



Department for Work and Pensions

# Report on Incapacity Benefits and Pathways to Work

Reply by the Government to the  
Third Report of the Work and Pensions  
Select Committee, Session 2005–06  
[HC 616]

Presented to Parliament by the Secretary of State for Work and Pensions  
by Command of Her Majesty  
June 2006

© Crown Copyright 2006

The text in this document (excluding the Royal Arms and departmental logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Any enquiries relating to the copyright in this document should be addressed to The Licensing Division, HMSO, St Clements House, 2–16 Colegate, Norwich, NR3 1BQ.

Fax: 01603 723000 or e-mail: [licensing@cabinet-office.x.gsi.gov.uk](mailto:licensing@cabinet-office.x.gsi.gov.uk)



# REPORT ON INCAPACITY BENEFITS AND PATHWAYS TO WORK

## Introduction

1. The Government welcomes the Third Report of the Work and Pensions Select Committee session 2005–06 on Incapacity Benefits and Pathways to Work. The Committee has identified a number of issues which it believes need to be addressed; the Department for Work and Pensions ('DWP' or 'the Department') is equally concerned to ensure that it continues to remove obstacles that ill or disabled people face in entering or remaining in the workplace and to reduce the number of people dependent on incapacity benefits.
2. On 24 January 2006, the Government published the Command Paper *A new deal for welfare: Empowering people to work*<sup>1</sup> ('the Green Paper'). This marked the third stage of the Government's welfare reform programme, building on the introduction of the New Deals from 1998 and the creation of Jobcentre Plus in 2002.
3. Since 1998 the overall employment rate has risen to nearly 75 per cent and, between 1998 and 2005, the employment rate of disabled people<sup>2</sup> rose by over eight percentage points. The Government wants to do more to deliver the opportunity of work to everyone in our society and it has set the ambitious aspiration of an 80 per cent employment rate. Building on success so far, the Government has also set the Public Service Agreement target to increase the employment rate of disabled people and significantly reduce the difference between their employment rate and the overall rate.
4. The publication of the Green Paper also marked the start of a 13-week public consultation exercise on the proposals it contained. Some of the issues raised by the Committee in their report have also been raised by other bodies as part of the consultation process. The consultation report<sup>3</sup> has been published today, in parallel with this response to the Work and Pensions Select Committee report. It captures the key issues raised by respondents during the consultation period and sets out how that feedback has impacted upon the proposals. The report also provides a summary of how the Government intends to take the proposals forward through the summer.
5. The balance of this Paper therefore focuses on responding to the specific recommendations made by the Work and Pensions Select Committee in their report.

## Conclusions and Recommendations

*The aim to reduce the incapacity benefits caseload by 1 million*

**1. We welcome the Government's laudable aim of reducing the incapacity benefits caseload by one million. However, it will be very challenging to do this by 2016. Success depends very much upon the effort and resources that are invested by the Government, particularly over the next few years. Clarification of the baseline by which the aim to reduce the number of people claiming incapacity benefits is also required and we recommend that the Department publish this in the immediate future (paragraph 52).**

<sup>1</sup> January 2006, *A new deal for welfare: Empowering people to work*, DWP (Cm 6730).

<sup>2</sup> The definition of a disability consistent with the Disability Discrimination Act.

<sup>3</sup> June 2006, *A new deal for welfare: Empowering people to work – Consultation report*, DWP (Cm 6859).

6. The Department recognises that the Government's aspiration to reduce the number of people on incapacity benefits by 1 million is demanding – there would be little point in setting an easily achievable goal. The evidence suggests that rolling out Pathways to Work can make a substantial contribution to the target, particularly when supported by the reform of incapacity benefits and other measures outlined in the Green Paper.
7. DWP plans to set out in more detail the basis by which the 1 million aspiration will be measured, the expected trajectory and the progress the Department will need to make over the next Spending Review period. Wherever possible, the Department will use publicly available data to monitor progress, as well as the independent and wide-ranging evaluation programme, funded by DWP, to demonstrate how its policies are successfully contributing to the progress being made.
8. Progress beyond the next Spending Review period will depend on the resources allocated to provide additional help for customers.

**2. The Committee is disappointed that the Department has not met its commitment to produce incapacity benefits caseload forecasts to 2016 and recommends that the Department does so as a matter of urgency (paragraph 53).**

9. Estimates of incapacity benefits caseload to 2020 are now publicly available via the Department's website.

### *A reformed 'gateway' onto incapacity benefits*

**3. We recommend that there should be clarification of the status, importance and relevance of sickness certification in the process of applying for Statutory Sick Pay and other benefits (paragraph 66).**

10. Statutory Sick Pay is not paid for the first three 'waiting days' of a spell of sickness absence and employers are not obliged to seek medical evidence before paying Statutory Sick Pay. In fact, regulations preclude employers from requesting medical evidence before the seventh day.
11. In the proposals for the new Employment and Support Allowance, although claimants will initially be able to make a claim on the basis of a medical certificate from their General Practitioner (GP), the aim is for all claimants to be assessed by DWP's independent medical assessors within three months, before they are eligible to receive the full allowance. Their continued eligibility for the Employment and Support Allowance will depend on periodic independent medical assessments rather than GPs' certificates.

**4. We welcome the measures to reform Statutory Sick Pay as a necessary simplification that will improve the system for claimants and employers. The Committee is concerned, however, that further efforts need to be made to reconcile GPs with the changes that the Government proposes to make. The Committee recommends that the Department enters a close dialogue with health professionals, including those working for mental health services, GPs and their professional representatives in order to assess the most appropriate way that the Green Paper proposals on Statutory Sick Pay – and their wider role in helping ill or disabled people back to work – can be taken forward and to ensure full co-operation by all stakeholders (paragraph 73).**

12. Responses to the proposals to simplify Statutory Sick Pay were mixed: there were a number of positive responses; however, there were strong arguments from employers for not abandoning the three waiting days because of the potential increase in their costs. The package of changes proposed was designed to represent a balance between keeping costs down and retaining protection for the most vulnerable employees. The original impetus for these proposals was to support employers by simplifying the process of administering the scheme. Their view is clearly that the simplicity gained is not sufficient to warrant the loss of flexibility from waiting days. The Department is concerned that making the other simplifications, while keeping waiting days, could make the system less generous for some people, particularly part-time workers. The Department has therefore concluded that it is not sensible to proceed with the changes to Statutory Sick Pay at this time. The Department will continue to work with employers' and employees' representatives to consider whether there are alternative approaches to simplification.
13. The Department consults healthcare professionals on an ongoing basis. As part of this consultation a Health Professionals Advisory Group has recently been set up, comprising senior members of healthcare bodies, such as the British Medical Association, Royal College of General Practitioners and the General Medical Council. The role of this group is to advise Ministers and officials and to help shape and develop welfare reform proposals, particularly those relating to the role of healthcare professionals in helping sick or disabled people remain in or return to work.
14. GPs provide evidence to employees that helps employers to make decisions regarding the payment of Statutory Sick Pay. The Statutory Sick Pay changes proposed in the Green Paper do not directly impact on GPs though. However, allied to these changes, we are currently working to improve and simplify the sickness certificate completed by GPs and used for both sick pay and benefits. Health professionals are involved in the development of this and the Health Professionals Advisory Board will be fully consulted as this work progresses.

