Ltd), to provide jobs in sheltered workshops or factories, or (increasingly) in jobs within mainstream employment. WORKSTEP also offers practical assistance to employers. Participants are paid the same as other employees doing similar work. Participants work with their WORKSTEP provider, who assists in creating a development plan. When participants enter employment, the provider introduces them to their managers and colleagues, and stays in touch to make sure that everything goes smoothly. They also assist with training and support to do the job. There have also been some eligibility changes since 2001: disabled people are drawn from particular groups, including disabled people receiving incapacity benefits, longer term unemployed disabled people, disabled people needing support to retain a job, and former supported employees requiring a further period of support. People with fluctuating conditions or people whose condition is likely to increase in effects over time are included. The programme no longer uses an estimate of potential productivity in determining eligibility. The funding mechanism was also changed in 2001 and the previous occupancy-based mechanism which was seen as discouraging progression was replaced, and there is now a mix of outcome-based and continuing payments. During the financial year 2004/05 around 27,000 disabled people were supported through the programme by around 200 provider organisations.

Disability Employment Advisers and Work Preparation

A key element of the frontline services for disabled people, provided by the public employment service (Jobcentre Plus) is the network of Disability Employment Advisers (DEAs) based in local areas, who provide a range of support, advice and information to disabled job-seekers, including the provision of information and referrals to other government programmes and schemes, the arrangement of assessment and employment rehabilitation, and in the case of people with severe disabilities, they can offer a route to the WORKSTEP programme of supported employment (see above). An important option is that DEAs may refer disabled clients to the Work Preparation\(^{16}\) scheme (Banks et al. 2002, Riddell 2002), which is an individually-tailored programme aimed to help disabled people overcome obstacles to taking up or returning. It is delivered by a range of contracted providers who develop an action plan which has been established by the DEA with the client. Other professionals such as occupational psychologists may be involved in the assessment of more complex cases. For the most part, providers help clients build confidence and strategies for work and provide some support/training in job-search skills, and may also liaise with employers to provide work experience. Typically Work Preparation interventions last around six weeks, although they may last for up to 13 weeks.

\(^{16}\) Previously known as Employment Rehabilitation.
In the financial year 2003/04, there were 7,400 participants in Work Preparation (National Audit Office, 2005), at a total programme cost (excluding administration costs) of around £10 million.

**Job Retention and Rehabilitation Pilot**

The Job Retention and Rehabilitation Pilot (JRRP) represents an important innovation in the policy portfolio. The dominant emphasis in UK active labour market policy in this area for many years has been on the support and reintegration of people who are already long-term incapacity benefit recipients, rather than the prevention of people entering into this status. JRRP, therefore, focuses on testing a range of workplace and health-related interventions with people on short-term sick leave from work, with the objective of reducing their likelihood becoming long-term claimants of incapacity benefits (Farrell et al. 2006). In a further innovation, the pilot is being tested through a randomised control trial (Stratford et al. 2005). This evaluation and its early findings are discussed more fully in section 5.2 below.

### 4.3 Employer-focused measures

**Access to Work**

The Access to Work programme (Thornton and Corden 2002) is for disabled people who need extra practical support to do a job. It covers both people taking up a new job, as well as people in existing jobs (as a job-retention measure). It helps employers and self-employed people, through a system of financial grants, with the costs of special aids and workplace equipment, as well as adaptations to workplace premises and equipment. Jobcentre Plus subsidises the full cost of the adaptations in cases where the disabled person is newly entering work; in cases where the disabled person is already employed, the employer must also make a contribution. The range of support which is funded is wide and can include alteration to work equipment, adaptations to premises, payment for travel-to-work costs, payments for a support worker, or the provision of a communicator or interpreter.

