



'No one written off'

Response to the July 2008 welfare reform Green Paper

October 2008

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Introduction

This document responds to the welfare reform green paper. It is structured to provide an overarching analysis of the 'welfare reform' agenda before going into specific detail on the chapters which should be read with the whole document.

CPAG is in favour of more support for those able to work, but we do not believe it is right to increase conditionality and to seek to force people into employment. We do not believe the focus on conditionality and sanctions in the green paper will yield the higher employment rate the government intend and we are concerned these contradict anti-poverty policy.

The Green Paper was published in July 2008 before the economic crisis of September and October 2008. Yet the paper prides itself on 'building on a platform of macroeconomic stability' (para. 1.15), vital to providing the labour demand to absorb new entrants to the jobs market. We do not now have macroeconomic stability instead we have rising unemployment, falling vacancies and a looming recession.

Even if the time was right in July for the Green Paper proposals things have changed and it is time for a rethink. The economic crisis has shown how important the state remains as a guarantor of a functioning society and that it can achieve much with sufficient courage.

The Government has committed to ending child poverty by 2020 and halving it by 2010. The first milestone, just two years away, is urgent: investing in families gives a dual opportunity: halving child poverty and a shot in the arm for the economy. Money invested in poorer families is a highly cost effective strategy for injecting money into the economy because poor families need to spend it (particularly at a time of rising inflation).¹ Meeting the 2010 target for halving child poverty should be a central element of the economic recovery plan.

Chapter 1: The Government's approach to 'welfare reform'

This first section provides an overarching analysis of where we are on welfare reform, before the specifics of chapters 2-7 are discussed in later sections. This section scrutinises the statements and proposals outlined in the green paper from a child poverty perspective – our response should be used as a child poverty proofing tool. The response considers elements of the proposals that are positive and welcome and focus on the provision of support and the acquisition of skills, but it argues many proposals are neither appropriate nor realistic given changed economic times.

CPAG has long argued that it is unjust to compel individuals who face the greatest barriers to employment to look for jobs or face benefit sanctions. We believe that introducing measures that increase conditionality in a time of rising unemployment, and imposing benefit sanctions when the poorest families are already suffering from

¹ See for instance D Elmendorf and J Furman, '*If, When, How: A Primer on Fiscal Stimulus*', The Brookings Institute, 2008. Elmendorf and Furman find benefit increases (it is a US study so the benefits are different) as the most cost effective way of increasing demand. The authors are economists, focused on fiscal stimulus rather than on eradication of child poverty, so they argue short term measures rather than the long term investment needed in the UK but the argument that increased benefit and tax credit spending is the most cost effective tool the UK government has to increase consumer demand is a powerful one.

rising prices and economic instability is morally unacceptable, and economically unwise.

This response considers the validity of the DWP's claim that it has adopted an 'evidenced-based' approach to conditionality – citing research on the negative impact of sanctions on the most vulnerable groups. It stresses the importance of safeguarding the 'support' element of the package, and suggests that this should be provided as a right to people who need that support, and should not be conditional on behaviours that may be difficult to achieve, largely irrelevant - and have not been imposed upon the richest people in the UK.

From rhetoric to reality – an unproven case for more conditions

Since the Government's 1999 pledge to eradicate child poverty, there have been a huge number of consultations on welfare reform and Select Committees. It is clear from the most recent Green Paper that although CPAG and others have argued for modifying the DWP's approach to conditionality (amongst other things) citing evidence produced by and for the Department itself showing that the imposition of sanctions impacts most heavily on the poorest groups, is least effective in times of rising unemployment, are unlikely to change behaviours and have a negative impact on children's health² - this evidence seems to have been largely ignored by the DWP. Perhaps more worryingly the DWP has also ignored advice from the Select Committee on Work and Pensions³ and Social Security Advisory Committee (SSAC)⁴ – both of which express concerns about the proposals to move lone parents from income support to jobseeker's allowance.

Work for your benefit is workfare (at a rate of £1.73 per hour combining current JSA rates with a 35 hour week) and yet DWP research on workfare schemes suggests that:⁵

- There is little evidence that workfare increases the likelihood of finding work. It can even reduce employment chances by limiting the time available for job

² American research, albeit with a different sanctions regime, shows what can happen – one study, by comparing between two groups who were on benefits, one which had experienced sanctions and another which had not, argued children in families who had been sanctioned, as opposed to those in receipt of social security payments who had not, experienced a 30 per cent higher incidence of past hospitalisations, 60 per cent greater risk of 'food insecurity' (including, for instance, being underweight) and a 90 per cent greater risk of being admitted to hospital on an accident and emergency basis. See for example A Skalicky and J T Cook, *The Impact of Welfare Sanctions on the health of Infants and Toddlers*, The children's sentinel Nutrition Assessment Program, Boston, Massachusetts, July 2002

³ See *The Best Start in Life? Alleviating deprivation, improving social mobility and eradicating child poverty*: Government Response to the Committee's Second Report of Session 2007-08 in which the Government overruled the Committee's statement that 'we are not convinced that the jobseeker's allowance is flexible enough for [lone parents'] needs' and 'We are concerned about the impact of jobseeker's allowance sanctions regime on children and family poverty' – a view echoed by SSAC – on the basis that the 'the Government plans to clarify and extend JSA flexibility for parents by amending regulations'.

⁴ *The Social Security (Lone Parents and Miscellaneous Amendments) Regulations 2008* Report by the Social Security Advisory committee under Section 174(1) of the Social Security Administration Act 1992 and the statement by the Secretary of State for Work and Pensions in accordance with Section 174(2) of that Act – which states (p.1) 'Overall, the Committee recommended that the Government does not proceed with the regulations, primarily due to the concerns its members had about the appropriateness of the JSA regime and increased conditionality for lone parents. The Committee did, however, recommend that should the Government decide to proceed, further consideration should be given to the implementation of the regulations.'

⁵ *A comparative review of workfare programmes in the United States, Canada and Australia*, DWP, Richard Crisp and Del Roy Fletcher

search and by failing to provide the skills and experience valued by employers

- Workfare is least effective in getting people into jobs in weak labour markets where unemployment is high
- Workfare is least effective for individuals with multiple barriers to work
- Welfare recipients with multiple barriers often find it difficult to meet obligations
- Some states in the US have scaled down large-scale, universal workfare programmes in preference for 'softer' and more flexible models that offer greater support to those with the most barriers to work.

Moving from conditions to research on sanctioning, the DWP is ignoring research – much of it emanating from its own department – about the negative impact that sanctions have on the very groups the Government is seeking to support. DWP's own research highlights the problems:

An evaluation of Pathways to Work Pilots suggested that 'sanctions hit the more socially deprived or isolated, or longer-term benefit recipients harder' and 'where customers experienced stress or anxiety [sanctions] ...customers felt that the additional worry and anxiety made their existing condition more pronounced.'

Separate research on lone parents noted, sanctioned individuals were likely to have 'lower household income, are more likely to return to welfare, less likely to be employed and 'are more likely than non-sanctioned recipients to have personal characteristics, human capital deficits, transportation barriers or personal and family challenges that make them harder to employ.'⁶

Research on the role of sanctions in jobseeker's allowance suggests that sanctions were associated with 'Emotional impacts...[such as] depression, frustration, anger and humiliation' and associated with 'financial impacts by the customers, as they took time to pay of their debt after the sanction ended' and to have a 'knock on impact on family and friends...increasing the strain placed on some relationships.'⁷

Ironically, research that investigated 'the characteristics and circumstances of new claimants of incapacity benefit (IB) suggests that 'the most commonly reported health problems and disability were depression, stress and anxiety, or musculo-skeletal problems'.⁸ So benefit sanctions are being put in place to encourage vulnerable groups to access work are very likely to exacerbate the same health conditions that are driving people out of work and onto benefits.

Furthermore, there is a sequencing problem Government has not answered – that where its plans for greater conditionality kick in now, the support on which a higher employment rate is premised is not yet available. The Government has indicated that 'universal childcare' will not in fact be available until 2015, years after greater

⁶ *Lone parents and employment: international comparisons of what works*, DWP, J Millar and M Evans (eds) published by the Centre for the Analysis of Social Policy, December 2003

⁷ *A review of the JSA sanctions regime: Summary research findings*, DWP, M Peters and L Joyce

⁸ *Routes onto Incapacity Benefit: Findings from a survey of recent claimants*, DWP, P A Kemp and J Davidson

sanctions are introduced, and yet is unrolling a new programme without ensuring that the services that are needed to enable lone parents to seek paid employment are available. Even if the services were available in 2015, there is nothing to suggest from an analysis of current provision, that they will be adequate, affordable, accessible – or meet the needs of parents.

Employment above all else

The government's approach to child poverty has changed over time with the stress on 'work for those who can' taking precedence over the 'security for those who can't.' This has resulted in an overreliance on paid work as the route out of poverty – which it certainly isn't for a substantial number of people. Poverty will only be eradicated if in-work poverty is robustly tackled and safety net benefits are brought above the poverty line.

Access to jobs: the Prime Minister's statement – 'Quite simply, we want everyone who can work to work'⁹ draws heavily upon David Freud's argument that 'the UK has the highest employment rate of any G7 economy and indeed one of the highest in the world.'¹⁰ With unemployment rising fast and vacancies falling, there are insufficient jobs available now let alone for people who face the greatest barriers to employment due to parental/caring responsibilities, health problems or discrimination in the labour market. Compelling people to look for jobs that do not currently exist is unfair, pointless and demoralising. The provision of valuable and much needed support services – as well as work focused activities and training for those who want and need them – must be provided as a matter of right, not in return for the 'behaviours' outlined in this and other Green Papers.

Role of employers: The 'obligation to work' is not matched by a 'right to a job'. The Green Paper argues 'In the last decade, attitudes to illness as a barrier to work have changed' (p.31) yet we know that discrimination against disabled people remains common.¹¹ The tendency is likely to become more marked when employers are able to choose from a larger pool of people seeking work. The Government needs to ensure that the DDA is implemented effectively among employers who are likely to be affected by the credit crunch.

It is also possible that the current recession will have a negative impact on the attitude of employers - who may become risk averse and more discriminatory. It is already likely that more competition for a smaller pool of jobs will disadvantage those vulnerable in the labour market but flexible work patterns (exacerbated by government recently back-tracking on this) may also suffer as employers seek ways of cutting costs.

Financial support and security, Freud argues that 'The reforms will ensure we have a world-class welfare system that maximises the numbers in employment and minimises the numbers on benefit'.¹² With numbers on benefits predicted to rise sharply, the failure of the current system to provide adequate financial protection is likely to become even more of an issue, as will be the need to provide good quality advice to help people claim.

⁹ In the foreword to the Green Paper

¹⁰ D Freud, Reducing dependency; increasing opportunity, report for the DWP report p17

¹¹ *Monitoring Poverty and Social exclusion 2005*, Joseph Rowntree Foundation and New Policy Institute, Palmer, G Carr, J and Kenway, P, 2005

¹² Freud report

Delivery: the Green Paper begins to implement the Freud proposals, 'including supporting Incapacity Benefit claimants back into work by paying private, public and voluntary sector providers from the benefit savings they achieve'. However, Freud's claim that 'the reforms will reduce expenditure in the medium to long-term, through lower benefit rolls and a permanent increase in national income'¹³ now look unlikely.