**5. The Committee acknowledges that it is important to ensure that people are receiving the appropriate benefit for their situation and that it may be more suitable for some to remain on Jobseeker's Allowance rather than move to incapacity benefits. The Department should ensure that the distinction between the two is properly understood by Jobcentre Plus staff (paragraph 77).**

15. The Department agrees that having skilled staff is essential and takes staff training very seriously.

16. The Green Paper indicated an intention to distinguish between Jobseeker's Allowance recipients experiencing brief spells of illness, who should nevertheless remain on Jobseeker's Allowance, and those people with longer-term health conditions and disabilities who would be more appropriately supported within the Employment and Support Allowance. Jobseeker's Allowance recipients who are ill but continue to have entitlement to Jobseeker's Allowance will not be switched to Employment and Support Allowance until they have exhausted two periods in any 12 months on benefit of sickness of up to two weeks. This will be made clear in staff guidance.

**6. The Committee welcomes the shift in eligibility criteria that the reformed Personal Capability Assessment will bring. However, the absence of detail in the Green Paper suggests that the Department has not made much progress in redesigning the PCA. This makes it difficult to consider how the reformed system will work in practice as we do not know what the new assessment will contain. We recommend that the Department carefully considers the evidence received during this inquiry, its own consultation, and the findings from the Pathways evaluation to ensure that the new assessment takes account of the complexity and reality of disabled people's lives, as well as the social elements of their disability, rather than simply whether they are entitled to benefit (paragraph 98).**

17. The current Personal Capability Assessment (PCA) system is recognised by the OECD, in its 2003 report *Transforming Disability into Ability*,<sup>4</sup> as being one of the most robust in the world for assessing entitlement to benefit. The PCA process is also an enabling process, focusing on assessing people's capability for work rather than just their benefit entitlement. However, alongside the introduction of the Employment and Support Allowance, the Government wants to develop this part of the process into a work-focused assessment which also provides advice about appropriate health or workplace interventions that would improve a person's capability.
18. Meanwhile, it is appropriate to review the PCA to ensure it remains relevant to currently prevalent disabling conditions, and to changes in the working environment that have occurred over the past ten years. A comprehensive review of the PCA is being carried out by a number of working groups. These groups, which comprise medical and other experts, are working in partnership with two consultative groups made up of representatives of disability organisations and those with real experience of customers' problems. The review is considering the assessment of both physical function and mental health; evidence gathering; the new work-focused assessment; and ways to reduce both the number of appeals and the number of decisions overturned at appeal. The review is due to report to DWP Ministers in September 2006.

**7. We welcome the Government's decision to review the mental health component of the Personal Capability Assessment. However, in order to ensure that concerns with the current assessment are adequately addressed, the expert panel tasked with the review of the PCA for those with mental health conditions must include people with mental health problems, their carers and organisations representing them. The new assessment should also be piloted with those with mental health conditions to ensure it is suitable (paragraph 108).**

<sup>4</sup> 2003, *Transforming Disability into Ability*, OECD.

19. Given the changing pattern of mental health, we need to ensure that the mental health component of the PCA reflects the type of conditions prevalent today. Accordingly, the Department is carrying out a comprehensive review. This is being carried out by a working group of medical and technical experts who are working closely with a specific mental health consultative group, made up of stakeholder experts in the field of mental health. The two groups will work together to produce recommendations for DWP Ministers by September 2006. After this there will be an opportunity to pilot the new assessment.

**8. The Committee welcomes the Government's commitment to carry out the revised Personal Capability Assessment within 12 weeks but is concerned about how often this will be achieved in practice. Those who are not assessed within this period should not suffer financially as a result. The Committee therefore recommends that the Department establishes contingency measures for such an occurrence to ensure that ill or disabled people are not financially penalised (paragraph 118).**

20. The Department has undertaken to complete the revised PCA within three months of the initial claim. Where it is not possible to complete the assessment within the three-month period, main phase benefit entitlement, once established, will be backdated to the end of this three-month fixed period to ensure that no entitlement is lost.

**9. The Committee recommends that, rather than carrying out ad hoc case checks of existing claimants, the Department should review claims systematically. Case reviews should not be random but based upon specific guidelines. We recommend that the Department re-examines the processes that currently govern case reviews and consult on the criteria upon which future checks would occur (paragraph 120).**

21. The Department proposes to work more proactively with existing customers, exploring their responsibilities to prepare for a return to work alongside the need to treat them fairly.
22. The Department plans to ensure that all new claimants receive a robust medical assessment, which is face to face for all except those with the most severe levels of disablement. The Department is considering options for a more systematic review of benefit claimants, based on the medical prognosis for their disabling condition. A balance needs to be achieved that ensures a review is undertaken when it is appropriate, and not when a person's condition is unlikely to have materially changed since their previous assessment.
23. A unit will be established to undertake periodic checks of those claiming benefits to confirm ongoing eligibility, seeking renewed medical evidence as appropriate. The Department's introduction of the additional safeguard of ad hoc case checks will complement the existing routine case review, currently held at varying intervals. Where these checks produce doubt about the nature or extent of an individual's incapacity, a fresh PCA will be required. It is important, in the interests of fairness to genuine claimants and to the taxpayer, that DWP identifies any such cases and reviews them.

**10. We are disappointed that the Green Paper did not contain any detail on how the new Personal Capability Assessment will assess those with fluctuating conditions. This is a difficult area on which DWP should consult extensively with stakeholders, including employers, to ensure that those with fluctuating conditions receive the right assessment and do not continue to be excluded from the labour market (paragraph 124).**

24. One of the fundamental principles of deciding benefit entitlement is that each decision takes individual circumstances into account. Entitlement is intended to be based on the effects a condition has on a person's capacity to work. The ability to carry out any given activity will be assessed in the context of whether the activity can be carried out not just once, but reliably, repeatedly and safely. In this way, benefit entitlement will take account of the effects of fluctuating conditions. The working groups undertaking the review of the PCA are aware of the need to ensure that those people entitled to benefit are accurately and appropriately identified and the Department does not believe that the new conditionality will have a detrimental effect on an individual's condition. Personal advisers will have the freedom, as now in Pathways to Work, to waive or defer a work-focused interview where a claimant is unable to take part for good reason. Claimants who are assessed as being in the Support Component<sup>5</sup> group will still be able to participate in provision if they choose.
25. The Department will be working closely with employers and other stakeholders to ensure that the needs of people with fluctuating conditions are taken into account in supporting their return to the labour market, as well as encouraging employers to make appropriate adjustments. The Department's Health Professionals Advisory Group includes a representative of business, whose role includes considering how best to engage employers on these issues.
26. Jobcentre Plus already has a number of measures in place that it will be looking to build on and strengthen to enable more people with fluctuating medical conditions to play their full part in the workplace. These include:
- the Condition Management Programme that enables people to better understand and manage their conditions in the workplace so that they can, where possible, avoid situations that might exacerbate their condition and recognise a deterioration in their condition and seek appropriate in-work and/or medical support;
  - precision matching of the customer and their particular needs with an appropriate job and employer;
  - support from a Jobcentre Plus Disability Employment Adviser, Pathways to Work or New Deal for Disabled People or specialist disability provision adviser to arrange flexible working conditions with the employer; and
  - recourse for both the individual and the employer to the occupational health service.

<sup>5</sup> As explained in the Green Paper consultation report, also published today (*A new deal for welfare: Empowering people to work – Consultation report* (Cm 6859)), the names of the two components within the Employment and Support Allowance are the Work-Related Activity Component and the Support Component.

