

**Department for Work and Pensions**

**Research Report No 525**

# **Pathways to Work for new and repeat incapacity benefits claimants: Evaluation synthesis report**

**Richard Dorsett**

A report of research carried out by the National Institute of Economic and Social Research on behalf of the Department for Work and Pensions

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# Glossary and abbreviations

ADF	Advisers' Discretion Fund
CBA	Cost-benefit analysis
CMP	Condition Management Programme
DEA	Disability Employment Adviser
DiD	Difference-in-differences
DLA	Disability Living Allowance
DWP	Department for Work and Pensions
ESA	Employment and Support Allowance
FRS	Family Resources Survey
FTA	Failure to Attend
IB	Incapacity Benefit
IBPA	IB Personal Adviser
Incapacity benefits	Incapacity Benefit or Income Support claimed on the grounds of disability
IWS	In-Work Support
IS	Income Support
JSA	Jobseeker's Allowance
LMS	Labour Market System
NBD	(DWP) National Benefits Database
NDDP	New Deal for Disabled People

NHS	National Health Service
NI	National Insurance
PCA	Personal Capability Assessment
PCT	Primary Care Trust
RTWC	Return to Work Credit
SDA	Severe Disablement Allowance
TfW	Training for Work
WBLA	Work-Based Learning for Adults
WFI	Work Focused Interview
WTC	Working Tax Credit

# Summary

## Introduction

Pathways to Work ('Pathways') was introduced on a pilot basis following proposals in the 2002 DWP Green Paper, *Pathways to Work: helping people into employment*. Since then, it has been rolled out in stages, achieving nationwide coverage in April 2008. The Department for Work and Pensions (DWP) has commissioned a consortium of research organisations to carry out an evaluation of Pathways.<sup>1</sup> This report synthesises the findings from the various strands of this evaluation relating to new and repeat incapacity benefits claimants in the original seven pilot areas.

Pathways is aimed at improving opportunities among people claiming incapacity benefits. To this end, it introduced a number of innovations for those beginning an incapacity benefits claim, including:

- a faster Personal Capability Assessment (PCA);
- a series of Work Focused Interviews (WFIs), mandatory for most customers, carried out by specially-trained advisers;
- a package of new and existing voluntary provision known as 'Choices'. This includes the New Deal for Disabled People (NDDP) and the Condition Management Programme (CMP) – a new programme run in collaboration with local health providers to help individuals manage their disability or health condition;
- a Return to Work Credit (RTWC) for those entering full-time employment;
- In-Work Support (IWS) and other help for those entering employment.

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<sup>1</sup> The research consortium is led by the Policy Studies Institute and includes the Institute for Fiscal Studies, Mathematica Policy Research, the National Centre for Social Research, the National Institute of Economic and Social Research, the Social Policy Research Unit and David Greenberg of the University of Maryland.

## Characteristics of the Pathways population

Surveys carried out as part of the evaluation provided an understanding of Pathways customers in the pilot areas:

- all ages in the 18 to 59 eligible range were fairly well represented, although there was some concentration towards the upper end;
- they were slightly more likely to be male than female;
- the overwhelming majority of claimants were white;
- about a quarter lived alone and roughly a third of households had dependent children;
- just under half owned their accommodation or had a mortgage;
- nearly a third had no qualifications and only half were educated to NVQ level 2. Most (84 per cent) reported no basic skills problems;
- nearly a third had musculo-skeletal problems, while roughly a quarter suffered from mental health problems;
- most common was for the health condition to have arisen one to two years before the survey interview. However, a quarter of survey respondents had their health condition for more than ten years.

## Customer and adviser views and experiences of the WFI regime

The Incapacity Benefit Personal Adviser (IBPA) is central to the delivery of Pathways. Over the course of the WFIs a positive rapport often developed between the IBPA and the customer. This was helped where customers always saw the same adviser. IBPAs provided reassurance to customers as they entered Pathways and, over the course of the WFIs, increasingly tended to provide support and encouragement with their efforts to move closer to the labour market. Pathways customers generally valued the IBPA role.

In practice, attending a series of six WFIs was relatively unusual and only 14 per cent of those surveyed had done so. This could be for perfectly legitimate reasons, such as leaving benefit or being PCA-exempt. Some IBPAs used waivers and deferrals to prioritise those felt more likely to gain from Pathways.

The first WFI is an opportunity for the IBPA to find out about the customer, to provide reassurance, if necessary, that the purpose of Pathways was not to push the customer into work but to present opportunities that might be of interest and help. Later WFIs tend to focus increasingly on issues related to employment and might involve an element of reviewing changes since the previous meeting.

Where customers were not interested in working, IBPAs felt that subsequent WFIs achieved little, a view that seemed to be confirmed by the customers themselves.

Others were ready straightaway to engage with the idea of work. Between these two extremes was a further group of customers who may not enter work immediately but might move towards it. IBPAs felt that it was important to recognise such progress and not to concentrate purely on entry into employment.

IBPAs reported that training had been helpful in improving interviewing skills and showing how to present the possibility of work as an empowering opportunity. However, there was concern that the training did not adequately cover the details of the Pathways process. Furthermore, it could be difficult finding time between training sessions to learn more about the services available under Choices, sometimes resulting in patchy understanding of available services. IBPAs often wanted more training on how to deal with customers with complex or severe medical problems. It appears that the delivery and coverage of training improved over time.

Some customers reported that attending WFIs had made them think more openly about working in a way that they would not have done otherwise. Others reported that their initial enthusiasm declined when they were unable to find work. While Pathways could provide welcome support and assistance, to be most effective, this had to come at a time when other personal barriers – notably, health-related barriers – had been overcome.

The issue of job targets became of increasing concern over time, with most IBPAs reporting that they had both personal and office targets they were expected to meet. Referral targets also existed for Choices. This was often felt to run counter to providing support that best reflected individuals' needs and circumstances.

IBPAs were often reluctant to impose sanctions for non-attendance and sometimes avoided the need for them through the use of waivers and sanctions. Initially, fewer than half of all customers (44 per cent) were aware that non-attendance could trigger sanctions. However, there appears to have been growing awareness over time.

Often it appears that non-attendance resulted from a communication problem and that sending a warning letter and telephoning customers following a missed WFI was enough to trigger subsequent attendance without requiring a sanction. Where sanctions were used, they tended to be effective in improving attendance but less so in encouraging meaningful engagement with the Pathways process.

## Customer and adviser views and experiences of the voluntary components of Pathways

About a quarter of customers participated in one or more of the Choices elements. Most common among these was NDDP, which had a take-up rate of ten per cent. NDDP participants tended to be those who were neither closest to, nor furthest from, work. Participation was somewhat concentrated among men, those in their 30s and those with a sensory impairment. The take-up rate of CMP – perhaps

the most innovative of the Choices programmes – was roughly half that of NDDP. Participants tended to be further from work and were more likely to be aged 40 or more and to have a mental health problem.

Through referrals, IBPAs had an important influence on Choices participation. Advisers tended to be familiar with NDDP and so would feel comfortable referring customers to Job Brokers. Over time, IBPAs also developed stronger relationships with CMP providers and grew more knowledgeable about what that programme could offer. In line with this, they became better-placed to refer those customers most likely to benefit from CMP. Some participants reported benefits in terms of improved well-being, learning how to manage their condition better and preparing for work. IBPAs often reported visible improvements among CMP participants.

Referrals to IWS – another service introduced by Pathways – were lower than expected by providers, prompting concerns that some customers might miss out. One reason for this was felt to be low awareness among Jobcentre Plus staff and a lack of clarity about how IWS fits with NDDP. Referrals to IWS could be some time after individuals entered work, meaning they missed out on support during their transition from incapacity benefits to employment.

Awareness of IWS among customers was rather low and it was not generally felt to have had much influence on the decision to return to work. However, among those concerned about how they would cope with work, IWS could be viewed as an important part of the package of support available under Pathways.

The RTWC is an earnings supplement of £40 per week payable for up to a year to those entering certain types of work. Customers' awareness of RTWC was high which, coupled with a simple application process, resulted in high take-up among those eligible (74 per cent). Some IBPAs were concerned about what would happen after customers' entitlement ended but mostly expected that customers would have moved towards financial independence by that stage. In line with this, recipients planned to continue working after expiry of RTWC. The main role of the RTWC was felt to be providing support during the transition from benefit to employment.

While the availability of RTWC can strengthen the incentive to work, some IBPAs felt that it was mostly taken up by customers who would have returned to work anyway. In some cases, individuals only found out about RTWC at the time of job entry, so there was less room for it to provide an incentive to work. However, it may still play a role in helping job entrants remain in employment.