In the financial year 2003/04, some 34,800 disabled people were supported through Access to Work, at a total programme cost (excluding administration costs) of £55.8 million (National Audit Office, 2005). Although there has been no controlled impact study of access to work, surveys of users’ views (Thornton et al. 2001) and qualitative evaluations (Thornton and Corden 2002) suggest that the main impact of the programme has been to support the continued employment of disabled people already in a job when they applied for assistance – over 90 per cent of Access to Work users were already established in work, rather than being new recruits or job applicants, which suggests that the impact of the programme on the inflow into work of disabled people is likely to be small. There is some evidence of deadweight, although the scheme attracts generally positive views from users (both individuals and employers), and it is clear that in many cases it does make a difference to the chances of individuals remaining in work. Disproportionately, participants are in professional occupations, and people with sensory impairments are significantly over-represented among beneficiaries of the scheme.
Job Introduction Scheme

This small programme, which is not widely-known in the UK\(^{17}\), is one of the longest-standing ALMP measures in the UK (it has been in place since 1977) and, is one of the few remaining such measures which has a traditional demand-side emphasis (in the form of an employer wage subsidy). Take-up of the scheme is low (around 2,000 people were subsidised in the financial year 2003-04, at a cost of just under £1 million – National Audit Office 2005), and no quantitative evaluation of the scheme has been undertaken\(^{18}\). It essentially offers a job trial facility, through which both the employer and the disabled jobseeker are given the opportunity to discover if the job and the person match. The *Job Introduction Scheme* provides a grant (of £75 per week) towards employers’ costs for the first six weeks of employment, in cases where the employer and/or disabled person has some doubts or reservations about whether the job is within the disabled person’s capabilities.

4.4 Tax and benefit reforms and incentives

There is a large and complex system of benefits for disabled people in the UK. These fall into several broad categories:

*Income replacement benefits:*

There are several benefits which are payable to replace lost income, where people of working age cannot work due to sickness or disability. The main ones are:

- **Statutory Sick Pay (SSP).** This is payable to employees by their employers for a period of sickness up to 28 weeks;

- **Incapacity Benefit (IB)\(^{19}\).** This is payable to people who have paid in sufficient National Insurance Contributions (NICs) and are incapable of work. For most people, the first 28 weeks of incapacity is assessed against their usual occupation; after that time, the test of eligibility is whether someone is incapable of all work.

- **Severe Disablement Allowance (SDA).** This is payable to people who have never worked or have not paid sufficient NICs to receive IB. Recipients must have been incapable of work for at least 28 weeks, and be at least 80 per cent disabled. From April 2001, SDA was phased out, and no new claims were accepted.

---

\(^{17}\) It is, however, interesting to note that there has been a recent resurgence of interest in this programme in the UK policy debate, and a recent report from the House of Commons Work and Pensions Select Committee recommended that ‘... the government undertakes a review of the Job Introduction Scheme and considers whether further subsidies for employers would be effective’. House of Commons 2006

\(^{18}\) Although largely qualitative evidence on the performance and impact of the programme can be found in Atkinson and Kodz 1998.

\(^{19}\) Note that under the proposals outlined in the recent Welfare Reform green paper (2006), *Incapacity Benefit* will be replaced by a new *Employment Support Allowance* (see the discussion in section 3 above).
> **Income Support (IS).** This is the main form of means-tested social assistance for a range of non-working people (such as lone parents or elderly people). Disabled people can claim IS if they are unable to work (under the same rules as IB, above), and may then be eligible for a Disability Premium, payable on top of the basic benefit. People can claim IS to top up IB or SDA.

**Benefits to meet the extra costs of disability:**

- **Disability Living Allowance (DLA).** This is payable to people who need help with personal care or supervision, or mobility. People have to pass the disability tests, but it does not depend on NICs or work status. It is not means-tested, nor taxable.

- **Independent Living Fund** and direct payments from local authorities. The Independent Living Funds (ILFs) are government-funded independent trusts which make cash payments to disabled people to buy their own personal assistance and so live independently in their own homes. Local authorities may now make similar payments to people who are assessed as needing community care services.

A key issue in the UK policy debate has been the role of the benefit system, not only because of the growing numbers of people in receipt of Incapacity Benefit and other disability-related benefits\(^{20}\), but also because of the perceived role played by ‘benefit traps’ in discouraging some disabled people from entering the labour market. There are at least two aspects to this issue: one relates to the low wages relative to benefit levels which many disabled people are likely to receive on entry to the labour market. The other relates to the concern of many economically inactive disabled benefit recipients that, if they enter the labour market, but are unsuccessful in employment or lose their jobs, they will find it difficult to re-establish their previous entitlement to benefits (a concern which is likely to have intensified, given the growing public perception that the government wishes to ‘activate’ benefit recipients, and that the criteria for benefit eligibility are becoming ‘tougher’ over time).

