
A Stepping Stone to Employment?

An Evaluation of the Permitted Work Rules Wave 2

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Background

The new Permitted Work Rules were introduced in April 2002 and replaced the existing provisions, commonly known as therapeutic work (TW). Under the new rules, claimants of incapacity-related benefits may work up to 16 hours per week and earn a set amount each week, but (unlike TW which was not time-limited) for a set period of time only (up to a maximum of 52 weeks). This is called the 'Permitted Work Higher Limit' or PWHL. For some claimants (mainly those with more severe health conditions and impairments), this work can be undertaken indefinitely but only under supervision; this work is called 'Supported Permitted Work' or SPW. Essentially, the new rules aim to help people on incapacity-related benefits to undertake, or try, some work whilst continuing to receive benefits but with a much greater emphasis on helping them to progress to full-time employment over time.

This report is the result of a two-year evaluation of the new rules which aimed to:

- identify the characteristics and experiences of people who make use of the new rules.
- explore the extent to which the new Permitted Work Rules provide a 'stepping stone' to employment.
- explore the use of the new rules by Jobcentre Plus staff.

Methodology

This study consisted of two quantitative telephone surveys of TW, PWHL and SPW clients. The first survey of 1,435 clients (wave one) was undertaken between January and March 2003, just before the one-year transitional arrangements came to an end for TW clients. The second survey (wave two) went back to 929 of these respondents in March and April 2004. Both quantitative surveys were backed up with a series of in-depth interviews with a smaller number of clients. Focus groups with staff at six Jobcentre Plus offices were also undertaken at each survey wave in order to gather their views on the new rules and to understand how they were implementing and using them.

Key Findings

- The new Permitted Work Rules are working for some clients, in particular, those clients who are new to work. There is clear evidence that, for a (not insignificant) minority of clients, the Permitted Work Rules have acted as a stepping stone to employment, and as a shift away from benefits. Clients who are most likely to have moved off benefits and into work are those who had undertaken some work under the new rules *ie* PWHL clients.
- There are indications that some people with particular health conditions and impairments fare better than others in Permitted Work. Clients with musculo-skeletal difficulties and mental health conditions appear to be the most likely to have moved into sustained employment over time.
- Many respondents have discovered that their health conditions and impairments are not the barriers to work that they originally thought. Although many clients feared worsening health as a result of working, these fears were mainly unfounded.
- Working is, without doubt, very beneficial for those who have engaged in it. Both soft and hard gains have been reported from work, and there are some concerns that these gains will be lost, or reduced, if people cannot stay in (some) employment.
- Awareness and understanding of the new Permitted Work Rules is generally low amongst the Permitted Work Rules client group. Claimants have requested additional information, help and support about work-related issues, including more face-to-face contact. This is backed up by Jobcentre Plus staff, who believe that one-to-one contact can help people to progress into successful and sustainable job outcomes.

Current activity

Almost one-quarter of all wave two survey respondents (24 per cent) were in work and not receiving state benefits at the time they were surveyed; 17 per cent of all respondents were in work and off benefits entirely whilst seven per cent were in work and receiving tax credits. PWHL clients were the most likely to have moved off benefits and into sustained employment with or without tax credits (34 per cent of all PWHL respondents were in this position at wave two compared to 21 per cent of SPW clients and 17 per cent of TW clients). 37 per cent of all wave two respondents were in work and continuing to receive incapacity-related benefits, that is they were in some form of Permitted Work. The remaining 39 per cent of wave two respondents were not in work, the majority of these were receiving state benefits.

Respondents with mental health conditions and those with musculo-skeletal difficulties were the most likely to have moved away from incapacity-related state benefits and into work with or without tax credits than respondents in any other specific impairment group. Respondents with severe or specific learning difficulties, and those with progressive illnesses, were the least likely of respondents in any impairment group to have moved off state benefits and into sustained work.

Fifty per cent of all respondents to the wave two survey were in employment at both survey points. TW clients were slightly more likely to have been in employment at the time of both surveys (56 per cent) compared to PWHL respondents (42 per cent) and SPW respondents (41 per cent). TW clients would have reached the end of their 52 weeks' work on PWHL in April 2004, soon after the wave two survey was carried out. This means that their position, or current activity, may have changed within a few weeks of the research.