**11. The Committee welcomes the proposals in the Green Paper to reduce the number of appeals. However, we believe that further action is necessary to improve the quality of medical assessments. The Committee recommends that:**

- a) a review of the length of time taken to complete medical assessments is undertaken by the Department;**
- b) doctors should be encouraged to take the time to undertake assessments appropriately and should receive more training on best practice in performing assessments, particularly when dealing with mentally ill claimants; and**
- c) more effort is made to gather medical evidence that may affect a case (paragraph 134).**

27. The Department's Chief Medical Adviser sets rigorous quality standards for the medical assessment carried out on behalf of the Department, which are monitored by monthly audits. We recognise that there were historical problems with service delivery but a programme of work was put in place to improve standards and evidence shows that performance has improved considerably over recent years. This was recognised by both the National Audit Office and the Public Accounts Committee in their 2001 and 2004 reports respectively.<sup>6</sup> The vast majority of medical reports produced by Atos Origin Medical Services are fit for purpose and the quality of medical assessments continues to improve year on year, with the proportions of unsatisfactory assessments and complaints both falling.

28. The length of time taken to complete medical assessments depends on the complexity of the condition being assessed. Atos Origin doctors are expected to take as much time as is appropriate for each assessment; and any assessment that appears to have taken an unduly short time automatically triggers a quality review of the report.

29. Over the past 18 months, as part of their ongoing improvement programme, Atos Origin has completely revised and improved the training given to doctors carrying out PCAs and the continuing professional education all doctors are required to undertake to ensure their medical knowledge and expertise is kept up to date.

30. Evidence gathering is being reviewed as part of the PCA review.

**12. The Committee acknowledges the importance of involving all stakeholders in reforming all aspects of the Personal Capability Assessment (PCA) and welcomes the Government's commitment in the Green Paper to do so. We are not, however, content with the process that we understand the Department has now begun. Disability organisations as well as medical experts must play a key role in advising the Department on the content and delivery of the PCA, the 'reserved circumstances' group and the reform of the appeals process and we recommend that they are included in all discussions with the Department, and not merely consulted as a**

<sup>6</sup> 2001, *The Medical Assessment of Incapacity and Disability Benefits*, National Audit Office, and March 2004, *Progress in improving the medical assessment of incapacity and disability benefits (Sixteenth Report of Session 2003–04)*, House of Commons Committee of Public Accounts.

**secondary process. We are also concerned by the delay in producing detail on the PCA and recommend that the Department produces a possible model for the reformed PCA as soon as possible. Once the Department has completed its work on redesigning the PCA we intend to examine whether it is satisfactory or not (paragraph 137).**

31. Given the limited time available to carry out the review of the PCA, the detailed work is being taken forward by a number of small groups, comprising mainly medical, healthcare and other technical experts. However, the Department wants to involve as many stakeholders as possible and so has set up two consultative groups – one focused specifically on mental health – comprising stakeholder experts from a wide range of disability organisations. These groups are operating in collaboration with the technical working groups, with members of the consultative groups participating in the working group meetings and members of the working groups participating in consultative group meetings. In this way, both groups are fully involved at all stages of the review and all members are able to input directly into the development of recommendations for change.
32. The working groups are due to report to DWP Ministers by September 2006, after which there will be a period for piloting the revised PCA.

### *The Employment and Support Allowance*

**13. The Committee is concerned that those moving onto the new 'holding benefit' may experience a substantial drop in income. We disagree with the Secretary of State's assessment that the Jobseeker's Allowance (JSA) level is an "obvious rate" at which to set the holding benefit. We recommend that the holding benefit be set at a level comparable with Statutory Sick Pay to ensure a more consistent income for ill or disabled claimants. If the holding benefit is set at JSA rates, it would be unfair to award younger claimants less benefit due to the age-related rates that currently apply to JSA (paragraph 145).**

33. As part of the work towards reducing the complexity of benefits in the future, and also so as not to pre-judge the rate of benefit people will be entitled to following the PCA, the assessment phase of Employment and Support Allowance will align with both Jobseeker's Allowance and Income Support rates of benefit.
34. However, the Government has listened to the views of stakeholders, including the Committee, therefore everyone in the main phase of the Employment and Support Allowance will get the same basic allowance regardless of age. Additionally, young people will also have special provisions to get access to contributory Employment and Support Allowance without the necessary contribution record, as is the case now with Incapacity Benefit.
35. After a person has moved onto the main phase, if their eligibility criteria remain the same and they meet all of the conditions, they will remain on the same level of benefit throughout their claim, removing the perverse financial incentives to stay on the benefit longer.

36. In the assessment phase, everyone will receive at least the equivalent to the basic Jobseeker's Allowance rate. The most severely disabled people on a low income may also be entitled to the Enhanced Disability Premium and/or the Severe Disability Premium, or other premiums, if they fulfil the relevant eligibility criteria. Setting this rate higher than the basic rate of Jobseeker's Allowance would create an incentive for people to move from Jobseeker's Allowance to Employment and Support Allowance in these early months of their health condition or disability. While the Government wants people to be on the most appropriate benefit for them, it does not want to encourage people to move away from Jobseeker's Allowance – and therefore further from the labour market.

**14. We are disappointed that there are a range of issues requiring further clarification on the level at which the Employment and Support Allowance will be set. We recommend that the Department provide more detailed information in the response to this report. We urge the Department to work closely with disability organisations to ensure a proper assessment is made of the structure of the new benefit, how it will affect the income of ill or disabled people in comparison with the current system and work to alleviate inconsistencies within the system. DWP should ensure that the resulting benefit levels maintain the principle of no loss to existing claimants when a new benefit is introduced (paragraph 150).**

37. No decisions have yet been made as to the exact rate of the new Employment and Support Allowance. However, after the assessment phase, the total rate received by a new claimant in the main phase benefit will be above the current long-term rate of Incapacity Benefit. Existing claimants will have their existing level of benefit protected.

**15. The adequacy of the level at which the Employment and Support Allowance will be set is of great importance. The new benefit must ensure that those claiming either the Employment or Support component receive an adequate amount. We also recommend that the Department publish a full analysis and explanation of its calculations of benefit adequacy in this area, including the basis of future upratings (paragraph 155).**

38. There is a range of research methods, budget standards, deprivation studies, expenditure studies and consensual studies that can be used to look at questions of absolute and relative adequacy of benefits. Different research methods tend to make different assumptions and generate a range of estimates. The Government believes that it is not possible to produce a single figure showing what an adequate income for a family is. However, the Government considers a range of research into adequacy when setting benefit rates and will continue to do so.

39. While there have been no decisions made on exact benefit rates for Employment and Support Allowance, the Government has stated that the benefit in the main phase will be set at a rate higher than the current long-term Incapacity Benefit rate, with those people with the most severe conditions receiving a higher amount. Benefits are conventionally uprated in line with inflation to retain their real value.

40. Poverty is wider than income alone. The Government has a comprehensive strategy for tackling poverty and social exclusion. The annual report *Opportunity for All* sets out how the Government is tackling the problems faced by individuals throughout their lives. Monitoring low incomes is one part of a wider strategy for tackling the causes of poverty and social exclusion, not just the symptoms.

**16. The Committee has no objections to the list of work-related activities in the Green Paper: the range is suitably varied and covers activities that may be regarded as a useful stepping stone to work. However, the Department should develop a strategy to ensure that all disabled people, including groups such as people with learning disabilities, deaf and blind people have full access to the range of services offered. We are also concerned that the Department is intending to extend compulsion beyond attendance at work-focused interviews without adequate training or evidence-based guidance for Incapacity Benefit Personal Advisers (IBPAs) in distinguishing claimants who are 'unwilling' to participate from those who are 'unable'. As the evidence shows that many existing incapacity benefits claimants are volunteering to participate in Pathways to Work without compulsion, we are concerned that without adequate IBPA training and clear guidance, increased compulsion could damage both the relationship of trust between IBPAs and their clients and the reputation of the Pathways programme itself. We recommend that the Department further explore involving a wider group of trained professionals to assist personal advisers in the important role that they play (paragraph 179).**

41. Training for Incapacity Benefit Personal Advisers (IBPAs) has been thoroughly reviewed and reworked over the last year and a new range of training products is now available for all IBPAs. Each IBPA gets 26 days' training, which is consolidated through line manager coaching, mentoring and the use of learning sets (small groups of IBPAs learning together).