Recent reforms in the UK have attempted to address both of these issues to some extent, in particular:

- the introduction of **tax credits**, which aims to address the benefit trap issue (these are examined in more detail below);

- a range of **reforms to benefit regulations**, which aim to make it easier for disabled benefit recipients to enter the labour market while alleviating their fears regarding loss of benefit entitlement. In particular, the introduction and extension of a ‘linking rule’, has established that, for a period of up to two years after dropping a benefit claim on taking up work, that claim can be resumed without being treated as a new claim. Further, the introduction of the ‘permitted work rules’ (considered further below) aim to encourage short-term, part-time labour market entry among some groups of disabled people, without loss of benefits.

---

\(^{20}\) As in many other developed economies (Kemp et al. 2006), the number of recipients of incapacity benefits has grown dramatically in recent decades. Indeed the peak (2.8 million) occurred in late 2003, a level nearly four times higher than that of the early 1980s. Since then, there has been a slight fall in the numbers, which stand currently (early 2006) at just over 2.7 million.
Tax Credits

A key supporting element contributing to the ‘make work pay’ element of the UK’s overall welfare-to-work strategy has been a range of benefit reforms through the extension of in-work benefits (Tax Credits). In particular, we should note the introduction of Working Families Tax Credit which included additional provisions for lone parents entering work (notably a subsidy of up to 70 per cent of childcare costs), and in October 1999 the Disabled Persons Tax Credit (DPTC), which replaced a previous in-work benefit for disabled people – the Disability Working Allowance (DWA). DWA which was paid to disabled people working for more than 16 hours a week, had relatively little impact due to the low level of take-up (Rowlingson and Berthoud 1996). A key factor influencing the replacement of in-work benefits (paid through the benefits system) with tax credits (paid through the income taxation system) was the belief that low take-up of in-work benefits was influenced by the reluctance of working people to claim benefits, and the perceived stigma associated with benefit-claiming and welfare dependence. On the other side of the argument, it is also believed that having a tax credit paid through the wage packet may be a disincentive to claiming for those people who do not wish their employer to know that they are disabled.

As far as DPTC is concerned, administrative data showed that the take-up was greater than was the case for its predecessor DWA (although how far this reflected the shift from an in-work benefit to a tax credit, and how far it reflected the fact that DPTC was financially more generous than DWA remains unclear). While no full controlled impact evaluation of DPTC was conducted, a survey of recipients (Atkinson, Meager and Dewson, 2003) suggested a positive self-reported impact, with a third of recipients reporting that DPTC had allowed them to work, or had made work more worthwhile financially, while just over a fifth claimed that they would not be doing their current job in the absence of DPTC.

These tax credits have subsequently (April 2003) been simplified and combined into a single Working Tax Credit system, which removes this disincentive to disabled claimants (ie from the employer’s perspective, disabled claimants are not distinguished from other claimants of tax credit). No evaluation has yet been published of the impact of WTC on disabled people’s labour market participation, but the most recent official statistics (subject to revision) show that in April 2006, some 103,000 disabled workers were in receipt of the disabled worker element of WTC. This compares with only 37,500 recipients of the predecessor Disabled Person’s Tax Credit (in October 2002), and only around 6,000 claimants of the previous in-work benefit (DWA). In terms of take-up, therefore, it would seem that the move from in-work benefits to a tax credit for disabled people, and the subsequent incorporation of the latter into a generic tax credit system has clearly increased take-up, although in the absence of a rigorous controlled evaluation, the extent to which tax credits have increased disabled people’s labour market participation (and how far the system embodies deadweight, through payment of benefit/credit to people who would have been in work in any case) remains unknown.
Permitted Work Rules

Prior to 2002, the regulations for Incapacity Benefits included the so-called ‘therapeutic work’ provision, which allowed benefit recipients, under quite restrictive conditions, to do a small amount of work per week (up to an earnings limit) without jeopardising benefit receipt, if a medical doctor certified that the work would help to improve a health condition, or delay deterioration in that condition. Although reliable data are not available, take-up of the therapeutic work provision is believed to have been low, with surveys suggesting that only 4-6 per cent of IB recipients availed themselves of it (Dorsett et al. 1998, Arthur et al. 1999). From April 2002, the new and less restrictive Permitted Work Rules (PWR) have replaced the previous therapeutic work provision. The rules are designed to make it easier for IB recipients to undertake some paid work, as a transition or ‘stepping stone’ towards leaving benefit for full-time employment. There is a 16 hours per week limit on the work that can be done, and an earnings limit (16 times the hourly adult minimum wage), but there is no requirement for approval by a doctor. There is a time limit of 26 weeks, with an extension of a further 26 weeks if a Jobcentre Plus adviser or NDDP Job Broker is supporting the disabled person, and if someone is in ‘supported permitted work’ (ie working with permanent support and supervision from a local authority or voluntary sector agency), there is no time limit. Alternatively, anyone in receipt of IB can work indefinitely for maximum earnings of £20 per week.