One-third of all wave two respondents (33 per cent) reported that they were not working at either survey point and this was particularly the case for SPW respondents (48 per cent of whom said they were out of work at the time of both surveys) compared to PWHL respondents (35 per cent) and TW respondents (29 per cent).

Ten per cent of all wave two respondents had started employment at some point since taking part in the wave one survey at which time they had been inactive, or out of work. PWHL respondents were slightly more likely to have taken up employment since wave one (15 per cent) compared to SPW clients (ten per cent) and TW respondents (seven per cent).

Seven per cent of wave two respondents had given up work since the wave one survey. SPW clients were the least likely to have given up work between the survey waves (just one per cent of SPW clients had stopped working between waves) compared to TW respondents (seven per cent of whom had given up work) and PWHL respondents (of whom nine per cent had stopped work since wave one).

Respondents with progressive illnesses seem to have fared the least well in relation to undertaking Permitted Work over time. Respondents with progressive illnesses were the least likely of respondents in any impairment group to have been in work at both survey points (just 36 per cent of these clients reported being in work at wave one and wave two). These respondents, along with respondents with sensory impairments, were also more likely to have given up work since wave one than respondents with other types of impairments (17 per cent of these respondents had given up work between the two survey points). Respondents with progressive illnesses, and those with severe or specific learning difficulties, also seem slightly more likely to have been out of work at both survey points compared to respondents with other impairments.

Respondents in work

Most respondents who were in work at waves one and two (60 per cent) were working the same number of hours at both survey points. This was particularly the case for TW and SPW respondents.

Just under one-quarter of respondents who were in work at both survey points (24 per cent) reported that they had actually increased their hours of work since they were interviewed at wave one. PWHL respondents were much more likely to have increased their hours over time than TW or SPW respondents. Respondents were motivated to try working more hours in order to increase their income, and also because their health condition/impairment had improved. Many of these clients had been concerned that increasing their hours would have a detrimental effect on their health condition or impairment, however on reflection, most of these respondents said that these fears had been groundless.

Thirteen per cent of respondents who were working at wave one and wave two said they had reduced their working hours since the first survey. The main reason they gave for doing this was that their health condition or impairment had become worse. Some respondents also reported that they had reduced their working hours because of the Permitted Work Rules.

Just over one-third of respondents who were in work at both survey waves (36 per cent) were working for 16 hours or more per week although PWHL clients were much more likely to be working these hours (61 per cent) than SPW clients (36 per cent) and TW clients (25 per

cent). The remainder of respondents in work at both survey points were working for 15 hours per week or less.

Clients who reported that they had started work since the wave one survey, (some ten per cent of all respondents to the wave two survey), said that their main reasons for doing so were to keep occupied and active, and to increase their income. Just over half of these respondents were working 16 hours or more per week indicating that those who are new (or newer) to working are more likely to be making shifts away from Incapacity Related Benefits (IRBs) and into full-time work (*ie* of 16 hours or more per week).

A number of clients in the qualitative interviews reported that the Permitted Work Rules had given them the opportunity to have a taster of work before they committed to permanent employment. Some respondents said that the Permitted Work Rules had been a stepping stone to full-time work and that they would not have moved into work without it.

Respondents not in work

The majority of people who had given up work since the wave one survey said that they had done so because of their impairment or disability, because of the Permitted Work Rules and/or because the work was only temporary. During the in-depth interviews, several clients reported that their health condition or impairment limited the number of hours they could work to less than 16 hours per week. These respondents reported that they had left their employment because the Permitted Work Rules would not allow them to continue working these hours indefinitely.

Gains from working

The gains from working amongst the Permitted Work Rules client group should not be underestimated. Most respondents reported that they felt a greater sense of achievement in work, felt more involved in society and preferred to earn a living rather than rely on benefits. In addition to improving their work-related skills, the majority of respondents also said that working had improved their self-confidence and motivation, and had given them a greater sense of independence. Importantly, their most recent experience of work had given many respondents the knowledge that they could cope with work, regardless of their health condition or impairment.