## The effectiveness and cost-effectiveness of Pathways to Work

The impact of Pathways was examined using both survey data and administrative data. For a given outcome, comparing the difference between pilot and non-pilot areas before and after the introduction of Pathways gives an estimate of the effect

of the programme. This is the 'difference-in-differences' (DiD) estimator. The key results are as follows:

- The effect on **employment** grew quite slowly, reaching a level of about seven percentage points 18 months after the initial incapacity benefits enquiry. Without Pathways, the rate of employment in month 18 would have been 28 per cent. Hence, Pathways increased employment by roughly 25 per cent. Perhaps surprisingly, there was no corresponding effect on **earnings**.
- Pathways reduced the proportion claiming **incapacity benefits** after 18 months by 1.5 percentage points. Without Pathways, receipt at this point would have been 52 per cent. Larger effects were visible earlier in the claim, peaking at six percentage points five months after the start. The eventual level of 1½ to two percentage points was reached by about month ten.
- Analysing joint **employment and benefit** outcomes showed that it was among those not claiming benefits by the time of the survey interview that the employment effect was evident. This helps explain the apparent contradiction of an employment effect without an accompanying benefit effect.
- Pathways had no significant effect on whether individuals reported having a limiting **health** problem or disability. The proportion reporting a health condition or disability that limited the ability to carry out day-to-day activities 'a great deal' was reduced by nearly 11 percentage points.
- There was some evidence of variation in the effectiveness of Pathways. The positive and significant employment effects appear to have been concentrated among women, those under the age of 50, those not reporting a mental health problem and those with dependent children.
- There is little evidence of Pathways having a substantial effect on voluntary participants or non-participants. Those with an existing incapacity benefits claim were slightly (less than one percentage point) more likely to exit benefits as a result of Pathways. For claimants of other benefits, there was little evidence of any impact except among existing Jobseeker's Allowance (JSA) claimants in the October pilot 2003 areas who were around 3.5 percentage points less likely to move off benefit within six months of Pathways being implemented.
- Additional analysis examined the likely effect of Pathways (as implemented in the pilot areas) were it to be rolled out nationally. This suggested that the impacts observed in the pilot areas were likely to apply equally to other parts of Britain outside London. For London itself, the estimated effect of Pathways on benefit exits is less certain.

The average net cost per incapacity benefits enquiry (that is, the additional costs that result from Pathways) was £340 in the seven pilot areas. The main elements were staff salaries, the CMP and the RTWC. Costs are as low as they appear because Pathways had only moderate effects on the proportions of those making enquiries who received WFIs, the Choices components and the various types of customer payments.

The total benefit of Pathways depends on how long its impacts last, something it is not possible to observe with the available data. Under the fairly pessimistic assumption that the impacts last 70 weeks, the benefits of Pathways to the individual are estimated at £526 and the Exchequer benefits are estimated at £515. Alternatively, the more optimistic assumption of impacts lasting for 150 weeks (i.e. roughly three years) implies individuals gain £935 from Pathways and the Exchequer gains £1,088.

With estimates of both the costs and benefits of Pathways, the net benefits can be estimated simply as the difference between the two:

- for individuals making enquiries about claiming incapacity benefits, measured financial benefits were estimated to average £526 (in the case of impacts lasting 70 weeks) or £935 (if impacts last 150 weeks);
- for the Exchequer, net measured financial benefits per incapacity benefits enquiry were estimated to be £175 (£515-340) if impacts last 70 weeks or £748 (£1,088-£340) if impacts last 150 weeks;
- for society as a whole, the net measured financial gain is the sum of the benefits to individuals and the Exchequer. This was £701 (if the impacts last 70 weeks) or £1,683 (if the impacts last 150 weeks).

## Conclusion

Pathways was successful in encouraging employment and may also have helped reduce the extent to which individuals' health conditions limited their ability to go about their everyday affairs. This was achieved in a cost-effective way with net measured benefits accruing to both the individual and the Exchequer (and therefore, to society as a whole). Benefit receipt was not substantially reduced in the long-term, however. This last point is important in light of the Government's aspiration to reduce the numbers receiving incapacity benefits from 2.74 million in 2005 to 1.74 million, or fewer, by 2015.

Drawing on the findings across the evaluation, a number of conclusions emerged:

### **Delivering Pathways – the central role of the IBPA**

- Where possible, attempts should be made to ensure customers always see the same IBPA.
- Preserving advisers' flexibility to waive or defer WFIs provides an important means of focusing the programme more squarely on those most likely to benefit.
- Given the prevalence of mental illness among the Pathways population, identifying ways of better supporting those with such a health condition would seem an important priority.

- Sufficient time needs to be devoted to training advisers about the full scope of the Pathways programme. Attention should be given to increasing the accessibility of information relating to services.
- The extent to which job targets might influence the nature of support provided to Pathways customers should be carefully examined in order to ensure that participants receive the assistance that best promotes their long-term position.
- Referral to voluntary provision should be dictated by the appropriateness of the service rather than the need to meet referral targets.

### **Delivering Pathways – improving communication with other organisations**

- Referrals tended to be higher – and more appropriate – where providers had a presence in the Jobcentre Plus office. Such co-location should be encouraged whenever possible.
- The distinction between NDDP and IWS needs to be clarified and communicated. There may be scope to streamline the provision and thereby improve efficiency.
- It is important that IWS referrals are timely so that support is available when most needed.

### **The RTWC**

- To maximise its incentive effects, advisers should emphasise the RTWC at the earliest appropriate opportunity.
- To provide more support during job entry, one possibility is to allow ‘front-loading’ of RTWC, for example, paying the first four weeks of the RTWC award (£160) at the very start of the employment spell.

The results of this evaluation need to be viewed in the context of the evolving policy environment. There are three considerations of particular relevance.

- Incapacity Benefit (IB) is due to be replaced by the Employment and Support Allowance (ESA) in October 2008, with Pathways incorporated into the new benefit;
- in much of the country Pathways is being delivered by providers in the private and voluntary sectors rather than by Jobcentre Plus;
- Pathways is being rolled out to include some existing customers.



# 1 Introduction

## 1.1 Introduction

The Pathways to Work package of reforms is aimed at improving opportunities among people claiming incapacity benefits. Under Pathways, most individuals starting a new claim must, as a condition of their benefit, attend a series of Work Focused Interviews (WFIs). They also become eligible to receive additional help and support on a voluntary basis.

Pathways was initially introduced on a pilot basis in seven areas within Britain. The Department for Work and Pensions (DWP) commissioned a consortium of research organisations to carry out an evaluation of these pilots. This consortium is led by the Policy Studies Institute and includes the Institute for Fiscal Studies, Mathematica Policy Research, the National Centre for Social Research, the National Institute of Economic and Social Research, the Social Policy Research Unit and David Greenberg of the University of Maryland. The current report synthesises the findings from the various strands of the evaluation relating to new and repeat incapacity benefits claimants in the original seven pilot areas.

## 1.2 The background to Pathways

In common with many developed countries, Britain has seen a large and sustained increase in the number of individuals claiming benefits on the grounds of sickness or disability. At the time Pathways was introduced in 2003, there were roughly 2.7 million claimants; more than the combined total number of people claiming benefits on the grounds of unemployment or lone parent status. This compares with a figure of roughly 700,000 in 1979. Most of this growth took place in the 1980s and early 1990s.

The income-replacement benefits claimed by those who cannot work for reasons of sickness or disability are Incapacity Benefit (IB) and Income Support (IS) on the grounds of disability. Collectively, these are referred to as 'incapacity benefits' in the remainder of this report. Before Pathways was introduced, claimants of these benefits were not required to engage in any work-related activity beyond an initial

WFI towards the start of their claim and an additional further interview every three years.<sup>2</sup> *Pathways* was introduced as a means of encouraging incapacity benefits claimants to consider moving closer to the labour market. Based on proposals outlined in the 2002 DWP Green Paper, *Pathways to Work: helping people into employment*, *Pathways* involves a number of innovations:

- The Personal Capability Assessment (PCA) is fast-tracked with the intention of being complete within 12 weeks of claim start, in time for the second WFI (see below).
- All customers<sup>3</sup> attend an initial WFI around eight weeks after starting their claim.<sup>4</sup> For all customers apart from those who are PCA-exempt,<sup>5</sup> a Screening Tool is used to estimate the likelihood of an unassisted return to work within a year.
- Most customers must then attend a further five WFIs intended to be approximately one month apart. The exceptions to this are those who are exempt from the PCA and those judged likely to return to work unassisted (roughly a third of the remainder). For these customers, any further involvement is voluntary (although they must still attend a WFI every three years or following a change in their circumstances).
- The Choices package bundles together new and existing provision available to all *Pathways* participants on a voluntary basis. Among these are:
  - The New Deal for Disabled People (NDDP). The NDDP has operated nationally since 2001 through a network of Job Brokers drawn from the public, private and voluntary sector who aim to help individuals make the transition into sustained employment.
  - The Condition Management Programme (CMP). The CMP is a new programme run in collaboration with local health providers and has the aim of helping individuals to manage their disability or health condition.
- *Pathways* also introduced the Return to Work Credit (RTWC) – customers who enter work can qualify for a payment of £40 per week for 12 months if their salary is not more than £15,000 per year and they work at least 16 hours a week. Other financial support is available under the Advisers' Discretion Fund (ADF) which can provide small grants to help with costs arising from finding or starting work.

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<sup>2</sup> Customers whose circumstances changed in a way that impacted on their benefit were also required to attend a WFI.

<sup>3</sup> In this report, the term 'customer' is used to refer to those individuals eligible for *Pathways* as a new or repeat incapacity benefits claimant.

<sup>4</sup> In some cases, the WFI may be deferred or waived.

<sup>5</sup> 'PCA-exempt' refers to those customers who have one of a number of specified conditions that exempt them from the requirement to undergo the full PCA process.

- In-Work Support (IWS) is a 'light touch' support provided by an IWS adviser to customers entering employment. Advisers may direct individuals towards further specialist support such as occupational health, job-coaching, general counselling or debt counselling.