A preliminary assessment of the workings of the PWR drawing on surveys and qualitative research with disabled people undertaking ‘permitted work’, and interviews with Job Centre Plus staff (Dewson et al. 2005) suggested that the new regulations had had some positive impact, with around a quarter of participants having been able to use the PWR as a stepping stone to full-time work and coming off incapacity benefits.

4.5 The Disability Discrimination Act (DDA)

The employment provisions of the DDA came into force in December 1996. The Act introduced a new definition of ‘disabled person’ (the key elements of the definition are that individuals should have a disability or health problem lasting at least a year, and having a substantial adverse impact on their day-to-day activities), and protects disabled people from discrimination in the field of employment. In particular, there are two ways in which an employer might unlawfully discriminate against a disabled employee or job applicant:

- by treating him or her less favourably (without justification) than other employees or job applicants because of his or her disability, or

- by not making reasonable adjustments (without justification), if their employment arrangements or premises place disabled people at a substantial disadvantage compared with non-disabled people.

The employment provisions of the DDA are enforceable through Employment Tribunals, and they replaced a number of pre-existing legislative provisions protecting disabled people in employment. In particular they replaced: the quota scheme (a provision, largely unenforced, requiring employers to draw a certain proportion of their workforce from
disabled people); the designated employment scheme (under which certain occupations could be specifically designated as suitable for disabled people); and registration as a disabled person. Under the DDA there is no longer any official system of registration for disabled people. Anyone who can be shown to meet the definition of disabled person under the DDA is automatically covered by its provisions.

5 Evaluation evidence: what do we know about what works?

Despite the large number of labour market and employment measures targeted at economically inactive disabled people in the UK, the amount of robust evaluation evidence on impact is rather small. This partly reflects the relative lack of rigorous quantitative evaluation with control group methods. As noted in Meager 2006, while it is true that, in line with the UK government’s stated commitment to ‘evidence-based policy making’, there has been a strong growth in the volume of ‘evaluations’ of ALMP measures since 1997, it is also clear that few of the evaluations meet the highest scientific standards of evaluation methodology (such as impact evaluation through experimental methods or control group methods). This is true of ALMP evaluations in general, and equally true of evaluations of measures targeted at disabled people in particular.

5.1 Early evaluation evidence from active measures in place during the 1990s

Support for this view is provided by a systematic review of the evaluation literature on UK welfare-to-work policies for disabled people in place in the 1990s (Bambra et al. 2005). This review identified a huge number of studies of the various UK initiatives (5,399 in total; and the number would have been even larger had Bambra et al. extended their review to cover more recent evaluations); of this number, however, only 16 studies met the minimal criteria laid down in the systematic review for methodological rigour and a focus on employment outcomes.

Bambra et al. conclude from their review, that there is some limited evidence of a positive employment effect of the various initiatives targeted at inactive disabled people in the mid-late 1990s. They point out from the various studies that the rate of post-scheme employment entry varied from 11 to 50 per cent depending on factors such as: how targeted the scheme’s recruitment was; personal characteristics of the participants; and wider labour market conditions. Furthermore, the survey and qualitative research evidence suggested that participants’ perceptions and experiences of the various schemes were almost always positive. Nevertheless,

‘What is harder to determine, however, is how much of the employment gained could be attributed to the specific welfare-to-work programme in which they participated, and how much to external factors. Study designs with controls would have helped to answer this question, but few of the identified studies were controlled.’ Bambra et al. 2005 (p 1915).

