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Long-term benefits reform – a personal (distant) view

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“We consider that there may be advantages in moving in the longer term towards a single system of benefits for all people of working age, with appropriate additions for those who have caring responsibilities and those with a long-term illness or disability.”

(DWP – *A new deal for welfare: Empowering people to work*)

The much-delayed Green Paper on welfare reform finally emerged in January to what might be fairly described as a cautious welcome. It is welcome because the benefit system is in dire need of reform. As a means for providing a secure and adequate income for people who cannot work the current hotch-potch of piecemeal and overlapping benefits doesn't actually perform very well. And as an active rather than passive system, supporting people who want to move towards and into work, it struggles to perform at all. The caution attached to the welcome is for a number of reasons. Though the aspiration of achieving an employment rate of 80 per cent is laudable, its success will depend on a serious commitment of resources from government to fund the services and benefits needed, and to promote a thriving economy to increase the demand for jobs. The emphasis on the *responsibilities* of benefit recipients to pursue work-related activities has also caused concern, wrapped up as it is in a language of ‘conditionality’ and sanctions.

In this article I intend boldly to ignore the first six chapters of the Green Paper, which set out proposals for welfare reform affecting ill or disabled people, lone parents, older workers, and ‘radical’ proposals for housing benefit. Instead I want to skip the first 91 pages to the very short (barely a page and a quarter) Chapter 7 entitled ‘Long-term benefits reform’ (from which the quotation at the head of the article was taken).

Ignoring the main substance of the Green Paper might initially seem perverse but my aim is to encourage people not only to think about and respond to the important proposals in the paper but to broaden their thoughts to the longer term and give serious consideration to the notion of a ‘single system of benefits for all people of working age’. Such a thing would be a huge development in the evolution of social security in this country, even though (a) it is not a totally new idea (seasoned observers of the social security policy world will remember inconclusive discussions about WAMA, the ‘working age maintenance allowance’ many years ago), and (b) the government of one country, New Zealand, has actually committed itself to its introduction (in 2007).

So, in the space available to me here, I want to consider a few important questions. First, what might a single 'working age benefit' look like? And can it solve some of the ills of our current system? Addressing these questions is as much an exercise in imagination as anything else but what follows is also grounded in years of experience in evaluating government welfare to work initiatives.

But before we imagine what it might be like in a time of a single 'working age benefit', let us return to 2005....

You are of working age. You have no income from paid employment. Your capacity to take on paid employment might be restricted because you are a lone parent or a carer, your health might affect your ability to work, or you just may have lost your job last week. In 2005 all these things would be relevant to a claim for benefit and you would have to navigate your way towards claiming one (or more) of a range of benefits, such as Jobseekers Allowance or Income Support or Carers Allowance or Incapacity Benefit.

I suspect it would be difficult to find an advocate for this state of affairs. The present government certainly is not such an advocate. The whole Green Paper is an argument for change, leading to the unambiguous conclusion: "We need a simpler benefits system...." (p.92).

Let us now move forward in time and suggest some possible basic features of a 'working age benefit'. (This is where I am applying *my* imagination.) Below I am going to set out some basic principles which could underpin a new benefit, but I am also going to roam a bit further and suggest some basic eligibility criteria that address the government's aim to create a benefit system based on a balance of people's rights and responsibilities.

First, the principles:

- a single set of rules
- benefit paid at a standard basic rate (with additions based on defined circumstances)
- benefit remains the same over time (i.e. no higher, long-term rates).

A 'working age benefit' based on these principles would lead to a number of positive outcomes. The benefit would be instantly simpler - easier to understand and to administer.

The current difficulties for both claimants and officials of moving between benefits, for example between Jobseekers Allowance and Incapacity Benefit, would disappear and there would be no risk to benefit of trying work as the benefit would be the same before and after a period in work. And hence cumbersome 'linking rules' would not be needed.

Having the same benefit for all working age people, and by giving it a generic label, could reduce the risks of stigmatising groups of claimants or of triggering discrimination against them when they were looking for work.

There would be no 'incentives' for claiming one benefit over another. Although there is no compelling evidence that people are enticed to claim Incapacity Benefit over Jobseekers Allowance by the higher levels of payment of the former, such fears would be allayed completely if only one rate of payment was available.

As mentioned above I want also to consider the possible eligibility criteria of a single ‘working age benefit’. Here I have been minded to think carefully about the issue of ‘conditionality’, i.e. the requirements that should be imposed on claimants as a condition of getting benefit. The current government thinks that most people are capable of some paid employment and therefore should be compelled to make efforts to move towards work, and that failure to do so should result in a sanction. My starting position is somewhat different. I have yet to see convincing evidence that benefit sanctions are the most effective way of influencing behaviour but, in contrast, there is evidence that providing services and assistance to people who are motivated to move towards paid work can lead to what government wants – job entries.

Suppose then that a new claimant is asked by a Jobcentre Plus adviser two what we might call ‘gateway questions’ along the following lines:

- Do you think you will be capable of paid work at any time in the future?
- Do you want to work at any time in the future?

From what we know and from what government tells us, we would expect the majority of people to answer yes to both questions. The first thing that follows from a ‘double yes’ is that the adviser and the claimant are effectively aiming towards the same thing without the need for coercion, pressure or sanctions. The job of the adviser would then be initially to explore what the claimant needs to happen in order to be able find employment. This might include a discussion about household circumstances, health, education and skills, financial circumstances or a combination of some, all or none of these. What could emerge is an individualised action plan within an agreed timeframe, drawing as appropriate on help and services within and outside Jobcentre Plus, which importantly would be available to all claimants. (The current ‘Choices Package’ in operation in the Pathways to Work pilots could serve as a good model here.)

This approach could be highly inclusive and non-discriminatory. The ‘gateway’ questions are applicable and relevant for everyone without the need to label them ‘lone parents’ or ‘disabled’ or anything else. No-one would be prevented from receiving different types of help because of some such prior classification. (At present, for example, help such as participation in the Pathways to Work Condition Management Programme is only available to Incapacity Benefit recipients.) The emphasis is on moving forwards and dealing with whatever might be perceived to be barriers to working.

Answers of ‘no’ to either of the gateway questions need not exclude a claimant from eligibility to the ‘working age benefit’ though. There are clearly circumstances relating to health or disability for which a no to the first question would be entirely legitimate. Indeed the proposals in the Green Paper for the ‘Support Allowance’ element of the reformed Incapacity Benefit are specifically intended to identify such people. A more problematic situation arises if someone answered yes and no respectively to the two questions (i.e. “I am able to work now or in the future, but I don’t want to”). One response might be that people who do not want to work but are capable should not be eligible to financial support from the state, but thought needs to be given to whether there might be legitimate exceptions.

An attractive feature of the ‘gateway’ questions approach is that it would work with the grain of most people’s own motivations and aspirations about working rather than working from the assumption that conditions and sanctions are necessary to move people towards work.

There are of course many questions and challenges that could be thrown at this vision of a single 'working age benefit'. I have not addressed a number of important issues, such as the level of benefits, whether eligibility should be linked to National Insurance contributions or means tested, and what additions (for example for disability or caring responsibilities) should be available. But for the time being my view of the distant future encourages me to think that a single benefit for working age people is within the bounds of the possible, and that the sooner a debate is begun the better.