42. The programme comprises:

- an induction at work to introduce the IBPA to their role (one day);
- a learning induction event (one day);
- an Incapacity Benefit process workshop (two days);
- four five-day workshops covering interviewing skills, understanding the client group, the Condition Management Programme and engaging with employers;
- coaching and observation in between each of these workshops; and
- a final workshop three months after completion of the above (two days).

43. IBPAs are also supported by Disability Employment Advisers. Disability Employment Training was reviewed and revised in 2005 and now ensures advisers are better equipped to deal with people who, because of complexities associated with their disability or health condition, need help to move into or retain employment. Training equips the Disability Employment Adviser to help the individual understand the tasks relating to their job goal, to help them check they have the ability to do each task and then help them think through any barriers and consider work solutions. If they need additional help and advice to assist people, Disability Employment Advisers also have access to Work Psychologists.
44. As part of the preparations for the introduction of the Employment and Support Allowance and work-related activity, IBPA training and development will be continuously reviewed and improved.

**17. The Committee recommends that claimants who have been engaged in work-related activity for a specified period of time, for example, one year, should review their action plan with their personal adviser and other specialists to ensure that the activities contained within it are appropriate for them. Once the new benefit has been in place for two years, we recommend that it is reviewed by the Department to ensure that the work-related activity system is working properly. As with all new benefits, it should also be subject to a full evaluation (paragraph 185).**

45. Participation in Pathways to Work involves undertaking a series of work-focused interviews with Personal Advisers at which any activity taken since the last interview is discussed. These discussions take place within the context of an individual's action plan and any suitable revisions will be made to the action plan at this point. The intention is that a similar system will be in place in the future, allowing for review of the action plan at work-focused interviews in light of the work-related activity undertaken by the claimant.
46. Support and work-related activity under the Employment and Support Allowance will be both built, and built on, using evidence from Pathways to Work and the new benefit system as it is introduced.

**18. We are very concerned that, by introducing a two-tier system, the proposed reforms will establish a further level of complexity. The unconditional higher rate could build incentives into the system which might 'encourage' claimants to claim the Support component rather than the Employment Support component of the Employment and Support Allowance (ESA) (paragraph 197).**

47. The Government appreciates the strength of feeling regarding deciding who should receive the Support Component and who the Work-Related Activity Component. The Government feels that there is a group of people for whom it is inappropriate to require compulsory work-focused activity and it is important to recognise this group within the benefit system. It therefore needs to determine between these two groups. The intention is that the more focused Support Component group will be much smaller than the current PCA exempt group, and it is right that this group should get additional financial support as this group, although not written off, will most likely be on benefit for a longer time. Anyone in the Support Component group will be able to volunteer for any of the support and help available.

48. The eligibility criteria for the Support Component group will be hugely different from that of the current PCA exempt criteria (which is largely concerned with ensuring that a claimant meets the medical threshold for the benefit rather than what capability they have to engage in work-related activities), and will be looking at a vastly greater level of disability, where it would be unreasonable to expect participation in work-related activity. Although the exact criteria of this group is still to be finalised, only the most severely affected claimants will be covered in the Support Component group (since they will need to prove it is not reasonable to require them to undertake work-related activity).

**19. It also appears that little consideration has been given to policing the boundaries and creating a mechanism by which people can move between the two components. We recommend that the Department should clarify the mechanism and resources needed for people with fluctuating conditions to move between the Employment Support and Support components of the ESA (paragraph 198).**

49. While the Government envisages that many people in the Support Component group will have conditions that are unlikely to change in severity, it recognises that there will be others whose condition may, over time, worsen or improve. For conditions that fluctuate over short periods of time, the Government would expect many claimants to be in the Work-Related Activity Component group, but Personal Advisers will have the option of waiving work-focused interviews during periods of deterioration. Decision makers will be able to refer people with longer periods of fluctuation for medical assessment to determine whether they are entitled to be in the Support Component group.

### *The performance of Pathways to Work*

**20. We recommend that the Department publish quarterly statistics on the performance of Pathways to Work (paragraph 201).**

50. The Department intends to publish Pathways to Work quarterly performance statistics. It is currently considering a number of options for doing so.

**21. The Committee recognises that Incapacity Benefit Personal Advisers (IBPAs) have an important role in supporting their clients and the majority do it well. We are, however, concerned that they may not be as well trained as they need to be. In particular, we recommend that IBPAs receive a fuller training package on disability awareness and mental health. In addition, all IBPAs should be sufficiently skilled to be able to offer advice on benefits and tax credits and the impact upon them of moving into work. They should be able to calculate whether or not a claimant would benefit financially from moving into work compared with staying on benefits, or be able to refer the client onto someone else who can. The Department should also consider how IBPAs can benefit from the sharing of best practice experience. IBPAs should also be able to benefit from a clearly defined career path (paragraph 216).**

51. Personal Advisers have an important role and their training and development needs are taken very seriously. The Department recognises the importance of Personal Advisers having access to expertise such as Disability Employment Advisers, Work Psychologists, etc. to complement their own knowledge and skills.
52. Training for IBPAs has been thoroughly reviewed and reworked over the last year and a new range of training products is now available for all IBPAs as explained in paragraphs 41–44.
53. During the Pathways to Work training, IBPAs are provided with awareness training about a range of disabilities. Part of that training includes a DVD in which medical experts provide awareness about mental health conditions. IBPAs also receive more detailed training material, which they can use to refer to when preparing for interviews. IBPAs are also encouraged, during a consolidation period of approximately six months, to continue to network and hold case conferences with their colleagues and local experts to continually build their experience.
54. IBPAs are encouraged to work with customers to gain their commitment to consider returning to work and to seek where they can best offer assistance to help them achieve that goal. Local Primary Care Trusts provide specialist services to customers when they are requested, providing expert help to manage their medical condition or disability in their goal to return to work.

**22. The Committee recommends that the Department closely monitor the caseload of Incapacity Benefit Personal Advisers (IBPAs) to ensure that they are able to offer a full service to all of their clients. IBPAs should not be relied upon to carry out tasks that other Jobcentre Plus staff are employed to do. In our report into the Efficiency Savings Programme in Jobcentre Plus, we recommended that Jobcentre Plus should set out its timetable for providing administrative support to Personal Advisers. We reiterate this recommendation (paragraph 219).**

55. Monitoring advisers' caseloads to ensure they are manageable is a key element of the IBPA manager's role. Adviser managers will also ensure that IBPAs focus their efforts on working with customers, rather than carrying out the tasks of other staff.
56. Pathways to Work areas already have an extra administrative allowance which funds dedicated administrative support officers for IBPAs. Nationally, each Advisory Services Team will have at least one Diary/Administrative Support Officer by the end of September 2006 as part of the new Customer Services Model.

**23. The Committee is also concerned that there will be insufficient trained staff to deal with the increased number of WFIs that will take place under the reformed system. We recommend that the Department develop, and publish, a strategy to develop the IBPA workforce to show that the future national roll-out will be sufficiently staffed (paragraph 220).**

57. The resourcing model developed for the Pathways to Work pilots continues to be updated and experience indicates that it provides sufficient IBPA resources to cope with the additional work-focused interviews.