Indeed only two of the studies identified by Bambra et al. were control group studies in this sense. One was an evaluation of the early pilots of the current New Deal for Disabled
People (Loumidis et al. 2001), and the other (Rowlingson and Berthoud, 1996) was the evaluation of an in-work benefit (Disability Working Allowance), the precursor to the current tax credits regime for disabled people. The results of these two studies are not encouraging:

‘The two controlled studies [...] reported higher subsequent employment rates for participants compared with non-participants but the differences were not statistically significant. It is therefore not possible from the identified studies to isolate the employment impact of the schemes as such. Furthermore all the studies were conducted at some point in the period between 1993 and 2002, which was a period of general employment expansion in the UK [...] We cannot tell if the employment outcomes would have been achieved in a less hospitable employment market.’ Bambra et al. 2005 (p 1915).

A further general point to emerge from Bambra et al. is that most of the schemes for inactive disabled people evaluated in this study were rather small in scale (either because of their pilot nature, or because the level of take-up was rather lower than intended). Thus even where positive impacts were detected, these were unlikely to have had a measurable impact on the overall level of inactivity among the target population. The overall conclusion of the Bambra’s review was that:

‘No single UK welfare-to-work approach stands out as by far the best way of solving the twin policy problems of low employment rates amongst people with a disability or chronic illness, and rising numbers of incapacity benefit claimants [...] Additional strategies are needed. In other European countries, such as Sweden, the policy emphasis has been on the prevention of individuals with a disability or chronic illness leaving employment in the first place, rather than on ‘treatment’ measures to return them to the labour market once they have left. This strategy may prove more fruitful in the long-term and is the subject of a subsequent review.’ Bambra et al. 2005 (p 1916).

In summary, we may conclude from the Bambra et al. review of the evidence from the measures in place for disabled people in the 1990s:

- First, there is very little robust evidence of impact
- Second, such evidence as does exist is rather negative. During this period only two UK measures were subject to (published) impact evaluation with control group methods. Neither of these supply-side measures (an in-work benefit; and a voluntary individualised support package) had any significant measurable impact on the movement from inactivity to work among the target group of disabled recipients of incapacity benefits.

5.2 Recent evaluation evidence on employment measures for disabled people

In conducting the present overview, we have attempted to build on the work of Bambra et al. and update the evidence they present. In doing so, we have asked three questions. First, is there any evidence of ‘policy learning’, in the sense that the design of new policies appears to take account of the (mainly negative) impact of earlier evaluations? Second, is the quality of the evidence improving, in the sense that the newer evaluation studies
adopt methodological standards which are capable of robust examination of policy impacts? Third, does the more recent evidence paint a more positive picture of policy effectiveness than the studies discussed above?

As we shall see below, the answer to all of these questions appears to be a (highly qualified) ‘yes’.

Since the work of Bambra et al. there have been four controlled impact evaluations aimed at this target group, which we consider briefly in turn below.

**Evaluation of the ONE advisory service**

First, a study evaluating the **ONE advisory service** (Green et al. 2003) adds to the volume of evidence, but does not change the picture painted above with regard to policy impact. This evaluation was not covered by the Bambra et al. review, but meets its criteria of quantitative rigour, being based on longitudinal data and a control group. The ONE intervention, a range of pro-active advice and support services for benefit recipients (introduced in 1999 in 12 local areas), covered not only inactive groups such as disabled people and lone parents, but also economically active unemployment benefit claimants21. The evaluation did, however, assess the impact on disabled participants, and although there was an increase in the employment rate among this target group in the areas receiving ONE services, a similar increase was also found in the control areas, and the evaluation concluded that the probability of disabled people entering employment was not increased by scheme participation.

**Evaluation of the Job Retention and Rehabilitation Pilot**

The **Job Retention and Rehabilitation Pilot (JRRP)** is of particular interest for two reasons. First, it represents a clear (and in the UK context, innovative) attempt to begin to remedy one of the key deficiencies (noted by Bambra et al. in their review of the evaluation evidence) in the previous policy portfolio, namely that the emphasis of policy has tended to be on the *treatment* of people who have already been economically inactive for some extended period, rather than on the *prevention* of people from entering into such a position in the first place (see section 4.2 above for details of the design of JRRP). In this sense, it can be interpreted as some evidence of policy learning.