Freud recognises 'short term investment will be required in terms of setting up contracts in a sensible way' – it is hard to know whether tax payers will view this as a viable investment at a time when there are fears that public services may experience cuts. Furthermore, the economic crisis (both in terms of its effects on market liquidity and moves into work, and so outcome payments) now question Freud's hope that employment programmes which generate financial rewards focused on getting the most disadvantaged groups into employment 'will attract great interest and attention from the private and voluntary sector [which are] likely to bid for contracts in the early rounds at keen prices'.¹⁴ Recent economic changes also mean the Government has to be more vigilant about provider failure and be able to quickly pick up the pieces.

Freud reasons that 'These recommendations would involve substantial change for the Government, external providers and claimants and would take an extended period to test and implement. I anticipate it would take six years to roll out a full system of provider contracts; at least eight years to introduce a new benefit system.'¹⁵ Freud's timetable – which is not reflected in the current proposals – needs to be revised in the light of an economic crisis in which it is hard to predict what will happen in the next six years.

Macro-economic stability: David Freud argues that his proposals were formulated within an economic context in which:

The UK economy is currently experiencing its longest unbroken expansion since quarterly records began, with GDP now having grown for 58 consecutive quarters. Macroeconomic stability is the best labour market policy available, and represents a sharp turn-round from the experience of much of the post-war period, when the UK economy not only performed relatively poorly but also suffered from greater volatility than most other large economies.¹⁶

Freud draws upon the 'framework used by the OECD and in this report is based on four elements' including 'A set appropriate macroeconomic policy' which is aimed 'at price stability and sustainable public finances' and which are used to 'help stabilise the economy'. Even if this analysis were ever justified, it no longer describes the national picture.

Support on offer to ensure no-one is written off

Few would disagree with the phrase 'no-one written off' – the question is the detail of what is proposed. Government policy focuses on a higher employment rate (toward 80%) CPAG agrees barriers to work should be overcome for those too often disadvantaged in the labour market. Yet current support into work is just not adequate (for instance around skills, childcare or opening up employment

¹³ Freud report p113

¹⁴ Freud report p113

¹⁵ Freud report p10

¹⁶ Freud report p21

opportunities) and the Green Paper, though it talks of personalised services and flexibility, is not clear what additional support is to be provided.

The paper is abundantly clear, however, that DWP feel more conditions are needed. However there is no solid evidence base which proves hard edged conditionality increases moves into decent work for vulnerable people, there is a solid evidence base to show sanctions worsen poverty, CPAG believes this policy contradicts the child poverty strategy.

The Green Paper aims to:

- Achieve an employment rate of 80 per cent of the working-age population – the highest of any major industrialised country
- Reduce the number of incapacity benefits claimants by one million, help 300,000 more lone parents into work and see one million more older workers

Though CPAG fully supports opening up opportunities to work for those often excluded from the labour market, these goals cannot be achieved through more conditionality without more support and to try to do so undermines tackling poverty.

In his foreword, James Purnell argues that the Consultation is 'based on a simple deal: more support, more responsibility', CPAG has long argued that it is unjust to impose the greatest responsibilities upon the most disadvantaged groups who have the fewest rights, and that support should be extended to the most disadvantaged groups, irrespective of their work status, ability or willingness to engage in work focused activities – the question is therefore whether such support is adequate.

Since 1997 Government has improved support on offer, and this has resulted in success. Indeed it is the support elements – not the threats – which have helped a rising employment rate. The improved support package (childcare, therapeutic support services, education, health care and financial support) have the most positive impact on reducing poverty and improving access to employment among the most disadvantaged groups and yet it is the punitive measures which are being stressed. Ensnaring positive support messages with those of conditions and sanctions may have a negative impact on take up of support among some groups who may fear they are there to force them to access paid employment rather than enhance child wellbeing.

It is therefore essential that those elements of the welfare reform package that have been put in place as part of the wider child poverty strategy that are helpful and appropriate – are protected during the recession. They include policies that:

- Introduced innovative employment programmes to help people into a job
- Transformed the delivery of employment support
- Improved financial support through the tax and benefits system
- Improved health and advice
- Delivered greater control for disabled people
- Modernised and simplified equality legislation.

CPAG urges the Government to do its best to ensure that the positive aspects of the welfare reform programme are safeguarded at a time when more people will need support.

However, though there are welcome announcements in the paper on the Access to Work budget, there is very little else which emphasizes support rather than sanctions (detail on the Flexible New Deal is thin), whereas the paper does propose extending obligations, including:

- Tougher sanctions for those who fail to take steps to get back into work or refuse to take a job; and
- A requirement for those identified as having problems with crack cocaine or opiates to take action to stabilise their drug habit and to take steps towards full employment, in return for receiving benefits.

The provision of much needed support for vulnerable groups should be provided irrespective of their 'behaviours'. Using sticks rather than carrots is unlikely to engage people in support services and using threatening language to a small and often chaotic group such as problem drug users will not promote the honest, trusting relationship needed to support their movement away from addiction.

We will enshrine the responsibility to work at the heart of our approach in a simple deal: more support but greater responsibility.

Expenditure on public services has risen and must be protected in harder economic times. CPAG does not think the provision of such support should be linked with 'greater responsibility' – a subjective concept that is largely focused on looking for paid employment. In the current crisis, we are very concerned that the 'greater responsibility' part of the equation may be kept in place while the 'more support' element falls by the wayside.

The State should and will continue to support people during times of change or need. There remains, however, the need for a contract between the individual and society, where the individual's right to support comes in exchange for taking clear steps to improve their own circumstances.

Tackling child poverty cannot be done through paid work alone, it needs investment in family incomes through social security to ensure the safety net lifts families out of poverty – a case Government has, in principle, accepted in *Ending Child Poverty: everybody's business*.¹⁷ The Government must exercise its obligation to 'support people during times of change'. A new relationship between individual and society is needed – one that recognises that the provision of support to the most disadvantaged people is a human right that may result in individuals 'taking steps to improve their circumstances; but that that should not be a prerequisite.

Povertyism and the Green Paper

CPAG has long argued that stigmatising language emanating from a variety of Secretaries of State – some of which is reflected in this Green Paper – that equates reliance on benefits as a form of addictive 'dependency', and stresses benefit fraud rather than low take-up, has done little to inculcate an informed or sympathetic attitude towards benefit claimants. This has had a profoundly negative impact on

¹⁷ *Ending Child Poverty: Everybody's business*, HM Treasury, Department for Work and Pensions and Department for Children, Schools and Families, 2008, see para 5.25

perceptions of poverty, and has contributed to a situation where support for the Government's child poverty agenda has been undermined by its own Ministers, and has left the public largely untouched. It is to be hoped that the Government will build on the public support demonstrated at the recent Keep the Promise rally, and will ensure that all policies – and the language utilised in their formulation and presentation – are rigorously poverty-proofed.

Where now for the child poverty strategy?

It is clear that the child poverty strategy needs to be revised in the light of the current crisis. We outline below a number of suggestions that we believe will help safeguard the poorest groups from the fallout in a time of economic bust:

- *Work to welfare* - The focus must move from 'welfare to work' to initiatives that recognise that the issue is now work to welfare - and need to protect people - the 'hardworking families' from the poverty that has afflicted the poorest groups throughout the time of plenty. Support must be channelled at the poorest groups by making benefits adequate to protect families from poverty. Investing in incomes gets at the root cause of poverty – low income – and is a good way to prevent hardship and stimulate demand in the economy.
- *Decent employment*: decent paid work helps families out of poverty; Government needs to ensure both now and when the labour market picks up, that a move into work does not result in poverty pay (discussed in the next section).
- *Public services*: Spending on public services – health, education and social security – will clearly be affected by the current crisis. Investment in these critical services, which may now feel more stress, needs to be maintained.
- *Childcare*: The ten year childcare strategy has been built upon high levels of employment – with much of the childcare being financed by the childcare element of working tax credit – and on delivery by the private and voluntary sector. It is clear that the number of parents in work is likely to decline, and this will have a negative impact on providers. The Ten Year Childcare Strategy needs to be reviewed with child wellbeing – not parental employment – driving an ethos of inclusion and stable delivery. The reliance on market forces and private delivery has already generated problems, and these are likely to get worse.
- *Skills* –Young people are likely to find it most difficult to access employment, but ensuring that they are supported by a non-punitive benefit system and have access to training must be a priority. Ensuring that young people acquire the skills they need that will prove relevant in a rapidly changing labour market.
- *Health* - there is a close association between poverty, ill health and mental health problems, and this is likely to increase during an economic recession.

Chapter two: An obligation to work

Chapter 2 of the Green Paper sets out an in principle obligation to work, and then sets out the various ways in which Government is thinking about changing the benefits system to enforce this.

The title 'An obligation to work' is telling, many people being targeted as supposedly not fulfilling this obligation are already working as parents and carers – such a simplistic lens as to view 'work' as only being for pay devalues and disregards the care for children and for sick or disabled relatives which binds UK society together.

CPAG is very much in favour of additional support to help more people into work – we do not however agree there is a case for greater sanctions. To achieve the goal of a greater employment rate which supports (and does not undermine) progress on child poverty eradication, the Government needs to be doing more of the following things:

- Ensuring the out of work benefits system is adequate to lift families out of poverty (current benefits are so low they undermine capacity and morale to engage with the labour market);
- Ensuring that moves into paid work truly protect against poverty, employment needs to be sustained and decently paid;
- To support moves into employment and progression within it, employment services need to be more personalised to individual difference, with a constructive, supportive relationship created between personal adviser and claimant;
- Government needs to do much more with employers to overcome discrimination and to open up decent opportunities; an obligation to work is meaningless without a right to a job;
- Government needs to focus its policy tools and rhetoric on the real structural barriers to employment, it should not blame the workless or allow this erroneous stereotype to go unchallenged.

CPAG agrees that many of those who are out of the labour market should be given opportunities to work, some will never be able to do paid work because of their caring responsibilities and their health but others, in the right circumstances and with the right support, would be able to move into employment. The question is therefore not where is the 'push' (conditionality) but where is the 'pull' (decent support and jobs) to support this change.

We urge Government to think more carefully about how it is treating those who are not in work but who are carers, and in particular we strongly oppose the suggestion that it is appropriate to place those who society has accepted should not work (for instance those caring for disabled relatives) onto jobseeker's allowance – these people are not seeking a job, they are already doing one.

Full employment and how to get there

CPAG supports the principle of full employment, we want parents to have the option of decently paid work which lifts their children from the waste and injustice of poverty, CPAG does not however believe this is what the proposals within chapter 2 will achieve and we have significant concerns about the implications of these proposals for poor families.

The current government deserves very significant credit for shining a spotlight on child poverty, for leading the political debate and identifying this injustice as a core problem in British society. The benefit system is already paid below the poverty line, cutting family incomes further by sanctioning their safety net benefits is not in the

best interests of the child. The opposing argument from Government is doubtless that greater conditionality, if it increases moves into work, will increase employment income and so reduce child poverty but this causal link has not been proven – there is no good evidence to show waving a stick around in the absence of better support achieves more moves into decent employment.