In line with the 2002 Green Paper, Pathways was first introduced on a pilot basis. The pilots ran in seven Jobcentre Plus districts. In three districts (Derbyshire; Renfrewshire, Inverclyde, Argyll and Bute; and Bridgend, Rhondda, Cynon and Taff) the pilots began in October 2003 and in a further four districts (Essex; Gateshead and South Tyneside; East Lancashire; and Somerset) the pilots began in April 2004. Since then, there has been a staged roll-out of Pathways and national coverage was achieved for new claimants in April 2008. Furthermore, in the original seven pilot areas, a modified version of Pathways was introduced for some customers who already had an ongoing claim at the time Pathways was introduced.

An important development in the delivery of Pathways is the increasing involvement of private and voluntary sector providers. In those areas covered by the final two stages of roll-out (accounting for 60 per cent of the IB population), Pathways is delivered by providers rather than by Jobcentre Plus. Since this report considers the original seven pilot areas, it does not address issues related to provider-led Pathways (which is being examined in the course of the ongoing evaluation).

Pathways represents a significant development in labour market policy in at least two regards: First, it is the first policy to apply substantial conditionality to those claiming incapacity benefits. It should be noted that customers who do not comply with the requirement to attend WFIs may have their benefits sanctioned. Second, Pathways is unusual in the extent to which it is an example of a labour market programme that has been developed in collaboration with the medical profession. In addition to its employment objectives, Pathways also has a health and well-being objective. As such, it contributes to the broader Government strategy for the health and well-being of working age people.<sup>6</sup> An important motivation behind Pathways is the belief that, in many cases, work can have health benefits and, conversely, being out of work can be detrimental to health (Waddell and Burton, 2004).

### 1.3 The scale of the intervention

As well as being a significant policy development in terms of its nature, Pathways is also significant in terms of its size. This is a direct consequence of the number

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<sup>6</sup> This strategy is set out in the 2005 joint report by the DWP, the Department of Health and the Health and Safety Executive, *Health, work and well-being – Caring for our future*: [http://www.dwp.gov.uk/publications/dwp/2005/health\\_and\\_wellbeing.pdf](http://www.dwp.gov.uk/publications/dwp/2005/health_and_wellbeing.pdf) and is reviewed in 2008 report, *Working for a healthier tomorrow*: <http://www.workingforhealth.gov.uk/documents/working-for-a-healthier-tomorrow-tagged.pdf>

of people claiming incapacity benefits. Some indication of this scale is provided in this section. The discussion is limited to new and repeat claimants, plus those existing claimants who chose to voluntarily participate in Pathways.<sup>7</sup>

The figures in the remainder of this section are taken from the DWP Pathways to Work performance summaries and relate to the period up to and including October 2007.<sup>8</sup> They show the reach of the programme as it operated across Britain at that time. It should be borne in mind that the monthly intake to Pathways will grow over time as the roll-out of the programme extends to more areas within Britain. By October 2007, Pathways covered roughly 40 per cent of all new incapacity benefits claims.

With this in mind, Figure 1.1 shows the monthly intake to Pathways over the period from August 2005 until October 2007.<sup>9</sup> No strong pattern emerges from inspecting the monthly intake. There are peaks corresponding to the times Pathways was expanded to cover more of the country. Specifically, after the pilots began in October 2003 and April 2004, Pathways was extended in October 2005, April 2006 and October 2006. Geographical coverage was also enlarged in December 2006 as the redefinition of Jobcentre Plus district boundaries brought additional claimants into Pathways. Since then, the number of new Pathways entrants has remained roughly stable at about 25,000 each month.<sup>10</sup> The likely increase following the two-stage introduction of provider-led Pathways (December 2007 and April 2008) is not observable with the available data.

In total, there were 694,410 recorded Pathways starts up to and including October 2007. Of these, 92 per cent could be identified as individuals starting a new incapacity benefits claim and so participating on a mandatory basis and seven per cent could be identified as voluntary participants. In the remaining one per cent of cases, it was not possible to identify whether participation was mandatory or voluntary but it is expected that participation was mandatory for most. Over the same period there were 609,240 WFIs.

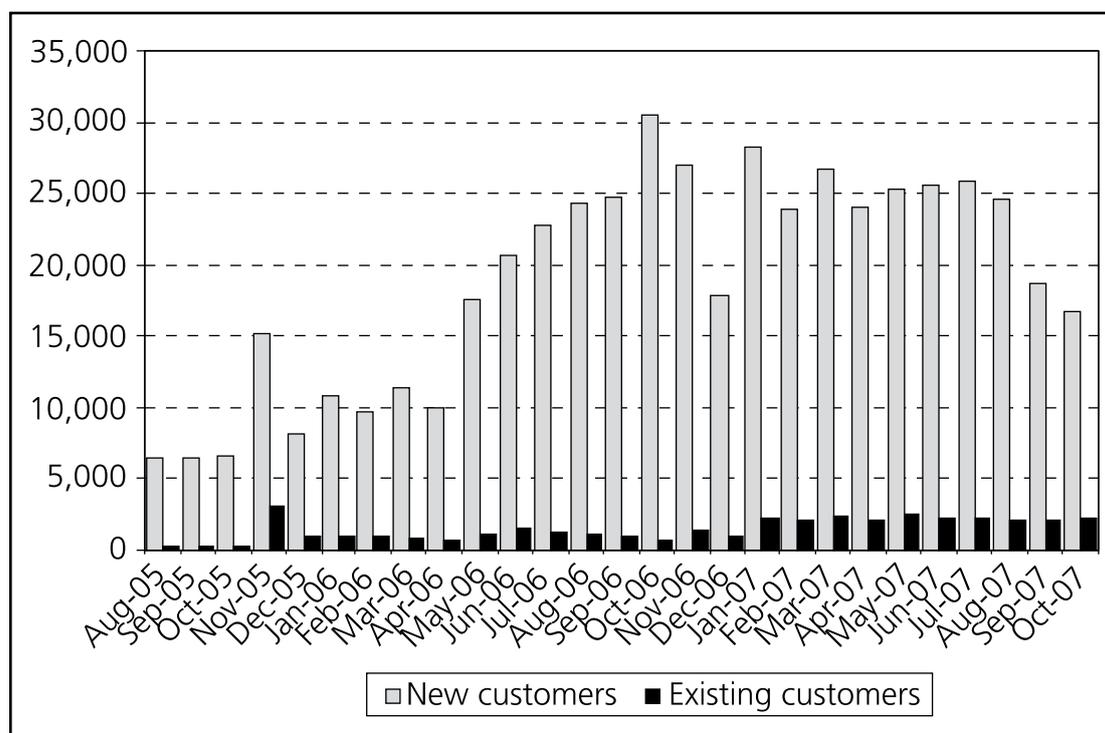
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<sup>7</sup> The mandatory extension to existing customers in the seven pilot areas is not discussed here but is being considered as part of the ongoing evaluation effort (see, for example, Bewley, Dorsett and Ratto, 2008).

<sup>8</sup> For more detailed information, see the Pathways to Work performance summaries at [http://www.dwp.gov.uk/asd/workingage/ib\\_ref\\_p2w.asp](http://www.dwp.gov.uk/asd/workingage/ib_ref_p2w.asp)

<sup>9</sup> In a number of cases, it is not possible to identify whether starts are new rather than existing claims. Such claims have been excluded from Figure 1.1.

<sup>10</sup> The figures for the most recent months shown in Figure 1.1 are likely to be subject to revision.

**Figure 1.1 Entrants to Pathways, by month**

The number of first and repeat WFIs is shown in Figure 1.2. The number of second WFIs is only about a third of the number of first WFIs. There are three important factors behind such a large decline: First, for PCA-exempt claimants, there is no requirement to participate beyond the first WFI. Second, some claimants are 'screened out' from further mandatory participation at the time of the first WFI. Third, the rates of exit from incapacity benefits are highest towards the start of the spell so some people will not have attended a second WFI simply because they are no longer claiming. With each successive WFI, the numbers drop by about a third.

Looking beyond the mandatory component of Pathways, there were 86,970 Choices starts up to and including October 2007. Of these, 52 per cent were NDDP registrations, 38 per cent were CMP referrals<sup>11</sup> and the remaining ten per cent were accounted for by a range of other programmes including Work Step, Access to Work, Work Preparation, Work Based Learning for Adults (WBLA) (in England), Training for Work (in Scotland), Programme Centres and Work Trials. Overall, take up of at least one of the Choices elements within a year of the initial WFI was about 21 per cent.

<sup>11</sup> Only **referrals** to CMP are recorded. It is estimated that around three-quarters of these actually start on the programme (March 2008 DWP **Pathways to Work** performance summary), although see the discussion later in this report.