Second, it is of interest because the measures have been explicitly tested through a randomised control trial, the first quantitative findings from which (Purdon et al. 2006) have recently been published. The evaluation tested, through random assignment methods, three types of intervention for people who had had between 6 and 26 weeks of sickness absence: a workplace intervention (aimed at achieving a return-to-work by addressing issues in the workplace); a health intervention (aimed at achieving a return-to-work by addressing the individual’s health problems); and a combined intervention

---

21 The ONE initiative is not included separately in our summary of policy measures in section 4, since the key elements of this experimental initiative (eg compulsory work-focused interviews for clients) have subsequently been incorporated in a range of other welfare-to-work measures.
including both workplace and health measures. Unfortunately, while the study of Purdon et al. 2006, together with the other qualitative aspects of the evaluation (see Stratford et al. 2005 and Farrell et al. 2006) provide a wealth of information about participants’ experiences and insights into what seems to work well for particular individuals in particular circumstances with regard to facilitating return-to-work, the statistical evidence on the net impact of the experiment is wholly negative, as is clearly expressed by the conclusions of the evaluators:

‘… the primary outcome measure for the trial was a return to work of 13 weeks or more. If any of the interventions had had an impact on this outcome then what would have been observed is different return-to-work rates across the four randomisation groups. Furthermore, if any of the interventions had a ‘positive impact’ then what would be observed is a higher return-to-work rate for this intervention group relative to the control group. What we found is, in fact, almost identical return-to-work rates for each of the four groups: 44 per cent for the health group; 45 per cent for the workplace group; 44 per cent for the combined intervention group; and 45 per cent for the control group. These differences are certainly not statistically significant, nor would they be had the trial been larger than it is. What this suggests is that none of the three interventions tested were successful in improving the return-to-work rates of those off sick’ Purdon et al. 2006 p. 5

It is clearly not possible on the basis of this one experimental study to ascertain how far its lack of impact reflected particular features of this specific intervention, rather than a weakness in the overall conception of ‘early intervention’ for this group; it should also be noted that despite the overall lack of impact on return to work, some positive health impacts were recorded from the intervention. Nevertheless, the disappointing results are likely to prompt further debate in the UK regarding the design of such policies and the constraints on effective joint working between employers and public employment and health services on such issues.

Evaluation of the Pathways to Work pilots

The Pathways to Work pilots (the key features of which are described in more detail above – section 4.2) share a number of key features with the Job Retention and Rehabilitation Pilot. In particular, they involve an element of ‘early intervention’, in the sense that their main client group is the ‘inflow’ to incapacity benefits (ie new claimants of incapacity benefits). This intervention is somewhat later in the process than that of the JRRP (which concentrates on people who are on short-term sick leave, rather than those entering the incapacity benefits system), but it shares the preventative emphasis of the latter. Second, it incorporates not only work-related interventions (jobsearch support and training, and other ALMP-type interventions), but also health-related interventions involving rehabilitation and ‘condition management’ interventions. Third, it is also being evaluated through rigorous control group methods.

The early evaluation evidence on Pathways to Work is beginning to emerge at the time of writing this paper. Thus qualitative research undertaken as part of the evaluation has been published (Corden et al. 2005), showing a generally positive impact of the pilots on participants’ work-readiness. Preliminary analysis of administrative data, comparing the
rates of outflow from incapacity benefit receipt in pilot and non-pilot areas, is also consistent with a positive effect, showing a significant increase of around 8-10 percentage points in the outflow after four months of benefit receipt in pilot compared with non-pilot areas (Department for Work and Pensions 2004). Most recently and most significantly, early evidence from the ongoing quantitative impact evaluation (Adam et al. 2006) based on comparisons between pilot and control areas, using ‘difference in differences’ and ‘propensity score matching’ techniques again suggests a significant positive short-term influence of the pilots. Thus the policy increases the likelihood of a participant being in work (after a period of 10.5 months) by an estimated 9.4 percentage points, and reduces the likelihood of being on benefit after the same period by 8.2 percentage points. There is also evidence of a positive policy impact on earned income.