The Government has on many occasions rightly referred to how many people want to work as it does in the Green Paper but it does not follow from this diagnosis of people's willingness to work that the prescription should be more conditions and sanctions; this is like treating a hernia by amputation. Just reaching for the stick will not increase the employment rate which is constrained both by labour market conditions and by individuals facing high, structural, barriers to work like low skills, childcare, employer discrimination.

Child poverty and employment

The UK has a high employment rate (74.4% in the quarter to August 2008). Even though this has begun to fall (by 122,000 over the latest quarter) this is still startlingly – 5th highest in EU and highest of the larger economies.¹⁸ Government is keen to drive this rate higher towards 80% (implying about 2 million more people in work).

High employment rates do not necessarily mean that child poverty is reduced. The UK employment rate has remained above 70 per cent for the past decade. However, if simply having a high employment rate was in itself the primary way to tackle child poverty, the UK would already have achieved lower levels of child poverty. Despite the Government conviction that work is the best route out of poverty, half of all poor children live with a working parent¹⁹ and about one in three cases, getting a job does not result in escaping from poverty.²⁰ The relationship between high employment, low employment and low child poverty is more complicated than the Green Paper assumes. If child poverty is to end, solutions beyond merely encouraging or even compelling benefit recipients to get jobs will have to be invested in. The rewards of paid work will need to be addressed with high levels of child benefits that are retained in or out of work, administered efficiently and fairly; childcare provision that is accessible, affordable and of high quality; a minimum wage above poverty levels and a benefit safety net (set at levels above the poverty line) for when the economic situation produces periods of unemployment.

Better returns from employment have a role in helping to eliminate child poverty but it is a more complex picture than just forcing people into work, the net result of that strategy being likely to increase churn in and out of the labour market and transfer out of work poverty to in work poverty. Employment has to be decently paid, it needs to be secure and it needs to enable, not compete with the need to care for children. Greater moves are needed to help regularise the position of those working in the informal economy – an area notable by its absence in the Green Paper. The informal economy can trap people in poverty and denies them later contribution based social security rights – we urge a positive approach from DWP in helping those on the margins regularise their employment situation.²¹

¹⁸ *Labour Market Statistics October 2008*, National Statistics, October 2008, '

¹⁹ *Where now on the long road to ending child poverty?* Parliamentary Brief, D Hirsh, 2007,

²⁰ *Delivering on child poverty: what would it take?* A report for the Department for Work and Pensions, L Harker, 2006,

²¹ See the 'need not greed' campaign at www.neednotgreed.org.uk

Much of the language around the Green Paper is around personalisation, CPAG supports moves to make employment services more personalised to the needs to those going through Jobcentre Plus or other provision. We urge the DWP to provide much greater information on precisely what new support and resources the Flexible New Deal will bring for the minority of jobseekers who will be using it. Different people have different needs and, as has been made clear, Jobcentre Plus has not usually been good at understanding parenting responsibilities (outside New Deal for Lone Parents).²² However we draw a line between personalisation around employment services (training, personal adviser time etc) and financial support. Discretionary decisions around financial support have a bad history of stigma and discrimination within the Welfare State (both the National Assistance and Supplementary Benefits) and are better dealt with by clear, challengeable guidance and rules.

Misdiagnosis of a problem

Having agreed with the Government that opening employment opportunities to those denied them is the right aim, the question becomes whether the proposals are either right or likely to achieve that goal – here we profoundly disagree with the Green Paper's central thrust. The analysis within Green Paper feels ideologically driven, emphasizing at every turn the passivity of the welfare state in the past (we disagree it ever was), how it needs to be more active (which translates as more conditional) and that this will (miraculously) increase job entries (paragraph 2.13 highlights what it sees as a minority of people refusing to take support up and not turning up or signing on). If the opportunities and support were so wonderful this problem would disappear, whilst sanctioning may make people participate but is unlikely to make outcomes any better. CPAG disagrees with an approach of rising conditionality, but our arguments are all the stronger given the lack of evidence such an approach can achieve the stated objectives. This section questions a number of pieces of analysis.

First, the paper starts from an unproven assertion that greater conditionality works to increase the employment rate, with only partial evidence brought in to support this dubious claim. DWP's own research has consistently highlighted the problems of sanctions (see Section 1). Yet despite the weak evidence in support of sanctions the Gregg review seems to start from the premise of how we should use conditions more, not as a robust review of whether they work effectively in the first place.

Second, the Green Paper has little to say around the macro economic forces which govern labour demand. Paragraphs 2.1-2.3 (Tackling inactivity and long-term benefit dependency) place changes in the employment rate down to how active jobcentres were, for instance box 2.1 argues that reduced job search requirements in the early 1980s lead to more unemployment and the post 1997 period is described as one where greater conditions miraculously lead to a growing employment rate, without reference to the economic uncertainty of the former and the stability of the later periods. If the economy is in recession, unemployment will rise no matter how much conditionality exists in the system.

Third, even if one were to accept the analytical case for more conditionality, two of the new groups being targeted, the long-term unemployed and problem drug users are both small and highly stigmatised in the public mind. Giving these groups the prominence these have within the welfare reform plans is reinforcing stigma on all claimants that long-term unemployment is common (yet as paragraph 2.10 notes,

²² *Delivering on child poverty: what would it take?* A report for the Department for Work and Pensions, L Harker, 2006

less than one in ten claimants remain on jobseeker's allowance after a year, chart 2.1 predicts this falling to 2% - one in fifty JSA claimants at two years) and that large numbers of claimants are problem drug users (DWP research estimates this at 6.6% - about 1 in 20 claimants)²³.

Fourth, as well as looking at how policy is conducted, the DWP needs to think about how it is being sold. Government has placed child poverty eradication central to its mission but the Green Paper (with its high profile messages on the need to toughen the system) is conspiring in a debate which, by blaming the poor for their poverty, is undermining the Government's ability to go further. Talking 'tough on welfare' doesn't 'decontaminate the brand', it encourages victim blaming and it discourages support for the poor (see section 1).

The implications of the credit crunch for welfare reform

The Green Paper was published in July 2008 – after Northern Rock but well before we reached the crisis point of October 2008 - it is now unreasonable to assume a strongly growing labour market in the short to medium term. That labour demand is disappearing necessitates a rethink on welfare reform; an increasing push (conditionality) is not matched by much pull (few vacancies and a growing pool of people qualified to fill them).

The long run impact of the global downturn may not yet be clear, but people are already feeling the impact.

- The UK's very high employment rate is now falling, down 122,000 people in the quarter to August 2008 to reach 74.4%;
- Unemployment is rising, up 164,000 people over the same period to reach 1.79 million people (5.7%) who are looking for work but do not have it;
- The number of people claiming jobseeker's allowance is up and close to 1 million (939,900 people in September – up 31,800 in a single month);
- Job vacancies (now 608,000) are falling, and fell by 40,000 in the last quarter.²⁴

That the financial services industry – that last great bastion of neo-liberal dogma – has come to the Government for massive Keynesian intervention, is not only deeply ironic but shows the rules of the game have changed. The failure of deregulated markets proves the importance of the state and the Government should not be ashamed of redrawing the lines between state and market to attain socially just ends. Far from looking at 'work for your benefit' schemes, a creative Government would be considering the scope for decently paid public employment schemes, attune to the needs of those who though out of the labour market for many years might be able to some work but need assistance onto that first rung.

It is right that a looming recession requires Government to build up its capacity to support people to look for jobs, but this Green Paper is built not on that premise but on the one of a stable economy and consequent growing employment rate. That

²³ *Population estimates for problem drug users in England who access benefits, feasibility study*, Department for Work and Pensions, Working paper 46, G Hay and L Bauld, 2008,

²⁴ *Labour Market Statistics October 2008*, National Statistics, October 2008

presumed employment rate growth allows more disadvantaged adults back into the jobs market. Though the 'rising tide floats all boats' argument never really stood up to much scrutiny, we now have a falling tide and a large number of sinking boats. The current economic situation increases unemployment; reduces the vacancies and increases the competition for remaining jobs; the credit crunch necessitates a rethink on welfare reform.

Chapter three: No one written off

This chapter outlines the Government's plans to ensure that barriers to paid work are removed for the majority of disabled people. This will reduce the numbers claiming benefits on the grounds of being unfit for work. From the starting points: that work is good for health; that full employment is both desirable and economically essential; and that most disabled people want to work, plans are outlined for an 'active welfare state' which would ensure that no disabled person would have to be 'abandoned to a life on benefits'.

This vision is to be delivered by

- Increasing by degrees conditionality for the vast majority of new and existing recipients of incapacity benefits. Compulsory engagement in tailored relevant work-related activity will be the norm.
- Increasing the use of the private and voluntary sectors to deliver work-related activity programmes in the manner proposed by Freud
- Extending the existing Access to Work provision

CPAG welcomes the fact that more disabled people are in work than ever before and agrees with the Government that illness should not necessarily be a barrier to work. Nor do we want to see people unnecessarily trapped on the very low level of incomes that incapacity benefit (IB), income support (IS) or employment and support allowance (ESA) represent.

However we have very real concerns about the assumptions made throughout the Green Paper that:

- work in the current labour market is appropriate for the majority with a long-term health problem or impairment.
- paid work is guaranteed to reduce child poverty
- compulsory engagement in work-focused activity is both appropriate to the long-term disabled and effective in reducing benefit dependence
- sufficient numbers of appropriate sustainable jobs and employers sensitive to disability issues exist
- the Access to Work scheme can make a substantial difference to the numbers of disabled people entering work
- that contracting out welfare to work services to the private and voluntary sector will result in increased employment.

The Government's view on each of these topics either oversimplifies the issue or is backed up by no real evidence.

Who is work good for?

Significantly the chapter opens with the statement that '*Most disabled people with a long-term health condition either have a job or would like one*'. From this assertion the argument goes that - after an improved form of medical assessment has reduced their numbers by moving many to JSA, those who remain on either ESA or IB without a job should be compelled to find one. This is deemed desirable not just for the individual claimant but is also to put an end to the unacceptable situation which sees IB claimants 'rewarded' for economic inactivity. The argument continues that this will be successful for the majority because the personalised compulsory support attached to receipt of those benefits will ultimately lead to employment.

CPAG would like to see as many disabled people as possible fulfil any aspiration they may have to work but the evidence points to the fact that for very many claimants of incapacity benefits the consideration of labour market decisions is often secondary to the immediate priority of either becoming well or learning to live with an ongoing condition. The DWP has previously estimated that while 1 million IB claimants may want to work²⁵ but a larger number are unlikely to be able to do so. On a smaller scale, a growing body of research on the effectiveness of Pathways to Work²⁶ has found that for people who are out of work because of mental health problems²⁷ there is often a period of time when they are not ready mentally to enter into discussions about a return to work and only when people feel 'better' do they make progress towards work.