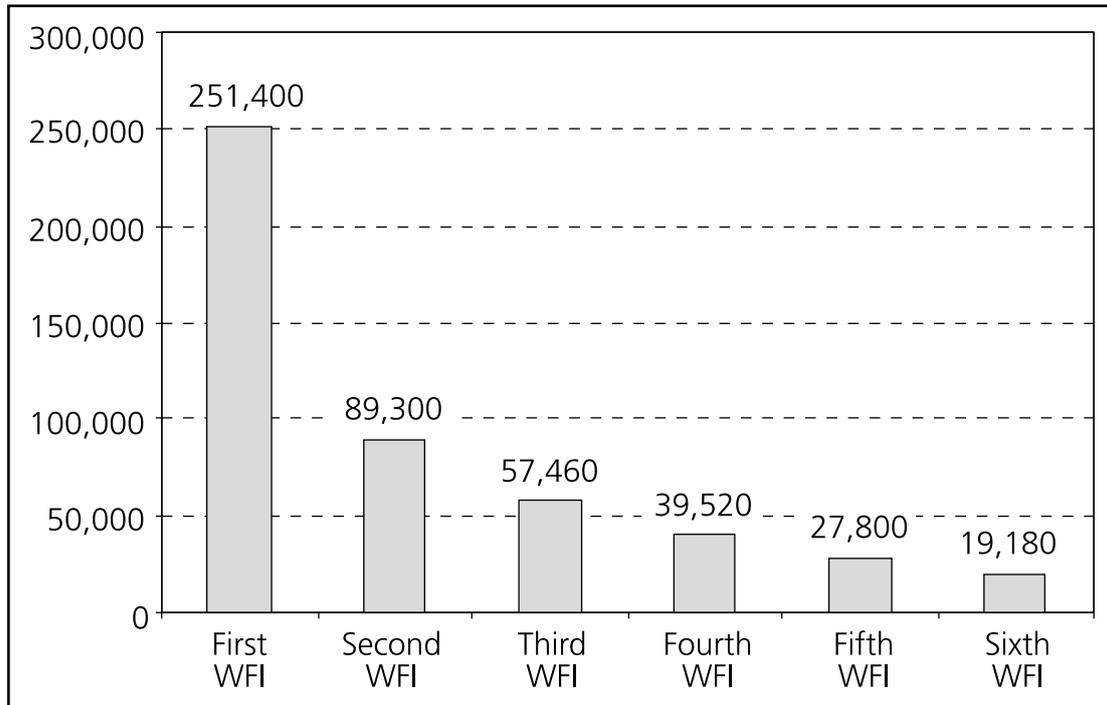
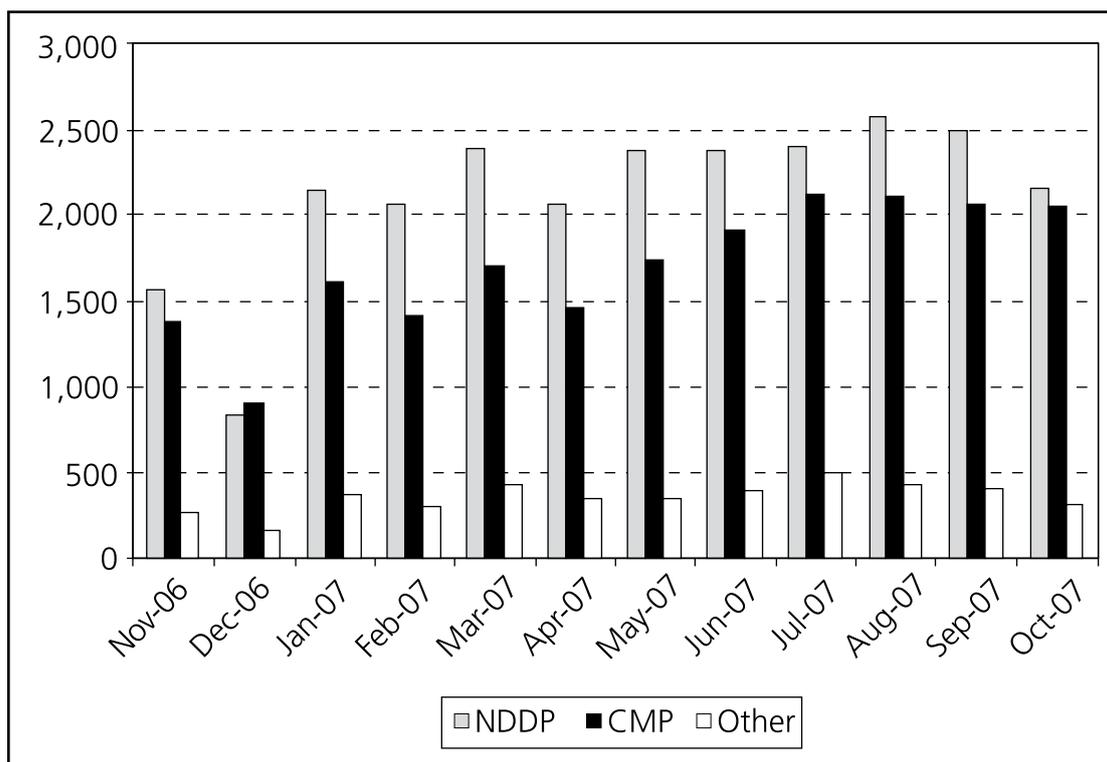
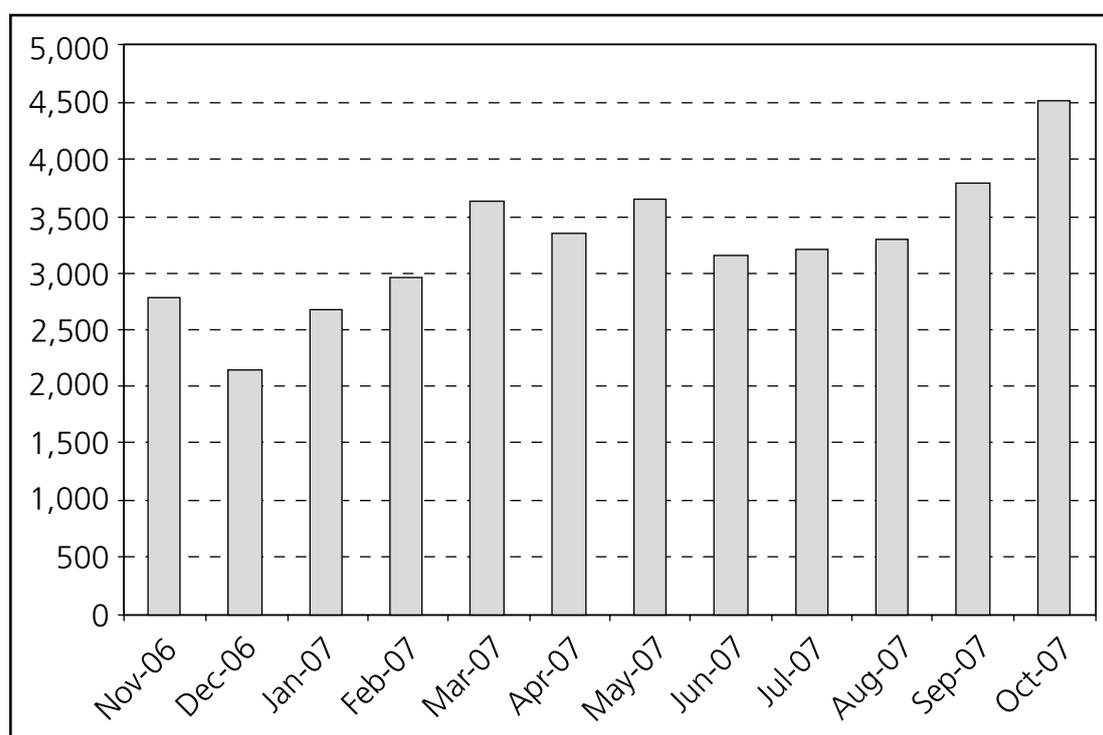
**Figure 1.2 Number of first and repeat WFIs (new customers)**

Figure 1.3 shows the number of Pathways customers entering NDDP, CMP and other Choices provision in each month from November 2006 to October 2007. The number of NDDP starts in each month is almost always greater than the number of CMP referrals. However, such a comparison is somewhat misleading since not all those referred will go on to participate in CMP.

**Figure 1.3 Entrants to Choices, by month**

Figures on job entries are available up to the end of April 2007, by which time 80,880 claimants had found work. Of these, 89 per cent were mandatory Pathways participants and 11 per cent were volunteers. Over this same period, there were 51,660 RTWC awards. By the end of October 2007, there had been 73,250 such awards. Of these, 80 per cent were identified as applying to mandatory Pathways participants. Figure 1.4 shows the total number of RTWC awards in each month from November 2006 to October 2007.

**Figure 1.4 RTWC awards, by month**



## 1.4 Overview of the evaluation

As mentioned above, the evaluation was carried out by a consortium of research organisations. The evaluation used a range of analytical approaches – both qualitative and quantitative – in order to provide a thorough understanding of the impact of the policy, its net benefit and the experience both of those delivering the intervention and those participating in it. The reports on which this synthesis is based are listed below. The numbers given in brackets will be used throughout the report to indicate the source of the evidence presented, where this is unclear.

[1] Dickens, S., Mowlam, A. and Woodfield, K. (2004) *Incapacity Benefit Reforms – Early findings from qualitative research*, DWP Research Report No. 202.

[2] Dickens, S., Mowlam, A. and Woodfield, K. (2004) *Incapacity Benefit Reforms – The Personal Adviser Role & Practices*, DWP Research Report No. 212.

[3] Corden, A., Nice, K. and Sainsbury, R. (2005) *Incapacity Benefit Reforms Pilot: Findings from a longitudinal panel of clients*, DWP Research Report No. 259.