58. Currently IBPAs operating in Pathways to Work areas undertake intensive classroom training, spread over a six-month period, with the intervening periods spent on practical consolidation. Pathways to Work overview sessions are delivered to other Jobcentre Plus staff. Some Jobcentre Plus staff also receive administration and process training varying in length from half a day to five days, depending on need.
59. Additional IBPA training develops enhanced communication skills to enable IBPAs to gain commitment from customers, to identify their barriers to work and to best utilise the resources available through the Choices package. IBPAs are supported by local support groups including Work Psychologists, Disability Employment Advisers, mentors, managers and Condition Management Programme specialists. Pathways to Work awareness training (and some intensive training) is delivered to these people to help them fulfil their role in the Pathways to Work process.

**24. We recommend that the Department urgently review the pay levels for Incapacity Benefit Personal Advisers to ensure that they are sufficient to attract the right calibre of people (paragraph 222).**

60. IBPAs are Pay Band C staff, previously referred to as Executive Officers. The current rate of pay at this Pay Band on the national pay scales is between £17,290 and £22,820, rising to between £18,160 and £23,510 from 1 July 2006. Jobcentre Plus believes that these pay levels are sufficient to attract and retain the right calibre of staff into these key positions.

**25. The Committee recognises that a delicate balance is required to ensure that compulsory Work-Focused Interviews (WFIs) provide claimants with the opportunity of accessing the range of support services available through Pathways and Jobcentre Plus in a sensitive manner. We recommend that the Department revise the standard letter sent to claimants requesting attendance at their initial WFI to ensure its tone is one that will encourage attendance (paragraph 230).**

61. Jobcentre Plus is conducting a review of all its printed information products to reduce the number published and to ensure that they meet its standards for quality and clarity. Jobcentre Plus has set a target of introducing new products to support the work-focused interview process by the end of 2006. This work builds on existing efforts to improve the quality of printed material which has seen the number of leaflets receiving the Plain English Campaign's 'Crystal Mark' for clarity increase by over 90 per cent.
62. Jobcentre Plus also has an appointee service, and any customer with, for instance, severe learning difficulties can ask to have an appointee who is copied into correspondence or to have an accompanied interview.

**26. The Committee acknowledges the importance of the services provided through the Condition Management Programme (CMP) and supports its inclusion in the extensions to, and national roll-out of, Pathways to Work. We are concerned that the Pathways evaluation suggests a varying level of awareness of the content of the CMP among Personal Advisers and recommend that the Department makes further efforts to ensure that current, and future, Advisers are properly informed of the content of the Programme and how to refer their clients to it. In addition we are**

**also concerned that there may be a capacity problem with the numbers of trained Cognitive Behavioural Therapies or other appropriate therapists when Pathways is further rolled out (paragraph 247).**

63. The IBPA training packages include a session with a representative from the local Condition Management Programme. This enables Condition Management Programme representatives to meet IBPAs and to provide them with specific information on the help available through the Condition Management Programme in their area.
64. Pathways to Work areas build on this training and develop local networks, contacts and expertise to enable them to work with Primary Care Trusts and others to build the services required by their customers.
65. The Department for Work and Pensions and Department of Health use evaluation findings to make continuous improvements by building on both lessons learnt and successes.
66. The Department recognises the concerns about resources but is working closely with Department of Health on workforce planning and is confident that there will be sufficient capacity to support our customers in managing their health conditions. Much of the focus of this planning is on the provision of psychological therapies, such as cognitive behavioural therapy. This has led to the Improving Access to Psychological Therapies pilots, which were launched by Department of Health in May and are jointly sponsored by DWP.
67. Meanwhile, the Condition Management Programmes currently use Cognitive Educational Interventions which, although based on a fundamental cognitive behavioural approach, are not cognitive behavioural therapy and do not require trained cognitive behavioural therapists. These interventions have been very successful in helping people manage their health conditions and other barriers to work, and DWP envisages continuing with this approach in the future. Access to web-based and other self-help cognitive behavioural therapy programmes is also being developed.

**27. The Committee recommends that the Department reviews the access of its services to all disabled people and monitors service use by different groups of disability and support needs. The Department should also ensure that, where specialist support is needed from external organisations, that this can be easily accessed by Personal Advisers (paragraph 252).**

68. The Department has ensured that access to its offices and services meet the requirements of the Disability Discrimination Act. Its contracts with its service providers also require providers to meet their obligations under the Act. In addition, the Department is committed to undertake rigorous evaluation of pilot measures and of nationally implemented changes, and to publish the results. Evaluation examines how the changes affect individuals and society as a whole, and informs decisions on the next steps the Department takes.
69. The disability programmes provided by Jobcentre Plus cover a very wide range of disabilities and health conditions that reflect the disparate nature of the needs of the customer group.

70. For customers needing specialist disability support, Personal Advisers can refer them to specialist Disability Employment Advisers to consider whether Work Preparation, Workstep or Access to Work would offer more appropriate support. Advisers can also access residential training colleges that provide vocational training and wide-ranging support services for their disabled customers.
71. The Department is already reviewing access to its services. Each of its businesses will publish their Disability Equality Scheme on 4 December 2006. These will contain details of any actions being taken and to be taken, to ensure services are accessible to customers.

**28. The Committee welcomes the financial support provided to disabled people by the Return to Work credit. However, problems may occur when this support ends after 52 weeks. We recommend that recipients of the credit are fully informed of the time limit at the outset of their claim. They should also be reminded of the date when the credit is ending by their Personal Adviser at least eight weeks prior to its withdrawal, with opportunities for them to discuss their options (paragraph 256).**

72. IBPAs explain to customers the procedure for claiming the Return to Work Credit, stressing that it is paid in two 26-week periods up to a maximum of 52 weeks, subject to a reapplication at 26 weeks. This information is also available in the Return-to-Work Credit leaflet.
73. Early feedback suggests that customers who had reached the 12-month expiry point of Return to Work Credit generally plan to stay in work. All those questioned knew in advance that Return to Work Credit was due to expire and those who had relied on Return to Work Credit for day-to-day budgeting had made plans for this, clearing bills, taking opportunities to increase earnings or looking for better-paid work.
74. Additional support, in the form of financial advice and debt counselling, is available to customers receiving help from Return to Work Credit whose credit payments are about to run out. This may include discussions on Working Tax Credit, debt checks, budgeting advice and a debt-management plan.

### *National roll-out of Pathways to Work*

**29. The importance of providing stepping stones from incapacity benefits into employment will be crucial in the success of the Pathways to Work roll-out. The Committee recommends that Incapacity Benefit Personal Advisers (IBPAs) and all private and voluntary sector service providers are given accurate information and training on the range of options that are available to disabled people to enable them to move towards paid work. Jobcentre Plus and other service providers should develop close partnerships with employers and voluntary sector organisations to build links that will promote opportunities for part-time and voluntary work for disabled people. The Committee also recommends that the earnings disregard for those currently claiming Income Support and those who will claim the means-tested element of the Employment and Support Allowance be increased, to enable people to work at least four hours at the National Minimum Wage. This disregard should be up-rated annually (paragraph 276).**

75. When assessing bids and awarding contracts to private and voluntary sector providers, the Department looks for evidence and assurances of provider capability to deliver the service specified and, as part of this process, asks bidders to describe their plans for staff training and development.
76. The current IBPA training brief continually stresses the importance of networking and developing working relationships with all those in contact with this customer group. Significant elements of training focus on this and on the way that advisers can use these networks to enable their customers to maximise work opportunities.
77. Locally, Jobcentre Plus districts are already working more closely with employers and with a range of intermediaries, partners and agencies who can help customers and enhance their chances of obtaining employment. These include, for example, partners who provide CVs, interview technique workshops, job/sector-specific training, debt counselling and helping customers to find accommodation.
78. The permitted work rules<sup>7</sup> will be brought forward into the Employment and Support Allowance. There is evaluation evidence that shows that these arrangements achieve their intended effect of encouraging people to move towards work of 16 hours or more a week without becoming an indefinite means of supplementing earnings through an out-of-work benefit.
79. However, the Government wants to build on the existing rules in both the contributory and income-related benefits, together with the lessons from the Pathways to Work pilots and other initiatives, so that more people have the opportunity to build a bridge to employment. The Government is looking at the best ways to do this and will take the Committee's views regarding the earnings disregards into account when doing this.