The paper consistently ignores these findings and underestimates the effects of disability when it holds that 'most disabled people want to work' and that it can be guaranteed that as the health of claimants improves or they adjust to their conditions ESA will be for the majority 'a temporary benefit' with a move into work being expected within 2 years.

Compulsory work-focused activity

Central to the chapter and the Green Paper overall is the belief that greater conditionality increases employment and reduces benefit dependence. Evidence from Pathways to Work research is cited as confirming this to the extent that the Green Paper specifically asks for comments on going 'further and faster' in terms of mandatory work-focused activity. However we feel that there is a growing body of evidence that the results from Pathways are less clear cut both in terms of reducing benefit receipt and in encouraging meaningful engagement (see Section 1). A recent DWP report states that while employment rates may rise.

"There was no similar long-term effect on incapacity benefits receipt, despite the fact that Pathways did reduce this in the shorter-term. The seeming contradiction between these two results can be accounted for by the fact that it was among those who would have left incapacity benefits, even in the absence of Pathways, that the employment effect was apparent. Customers with mental health problems seemed particularly hard to help and some advisers mentioned feeling out of their depth when dealing with such

²⁵ *Opportunity For All* DWP 2003 para 75 -76

²⁶ *Mental Health and Employment* DWP Report 513, July 2008 and *Qualitative Research exploring the Pathways to Work sanctions regime*, DWP Report 475, 2008

²⁷ *Mental Health and Employment* DWP Report 513, July 2008

individuals. Perhaps reflecting this, the impact analysis does not find any evidence of a Pathways effect for those with mental health problems.”²⁸

On penalising claimants the same report states that

“Sanctions appeared effective as a means of improving attendance but not at increasing engagement. In fact, attendance beyond the initial WFI tended to be useful only for those interested in working. Since compulsory attendance beyond the initial WFI is unlikely to be productive for some and may be inappropriate for others, preserving advisers’ flexibility to waive or defer WFIs provides an important means of focusing the programme more squarely on those most likely to benefit. However, it is important to bear in mind that the requirement to attend WFIs may exert a deterrent effect, encouraging claimants to leave IB and look for employment”

Other findings on the impacts of sanctions are discussed in Section 1.

CPAG welcomes the provision of support into (sustainable) employment or of quicker return to work but this support insofar as it involves attaching work-related activity or health interventions to benefit receipt should be without *any* element of compulsion for those on IB or ESA. The very nature of incapacity benefits is that recipients have been judged to have incapacities likely to impact on their ability to seek or obtain employment – we therefore cannot accept any of the attempts to increase the levels of mandatory work-related activity suggested in this paper.

The appropriate job market

The paper sees the sought for migration of 1 million IB and ESA claimants to the labour market as crucial to the target of achieving 80% full employment. As a policy this assumes that the labour market is competitive and flexible and that it will be able to absorb everyone who wants a job. The most recent job figures (see section 2) show there are around 608,000 vacancies and 1.8 million people looking for work (predicted to rise to 2 million or more). This would suggest that IB recipients may be required to seek work that doesn’t exist or may face substantial or multiple disadvantages in a competitive market. There are also differences between regions. The success of the New Deal programmes varied according to the employment opportunities in certain geographical areas. Without real local job opportunities, benefit recipients may be required to accept unsuitable or unsustainable jobs. There is already evidence of this from research into Pathways to Work where the jobs entered were more likely to be routine and undemanding than for others in the labour market²⁹. A strategy which argues capacity and control for disabled people should not partition them off in lower end jobs. It is already well documented that for jobseekers there is a danger of moving back and forward between relatively short periods of low quality employment and unemployment with 70% of jobseeker’s allowance claims being repeat claims³⁰. Given recent economic events and what this means for future employment the Government needs to fundamentally review the aims which underpin its welfare reform policy.

²⁸ *Pathways to Work for new and repeat incapacity benefits claimants: Evaluation synthesis* DWP Report 525, Oct 2008

²⁹ *Pathways to Work : customer experiences and outcomes 2007 survey*, DWP Report 456, Oct 2007

³⁰ *Delivering on child poverty: what would it take?* A report for the Department for Work and Pensions, L Harker, 2006

The paper outlines a number of issues relating to the practice of employers taking on those with health problems which will counter discrimination. This is essential if the pressure placed upon individuals to seek work is to be matched by the creation of new or adapted employment opportunities. The Access to Work scheme is to be extended with the budget being increased and proposals to tailor the scheme to accommodate those with mental health problems. However we note that increasing provision would still only be likely to result in assistance to around 48,000 people which represents less than 1% of the disabled working age population. In addition the scheme involves providing funding to the employer to tailor the working environment for a particular candidate who has been selected for employment. Coming into play as it does after selection, the scheme is unlikely to change recruitment practice or the employment chances of those regarded as least job ready.

'Harnessing the innovation of the private and voluntary sectors'

Proposals to contract out employment services to private and voluntary sector agencies are a key part of the success of the strategy envisaged in the Green Paper. The paper assumes that Freud's vision of 'paying providers for achieving sustainable employment but allowing them freedom in how they achieve these goals' has the potential to deliver improved 'innovative' outcomes for significant numbers of those currently excluded from support because of ill health or a disability while also achieving long-term savings for the state because of the influence of market forces. No evidence is offered for this belief in the Green Paper itself. CPAG has commissioned research which casts doubt on these outcomes being achieved (see also comments on chapter 7).

The conclusions are that there is no strong evidence from abroad that the private and voluntary sector can assist people facing multiple disadvantages to paid employment anymore successfully than Jobcentre Plus. As has been discussed in earlier sections the economic crisis means a rethink for this policy, both around the expectation of strong labour demand and liquidity and stability of providers. The research supports the view that this strategy

- Is not effective at eradicating poverty as long as benefit levels and minimum wages are inadequate;
- Is too dependent on favourable economic conditions;
- Assumes the labour market can absorb everyone who wants a job and is competitive and flexible;
- Requires not just that there be enough real local jobs but that providers have a sound knowledge of and relationship with local services, particularly organisations providing training. The Green Paper proposes piloting of the favoured model only in England. Given that many of these local services will be controlled by a devolved Government, it is unfortunate that none of the pilot areas for the scheme are in Scotland³¹
- Can lead to a majority of those seeking work repeatedly moving between insecure poorly paid jobs and unemployment.

³¹ A similar conclusion is reached in *Welfare Reform in the United States: Implications for British Policy*, Midgley, CASE/131 April 2008

Chapter four: Ending Child Poverty

The Government's central definition of child poverty is 60% of median incomes (before housing costs).³² This shows there are 2.9 million children in relative income poverty in the UK. In the last two years of figures (years to 2006/07) child poverty has risen and though CPAG accepts recent spending will have reduced child poverty there is a very large gap between the 2.9 million children and the 2010 target of 1.7 million³³. On current the rate of progress (annual average of 62.5 thousand children lifted out of poverty per year since 1998/99) we will reach the 2010 target in 2025. There is political consensus around reducing child poverty and public support for meeting the 2010 and 2020 targets, the next step is for Government to mobilise the resources – as has been argued earlier this is not only essential for social justice, but prudent spending of public resources at a time of economic downturn.

CPAG is often told that public resources are tight, yet at a time of economic crisis, during which HM Treasury has committed startlingly large amounts invested in private sector concerns to shore them up. Resources can be found with the political will to meet this social and economic crisis. A meltdown of private capital and liquidity may capture the headlines quickly but the ongoing, long-term, effects of poverty on children living in the UK are equally corrosive. Indeed an eye watering financial picture of the Northern Rock, Bradford and Bingley and £37 billion invested to protect and part nationalise other major banks makes a total of £3 billion CPAG and other campaigners within the End Child Poverty campaign, have been calling for to help meet the 2010 target look very achievable. CPAG supports the way in which Government has been clear that its bail out of the bankers has not been to save their silk shirts, but to protect jobs in the real economy. The precipitate rise and fall of casino capitalism contains a clear message to both society and Government – the need for a strong Government prepared to act in the public interest – and the need to protect the interests of those who are most vulnerable. Tackling child poverty must be at the core of that mission.

The chapter on 'Ending Child Poverty' contains three substantive elements plus a wider reiteration of the commitment to meeting the 2010 and 2020 targets, vital in and of itself and highlighted by the subsequent announcement to put the 2020 target into law. The chapter does not address the need for out of work incomes to rise to protect families with children from poverty or the need to increase minimum wages to ensure an adequate standard of living.

Putting the 2020 target into law

The Prime Minister's commitment to enshrine the 2020 target into legislation is an excellent step forward, sending a strong signal and lead that child poverty is unacceptable and that all have a role in tackling it. CPAG believes that correctly constructed such a legal move will help to strengthen and to orientate moves across Government towards the 2020 goal. On the detail of how such a piece of law should be drafted we do not say more here because the welfare reform bill is only one place the legislation could fit. CPAG understands the Child Poverty Unit is looking at the detail of what this may mean in practice and is pleased to be engaging with the Unit on this detail. It is important that the measures taken do not in the end amount to

³² CPAG believes 60% of median incomes, after housing costs is a better definition of income poverty (since it better captures disposable income and housing costs bear heavily on families). This definition shows 3.9 million children were in relative income poverty, after their housing costs had been deducted in 2006/07.

³³ 1.1 million less perhaps 500,000 children lifted out of poverty by recent budget and pre-budget decisions

mere tokenism but help bring different parts of government and society together to meet a shared objective.

The full maintenance disregard for income support assessment

CPAG strongly supports the full disregard of child maintenance. Together with One Parent Families/Gingerbread, CPAG published work by Alan Marsh³⁴ analysing the potential of introducing a full disregard. Marsh summarised the arguments as increasing the incomes and improving the material situation of poorer families; impacting most strongly on larger families (because of the size of potential maintenance); improving incentives to pursue maintenance (ensuring it is not offset by lost benefits); better incentivising part time work and smoothing transitions to work; building confidence about the security of income when lone parents move into work is particularly helpful for lone parents with few qualifications and would cut through administrative complexity and cost of continuing to run a part disregard. This move is targeted, simplifying and aligns incentives more effectively, currently additional child maintenance paid by the non-resident parent can (depending on the level and scheme) result in less money for the ex-partner, this crazy situation sends out quite the wrong message and takes away the incentive for many non-resident parents to comply. It is right to change the system and we support the Government in doing so.

Joint registration of births

This move has been previously announced³⁵ in white paper form. This proposal has been discussed in a number of consultations and policy documents. CPAG did not offer a view because the arguments on either side were finely balanced and we did not feel from a child poverty point of view we should offer an opinion; the policy choice seemed more linked to ensuring/enforcing parental responsibility which is not the same thing. Indeed the white paper, though it emphasises child welfare and parental responsibility does not mention child poverty at all. The Green Paper positions within the child poverty rhetoric. We understand the Government's desire to promote (in the text to 'require') joint registration with its expectation that this may lead to a more positive parental role after relationship breakdown but it is not proven that this would be the probable affect and there are risks attached. Though we agree it is good to encourage a positive parenting role for both parents, promoting through positive messages and support we are not in favour of requiring this which carries risks with it for a small minority of families where paternity is disputed or where domestic violence is a factor.