- [4] Knight, T., Dickens, S., Mitchell, M. and Woodfield, K. (2005) *Incapacity Benefit reforms - the Personal Adviser role and practices: Stage Two*, DWP Research Report No. 278.
- [5] Corden, A. and Nice, K. (2006) *Incapacity Benefit Reforms Pilot: Findings from the second cohort in a longitudinal panel of clients*, DWP Research Report No. 345.
- [6] Barnes, H. and Hudson, M. (2006) *Pathways to Work: Qualitative research on the Condition Management Programme*, DWP Research Report No. 346.
- [7] Corden, A. and Nice, K. (2006) *Pathways to Work from Incapacity Benefits: A study of experience and use of Return to Work Credit*, DWP Research Report No. 353.
- [8] Corden, A. and Nice, K. (2006) *Pathways to Work: Findings from the final cohort in a qualitative longitudinal panel of incapacity benefits recipients*, DWP Research Report No. 398.
- [9] Bewley, H., Dorsett, R. and Haile, G. (2007) *The impact of Pathways to Work*, DWP Research Report No. 435.
- [10] Bailey, R., Hales, J., Hayllar, O. and Wood, M. (2007) *Pathways to Work: customer experience and outcomes. Findings from a survey of new and repeat incapacity benefits customers in the first seven pilot areas*, DWP Research Report No. 456.
- [11] Mitchell, M. and Woodfield, K. (2008) *Qualitative research exploring the Pathways to Work sanctions regime*, DWP Research Report No. 475.
- [12] Dixon, J. and Warrener, M. (2008) *Pathways to Work: Qualitative study of in-work support*, DWP Research Report No. 478.
- [13] Adam, S., Bozio, A., Emmerson, C., Greenberg, D. and Knight, G. (2008) *A cost-benefit analysis of Pathways to Work for new and repeat incapacity benefits claimants*, DWP Research Report No. 498.

## 1.5 Outline of the synthesis report

This report aims to provide a convenient summary of the results from the component reports. Inevitably, there is a trade-off between succinctness and comprehensiveness. Only the key results are presented here and so for more detailed findings, the interested reader should refer to the source documents. The second aim of the report is to provide an overview of the evaluation results so that some of the themes running across individual studies can be drawn out. It is hoped that this will give new insights into the impact of Pathways.

## 2 Characteristics of the Pathways to Work population

### 2.1 Introduction

The aim of this chapter is to provide an understanding of the characteristics of those individuals beginning a new incapacity benefits claim in the original seven pilot areas. As such, it is based on the findings from Bailey *et al.* (2007) which used survey data collected about 14 months after the start of claim.

### 2.2 Personal characteristics

An impression of the diversity of the population is evident from Table 2.1. Those aged between 18 and 59 are eligible for Pathways and we can see that all ages within this overall range are fairly well represented, although there is greater concentration towards the upper end of the working age distribution. The population is fairly evenly split between men and women, with slightly over half of new claims in the pilot areas made by men. Less diverse was the ethnic background of the claimants, with the overwhelming majority of claimants being white. In terms of household structure, about a quarter lived alone. Dependent children were present in roughly a third of households and in a third of such cases, the claimant had no partner. Lastly, just under half of all new claimants in the pilot areas owned their accommodation outright or had a mortgage.

**Table 2.1 Personal characteristics of the Pathways population**

	Column %
<b>Age</b>	
18 to 29 years	24
30 to 39 years	20
40 to 49 years	25
50 to 54 years	13
55 years and over	18
<b>Gender</b>	
Male	56
Female	44
<b>Ethnicity</b>	
White	96
Black	1
Asian	2
Other	1
<b>Household structure</b>	
Lives alone	26
Lives with partner and children	20
Lives with partner, no children	24
Lives with children, no partner	11
Other arrangement	19
<b>Tenure</b>	
Owned outright or mortgage	46
Renting – private	13
Renting – social or council	35
Other situation	7
<i>N (minimum)</i>	<i>3,487</i>

These simple descriptives are helpful in forming an overall impression of the target population. In turn, this highlights factors other than health-related barriers that may be relevant when considering the likely success of attempts to encourage a return to the labour market. For example, nearly a third of all new claimants are aged 50 or over and, therefore, considerations relevant to older workers also apply here.

Skills and qualifications are another factor likely to affect the ability to re-enter work, particularly in the light of recent policy announcements which promise increased support for those with a skills need.<sup>12</sup> Table 2.2 shows that there is scope to increase skills among new claimants. Nearly a third had no qualifications. Whereas four out of five individuals in the general population are educated to NVQ level 2 or equivalent, among new claimants in the original seven pilot areas, only half had reached that level. More encouragingly, most (84 per cent) reported that they did not have any basic skills problems.

**Table 2.2 Qualifications among the Pathways population**

	Column %
<b>Qualifications (NVQ equivalent)</b>	
NVQ Level 5	1
NVQ Level 4	12
NVQ Level 3	13
NVQ Level 2	24
NVQ Level 1	9
Unclassified qualification	10
No qualification	31
<b>Basic skills problems</b>	
Problems with English and maths	5
Problems with English only	7
Problems with maths only	4
No problems with English or maths	84
<i>N (minimum)</i>	3,482

While skills problems give a strong indication of employability, previous employment patterns are also important. In Table 2.3, this is explored by combining previous employment history over the two years leading up to the incapacity benefits claim with whether or not the individual has a skills problem. The three resulting categories divide the population into three quite similarly sized groups: The first group represents those with the most favourable employment history – more than a year of employment over the previous two years and without a skills problem. The second group is made up of those with less employment experience over the previous two years or who have a skills problem. This group is likely to be harder to help back into work. The final group represents those with no record of work in the previous two years and with some benefit history over this period. Such individuals are also further from the labour market and so are likely to require more assistance.

<sup>12</sup> See, for example, the 2008 White Paper, *Ready to work, skilled for work: unlocking Britain's talent* [http://www.dius.gov.uk/publications/ready\\_to\\_work.pdf](http://www.dius.gov.uk/publications/ready_to_work.pdf)

**Table 2.3 Previous employment history and skills problems of the Pathways population**

	Column %
Significant work (over 12 months work in two years to claim, no skills problems)	35
Moderate work (up to 12 months work in two years to claim, or skills problems)	35
No work (no record of work and benefits claimed)	30
<i>N</i>	3,507

Table 2.4 shows the main health condition or disability of those making a new claim for incapacity benefits. It is important to note that many individuals have multiple conditions (and indeed, some customers will acquire new conditions during the course of their incapacity benefits claim) so the results presented below are something of a simplification. It is notable that nearly a fifth reported that they did not have a health condition or disability. This is likely to be capturing those individuals whose health conditions had improved by the time of the survey interview, 14 months later.

With regard to the listed conditions, musculo-skeletal problems (arthritis, back pain, etc) appear to account for nearly a third of all individuals, while mental health problems (especially depression, anxiety and stress) account for roughly a quarter. This is somewhat different from the level of mental health recorded in administrative data which is closer to two-fifths. This may be due to differences between the data sources in the definition of mental health or in how the data are collected. For example, perhaps individuals report their health conditions differently when applying for incapacity benefits from how they would in response to a survey questionnaire. Furthermore, it may be that the differences reflect changes in individuals' health between the time the claim was made (as recorded in the administrative data) and the time of the survey, some 14 months later. It is also possible that those with mental health problems are less likely to respond to surveys and, therefore, to be observed in survey datasets. In support of this, Bewley *et al.* (2007) showed that the indicator of mental health taken from survey responses was much more similar to that taken from administrative data when analysing the data for only those individuals for whom both indicators were available.

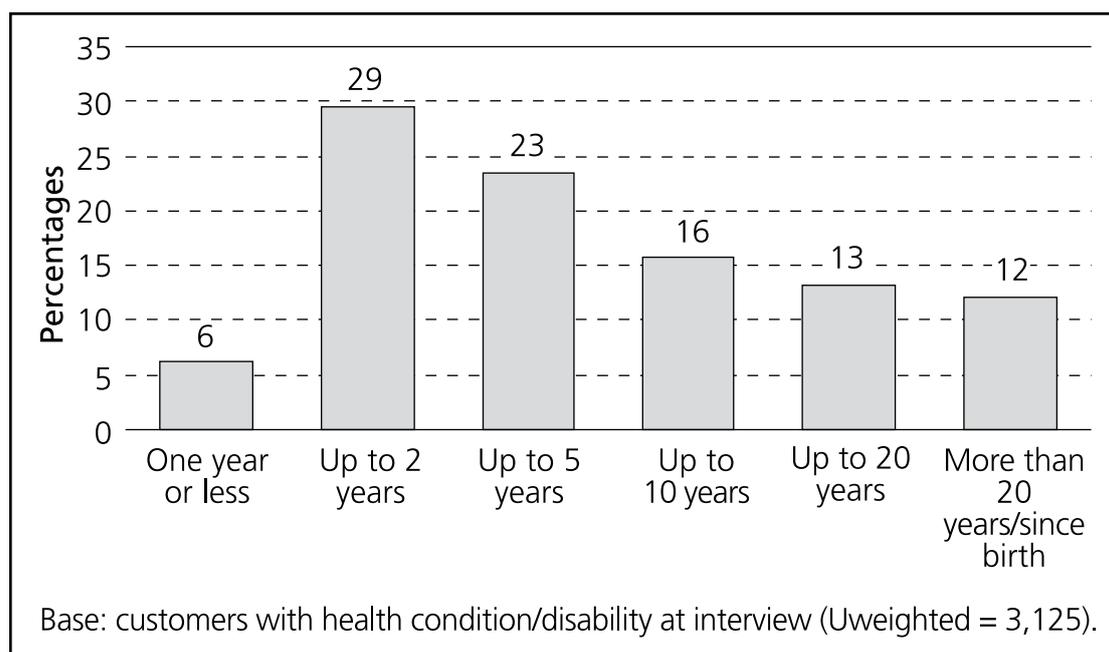
**Table 2.4 Type of main health condition among the Pathways population**

	%
Musculo-skeletal	31
Mental health	24
Chronic/systemic	17
Sensory impairment	2
Learning disabled	1
Other health condition or disability	12
None	17
N	3,470

Note: some conditions are in more than one category so figures do not sum to 100 per cent.