**30. The Committee is concerned that existing claimants of incapacity benefits are in danger of being left behind as Pathways rolls out to new claimants. They may receive less benefit and less support to enable them to move into work. We recommend that the Department publishes a date by which existing claimants will be included in Pathways. The Department should also work closely with disability organisations to plan how best to reach existing claimants – who may have been on benefit for some years – and ensure that they are able to access the full range of support available to help them move into work, if they so wish (paragraph 280).**

80. The Department will work with existing claimants, exploring responsibilities to prepare to return to work alongside the right to fair treatment. The Department has listened to views about existing incapacity benefits claimants and has decided that they will be migrated across to the Employment and Support Allowance in time. This is to bring all claimants under the same system, helping to smooth the administration of the new benefit and reduce dual-system complexity. As has been the case in all of the original seven Pathways to Work pilots from their inception, anyone already on incapacity benefits may volunteer for the support we offer.

<sup>7</sup> These rules enable people on Incapacity Benefit to undertake work of less than 16 hours per week and earn up to £81 for up to 52 weeks without affecting their benefit entitlement and people on Income Support to earn up to £20 per week without it affecting the amount of benefit they receive.

81. The Department intends, as resources allow, to require all existing claimants to complete an action plan and participate in a minimum number of work-focused interviews. The evaluation of interventions with existing claimants in the original seven Pathways to Work pilot districts will help inform the approach in this area. However, the Department will ensure that existing claimants' benefit levels will be protected.

**31. The Committee welcomes the involvement of the private and voluntary sectors in delivering aspects of the reform programme, including work-related activity programmes and work-focused interviews, recognising both the potential benefits and some of the risks. We are aware that there may be difficulties for some voluntary organisations, due to coverage, capacity issues or potentially conflicting roles. However, the requirement to deliver sanctions for non-compliance is more complicated. The Committee recommends that the decision of whether to administer a benefit sanction should rest with a DWP decision-maker rather than a contracted service provider. The Department should carefully consider the views of private and voluntary sector service providers received during its consultation on this issue (paragraph 302).**

82. The Government welcomes the Committee's support for private and voluntary sector involvement in implementing the welfare reform programme. The private and voluntary sectors have already demonstrated the value of their specialist knowledge and expertise in existing DWP programmes and will continue to provide major benefits.

83. The Government recognises the complexity of the issues involved in establishing the most appropriate roles for the different sectors – public, private and voluntary – that will be operating in partnership in delivering welfare reform. Many considered and detailed representations have been received from stakeholders on where to draw the boundaries between providers and DWP in relation to administering specific aspects of the new benefit, but there is no clear consensus on this.

84. In the roll-out of Pathways to Work in the period to 2008, decisions on sanctions will continue to rest with DWP decision makers, although DWP would not wish to rule out the possibility of revisiting these arrangements.

**32. We welcome the Department's commitment to extend outcome-based funding, but believe it needs to consider carefully how best to progress with such funding to ensure that all providers – private and voluntary sector – do not skew their focus towards helping into work those who are already closer to the labour market. Providers must receive payments that recognise the ongoing support needed, not only to move a disabled person into work, but also to ensure their jobs are sustained. We recommend that the contracts reward providers for a range of outcomes leading up to and including job entry and that job retention for at least 12 months is rewarded (paragraph 309).**

85. The Department recognises the Committee's concerns in relation to the risks associated with an outcome-based funding model and is currently working to minimise those risks as the funding model and procurement strategy are developed. The Department's approach will be informed by the outcome-related funding pilots currently running in New Deal for Young People contracts in Kent, the Black Country and Scotland.

86. The Department will announce the detail of its plans as soon as it is able to, but the aim is to ensure that contract structures do not lead to the introduction of perverse incentives that could have unwanted impacts, while avoiding creating overly complex monitoring systems and over-specification within contracts.
87. In setting the appropriate period for sustainment, a balance needs to be struck between desirable simplicity of having standard arrangements and wanting to encourage and monitor sustainment over as long a period as possible within the practicalities of contracted provision.

**33. The Department should clarify its intentions for the future with regard to the wide range of employment programmes it delivers, including the New Deal 50 plus (paragraph 311).**

88. DWP is reviewing employment programmes and associated activity as part of the planning and implementation process for its 2007 Comprehensive Spending Review settlement announced in Budget 2006. Decisions on the future for programmes will be made in the light of that work. Based on the findings of an earlier employment programmes' review, which informed the publication of *Building on New Deal*,<sup>8</sup> the Government still considers that the flexible tailored approach, as opposed to rigid programme provision, delivered through a single gateway is the best way of supporting people of all client groups to overcome obstacles to moving into work. The proposals in the Green Paper are built upon this principle.

### *Moving into sustainable employment*

**34. The Committee acknowledges the local and regional differences in the rates of incapacity benefits claimants and recommends that the Government takes further action to help incapacity benefits claimants in areas with a high claimant rate move into work. While we welcome initiatives such as the planned 'city strategy', further effort and clarification of the content of the strategy are needed. We recommend that the Department develop further local strategies to tackle 'pockets' of high incapacity benefits caseloads and to address issues that are specific to an area. The Department should work closely on these issues with, for example, local and central government and the devolved administrations (paragraph 321).**

89. The Department welcomes the Committee's support for locally focused strategies to complement national programmes. Since 1997, this combination has helped to deliver higher employment rates and a fall in the proportion of the population on benefits, with the largest improvements in the areas that started in the worst position. However, there is more to do and the Department regularly reviews its programmes and services to ensure that they provide good value for money and can meet the needs of customers.

<sup>8</sup> June 2004, *Building on New Deal: Local solutions meeting individual needs*, DWP.

90. The Department's future strategy will build on the success of programmes such as Action Teams for Jobs and other community-based initiatives through the introduction of a Deprived Areas Fund from October 2006. This will provide flexible funding, with greater discretion locally to target help and resources in the areas and on the individuals who need it most.
91. The Department has consulted widely on the City Strategy proposals and has received a range of responses from local government and other key local stakeholders. The Department will take account of these views as the policy is developed and is working closely with the devolved administrations to ensure the initiative is sensitive to the particular administrative arrangements and patterns of disadvantage in those areas.
92. The Department recently issued a call for expressions of interest from areas that would like to be part of the initial testing phase of the cities initiative, with a presumption that priority will be given to areas that are currently furthest from the government's long-term national aim of an 80 per cent employment rate. The aim is to test whether a local consortium or partnership of agencies, coming together behind the shared aim of improving employment rates, can provide the drive and focus for cross-agency efforts to help jobless people, especially the most disadvantaged, find and progress through work.
93. The Department is working towards a model that looks to improve employment through delegating more authority to the local level, improving the alignment of different agencies' resources, better integrating service delivery and increasing programme flexibility. DWP is providing the opportunity for local partnerships to put forward proposals for how employment-related services should be delivered locally, based on their knowledge of their area and the key priorities for action. Depending on the particular patterns of worklessness locally, this might mean focusing on reducing child poverty, tackling high levels of Incapacity Benefit claimants or improving the employment prospects of minority ethnic groups. The Department expects to be in a position to announce the successful pathfinder areas before the end of July, with these areas asked to develop more detailed delivery plans with a view to activity starting towards the end of 2006 or early 2007.