**Evaluation of the New Deal for Disabled People National Extension**

As described above (section 4.2) the *NDDP National Extension* builds on the experience from the NDDP pilots, to deliver advice and support to disabled people through a network of ‘Job Brokers’. A key feature of the initiative, which sets it apart from most recent UK measures targeted, is that it is designed to include activities on the demand-side of the labour market as well as the supply side. Thus the broking role of the NDDP Job Brokers also involves liaison with, and the provision of assistance and support to (potential) employers of disabled clients (including ongoing post-placement support to ensure that the newly-employed disabled clients are able to maintain their employment, and that any problems arising for either employer or employee can be addressed). In practice, however, the early evaluation results raise serious doubts about the extent to which the employer-focused element of the Job Broker role has been realised. They suggest that Job Brokers have mostly concentrated on the traditional supply-side role of providing support and job-search assistance to disabled clients, rather than proactively engaging with employers (Aston et al. 2003; Aston et al. 2005; Dewson et al. 2005a). The *NDDP National Extension* is subject to a large scale multi-method evaluation (Stafford 2004 and 2006) which includes employer research, a survey of Job Brokers, a series of surveys of participants and of the eligible population, qualitative research with the delivery organisations, and an impact analysis and cost-benefit analysis. It had originally been planned to test the impact of the programme through a random assignment experiment. As noted in Meager 2006, however, this proposal provoked some opposition from parts of the disabled people’s movement and more widely (it is politically controversial in the UK context, when dealing with a disadvantaged and potentially vulnerable group such as disabled people, to operate random assignment on a major public programme, if this would involve denial of access to a significant proportion of the eligible population). As a result, an innovative alternative non-experimental control group method was adopted, after testing eight alternative non-experimental methods, using as a benchmark the results of an earlier randomised impact study of similar employment services for disability benefit recipients in the United States (Orr et al. 2004). Unfortunately, the results of the impact analysis of the programme are not yet available, although early results from the other parts of the evaluation (Stafford 2004) suggest relatively low initial take up of this voluntary programme, and relatively high potential for deadweight.
5.3 Evidence on the impact of anti-discrimination legislation

Evaluation of the impact of legislation is notoriously difficult. Control group methods are, by definition, ruled out, and any kind of quantitative assessment is restricted to a ‘before and after’ type comparison, which examines the data on the target variables of interest (eg the employment rate of disabled people) before and after the introduction of the legislation. Such time-series comparisons are bedevilled with methodological difficulties, not least the difficulties of controlling for other relevant factors which may have changed over the period in question (these include the impact of the economic cycle, as well as changes in the policy and institutional regime), in order to isolate the impact of the legislation itself. As far as we are aware, only one study has attempted to estimate the impact of the Disability Discrimination Act through econometric methods (Bell and Heitmueller, 2005) and this finds that the Act has had no discernable positive impact on the aggregate employment rate of disabled people. Indeed Bell and Heitmueller’s model suggests that it may even have had a slight negative impact. They argue that the negative impact of similar anti-discrimination legislation in the US has been attributed to the extra costs imposed on employers by the legislation; such effects are, it is hypothesised, likely to be lower in the UK, both because there are offsetting mechanisms (especially the Access to Work programme – see above) which support the costs to employers, and because the level of awareness and enforcement of the legislation in the UK remains relatively low.

While it is nevertheless the case that surveys of employers and service providers (Dench et al. 1996, Meager et al. 2001, Goldstone and Meager 2002, Stuart et al. 2002, Roberts et al. 2004) appear to show some (albeit slight) growth in awareness of the DDA and disability issues in general in the years since the introduction of the Act22, and a growing adoption of corporate policies aimed at improving provisions for disabled employees, it is clear this that growing awareness23 has still to feed through into a significant increase in the employment rate of disabled people (see the data presented in our work for Workpackage 1). Further, a series of qualitative studies of the implementation of the Act and cases taken under the Act (Meager et al. 1999, Leverton 2002, Hurstfield et al. 2004, Meager and Hurstfield 2005) shows that in practice, the Act is asymmetrically enforced: successful legal cases are more likely to be taken by disabled people already in work, than by disabled people discriminated against at the point of recruitment. The Act appears to be more effective at protecting disabled people in employment, than at protecting disabled people outside the labour market and trying to get in. Indeed there is a possibility that this asymmetry might even set up perverse incentives for some employers, if they become aware that the chances of litigation against them under the Act are slight if they avoid recruiting disabled people, but the chances of such litigation from existing disabled employees (eg on grounds that they have not made appropriate adjustments for the

22 As noted in Goldstone and Meager 2002, analysis of trends in employer awareness over time is impaired by methodological and definitional differences between the many employer surveys conducted on this topic.

23 While there is much less evidence on individuals’ awareness of the DDA than on employer awareness, a recent survey of employees (disabled and non-disabled) suggested a rather high level of awareness (with 92 per cent being aware that employers have a legal obligation not to treat employees unfairly because of their disability): see Casebourne et al. 2006.
employees’ impairments) are somewhat greater (again this seems consistent with some of the evidence on employer responses to the US legislation discussed by Bell and Heitmueller 2005).