Conditionality on the partners of the unemployed

This proposal is necessitated by changes being adopted for lone parents which will require them to claim jobseeker's allowance as a condition of receiving a means-tested benefit subject to the age of their youngest child and whether they are exempt or not as a carer. This increased conditionality the Government thus proposes to extend to the non-economically active partners of JSA claimants so that both

³⁴ *The disregard of child maintenance payments* Online at http://www.cpag.org.uk/info/briefings_policy/CPAG_Gingerbread_Disregard_Paper_1207.pdf A Marsh, December 2007

³⁵ *Department of Work and Pensions and Department for Children, Schools and Families, Joint Registration: recording responsibilities*, June 2008, Cm 7293 http://www.dcsf.gov.uk/publications/jointbirthregistration/pdfs/birth_registration_wp.pdf

partners will be required to satisfy the conditions for getting benefit. (Currently only partners without children are required to sign on).

Government may argue this brings the treatment of couple parents in line with lone parents, however as the Department should be fully aware, significant concerns have been raised by us and by others, including the Social Security Advisory Committee³⁶ on the justice and workability of the proposals relating to lone parents and we have similar concerns if this requirement is extended to the partners of the unemployed.

From CPAG's position as a group committed to the eradication of child poverty, we urge that parents whether (lone or partnered) should have choice about entering work and that such a choice needs a far greater level of support than currently available, in particular childcare provision is extremely patchy and inadequate for older and disabled children. CPAG opposes an increase in conditionality and consequential sanctions which can only create hardship for parents and their children.

One of the major barriers to insisting that those with children are available for work is the absence of comprehensive childcare services, particularly during school holidays and after school hours. The Green Paper (para 4.27) notes that many partners of JSA claimants want to work and that a third of couples expect both partners to be working at least 16 hours a week within two years. So is there a need for compulsion? The statement that almost all partners are happy for their partner to take over childcare responsibilities if they got a job reflects the greater flexibility within a couple as against that of a lone parent. However a couple must both individually be available and actively seeking work if the joint claim rules are to be extended to those with children. A person must have access to other childcare outside the home or provided by another person if the couple are to satisfy the test for joint claim JSA.

It is not sufficient for the JCP to provide flexible jobseeker contracts that attempt to reflect the parent's hours of availability, the claimant must comply with the regulations that deal with what constitutes availability, actively seeking work and good cause if the parent wishes to turn down a job. The revised rules that attempt to reflect the need for parents to balance job search obligations (or actual work) with care of children fail on a number of counts; they are complex and detailed exceptions which place undue reliance on the use of discretion by JCP staff on matters about which they may have little knowledge or experience. To be treated as an exception or to argue that the childcare is either not available or is not appropriate requires the parent to argue their case. Instead it should be the DWP's responsibility to justify with full reasons why the childcare is appropriate in that particular case. This approach would encourage a higher standard of decision making by DWP. The complexity of the rules also undermines the Government's stated objective of seeking to simplify benefit provision.

There is however one major difference of principle between the changes proposed for lone parents and the proposed couple changes: the lone parent is both the recipient of benefit and the person required to be available for work whereas in the case of partners the conditionality is increased but the payment is made to one member of the couple only (under current provisions for joint claim JSA a couple both have to make their claim but the couple chooses to whom the benefit is paid). The move thus increases the work search requirements on partners of the unemployed

³⁶ The Social Security (Lone Parents and Miscellaneous Amendments) Regulations 2008-10-22 Report by the Social Security Advisory committee under Section 174(1) of the Social Security Administration Act 1992

(mostly women) without necessarily giving them an independent right to that income (JSA).

An assessment of joint claim JSA³⁷ as it currently applies to couples without children found that it slightly increased the chances of leaving JSA but that it faced cultural resistance from ethnic minority customers and older white males with traditional views of the gender role and that this could lead to tensions within the couple. In the first group these attitudes were supported by religious beliefs. If the Government was to proceed with this proposal it would need to be dealt with sensitively. Also problematic was the challenge facing personal advisers educating the member of the couple without any or recent work experience, particularly if there were actual or perceived health difficulties. The report concluded that the combination of skills deficits and health problems would provide a considerable challenge if the Government considered extending the principle of joint claims to, for example, those with children.

The proposals to extend the obligation to be available for work to partners of those in receipt of other benefits - incapacity benefit, ESA and income support have potentially far reaching consequences for the benefit system. The proposals are far from clear and throw up a number of questions, including:

- The Paper refers specifically to couples where one is incapable of work: a claimant getting IB or ESA and an income-related increase for partner will not be able to get this increase if the partner is capable of work. Instead the couple would have to claim JSA and the partner who is incapable of work would keep their own IB or ESA. It is not clear how this would work in practice. What would trigger the partner's claim for JSA? Is the paper suggesting that the member of the couple who is eligible for ESA should make a simultaneous claim for joint claim JSA or that the person capable of working should simply satisfy the entitlement conditions for JSA? In table 4.1 it states that the new conditionality means the partner becomes part of a new joint JSA claim and in paragraph 4.32 that the 'couple should be required to make a claim to JSA'.
- It is unclear whether both members of the couple are claimants for one benefit or two – it would appear to be a joint claim for JSA but the person eligible for ESA would be paid ESA and the other would be paid the top up if they satisfied the conditions for getting JSA. Would they receive a payment that constituted JSA or not and to whom would it be paid?
- How is the award to be calculated – will this proposal leave people worse off or better off? Under one model a couple could be worse (if for example they are only entitled to JSA at the couple rate without any disability premium) or better off if they get the disability premium. The person who is incapable of work might be getting DLA and so a disability premium should be payable within JSA.

What the Green Paper does not have in it

First making sure families have adequate incomes is by definition at the core of tackling poverty – there can be no ifs and no buts. Incomes for most families come

³⁷ H Beweley, R Dorsett and A Thomas Joint Claims for JSA evaluation, DWP, 2006

from a number of key sources – employment income, near universal³⁸ child benefit and means tested benefit and tax credit transfers. Direct tax lowers gross incomes, and indirect taxes increase the cost of goods and services (so do not reduce incomes but do reduce spending power).

For policy making purposes child poverty has been defined as living in a household with income below a certain relative level (60% of median incomes) – a commitment to eradicate child poverty means that family incomes must rise above that level (a vital point accepted in the strategy document *Ending child poverty: everybody's business*³⁹). Elsewhere in this response we have discussed some of the problems of in-work poverty but here we focus on the other element – the safety net. Currently benefits are usually paid well below the poverty line and so are by definition inadequate protection against poverty; Government is committed to eradicating poverty but has yet to pull hard enough on a central lever to achieve that goal.

The most common two arguments ranged against increasing benefits are those of cost and work incentives. The first argument is overplayed significantly, DWP benefits have been getting consistently cheaper as a share of GDP since the early 1990s⁴⁰ and in any case money is transferred not 'spent' through benefits because it goes to people who, by definition, are the most likely to need to spend it – it is the sort of targeted injection into the economy many economists might welcome. The second argument owes more to classical economics than proven reality, it assumes that paying more in benefits will undermine willingness to work. There is no question that parents need to be assured that there is a gain to work (particularly given the costs employment often brings, in transport, lost free school meals and other items), but only way to assure this whilst meeting child poverty targets is to ensure that work pays more – not that benefits pay less.

Employer behaviour

Employment is a contract between two parties (employer and individual), overseen by the state through necessary regulation (labour rights). The Green Paper goes into very considerable detail around individual responsibilities but scant detail about what responsibilities are to be expected of employers. By not dealing with this aspect of the labour contract, the Green Paper is asymmetrical and flawed – no matter how much is done on the labour supply side, if the demand side is unwilling certain groups of people will continue to be excluded from the labour market and others will languish on poverty pay.

Ending child poverty: everybody's business was clear that a contract out of poverty had to include employers. We accept Government has tried to do this in a number of ways (for instance Jobs Pledge, Local Employment Partnerships, City Strategies), but these have not yet matched the seriousness of the endeavour. Business clearly operates on a commercial footing but that does not divorce it from its social responsibilities, and benefits from public spending (for instance through training supports and Jobcentre Plus as an employment agency) – a clearer focus from Government in highlighting what employers need to do to reduce discrimination and

³⁸ Which would be universal but for the intentional exclusion of some refugee children

³⁹ HM Treasury, Department for Work and Pensions and Department for Children, Schools and Families, March 2008, *Ending Child Poverty Everybody's business*, see para 5.24

⁴⁰ See DWP, April 2007, Abstract of Statistics, <http://www.dwp.gov.uk/asd/asd1/abstract/Abstract2007.pdf>, this figure excludes tax credit spending, but even including the difference remains substantial.

to increase wages for those in low pay work is a necessary part of rebalancing the scales to deliver a comprehensive contract out of poverty.

Joined up government

Ending child poverty is not just about removing the physical and psychological damage of inadequate income but also about giving back changes to those children so that they benefit equally from educational opportunities, do not suffer from health problems associated with low birth weight or inadequate diets and are not forced to grow up in damp unhealthy homes. It is therefore disappointing that the Green Paper fails to show how the Department will link with other Departments to strategically tackle the multi-dimensional issues of child poverty.

Rights and responsibilities around service support

The Green Paper continues the entrenched rhetoric of rights and responsibilities, the inference being that rights are already strong whereas responsibilities are weak - neither statement is accurate. Rights to adequacy public services which function well and open up opportunities to decently paid employment are not yet in place and neither are adequate benefits, yet responsibilities to seek work are increasing. There are some good examples of strengthening rights in the paper (doubling the Access to Work budget is particularly welcome) but the lion share of proposals are around increasing responsibilities for those on out of work benefits.

In reviewing the DWP's child poverty strategy Lisa Harker accepted in principle the case for more conditionality for lone parents but only when adequate services were in place, recommending:

“Any further extension of conditionality should be linked with fulfilment of the forthcoming local authority childcare duty to secure sufficient childcare for working parents”⁴¹

Nevertheless, currently DWP plans will shift lone parents with younger and younger children from income support to jobseeker's allowance starting in November 2008, the childcare strategy intended to deliver (in England) the other half of the equation will not be completed until 2014 or later – this is a cart before the horse policy.

Paragraph 2.14 describes Jobcentre Plus as 'world class' in its back to work services, without wishing to undermine the work of the many dedicated staff, this is not a description CPAG is used to hearing from advisers or claimants, who more typically describe the difficulty of navigating a morass of often confusing public services which often do not join up and in which official error is common. The Green Paper is seeking to do more to provide personalised support for those in year 2 of a claim (through the flexible new deal) and that is welcome (though the delivery mechanism raises concerns – see Section 7) and Government should provide clearer details of what this means in practice. A world class Jobcentre Plus would be one which supports individual efforts in a positive, engaging, stigma free way, is flexible to individual need, places parenting responsibilities centre stage, is one where the error rate is low, where systems (be they DWP or HM Revenue and Customs or local authorities) talk to each other effectively, where appropriate and effective training is available to those who need and want it and which is able to work with employers to open up more and better opportunities to decent work in which people stay and

⁴¹ *Delivering on child poverty: what would it take?* A report for the Department for Work and Pensions, L Harker, 2006 <http://www.dwp.gov.uk/publications/dwp/2006/harker/harker-full.pdf>

progress. Though CPAG accepts in many of these areas DWP has accepted the case – we do not yet see the delivery to match the need.