In many cases, the health condition had been long-standing. Figure 2.1 charts the duration of the health condition for all those reporting a health condition or disability at the time of interview. As already noted, the survey interview took place approximately 14 months after starting the claim, so it is not surprising that relatively few individuals report that their health condition began in the year leading up to the interview. Most common was for the onset to have occurred more than one year and up to two years prior to the interview. However, for many, their health condition was much longer-standing. For a quarter of survey respondents, their health condition had existed for more than ten years.

**Figure 2.1 Duration of health condition among the Pathways population**





# 3 Customer and adviser views and experiences of the Work Focused Interview regime

## 3.1 Introduction

By introducing a series of mandatory Work Focused Interviews (WFIs), Pathways substantially increases the conditionality associated with receipt of incapacity benefits. This is a significant policy development and signals a move away from categorising individuals as incapable of work and towards asking claimants to explore whether particular types of work may be possible, given their health condition.

In this chapter, participation in the WFI process is described, together with the views of both claimants themselves and those charged with delivering the new service, the Incapacity Benefit Personal Advisers (IBPAs), on the effectiveness and value of WFIs. As the conditionality implies that those who do not participate as required are penalised, the chapter also considers the sanctioning process.

The quantitative information presented in this chapter is drawn from Bailey *et al.* (2007). The analysis of claimants' and IBPAs' views is taken from a number of qualitative research reports. For clarity, the source of a particular finding is indicated using the numbering system described in the introduction to this report.<sup>13</sup>

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<sup>13</sup> This convention is followed throughout the remainder of the report.

## 3.2 Participation in Work Focused Interviews

### 3.2.1 The design of the WFI system

Under Pathways, all individuals are required to attend an initial WFI. This is designed to take place eight weeks after the start of the claim, to allow time for any processing issues and problems to be identified, for health conditions to stabilise, and for short-term claims to flow off incapacity benefits. A key function of this first WFI is to screen customers in order to identify those who are likely to exit benefit at some point in the next 12 months without help. For such individuals, attending further WFIs is voluntary. This is also true of individuals who are exempted from the Personal Capability Assessment (PCA) due to the nature or severity of their condition. The remaining customers – about 70 per cent of those who are not PCA-exempt – must attend a further five WFIs, intended to be approximately one month apart.

### 3.2.2 Informing customers of the need to attend a WFI

Customers were called for their first WFI either by a letter or a telephone call. Reactions to receiving the letter varied. Some individuals were unperturbed, whereas others felt that the explanation of how non-attendance could affect benefits was threatening. There was some concern that the purpose of the meeting was to end their benefit. Because of these anxieties, a telephone call from the IBPA was often felt to be reassuring and allayed concerns.<sup>[3,5,8]</sup>

IBPAs themselves felt that making personal contact prior to the first interview was very important.<sup>14</sup> Some felt that the mention of work in the initial contact letter was premature and unhelpful. Speaking in person to a customer in advance of the first WFI could be effective in overturning customers' negative reactions and providing reassurance that the aim of the WFI was to provide help and support. However, high caseloads among IBPAs meant that it was sometimes difficult to find the time to do this. Furthermore, some districts had a policy of making only one attempt to establish telephone contact.<sup>[2,4]</sup>

### 3.2.3 WFI attendance in practice

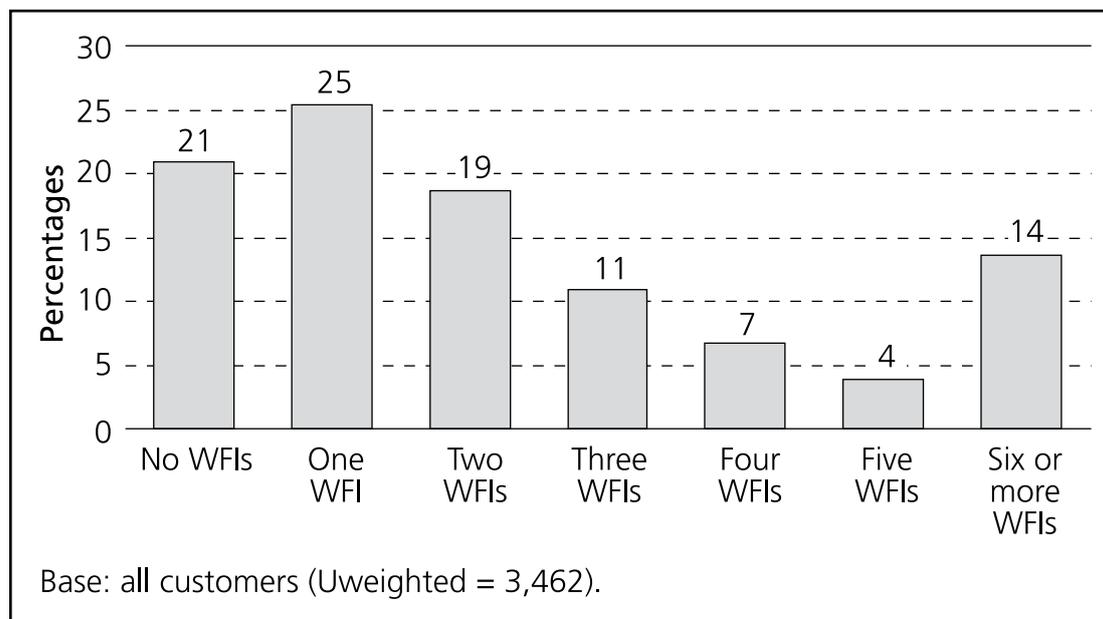
The number of WFIs attended is shown in Figure 3.1.<sup>[10]</sup> This is based on customers surveyed some 14 months after the start of their claim, by which time they should, in principle, have completed their required WFI attendance. A fifth of customers did not attend any WFIs. Presumably this mainly captures those individuals whose incapacity benefits spell ended before their first WFI was due to take place. It will also include those who failed to attend their WFI. A quarter of customers attended just one WFI. The number attending a single WFI is relatively high since those who are PCA-exempt and those who are 'screened-out' are not required to attend any further WFIs. There are successive decreases in the numbers attending two, three, four or five WFIs, perhaps reflecting increasing numbers of people

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<sup>14</sup> Jobcentre Plus policy is to contact individuals prior to their first interview.

exiting incapacity benefits as time goes on. Relatively few people (14 per cent) attended all six WFIs.<sup>[10]</sup>

**Figure 3.1 Number of WFIs attended**



IBPAs felt that having the first WFI at eight weeks rather than at the start of the claim was helpful since by that time issues relating to the benefit claim had often been settled. The high caseload of Incapacity Benefit (IB) claimants often resulted in the first WFI taking place later than the eight-weeks point. There was some evidence that this was particularly so in the period shortly after Pathways was introduced within an area. Also, the fact that the first WFI was prioritised sometimes led to subsequent WFIs being delayed.<sup>[2,4]</sup>

Customers reported that in practice, the repeat WFIs usually took place at intervals ranging from six weeks to two months. Although all those mandated to attend WFIs were expected to attend these regularly, it appears that this was more likely to be the case where they wanted to work either immediately or at some point in the future. **Particularly motivated customers initiated informal contact with their IBPA between scheduled WFIs.<sup>[3,5,8]</sup> Some IBPAs felt it would be helpful to allow more flexibility in the timing of the WFIs so that they could be tailored to individual needs.** This was particularly due to variation in the intensity and the duration of the support needed by customers. As an informal way of achieving such flexibility and prioritising those felt more likely to gain from Pathways, some IBPAs reduced the number of WFIs through the use of waivers and deferrals.<sup>[2,4]</sup>

Some customers were uncertain how many WFIs they were required to attend and how frequently they would take place. In addition, some did not know when contact with the IBPA would end and often thought the interviews would last as long as they remained on benefit. In other cases, IBPAs had not arranged their

next WFI, particularly where the claimant was receiving medical treatment or participating in one of the Choices services. It was not always clear to customers why contact with the IBPA had ceased. Among those who felt Pathways was inappropriate to their circumstances, this cessation of contact was welcome and they suspected the IBPA shared their view that Pathways was not helpful in their case. Other customers, however, would have liked the IBPA to get in touch and in a number of cases clients had initiated renewed contact.<sup>[3,5,8]</sup>

### **3.2.4 Differences between the first WFI and later WFIs**

The intention was that the first WFI would have a different content from subsequent WFIs. In addition to introducing the range of help available under Pathways and providing reassurance that the individual will not be forced to enter employment, it is also the first opportunity for the IBPA to gain an understanding of the circumstances and characteristics of each customer. In addition to the formal task of collecting the information needed for screening, it marks the beginning of the relationship between the customer and the IBPA which lies at the heart of Pathways. Subsequent WFIs are intended to reflect the particular circumstances and requirements of individual claimants. In the course of these WFIs, new information or additional detail on potentially helpful activities may be provided and progress against action plans may be discussed.