There is some concern amongst clients and staff alike, however, that some of the gains made as a result of working may be lost if clients have to give up their employment because of the Permitted Work Rules.

Contact with Jobcentre Plus

The wave one survey found that awareness of the new rules was not as high as might be expected given that all clients taking part in the survey were, or had been, working and receiving benefits recently, and had received notification of the new rules. Just over half of all wave one respondents had heard of the Permitted Work Rules, and almost one-half of these respondents had actually spoken to someone about the rules. However, only half of these contacts had been with someone from Jobcentre Plus.

Most of the Jobcentre Plus staff who took part in the focus groups thought that there was insufficient publicity about the rules which resulted in low levels of awareness amongst the client group. Staff suggested that a national leaflet, explaining the rules in simple terms, would be particularly useful.

Just over half of all wave two respondents (58 per cent) could recall having contact with their local office at some time during the previous 12 months. Of these respondents, some 22 per cent had been in contact with Jobcentre Plus about the Permitted Work Rules themselves but fewer had been in touch with their office about starting, continuing or finishing some sort of paid work. This level of contact (or level of recall of contact) continues to be low given that all respondents will have received some communication about the Permitted Work Rules over this time frame.

Many respondents requested additional help and support from local offices. The type of help that respondents would have liked included the offer of more general help and support, a clearer explanation of the rules, more specific information on what they could and could not do, and more face-to-face contact to explain the rules.

Jobcentre Plus staff felt that people who had received some sort of face-to-face help were more likely to use the Permitted Work Rules as a tool to get back into work. They thought that higher levels of support for clients would result in more successful transitions to work.

Less than one-fifth of wave two respondents (18 per cent) had received an in-work benefit calculation or information on whether they would be better off in paid work. However, respondents who had received this type of help overwhelmingly reported that this type of advice had helped them to make the decision to start work. Half of respondents who had not had a better-off calculation said they would have liked one, again highlighting the need for a better flow of information to this client group about the financial (and other) benefits of working.

The Future

Turning to the future, the majority of wave two respondents who were in employment (67 per cent) thought they would 'continue working as now', with no change to the number of hours they worked. TW clients' intention to continue working their current hours raises particular concern. The majority of these respondents are working less than 16 hours per week (66 per cent) and seem to be unaware that, under the new Permitted Work Rules, they will be unable to continue working these hours indefinitely. PWHL clients are more likely to be working 16 hours or more per week (65 per cent) and thus the intention to continue their hours is less problematic. Having said this, one-third (or 33 per cent) of PWHL clients are working less than 16 hours a week and believe that they can continue. This belief seems to reflect the fact that some clients generally do not understand the rules and the impact they will have on future work decisions.

Almost one-fifth of respondents who were in work at wave two thought that they would increase their hours (19 per cent), and the majority of these (71 per cent) intended to work for 16 or more hours per week. The main reason for respondents' increasing the number of hours worked was to increase their income. Many respondents who wanted to increase their hours were concerned about doing this; almost three-quarters of them thought they may experience problems. These anticipated problems related mainly to fears that their health may suffer as a result of more work, fears that were found by many respondents increasing their hours between waves one and two to be groundless.

Four per cent of wave two respondents who were in work at the time of the second survey thought they would decrease the number of hours that they worked and a similar proportion thought they would give up work altogether. The main reasons they gave for decreasing their hours or finishing work were the Permitted Work Rules, the benefit rules and because they feared that their employment may make their health condition or impairment worse.

Most of the respondents, who were not in work at the time of the wave two survey, thought it likely that they would remain inactive in the near future. Over 80 per cent of respondents who had no intention of going back to work said this was because their health condition had deteriorated, or because they feared it would do so if they took up work again.

More positively, 31 per cent of respondents who were not in work at wave two reported that they intended to start some paid work in the near future. PWHL and SPW respondents were particularly likely to report that they wanted to go back to work compared to TW

respondents. This suggests that people who had undertaken work under the new rules are more inclined to try it again compared to people who had worked under the old TW regime. Most people who were planning to start work again wanted to work for 16 hours or more (62 per cent) again indicating a better understanding of the new rules amongst those clients who were newest to working *ie* PWHL and SPW respondents.