Chapter five: Delivering choice and control for disabled people

We fully support the Government's commitment to achieve full equality for disabled people, including equality of opportunity. It is important for the child poverty agenda because one in four children are affected by disability (either their own or a close family member).⁴² We also support the aspiration of giving disabled people greater choice and control over their lives, including more control over the expenditure of public funding to meet their needs.

We are concerned, however, that the stated aims of '...ensuring support is targeted to those who need it most...' and the '...redistribution of power from the State to the individual...', may mean more intrusive means-testing and restriction of state support to the very poorest and needy.

In this context, we note that the Government's recent consultation paper on the need for a new care and support system in England (12 May 2008) was based on the premise that the current system will not be affordable over the next 20 years because of the growing demands of an ageing population. The paper predicted a £6 billion 'funding gap' in social care provision and a near 50% increase in the cost of disability benefits. We fear that this sets an agenda of increasing restrictions on the eligibility of disabled people for public support to meet their care and support needs which is carried forward into this Green Paper. In particular, we are concerned that extending the system of meeting need by making direct payments to disabled people from integrated local care and support budgets will be used to restrict public expenditure on care and support to the poorest and most severely disabled. We would strongly oppose this on the grounds that it would leave an increasing number of disabled people without the means to adequately fund their care and support needs, severely compromising the Government's aspirations of enhancing equality and reducing poverty in the disabled population.

CPAG is not opposed to the principle of meeting need by the provision of 'individual budgets', where this is requested by disabled people. We also acknowledge the difficulties encountered by many disabled people in accessing the complex range of funding and support currently available from different agencies, often with different eligibility criteria. We are concerned, however, that the integration of the current disparate funding streams into locally controlled care and support budgets from which resources can be allocated to disabled people following an individual needs assessment, will result in increasingly stringent eligibility criteria for access to public funding, given the Government's predictions of a growing 'funding gap' and demand for support. We note that increasing pressure on current social services budgets has resulted in more and more local authorities restricting eligibility for community care services to those with critical needs only. Bringing a wider range of funding streams into integrated local care and support budgets may only result in more disabled people being denied help. We would be particularly opposed to the integration of the current non-means-tested disability benefits (attendance allowance and disability living allowance) into local care and support budgets subject to restrictive eligibility criteria (including means-testing). We believe this would be a highly retrograde step and note the Government's comments in paragraph 5.3 that '...the principle that

⁴² See CPAG, 2008, *Child Poverty: the stats*, CPAG.

people should be free to choose how to spend their benefits to meet their individual and family needs is already a feature, for example, of Disability Living Allowance’.

We note the case studies in Box 5.1 and recognise the difficulties Rose could encounter in having to secure assistance from three distinct sources and how she could benefit from arranging her own care via an ‘individual budget’. We fear, however, that under a system of locally controlled care and support budgets, she could end up being able to afford to buy in less help than she is currently entitled to. We are currently advising on a case in which a severely disabled student has been denied housing benefit to pay for an additional room in University accommodation for his full-time carer. The City Council has been joined by the Secretary of State for Work and Pensions in pursuing an appeal to a Social Security Commissioner arguing, that the cost should be met by the County Council’s social services, who are arguing that the cost should be met by housing benefit. Such ‘funding wars’ are directly contrary to the reforms referred to in paragraph 5.8, designed to promote work across boundaries of care, housing and health. We think that many of these funding disputes are eminently avoidable (we believe that our client’s accommodation costs are clearly provided for in the housing benefit scheme) and that even if they are mitigated by the creation of integrated local budgets, our client could be excluded from any assistance from such a budget by restrictive eligibility criteria.

In conclusion, our main concern in relation to the issues raised in chapter 5 is the adequacy, rather than the method, of funding to meet care and support needs. In this context, our response to question 21 is that disabled people should have a right, enshrined in legislation, to request an individual budget to meet their care and support needs, at a rate sufficient for them to afford to secure the services they require to meet those needs.

We would add two further comments. Firstly, the Government’s recent review of the National Carers Strategy also proposed moving to a system of ‘personal budgets’ for carers but did not include any commitment to raise the level of the carer’s allowance. We believe that a significant increase in the allowance is required to meet the aspirations set out in chapter 5 of the Green Paper. Secondly, paragraph 5.11 acknowledges the importance of advice and advocacy for disabled people. We believe they are crucial to the functioning of any care and support system. In this context, we note with concern the declining availability of independent advice and advocacy services resulting from changes to the system of legal funding and increasing funding constraints being encountered by many independent and voluntary organisations.

Chapter six: simplifying and streamlining the benefits system.

CPAG has a keen interest in moves to simplify and streamline the benefits system, and has contributed to this debate previously⁴³. CPAG’s starting point is not (necessarily) that the system inherently needs simplification, but that the experience and administration of it needs to be much improved. It is our belief that simplification should be focused on the needs of claimants as users of the service and so be directed at increasing take-up, improving the claimant experience and reducing error and delay within the Department. Measures to simplify the system must also take in account financial support from other Departments, for example tax credits

⁴³ For example see *Tackling the Complexity of benefit regulations December 2005, Evidence to the Work and Pensions Select Committee Inquiry, April 2007*.

administered by the HMRC. A lack of co-ordination and co-operation between the different parts of Government can add to the difficulties experienced by claimants.

Any measures to simplify must take account of the reasons behind some of the current system's complexity. Part of the complexity exists precisely because it seeks to meet varying needs. Without ensuring sensitivity to different needs and capabilities, moves to simplify risk not only being unjust but creating large groups of losers. The proposals in the Green Paper do not detail how the system would still be able to meet varying needs; shoehorning everyone onto one benefit in the longer term will either fail to meet diverse needs or will simply lead to condensed complexity (for example we believe this is happening with more lone parents going onto JSA). We believe strongly that claimants should not be expected to bear the cost of reducing complexity; social justice should not become the handmaiden of administrative convenience.

It is rather ironic that though the Freud report backs the concept of a single working age benefit, aimed at simplification, separately Freud also suggests a proposed structure of eleven different regional monopolies held by non-state providers, each managing a sub-strata of delivery contracts with (presumably) myriad individual delivery agencies. Without wishing to imply current Jobcentre plus (and related) delivery is perfect – it is not - the delivery model Freud proposes feels anything but simple. The same irony applies to the recent welfare reform legislation, announced with discussions around simplification but proposing a highly complex scheme – we don't yet see sufficient political will to implement serious simplification.⁴⁴

It is unfortunate therefore that the Government is using the banner of simplification as a cover for cuts to benefit and restrictions on eligibility. The recent changes to the restrictions on backdating of pension credit, housing benefit and council tax benefit are example of this. This change has not led to a simplification of the rules on backdating. The Social Security Advisory Committee's view was that far from simplifying they will add to complexity. There will be different time limits for claiming pension credit (3 months) and state retirement pension (6 months) and will also now be different time limits for HB/CTB claimants, depending on their age. Although it may appear to the treasury like a saving, these changes actually create knock-on costs (both monetary and societal), such as increased homelessness and hardship. The proposals in this Green Paper continue this trend. They also run counter to the Government's aim of eradicating child poverty. The process to simplify the benefits system needs to support the goal of tackling child poverty not undermine it. We have great concerns that the proposals (and the lack of any attention to benefit adequacy) will actually undermine the goal. The wider proposals for a greater degree of personalisation may also run counter to simplification measures and the delivery model of private and voluntary sector contracting and sub-contracting arrangements feels anything but simple. Whilst CPAG sees the advantages of personalisation the degree of discretion needs to be balanced by the risks of a general lack of clarity and consequent accountability. CPAG values the rights based approach precisely because by being clear on criteria, it strengthens the arm of claimants to challenge where decisions are wrong and this provides a powerful lever to improve decision making and user experience.

⁴⁴ With this in mind it is worth noting both the existence of the Benefit Simplification Unit and a specific guide from the unit, 'Simplification guide to best practice' with a foreword from James Plaskitt MP and Leigh Lewis, how much difference this has made is a moot point.

The proposals set out in chapter 6 increase the amount of means testing and therefore complexity for many claimants. If implemented many claimants will no longer be entitled to claim contributory benefits and will be forced to rely on means-tested benefits which are more complex and difficult to administer. Other claimants may find that they do not qualify for, or will simply fail to claim, means-tested benefits and will have to manage on a lower income than they might previously, bringing an inevitable increase in poverty and therefore child poverty. Means-tested benefits tend to have low take up rates. The Work and Pensions Committee found in 2007 that

evidence to this inquiry suggests that there is a direct correlation between the amount of means testing and the complexity in the system. We recommend that the Government specifically evaluate the current caseload of means testing and in the system and as part of its simplification efforts and where possible, reduce it⁴⁵

We would ask that the Government adopt this recommendation. Moreover, we would ask that the Government model the proposed changes for their likely impact on child poverty before proceeding.

The proposal to move carers on to Jobseeker's Allowance (JSA) is inappropriate. It fails to give proper recognition to the fact that carers are already engaged in working in their roles as carers. This concern was shared by a number of carers at a DWP forum on the Green Paper. The name of the benefit has relevance to claimants. For the Department to imply the name of the benefit is not relevant because the JSA conditions will not be applied to carers is to ignore the feedback from carers and advisers and is, arguably, a double-standard. There are examples where the Government has actively changed the name of the benefit or encouraged a different name, to tackle stigma or to better reflect the purpose of the benefit. For example, the term Minimum Income Guarantee was used in place of income support for those aged over 60 and a later change to pension credit (a benefit largely similar to income support). If the Department is serious about this consultation process it needs to take account of the views being voiced and ensure it creates policy that protects rather than undermines the role of carers. If the Government wants to provide an enabling role to carers whose circumstances are such that they feel able to combine working as a carer with some paid work there is no reason why it cannot create access to this support.

Regrettably the recent Carer's Strategy failed to include any improvements to carer's allowance, and it was announced that reform of carer's benefits would be postponed until 2011. The current proposals therefore do not represent joined up thinking. They are a piecemeal and partial approach to a much bigger issue and should be withdrawn.

The proposal is to abolish income support and have a system based on JSA and ESA. IS currently is a major plank of the Government's social security policy, being part of the "support for those who cannot (work)". It also provides important income top-up for those working part-time. The Green Paper notes as well as lone parents and carers there are 80,000 claimants in diverse groups currently claim IS. They only have one thing in common, due to their current circumstances they are not jobseekers. JSA would not appear therefore to be an appropriate benefit for them to claim. There are also the roughly half a million lone parents who will remain on IS

⁴⁵ House of Commons Work and Pensions Committee. *Benefits Simplification, seventh report of session 2006-07*.

following the transfer of some onto JSA via the Social Security (Lone Parents and Miscellaneous Amendments) Regulations 2008. The objections of CPAG⁴⁶ and others to the transfer of a tranche of lone parents with onto JSA apply with even greater force to those parents with primary school age and pre-school age children. Such lone parents cannot sensibly be accommodated on JSA.