Quantitative evidence of the way in which the focus of the WFIs evolved is summarised in Table 3.1.<sup>[10]</sup> This shows the proportion of individuals who reported discussing particular topics during their WFIs. The results are shown separately according to the number of WFIs individuals had attended, thereby providing an indication of changing emphasis over the course of the WFIs. There is a clear pattern of some issues becoming increasingly important with successive WFIs. For example, while health dominated the discussions among those who attended only one WFI, employment was an equally important topic among those who attended more than one WFI. Other issues linked to employment (such as training) also became increasingly important over the course of the WFIs.<sup>[10]</sup>

**Table 3.1 Issues discussed in WFI, by number of WFIs attended**

	One WFI %	Two WFIs %	Three or more WFIs %
Health and how it affects work	62	69	78
The type of work wanted	46	70	79
Money entitled to when working	37	54	58
Training/work experience/permitted work	19	38	52
How might apply for jobs	25	32	49
Services to help with managing a health condition	17	21	40
Helping to build confidence about working	13	20	36
Services from other organisations to help find work	11	23	35
<i>N (unweighted)</i>	618	585	1,854

The suggestion of progression was partly borne out by the qualitative research where customers mostly recalled the discussion in the first WFI as covering three key elements: their attitude towards work; their health and employment circumstances; and suggestions relating to the return to work. For some individuals, later WFIs were felt to cover this same ground but were shorter. However, others detected a progression. **Some viewed the first WFI as important as a means of reassuring them that they would not actually be pushed into work but that they might benefit from the services on offer.** Others recalled that later WFIs involved an element of reviewing changes since the previous meeting and introduced new topics, sometimes leading to increased engagement with the Pathways service.<sup>[3,5,8]</sup>

IBPAs were aware of the significance of the initial WFI as the customer's first experience of Pathways. In the first WFI, IBPAs began to build an appreciation of the customer's health condition, work history and attitude towards work in the future. There is a lot of information associated with Pathways that IBPAs could potentially provide to new customers but care was taken to avoid overloading them at their first visit. The Return to Work Credit (RTWC) and the Condition Management Programme (CMP) often provided a focus since IBPAs had found that information on these aspects of the programme tended to be met with interest. Information about other services available might be provided in leaflets that customers could take away with them. Often work was not discussed explicitly in the first WFI since customers might have barriers that would have to be addressed before work became a viable proposition. Yet, where appropriate, this was discussed. However, this had to be handled sensitively to avoid the appearance of pressurising customers to work.<sup>[2,4]</sup>

One element of the first WFI was to administer the screening tool. This was sometimes subject to technical problems, particularly in the days shortly after Pathways was introduced. Partly for this reason, IBPAs tended to dislike the

screening tool and sometimes chose to complete it after the initial WFI or to rely instead on their own discretion regarding who should be required to participate in the full programme of WFIs. A common complaint of IBPAs was that operational problems made administration of the tool awkward and interrupted the natural flow of the first WFI that was felt so important to establishing a rapport between the customer and the IBPA.<sup>[1,2,4]</sup> However, it is interesting to note that customers did not mention this as a negative aspect of the first WFI. This suggests that the sensitivities surrounding the screening tool might be more of a concern for the IBPAs than the customers themselves.

IBPAs' views on subsequent WFIs suggested they could be useful for some customers but less helpful for others. Where customers were not interested in working, IBPAs felt that subsequent WFIs achieved little.<sup>[2,4]</sup> This was confirmed by customers – those most likely to report no change in the coverage of later WFIs compared to the first WFI were more likely to be those who felt that Pathways was inappropriate for them.<sup>[3,5,8]</sup> Other customers were ready straightaway to engage with the idea of work. Between these two extremes was a further group of customers who may not enter work immediately but might move towards it. IBPAs felt that it was important to recognise such progress and not to concentrate purely on entry into employment.<sup>[2,4]</sup>

**This relationship between the customer and the IBPA is central to the delivery of Pathways. The process of gaining trust and establishing a positive rapport continued into the second and third WFIs. IBPAs reported that customers appeared more open in later WFIs, having overcome the anxiety that often characterised the initial WFI. In view of this, the continuity of the IBPA-customer relationship was held up as being very important, particularly for customers with more difficult circumstances.<sup>[2,4]</sup> Some customers noticed that the relationship with their IBPA developed over time.**

With successive WFIs, it became common for customers to participate more actively. Rather than simply being offered information by the IBPA, later WFIs often involved customers seeking particular information. Help would be offered on matters such as looking for work, making work financially viable (through the use of Permitted Work, the Advisers' Discretion Fund (ADF) or the RTWC, for example) and steps that could be taken to prepare for work as part of a longer-term aspiration (through a training course, work experience schemes or the CMP, for example).<sup>[3,5,8]</sup>

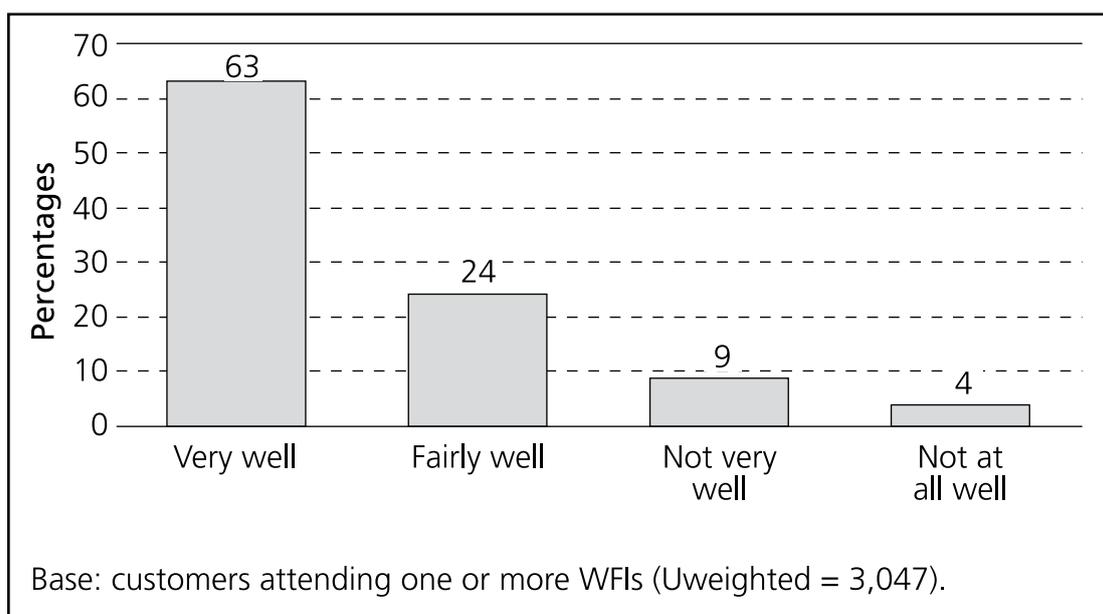
Over time, the Action Plans became an important tool in the attempts to encourage effective progress. By the time of the third WFI, IBPAs often felt able to identify which customers were likely to progress and which were unlikely to do so. By the time of the fourth WFI, most customers who were likely to progress had either been referred to Choices (or some other service) or had left benefit. The remainder were often felt to be 'stuck'. There was some evidence that, while formally still in the system, such customers tended to receive shorter WFIs or possibly had their WFIs waived or deferred.<sup>[4]</sup>

### 3.2.5 The role of the IBPA

The importance of customers having contact with the same IBPA throughout their time on Pathways has already been mentioned. Of those who attended more than a single WFI, slightly more than half (55 per cent) reported that they saw the same IBPA each time. Of those who saw more than one IBPA, about two-thirds dealt mainly with a single IBPA.<sup>[10]</sup> Developing an ongoing relationship can help the customer feel supported and also gives the IBPA the chance to gain a deeper understanding of the customer's circumstances.<sup>[3,5,8]</sup>

Some evidence of having achieved this is provided in Figure 3.2<sup>[10]</sup> which summarises customers' responses to the question of how well the IBPA listened to them. The level of satisfaction was very high, with the great majority (87 per cent) reporting that the IBPA listened 'fairly well' or 'very well'. For more than half of WFI attendees, the IBPA helped them think about work to some extent.<sup>[10]</sup>

**Figure 3.2 Customers' views on how well IBPAs listened**



Through depth interviews, customers mostly reported good relationships with their IBPAs, who were viewed as being helpful and supportive. Sometimes customers were pleasantly surprised by the lengths to which their IBPA would go to in their efforts to help. Knowing the IBPA was available to talk through problems and offer support was felt to be valuable. It was also reassuring that support would still be on hand after entering employment. This helped reduce some of the anxiety surrounding the move into work.<sup>[3,5,8]</sup>

Where the IBPA understood the customer, close and trusting relationships could develop and customers emphasised the personal nature of the meetings, which did not focus exclusively on work but which sought to find the best solution for the individual. In fact, it is notable that IBPAs were usually viewed positively even

by individuals who had mainly negative comments on other aspects of Pathways. In particular, customers tended to feel closer to IBPAs who had personal experience of health conditions and social problems similar to the customers' own.<sup>[3,5,8]</sup>

Not surprisingly, it was among customers who felt that their IBPA did not listen to them that criticism was more common. The complaints included:

- IBPAs making customers feel pressurised into participating in the services on offer;
- IBPAs showing their frustration when their recommendations were not followed;
- IBPAs seeming apathetic about progress and negative about the prospects of finding work;
- IBPAs not following up on actions they had previously agreed;
- IBPAs being inadequately trained and insufficiently informed;
- IBPAs causing offence through their lack of sensitivity surrounding medical issues.