5.4 Concluding remarks on UK policy and its impact

This paper has outlined some recent trends and developments in UK policy aimed at increasing the labour market participation and employment of disabled people. When this information is combined with the evidence presented in work package 1, presenting empirical data on disabled people’s labour market situation, it is difficult to avoid the conclusion that the combination of a welfare-to-work model based on supply-side oriented active labour market measures and benefit reforms on the one hand, and anti-discrimination legislation on the other hand, has yet to have a significant positive impact on the employment rate of disabled people in the UK. While the precise reasons for this lack of policy success can be debated, the evidence suggests that the following factors are relevant.

Lack of impact of policy measures

While, as we have noted in this paper, there are many deficiencies in the UK evaluation literature in this area, it is clear that, with few exceptions, the more rigorous evaluations to date suggest that the measures have had little or no impact on the rate of entry of disabled people into work.

Scale

There is a major imbalance between the size of the problem and the scale of resources devoted to tackling it. Depending on how the target group is defined (eg in terms of workless disabled people or in terms of incapacity benefit recipients), there are up to 3.25 million working age disabled people in the UK not in work, around a quarter of whom would like to work under the right circumstances. Most active labour market measures (either because they are small in scale by design, or because they are voluntary in nature and take-up is relatively small) reach only a small proportion of this group, often just a few thousand people. It is clear, therefore, that even where evaluations suggest a positive policy impact, it will take many years for such measures to make a significant dent in the overall stock of workless disabled people.

Lack of demand-side emphasis

The current policy portfolio is almost wholly supply-side in nature. As the current paper has shown, almost without exception the emphasis of UK policy measures in this area has been on advising, guiding, training, incentivising or otherwise supporting the disabled people themselves, rather than providing support or incentives to employers to recruit or retain disabled people. In those cases where an emphasis on employers is found in policy, several factors appear to weaken the likely demand-side influence. Thus in some cases (eg Access to Work, the Disability Discrimination Act) the impact appears to work mainly to the
benefit of disabled people who are already in work, rather than those wishing to enter work. In other cases of employer-focused measures, where there does exist an emphasis on job entry rather than retention, the measures are either very small in scale and not well-known (the Job Introduction Scheme), or the employer focus has not been realised in practice (eg the evaluation suggests that the Job Brokers in the New Deal for Disabled People have, for the most part, concentrated on providing support to disabled people rather than the full ‘broking’ role, involving engaging with or providing support to employers). As emphasised in our paper for work package 1, while few could argue that supply-side measures are a necessary part of the policy portfolio, there is major doubt as to whether they are sufficient. There is, arguably, a strong case for a greater policy emphasis on the role of employers. This might involve greater financial support to employers, especially in areas of low labour demand (as noted in work package 1, in many parts of the country where local labour markets are slack, disabled people are likely to be some way down the ‘hiring queue’). Alternatively or additionally, it might involve other kinds of assistance and support to employers to help them overcome their fears of low productivity and ‘difficulty’ associated with the employment of disabled people (such fears have been documented many times in surveys of UK employers, looking at their attitudes and policies towards the employment of disabled people).

Finally, however, it is necessary to note that there are some early positive signs of policy impact emerging in the most recent work. Thus although some innovative policy measures have yielded disappointing results (eg the ‘preventative’ experiments in the Job Retention and Rehabilitation Pilot), other policies are showing significant early signs of a positive effect – eg the Pathways to Work pilots which combine elements of early intervention, with medical and rehabilitation support and financial incentives – and the last few years have also shown, for the first time since the early 1990s (when there was a slight dip in the trend), a small but significant decline in the overall stock of incapacity claimants. The key questions for the future are

- Whether the promising early results of the Pathways to Work pilots can be sustained when the pilots are rolled out nationally. Experience with previous programmes shows that successful pilot schemes, often well-funded and delivered by well-trained, motivated officials, do not always translate into successful mainstream national programmes, where the pressures on cost and staff skills become more evident when a scheme has to be rolled out across the entire network of public employment service offices.

- Whether, in the absence of significant policy innovation on the demand side, and more proactive work with employers, the necessary jobs will be made available to disabled people in sufficient numbers to continue the positive recent trend.
References


Oliver M (1990), The Politics of Disablement, London: Macmillan