The proposals under “smoothing the transition to ESA” means cuts to the real value of National Insurance benefits – we assume that bringing benefits into line means under inflating various elements. Undermining the integrity of benefits that claimants have earned via contributions does nothing to reinforce the Government’s message that work is the best route out of poverty. This proposal will simply make disabled people and their families worse off and have a negative effect on child poverty.

The proposals on reforming the contribution conditions will reduce the number of claimants who qualify for contributory ESA and JSA. Those who find they no longer qualify will either have reduced income or be reliant on the means-tested element of either benefit. The proposals will therefore increase complexity and have a negative effect on child poverty.

The context described for the proposed reform of bereavement benefits is inaccurate and therefore in danger of misinforming any policy proposals which may follow. Bereavement benefits were reformed in 2001 and are payable to both bereaved men and women. They are not therefore, as the Green Paper implies, based on any outdated notion of gender roles. The benefit does not imply or produce any dependency as it is only payable for a period of 52 weeks unless there are dependent children. The benefits already include a lump sum to assist with sudden adjustment to changed financial circumstances. Bereavement benefits provide a reward for work as they are only available where the deceased has a satisfactory contribution record. As they are not means tested they are simple to administer and have none of the problems of stigma or the poverty trap associated with means tested benefits. Any restriction on coverage or generosity is therefore likely to increase complexity.

Industrial Injuries disablement benefit was, as is noted, the subject of a review in 2007, which found a consensus in favour of strengthening and improving the scheme. Again, the context described is misleading. IIDB is not means tested, and is therefore available to those who remain in remunerative work. It is therefore ideally suited to assist those who have suffered injury at work, to remain in work, as it provides a supplement for what will be in many cases a reduced level of earnings. Any restriction on coverage or generosity is therefore likely to increase complexity and poverty and have a negative effect on child poverty.

The clear implication in the Green Paper is that these two benefits are anomalous as the Government moves to a system where everyone can be subjected to conditionality and work seeking via ESA or JSA. It would be unfortunate if two benefits which provide a valuable role in lifting vulnerable people out of poverty, avoid the complexity of means testing, provide a clear benefit for working and contribute to the eradication of child poverty were to be sacrificed as they no longer fit within a work first ideology.

⁴⁶ *The Social Security (Lone Parents and Miscellaneous Amendments) Regulations 2008* Submission by the Child Poverty Action Group June 2008

A great deal of complexity in the benefits system stems from the sanctioning regime. It is a regime predicated on the notion that everyone is out to cheat the system and must be stopped. Moving claimants not currently subject to the sanctioning regime, such as lone parents and carers, onto the JSA sanctioning regime unnecessarily increases complexity. It is unnecessary because the New Deal for Lone Parents has provided evidence that when support services are provided on a voluntary basis without complex and expensive sanctions bureaucracy, they can be very effective. DWP research on the sanctions regime for Pathways to Work has shown that it is too complex for many of the claimants who have been sanctioned to understand. "Prior to being sanctioned, customers had a widespread lack of detailed knowledge about how the sanctions process operated and of the actual financial implications of a failure to attend."⁴⁷ Moving new types of claimants from non-sanctioned benefits to sanctioned benefits results in a proliferation of guidelines around sanctionable and non-sanctionable requirements (e.g. exceptions for lone parents around childcare needs) that make the whole system much more complicated not just for claimants but for the personal advisers too. The transformation of the system from a 'negative' welfare system to a 'positive' welfare system would improve claimant understanding, save resources squandered on sanctions bureaucracy and result in improved engagement, openness and honesty from claimants rather than the anxiety, mistrust, suspicion and feeling that the point is to jump through the bureaucratic hoops so as not to lose benefits that currently impedes effective work-related activity.

Reform of the Social fund

It is disappointing that there are no concrete proposals for reform on the one area of the welfare system that is acknowledged in the Green Paper as having 'a valuable role in poverty reduction', CPAG has long advocated for improvements to the social fund scheme to help it play a more helpful role in the child poverty strategy. We have proposed changes to the existing system so that some claimants on low incomes can access one off payments in the form of grants to meet 'lumpy' expenditure. This in our view is preferable to an undue reliance on loans. Some claimants are refused loans because they cannot repay and where they are paid the recovery means claimants are forced to live on reduced benefit.

CPAG would like to see the extension of the principle of 'life event' grants. These might include payments at the start of the school year to help parents with school costs, other costs associated with the child such as need for new clothing because of growth spurts, or costs to cover the replacement of unsafe electrical and gas equipment (there is nothing in the basic means-tested weekly benefit that allows for this and to require parents to meet these essential expenses by obtaining a loan which then reduces future benefit income is quite unreasonable.

Chapter seven: Empowerment and devolution – a new way of delivering our services

The key thrust of the proposals in chapter 7 is one of a delivery service that allows for innovation with a greater degree of 'personalisation' and 'customer' choice. There is an underlying assumption that competitive market forces will ensure cost savings and higher quality services. The services are to be delivered as part of a 'work first' strategy.

⁴⁷ Qualitative research exploring the Pathways to Work sanctions regime, DWP Report 475

CPAG has commissioned research⁴⁸ which looked into the implications of different contracted arrangements for back-to-work support, looking at the conclusions that can be drawn from comparable models operating in Europe and Australia. The report finds remarkably little justification for the proposed changes to the delivery of employment services. There is limited evidence to suggest that contracting out employment services creates efficiency gains or cost-savings or that it leads to innovation in service delivery. Instead, standardisation among different types of provider is commonplace. The report cites evidence that in Australia and the Netherlands, in spite of the freedom to choose their own methods, providers hardly ever come up with innovative solutions. The whole system of competitive tendering relies on minimising costs, rather than maximising effects.

The preferred method (across a range of providers with different welfare traditions) was one of motivating people to look for work and help them get job-ready through training activities - indicating a clear preference of providers to gear services towards 'work-first' priorities, so favouring short-term 'work-first' strategies over the provision of more expensive (longer-term) education and training. This means it is unlikely that sub-contracting employment services will be an effective strategy for raising skills and therefore less likely to help with sustainable employment.

A market-driven approach to providing employment support in other countries has been found to be ineffective because it promotes 'creaming' and 'parking' of jobseekers, particularly for those who have complex, multiple and long-term needs. Effective support for the 'hardest to help' is expensive and complex and international research shows there is a lack of evidence that contracting out these services offers any better solution to this challenge. The review points out that the risk is that the UK may repeat these mistakes by rewarding quick fixes that advantage the most job-ready and the most instrumental of providers. There is a concern that more effective, intensive or long-term approaches to enabling people to find and retain sustainable work may be ruled out by rigid centralised contracts.

The report suggests that, in the absence of any evidence that contracting out employment services will achieve any of the intended benefits, consideration be given to the following:

- developing an appropriate longer-term strategy that is resistant to short-term economic changes and is capable of delivering the stated goals of: saving public money; eradicating child poverty; achieving an 80 per cent employment rate; raising skills; reducing the number of people claiming benefits; and assisting those facing multiple disadvantages;
- the procedures and possible unwanted or perverse effects of outcome-based performance management;
- alternative forms of performance measurement that recognise and reward:
 - 'distance travelled', since some jobseekers need in-depth support over a long period (perhaps several years) in order to move towards employment;

⁴⁸ Welfare reform and the use of external agencies to provide employment services: lessons from international research, Sharon Wright, Sept 2008

- new ways of improving skills and training, since these will not automatically improve as a result of contracting-out;
- better support for people in vulnerable situations to prevent the loss of paid work;
- better support for employers to promote the employment, retention and advancement chances of disadvantaged people;
- benchmarking for quality;
- the conflicts between market forces and instrumental efforts using compliance and control;
- the necessary scope and cost of regulation;
- the length of contracts, with longer contracts offering greater stability and better opportunities for longer-term strategies for assisting people facing multiple disadvantages.

Chapter eight: The Green Paper questions

Our specific answers, given in this section, should be read with reference to the wider analysis offered in previous sections. Many of the questions are leading and there is a wider necessary analysis untapped by the questions – our answers need to be read in conjunction with the main text of this submission.

Question 1: How long should ‘work for your benefit’ last at different stages of the claim?

We do not accept the premise of the question. Claimants should be free to volunteer and supported to attain the skills needed to obtain future work. To force ‘work for your benefit’ as a workfare option is unlikely to achieve more than stigmatising a small group. It fails to deal with the complex reasons why the systems of engagement have failed to work for these claimants. Moreover, evidence referred to in our comments on section 1 shows workfare is least effective for individuals with multiple barriers to work – these are the individuals this proposal is primarily aimed at in the Green Paper at para 2.15 “This group of people would not have been in work for some time and may face considerable barriers before they can move into employment.”

Question 2: How could capacity and capability to provide full-time work experience in the community sector be provided and incentivised to produce the best employment outcomes for participants?

CPAG is in support of helping those out of work to volunteer in order to help them develop the skills and participate in local communities, and there is a clearly a case for personal advisers to be able to provide access to work experience and work taster programmes.

However we do not support forced full time work experience, the dual risk of this is it is both stigmatising and meaningless for claimants to go through – devaluing and demotivating them whilst not adding to their employability.

There is also an important point of principle that work should be decently paid. The single rate of jobseeker's allowance is £60.50, which works out at £1.73 per hour on a 35 hour week, £4 less than the national minimum wage.

Voluntary sector is good at supporting and advocating for claimants. This proposal of involving the community sector in compulsory activity changes how claimants may view voluntary sector providers from one where an organisation is 'on your side' to one where it is part of the machine. Going far down this road of implicating the voluntary sector in conditionality (including through supplying information on which sanctioning decisions are taken) will undermine independence and trust, it removes the very reason Government is so interested in the voluntary sector in the first place.

Question 3: Is full-time 'work for your benefit' as an alternative to a sanction of loss of benefit for repeated non-compliance with work search requirements an effective option for some jobseekers? How should it be targeted?

See above. Though we accept there is conditionality currently in the system, we do not agree with either increasing it, or with forcing activity upon people which may not be meaningful. We are very mindful of the risks of stigma in this area.

Question 4: What penalties do you think would be most effective to deter more people from committing benefit fraud?

Government has an important role in maintaining the integrity of the system and rightly conducted anti-fraud activity, but fraud is a demonstrably small problem and overestimating its extent disadvantages those who need to claim. The Green Paper (para 2.23) notes fraud has fallen, and suggests it accounts for 0.6% of benefit spend. The problem of fraud (and loss to the tax payer) is smaller than that of non-take up (for instance 9% of the money intended to be paid through income support never reaches the families who need it),⁴⁹ yet the Green Paper has nothing to say about how those missing out on their entitlements can be helped to claim.

The Green Paper notes both the small level of fraudulent behaviour and that this has fallen, but continuing to issue high profile 'tough' messages stigmatises the claimant population by instilling a wrongful stereotype that fraud is common (both in the messaging around the Green Paper and in high profile public campaigns). Worse dubious methods like voice risk analysis may discourage genuine claimants from claiming for fear of being thought fraudulent (CPAG has seen no published evaluation by DWP on voice risk analysis – we do not know how it deals with nervous claimants, or claimants from different cultural groups).