**35. We believe that the Government should be more positive about Rehabilitation Leave, and recommend that the Department work with the Department for Trade and Industry, disability organisations and employers' representatives to consider whether Rehabilitation Leave is a useful and appropriate element in reforming Statutory Sick Pay (paragraph 331).**

94. The Government recognises that rehabilitation leave can be part of the package of reasonable adjustments that some employers will make for those with health problems or a disability. The Disability Discrimination Act already provides for such adjustments. The Government does not see the need for a further specific provision, but is happy to discuss this with interested stakeholders.

**36. The provision of in-work support is crucial to encourage job sustainability among incapacity benefits claimants who move into work. The Committee is concerned at the low level of take-up of In-Work Support in current Pathways areas and also the apparent lack of support provided by Incapacity Benefit Personal Advisers (IBPAs) once an incapacity benefits claimant moves into work. The Committee recommends that the Department further develop the in-work support that IBPAs can provide to their clients, extend the provision of in-work support beyond six months, where appropriate, and work to raise awareness of the In-Work service among both advisers and clients (paragraph 337).**

95. Within the Pathways to Work areas, Jobcentre Plus is committed to ensuring that customers receive appropriate support to help them stay in work once they begin a job. Experience suggests that much of that support can best be provided by ensuring the customer can make a smooth transition – particularly financial transition – from benefits to work. A key role of the IBPA is, therefore, to promote and discuss financial and other in-work help available to customers.

96. Experience also suggests that most problems arise in the early weeks of starting work. IBPAs, Disability Employment Advisers and Job Brokers are therefore encouraged to contact the customer in the first few weeks of employment to ensure financial incentives are in place; that they are settling into their new job; and to agree arrangements for any future contact and support that the customer might need. They also help customers to resolve any straightforward issues and encourage them to access additional in-work support. As part of their discussions, IBPAs will explain that customers can take advantage of in-work support at any time during the first six months of employment (12 months if they are receiving the Return-to-Work Credit and need financial advice or debt counselling) and that they can contact the IBPA or the In-Work Support Co-ordinator during this period.

97. Similar help and support is also available to New Deal for Disabled People customers and through organisations such as RNIB and RNID. Supported employment remains an option for some people with more severe health problems and/or disabilities.

**37. The Access to Work scheme provides valuable support to those disabled people who know about it. Awareness among disabled people and employers is far too low and the Committee recommends that the Department takes steps to remedy this immediately. The budget for the Access to Work scheme itself should also be increased as a matter of urgency as success of the national roll-out of Pathways to Work will suffer if the budget is insufficient (paragraph 341).**

98. Access to Work spend has increased from £14.6 million in 1997/98 to £59.5 million in 2004/05. This programme is now helping some 32,000 disabled people to move into or retain jobs they might otherwise lose because of their disability. However, the vast majority of the 2.6 million disabled people who are working do not need the kind of support available from Access to Work.

99. Jobcentre Plus will continue to review the balance between the different types of support to ensure that Pathways to Work continues to achieve impressive results by using a range of provision, including Access to Work, to meet individual need.

100. Jobcentre Plus invests £300,000 a year marketing and publicising its disability services and programmes, including Access to Work. Leaflets and information about Access to Work are freely available in Jobcentre Plus offices, and Disability Employment Advisers regularly meet local employers to promote the full range of disability services, including Access to Work. Information on all disability services is also available on the Jobcentre Plus website. The web address is included on Jobcentre Plus publicity material and can be accessed through most internet search engines. Many disability organisations actively promote Access to Work to their members and some have information about Access to Work on their web pages. Jobcentre Plus is of course aware that its publicity material has to be accessible to customers with a range of special needs. They are continuously reviewing the scope for improvement.

**38. For the Government to meet its aim of reducing the incapacity benefits caseload by one million there remains much work to do in engaging employers and addressing the poor understanding that many have on disability issues. The Committee acknowledges the valuable recommendations made in the Strategy Unit Report on the Life Chances of Disabled People but is extremely concerned that the Green Paper does not address the issue properly. The evidence we received suggested that progress towards reforming employers' attitudes is wholly inadequate so far. We recommend that the Department urgently address this difficult but vitally important area. We also recommend that the Department utilises Jobcentre Plus, and its service providers, to work more effectively with employers in promoting incapacity benefits claimants as potentially valuable employees. Particular attention needs to be given to changing employers' attitudes towards employing those with mental health conditions. Finally, we recommend that the Department undertakes a review of the Job Introduction Scheme and considers whether further subsidies for employers would be effective (paragraph 366).**

101. Protecting disabled people against disability discrimination, and enabling them to take a full part in society, remains a fundamental aim, and a priority, for this Government. The Department therefore goes to great lengths to complement the work of the Disability Rights Commission by raising awareness of disability with employers.

102. A major campaign aimed at small and medium-sized businesses was launched during 2004, involving direct mail to over a million small businesses. This campaign focused on the implications of the October 2004 changes to the Disability Discrimination Act for employers and service providers.

103. The latest phase of the campaign started in December 2005 and will continue through the summer. This phase is again aimed at helping employers and service providers to recognise their obligations under the Disability Discrimination Act, as well as the commercial benefits of providing accessible services. Evaluation data shows the campaign has been successful in raising awareness with small businesses.

104. In addition, Jobcentre Plus has marketed two key products with employers over the last year. These are:

- 'The Knowledge', jointly developed by Jobcentre Plus and the Employers' Forum on Disability, which is an employers' resource pack and is aimed at increasing employers' understanding of the issues around disability; and

- 'Recruitment that Works', a programme which helps employers to ensure that people with health problems have access to their employment opportunities. 'Recruitment that Works' was developed in a partnership between Jobcentre Plus and the Centrica Group.

105. DWP also has a suite of public information films that are actively marketed to terrestrial, satellite and cable channels, including four on disability awareness and four that are specific to mental health issues. The most recent film – *Interview* – is aimed at addressing the negative stereotypes that surround mental health and employment.
106. The Department has been working in partnership with the Employers' Forum on Disability in order to address the needs of its disabled customers. In particular, it has contributed, along with other public and private organisations, to the interactive 'Disability Confident' training resource pack, which uses both video and DVD format. This addresses the key principles of dealing with disabled people in general, and particularly communications issues relating to those with specific impairments. This earned a special commendation in the prestigious World of Learning Awards.
107. The Department is reviewing its employment services for disabled people, including the Job Introduction Scheme, and intends to consult on the proposals later in the year.

**39. The Disability Discrimination Act represents a significant step forward in promoting equal rights for disabled people. However, awareness among employers appears to be limited, and frequently inaccurate, and DWP should work closely with the Disability Rights Commission to improve it. We recommend that the DWP issue guidelines to the whole of the public sector with the purpose of encouraging employers in this sector to employ people with a history of mental illness. We would like also to remind the Department that the new disability equality duty that comes into force in December 2006 places considerable focus on Jobcentre Plus, and the Department as a whole, to lead the way in tackling disability discrimination (paragraph 374).**

108. The Government recognises that there is a need for the Disability Discrimination Act to be available in more easily accessible and practical terms. That is why the Disability Rights Commission has produced a series of Codes of Practice, assisting people and organisations to understand their rights and duties under the Disability Discrimination Act. The Codes give practical guidance, including illustrative examples covering a wide range of impairments, on how to prevent discrimination against disabled people. The Codes have been produced following wide-ranging consultation by the Disability Rights Commission to ensure they are appropriate for the users. The Disability Rights Commission has also produced a range of guidance leaflets and other information to help improve awareness and understanding of rights and requirements under the Act.
109. The Department is host to the Office for Disability Issues, which was launched on 1 December 2005 to take forward the Government's strategy for improving the life chances of disabled people. One element of this work will be to oversee the effective implementation of the Disability Equality Duty. The Office for Disability Issues is working in partnership with the Disability Rights Commission to support and encourage government departments to commit to meaningful actions that will improve their policies and services and realise the potential of their diverse workforces.

110. DWP is already working towards the publication of its Disability Equality Schemes by 4 December 2006. The process was formally launched in April 2006 and both central units and agencies will be involving disabled people in developing action plans for tackling problem areas and identifying positive actions to address these. Planning has already begun for the Secretary of State's report, which is due in 2008.
111. DWP is currently revising its existing guidance on accessible communications with a view to introducing a new standard for information accessibility. This set of standards will form part of the Disability Equality Scheme referred to above.
112. The Department is keen to ensure that the workplace needs of disabled staff and potential staff are met, and recently it has run two pilot exercises on a revised process for delivering reasonable workplace adjustments for staff. The development of the new process was partly in response to the length of time it took to assess and put reasonable adjustments into place, and partly to ensure that the recommended adjustment was the most suitable for that individual. A third pilot is due to start shortly. This will be followed by a formal evaluation exercise. On completion of the first two pilots, and subject to the evaluation, planning will commence for national implementation across the Department and its agencies.

### *Costs of Pathways to Work and resources for the reform programme*

**40. We recommend that the Department provide us with detailed figures for any areas of expenditure related to the national rollout of Pathways that will come from budgets outside the announced £360 million allocated. It should also detail any savings it expects to make as a result of contracting out services. Without this transparency stakeholders will be unable to assess whether the rollout to the remaining two thirds of the country will be funded to the same level as the pilots. The Committee also believes that the success of the Pathways pilots will only be replicated across the country if sufficient resources are made available for the roll-out (paragraph 387).**

113. The Department is committed to rolling out Pathways to Work across the country by 2008. The Department will seek to deliver the service in innovative and more cost-effective ways as it is rolled out to the rest of the country, learning from both Jobcentre Plus and the private and voluntary sector. The first third of Pathways has already been funded through the Department's Employment and Modernisation Development Fund. The Department is still working through the specific detail of the funding plans for Pathways to Work and will share the detail as soon as it is able, but the intention is that the level of resource in the remaining two-thirds of the country should be proportionate to that in the areas that already have Pathways to Work.

**41. We also recommend that the Department should publish statistics – at least bi-annually – on the incapacity benefits claimant caseload, progress towards the target reductions and estimates of the resources that would be required to achieve the target (paragraph 388).**

114. The Department already publishes data on the incapacity benefits caseload on a quarterly basis and, wherever possible, it will aim to use this data to monitor progress.

**42. We are concerned that DWP does not appear to have put aside resources for existing claimants who wish to access the services offered by Pathways to Work. Every effort should be made to offer existing recipients of incapacity benefits the same opportunities as those which are being made available to new claimants (paragraph 391).**

115. The funding for Pathways to Work already includes some resources for existing customers to access the service, though take-up is currently limited – less than 2 per cent of customers. In the Green Paper, the Government indicated its intention to increase the level of support offered to existing customers and said that it will move to this as resources allow. However, this is not just a resourcing issue; the approach in this area will develop in line with evidence of the effectiveness of return-to-work support for claimants who have been on incapacity benefits for extended periods (and as resources allow).

116. As set out in the Green Paper, the Government will build on progress already made with Pathways to Work by extending provision across the country by 2008.

117. Existing claimants will have voluntary access to the Employment and Support Allowance and will be migrated across to the new benefit in time. This will bring all claimants under the same system, helping to smooth the administration of the new benefit and reduce dual-system complexity.

118. The intention is, subject to resources, to require all existing claimants to complete an action plan and participate in a minimum number of work-focused interviews. The evaluation of interventions with existing claimants in the original seven Pathways to Work pilot districts will help inform our approach in this area. However, we will ensure that existing claimants' benefit levels will be protected.

**43. We are concerned that the Department appears only to be in the very early stages of planning the IT needed to deliver the new benefit. The new Allowance is due to be introduced in 2008. Given the poor performance of IT in the Child Support Agency and the recent problems with the Customer Management System in Jobcentre Plus, DWP should not be complacent on this issue (paragraph 395).**

**44. We recommend that DWP accelerates its IT planning for the reforms. While we understand that IT cannot be approved until the final designs of the benefit proposals are determined, the Department should be able to indicate its likely technology requirements, given the proposals in the Green Paper, and should consult key stakeholders upon these. The Department should provide an implementation assessment, setting out the purpose, timing, costs, IT requirements and major risks of the project – this should include risks posed by making changes to the IT system following implementation (paragraph 397).**

119. Initial Information Services/IT exploratory work was progressed by the Department in advance of the publication of the Green Paper, and a feasibility study was initiated immediately following publication of the Green Paper, to assess the various options and plans for delivery of the Information Services/IT solution necessary to support the business in successfully implementing the Employment and Support Allowance.
120. In order to avoid and learn from the problems encountered by the Customer Management System and the Child Support Agency, the study considered a spectrum of options, assessing their costs, benefits, strategic fit, delivery timelines, commercial implications and risks. As part of this work, high-level process maps outlining business requirements and system context diagrams were created. All of this work has been discussed with and communicated to key internal stakeholders.
121. The Department is now pushing ahead with planning the next, more detailed, stage of development of the Information Services/IT solution.

**45. We welcome the Secretary of State's assurance that Incapacity Benefit Personal Advisers (IBPAs) will not be included in any headcount reductions. As a major new programme, reform of incapacity benefits and the national roll-out of Pathways should not be expected to contribute to the efficiencies agenda. We recommend that resources for training IBPAs are also ring-fenced (paragraph 403).**

122. DWP recognises the importance of the Pathways to Work initiative and is committed to ensuring that delivery is effective. It has taken steps to ensure that appropriate resources are in place to deliver an effective and successful service.
123. It is not appropriate for the Department to ring-fence resources for training IBPAs. Those resources need to reflect the numbers of IBPAs to be trained and their individual levels of knowledge and experience of advisory work and of this client group, all of which needs to be decided at a local level. The Department will ensure that this happens without the bureaucracy and inflexibility involved in ring-fencing.

**46. The 2007 Spending Review presents an opportunity for ensuring adequate funding of the welfare reform programme. We hope the Department works closely with the Treasury to ensure that sufficient funds for incapacity benefits reform, Pathways to Work national roll-out and the full reform package are made available. Given that the 2006 Budget announced 5% annual reductions in the Department Expenditure Limit for the Department, it is important that schemes which offer the potential for savings over the long term, such as this one may, are not squeezed out (paragraph 406).**

124. The Department is working through the implications of the Spending Review settlement for its employment programmes and is working closely with HM Treasury to ensure that spending plans between 2008 and 2011 support Departmental aspirations.

125. In the light of the Spending Review settlement, Jobcentre Plus is looking at how best to bear down on costs to ensure its future affordability without compromising the effectiveness of Pathways to Work. Those efficiency savings identified will also be applied to the budgets for the remaining two-thirds of the country, to ensure that the funding received by the private and voluntary sectors is comparable to that in Jobcentre Plus Pathways.
126. The Department and HM Treasury both recognise the potential for the long-term savings offered by a national Pathways service and are currently in discussions about how to take forward the settlement.





Published by TSO (The Stationery Office) and available from:

**Online**

[www.tso.co.uk/bookshop](http://www.tso.co.uk/bookshop)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: [book.orders@tso.co.uk](mailto:book.orders@tso.co.uk)

Textphone 0870 240 3701

**TSO Shops**

123 Kingsway, London, WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

**TSO Accredited Agents**

(see Yellow Pages)

*and through good booksellers*

ISBN 0-10-168612-9



9 780101 686129