Question 5: Do you think it would be appropriate to reduce or withdraw entitlement to benefit after a first offence? How long should the sanction period be?

See above in terms of the risks around over-emphasizing the problem of fraud. Statistics and pronouncements often conflate fraud and error (both official and claimant), this is important since error requires better systems, quality of service from Jobcentre Plus and easier information – it does not require heavy messages around fraud prevention.

⁴⁹ *Income related benefits estimates of take up in 2006-07*, National Statistics, DWP, 2008

The impacts on child poverty are clear, benefits are already paid at a lower rate than the poverty line, which is itself lower than other independent measures of adequacy.⁵⁰ Lowering already inadequate income worsens poverty.

Question 6: Do you agree with the proposed approach for identifying problem drug use? How should it be implemented? Do you think that everyone claiming a working-age benefit should be required to make a declaration of whether or not they use certain specified drugs?

No and we are concerned about the perception of widespread drug abuse amongst the claimant population that the coverage of this proposal has generated. We fully support Jobcentre Plus having the capacity and focus to support people whose drug use is problematic. However such support, by definition, needs to find a positive relationship between claimant and employment service – coercion is unlikely to prove effective.

DWP research quoted above (and used in the Green Paper) estimates a problem drug use prevalence rate of 6.6% of claimants – one in twenty people, yet the proposal is to ask a stigmatising, intrusive question to all of them (and in any case we are doubtful how effective this would be in any case in yielding an accurate response given the covert and stigmatised nature of drug misuse).

Question 7: What elements should an integrated system of drug treatment and employment support include? Do you agree that rehabilitation plan would help recovering drug users to manage their condition and move towards employment?

As above, we do not believe additional conditionality is appropriate. However we would welcome additional support being provided for this group of vulnerable adults (some of whom have children). We are not specialists in how rehabilitation plans should operate and so do not offer a view on this.

We do not agree however with separating this group out for a different benefit payment (para 2.44 the 'Treatment Allowance'), the justification for why the Department is thinking about this is unclear, this is both out of line with benefit simplification proposals elsewhere, could be administratively burdensome and complex and separates out a vulnerable group for apparently (but unspecified) different treatment to other claimants. We do not see the justification and are worried about the stigma this may bring.

Additional conditionality risks employers viewing claimants as not really committed to work, but forced to be there and so a more constructive solution to engaging employers (discussed in paragraph 2.45) will be to emphasise support for and interest from claimants, not additional conditionality in the system.

Question 8: When is the right time to require ESA claimants to take a skills health check?

There is an obvious link between moves into employment and appropriate skills training. A positive personal adviser meeting to discuss what employment related

⁵⁰ See the minimum income standard derived by researchers for the Joseph Rowntree Foundation which, though a mix of democratic, focus group methodology and scientific research suggested an adequacy standard of around 70% of median for families with children. See *A minimum income standard for Britain: what people think*, J Bradshaw, S Middleton, A Davis, N Oldfield, N Smith, L Cusworth and J Williams, 2008, Joseph Rowntree Foundation.

skills a person has, and how these might be developed or used is constructive. We do not believe that a constructive relationship is set up by such a meeting being conditional, or by any follow up activity being mandated – a much better strategy would be to ensure a skills health check and any follow up activity works with the grain of peoples own ambitions – that requires a high quality personalised service but it does not require mandating activity.

In terms of the timing of a skills health check and any training which might come from this, we would caution that these are most likely to be effective once an individual's condition is stable or improving. To add further burden soon after an individual has claimed the benefit would be counterproductive.

Question 9: Should ESA customers be required to attend training in order to gain the identified skills they need to enter work?

As previous answer.

Question 10: In view of the need to help lone parents develop the skills they need to find work, are we right to require lone parents to have a skills health check and training as a condition of receiving benefit?

No. Decent offers of support in this area would encourage people to opt in and would therefore be more meaningful. See also Q.8.

Question 11: Should we pilot extra benefit payments for lone parents in return for training, and if so, when the youngest child is what age?

Benefits are not currently adequate to meet needs – sorting that needs to be an urgent priority. CPAG believes that training options for lone parents and others should be much better than they are. We would welcome additional money for poorer families, especially to cover the additional costs implied for parents.

Question 12: Are there any other circumstances where customers cannot get the skills they need to enter employment under present and planned arrangements?

We would raise concerns around the quality and relevance of some training, the funding which backs it up and in particular the quality of local policy delivery (eg ESOL provision).

Question 13: How might we build on the foundations of the current rules so that they do not discourage unemployed people from volunteering as a deliberate back-to-work strategy, while retaining a clear focus on moving off welfare into paid work.

See commentary throughout the chapters.

Question 14: Do you agree that the WCA and WFHRA should be re-focused to increase work-related support?

As detailed above, we welcome any form of voluntary work- related support. We take this opportunity to remind the Government that both the WCA and WFHRA represent major change both in the way incapacity for work is identified and accommodated - the effects of which were trialled on an extremely small sample. The Government has high expectations that this will have a major impact on benefit receipt, estimating that there will be as many as 60,000 more refusals a year in the first year alone. We

would ask that attempts are made to monitor what happens to these claimants in terms of whether they are able to engage with the JSA regime and what the effect is on poverty.

Question 15: What expectations should there be of people undertaking the personalised support we will now be offering in the Work-related Activity Group? Could this include specific job search?

We do not accept the term 'expectation', personalised support should be provided on a supportive, positive, basis and any expectations negotiated between claimant and adviser. No it should not include specific job search.

Question 16: How can we make Access to Work more responsive to the needs of claimants with fluctuating conditions – including mental health conditions?

If a condition is fluctuating, it may be that on the point at which work is gained the person will be going through a positive period of health and ability. It may therefore be difficult to assess the work-related needs that should be met by Access to Work if the condition deteriorates again. Both those with fluctuating conditions and other beneficiaries of Access to Work would benefit if their entitlement to support through the scheme was determined when assessments are made for the purpose of entitlement to ESA. They could then approach employers with that hurdle already passed and with the certitude that they have already been awarded an Access to Work Credit. This would make them more employable and decrease the amount of bureaucracy at the point of starting a job.

Question 17: What additional flexibilities in the system or forms of support would claimants with multiple and complex problems need to enable them to meet the new work-focused requirements proposed in this Green Paper?

Successful multi-agency cooperation and communication will be key for those with multiple and complex needs, otherwise progress in one area will be undermined by failure of support and service provision in another. For example, a claimant may disconnect with job search activity and be sanctioned as a consequence, only for it to be found on appeal that the claimant's doctor had amended their prescription with unsuccessful consequences. There are issues about confidentiality in sharing of information, but even if claimants may be protected at appeal stage from sanctioning in such circumstances, it will be costly to individuals and in terms of funding if such failures are not prevented.

It is unlikely that everything will be got right first time round for this group. It is important that there are mechanisms in place for continuous evaluation so that lessons are quickly learned and acted on.

Question 18: What are the key features of an action planning approach that would best support employees and employers to take the steps for the employee to make a swifter return to work?

We are not best placed to answer this question.

Question 19: None in the document

Question 20: What approach might be suitable to assist partners of benefit claimants who can work into employment?

As a group committed to the eradication of child poverty, we urge that parents, whether lone or partners in a couple, should have choice about entering work and that such a choice needs a far greater level of support than currently available. In particular childcare provision is extremely patchy and inadequate for older and disabled children. CPAG opposes an increase in conditionality and consequential sanctions which can only create hardship for parents and their children. It is also very unclear how the proposals will actually work in practice.

Question 21: What are the next steps in enabling disabled people, reliably and easily, to access an individual budget if they want one? Should they include legislation to give people a right to ask for a budget or will the other levers the Government has got prove sufficient? What are the safeguards that should be built in? How can this be done?

Our main concern in relation to the issues raised in chapter 5 is the adequacy, rather than the method, of funding to meet care and support needs. In this context, our response to question 21 is that disabled people should have a right, enshrined in legislation, to request an individual budget to meet their care and support needs, at a rate sufficient for them to afford to secure the services they require to meet those needs.

Question 22: Is a system based on a single overarching benefit the right long-term aspiration? How could a simpler system be structured so as to meet the varying needs and responsibilities?

See comments to chapter 6.

Question 23: Would moving carers currently on IS onto JSA be a suitable way of helping them to access the support available to help combine caring with paid work or preparing for paid work?

No. CPAG believes that JSA is not the appropriate benefit for carers who already are engaged in working in their role as carers. If the Government wants to provide an enabling role to carers whose circumstances are such that they feel able to combine working as a carer with some paid work there is no reason why it cannot create access to this support.

Question 24: How might we reform Bereavement Benefit and IIDB to provide better support to help people adjust to their new circumstances while maintaining the work focus of the modern welfare state?

CPAG finds the context described for reform of these two benefits misleading. Bereavement benefits were reformed in 2001 and are payable to both bereaved men and women. They are not therefore, as the Green Paper implies, based on any outdated notion of gender roles. The benefit does not imply or produce any dependency as it is only payable for a period of 52 weeks unless there are dependent children. The benefits already include a lump sum to assist with sudden adjustment to changed financial circumstances. IIDB is not means-tested, and is therefore available to those who remain in remunerative work – it is therefore ideally suited to assist those who have suffered injury at work, to remain in work, as it provides a supplement for what will be in many cases a reduced level of earnings.

Question 25: Are lump sum payments a good way of meeting people's needs? Do they give people more choice and control? Could we make more use of them?

This question appears to be directed at the proposals for bereavement benefits and IIDB. As we have said above, bereavement benefits already include a lump sum payment and it is not clear why the Government thinks IIDB would better meet people's needs and give them more choice and control if it were paid in a lump sum. CPAG believes it would be unfortunate if two benefits which provide a valuable role in lifting vulnerable people out of poverty, avoid the complexity of means testing, provide a clear benefit for working and contribute to the eradication of child poverty were to be sacrificed as they appear to the Government to no longer fit within a work-first ideology.

Question 26: What information would providers need to make the Right to Bid effective? How would the evaluation process need to work to give providers confidence that their ideas would be evaluated fairly and effectively? How do we get the balance right between rewarding those who come up with new ideas and the obligation to tender projects?

Please see the suggested considerations from our research on contracting out, as set out in our comments on chapter 7.

Question 27: What would the processes around contributing to commissioning and performance management look like in a range of different partnership areas? How might they best be managed to achieve the desired outcomes?

Please see the suggested considerations from our research on contracting out, as set out in our comments on chapter 7.

Question 28: How could a link be made to the radical proposals for the pilots set out in Chapter 3, which seek to reward providers for outcomes out of benefit savings they achieve?

Please see the suggested considerations from our research on contracting out, as set out in our comments on Chapter 7.

Question 29: How effective are the current monitoring and evaluation arrangements for City Strategies?

We do not offer a view on this.

About CPAG

CPAG promotes action for the prevention and relief of poverty among children and families with children. To achieve this, CPAG aims to raise awareness of the causes, extent, nature and impact of poverty, and strategies for its eradication and prevention; bring about positive policy changes for families with children in poverty; and enable those eligible for income maintenance to have access to their full entitlement.

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