However, it is important to reiterate the point that the majority of customers were happy with their IBPA.<sup>[3,5,8]</sup>

IBPAs viewed their role very much as being one of providing help and support. This need not necessarily result in a move into work but would sometimes be more about changing attitudes towards employment. Some IBPAs reported attempting to ensure that discussions and support were customer-led and so more likely to focus on the specific needs of the individual. As well as having a knowledge of the services available and an awareness of health conditions, IBPAs recognised the importance of dealing patiently and sensitively with customers to achieve an understanding of their wider circumstances beyond their health condition. It helped to focus more on what was feasible for customers rather than on their limitations.<sup>[2,4]</sup>

IBPAs are able to waive or defer WFIs. The decision to do so was based on as much information as was available (such as the Capability Report). Mostly, it was individuals with the most severe health conditions whose WFIs were waived. IBPAs were careful not to let the individual feel excluded, often sending them information on Choices in case they should choose to participate. Deferrals, which were typically for a period of three to six months, were mostly used for those who were undergoing or awaiting treatment, individuals whose health condition was likely to be temporary or individuals who simply were not making progress. This latter group reflected the desire of IBPAs to make best use of the available resources. Similarly, there was some evidence of waivers and deferrals being used to manage high caseloads by prioritising those most likely to benefit from Pathways.<sup>[2]</sup>

IBPAs were usually enthusiastic about their role and felt they were able to provide a wide range of useful services, with the CMP being thought to fill a gap that had previously existed. IBPAs also reported a generally positive reaction from customers. Providing assistance to voluntary customers was often considered to be particularly rewarding and they were viewed as being far easier to place in work. This was especially the case with those screened out of mandatory participation.<sup>[2,4]</sup>

### **3.2.6 IBPA training**

IBPAs needed to be trained to deliver Pathways, to enable them to deal with a new customer group and also to understand the programme. IBPAs reported that training had been helpful in improving interviewing skills and showing how to present the possibility of work as an empowering opportunity. Indeed, training highlighted the importance of encouraging customers to take the lead in thinking through possible steps that could facilitate a return to work. Developing effective communication techniques was important since the mandatory nature of Pathways – and, in particular, the threat of sanctions for those not complying – meant that it could be a challenge for IBPAs to establish themselves as a source of support and advice in the eyes of incapacity benefits customers. On the one hand, mandating participation had the potential to create a barrier between the customer and the IBPA that could be difficult to surmount. On the other hand, compulsory WFI attendance exposed customers to a range of help and support that they otherwise might not have known existed.<sup>[1,2,4]</sup>

There was a widely-held concern that the training did not adequately cover the details of the Pathways process. An important case in point was the screening tool. Initially, IBPAs had misunderstood the purpose of this, thinking that the more difficult customers would be screened out. Consequently, they had sometimes been surprised by the outcome of the screening tool and on occasion felt that individuals were being excluded who could benefit from Pathways provision. Morale amongst the IBPAs could suffer as the harder-to-help customers were unexpectedly identified as the focus for Pathways. Sometimes advisers would urge those screened out to participate on a voluntary basis.<sup>[1,2,4]</sup> However, IBPAs interviewed in the later stages of the evaluation did not mention the screening tool as an area for which training was inadequate, suggesting initial problems in this regard had been overcome.

IBPAs were often unable to find time between training sessions to learn more about the services available under Choices. Consequently, their understanding of available services could be patchy and some IBPAs had started working with customers without having this thorough knowledge (a situation that was sometimes visible to the customers themselves). Exacerbating this situation, the Pathways information available to IBPAs was felt not to be 'user-friendly'. Training sessions organised to allow IBPAs to meet local Choices providers were felt to be extremely useful. Those who had not received such training would have liked to have done so. IBPAs often wanted more training on how to deal with customers with complex or severe medical problems (often related to depression

or drug and alcohol abuse); information on benefits and tax credits; and, in some cases, information on how to operate the Labour Market System (LMS). Correctly classifying customers' health conditions was another concern.<sup>[1,4]</sup>

It appears that the delivery and coverage of training continued to improve over time so that those IBPAs who received their training later felt better equipped for the role.<sup>[4]</sup> As Pathways became more established, IBPAs undergoing training at a later stage also had the advantage that colleagues with more experience of Pathways were available to provide help and support.

A particular and perhaps unforeseen benefit of training was that it led to the development of a network of IBPAs who tended to provide informal support to others in their training cohort. Such peer support was often found to be helpful, as was the more formal support that operated through a mentoring system.<sup>[1]</sup>

### **3.2.7 Changing customer views on Pathways over the course of the WFIs**

For many customers, their view on the usefulness of WFIs was fixed at the outset and did not alter over time. However, for others there was evidence of progression. Some felt initially hopeful about the prospect of finding work but later became demoralised as this did not materialise. Where later WFIs did not introduce new information or opportunities, customers' impressions of the WFIs tended to deteriorate.<sup>[3,5,8]</sup> In cases where benefit entitlement ended and Pathways eligibility therefore ceased, there was sometimes disappointment that the help on offer under Pathways was no longer available.

Some customers became more positive with additional contact and the associated improvement in their relationship with their IBPA. Some who were resistant at first, acknowledged that the WFIs had made them think more constructively about their situation. Customers valued IBPAs' assistance in addressing practical concerns – providing help with benefit-related problems, for example, or being flexible in arranging WFIs. Sometimes when customers' health conditions improved, the support provided through WFIs became more relevant to their circumstances and consequently, their views of the WFIs improved.<sup>[3,5,8]</sup>

There is quantitative evidence of a shift in customers' perceptions of the purpose of the WFIs as they attended more. Table 3.2<sup>[10]</sup> shows that the most common view among those who attended only a single WFI was that its purpose was to help with their benefit claim. However, with successive WFIs there was an increasing realisation of the work-focused nature of the meetings. It is also notable that the proportion who view the WFI as a means of 'checking up' on them stayed constant at about a tenth of all attendees.<sup>[10]</sup>

**Table 3.2 Individuals' views of the reasons for WFIs, by number of WFIs attended**

	One WFI %	Two WFIs %	Three or more WFIs %
Help with/sort out benefit claim	40	36	17
Help search for a job/assess suitable job	13	22	29
See how they could help me towards work	14	22	28
Generally see if needed help/see how getting on	9	10	22
Check up/make sure genuine/check looking for work	8	8	10
Talk about/help with health problem/disability	7	7	8
Assess whether able to work	9	5	7
Went of own accord/I asked for the meeting	10	8	5
Inform about/refer to training/work preparation/ supported work	2	2	6
<i>N (unweighted)</i>	583	564	1,782

Notes: Only responses mentioned by more than three per cent of respondents are included in the table.

Following these meetings, more than half (53 per cent) of customers agreed to look for work or do research into jobs while others agreed to undertake activities such as exploring training opportunities or registering for one of the Choices elements. In nearly all cases (93 per cent), customers were happy to do the things agreed with their IBPA and in the majority of cases (81 per cent) they did so. In about a third of cases, the IBPAs agreed to do things between meetings such as look for jobs, explore customers' benefit situations or organise training. In three-quarters of cases, customers reported that the IBPAs delivered on these promises.<sup>[10]</sup>

Qualitative evidence suggests that customers with a negative opinion of Pathways tended to see little difference between the first WFI and subsequent ones, feeling that all had the aim of simply moving them off benefit and into work. Individuals who felt they gained little from WFIs viewed the requirement to attend a first WFI as 'fair' but felt unhappy about the requirement to attend further meetings. On occasion, customers reported adverse health consequences of WFIs. Some with mental health problems described panic attacks in the lead-up to the WFIs while some with back problems reported suffering the effects of inappropriate seating.

Those already thinking about work who found some relevant help tended to perceive the first WFI favourably. Those for whom the help on offer did not seem relevant, had a more negative view. The importance of the IBPA in listening to the requirements of the customer and providing advice tailored to their circumstances was highlighted. Later WFIs provided more detail on the range of help available. This was often in response to customers' changed circumstances or perhaps a change in the IBPA. Usually, however, later WFIs tended to be shorter than the first WFI.<sup>[3,5,8]</sup>

Through the series of longitudinal studies of Pathways customers, it was apparent that perceptions of the usefulness of the first WFI became more positive with later cohorts of entrants compared with earlier cohorts. Individuals were impressed with the range of help on offer and were often provided with leaflets they could take away that gave more information about the support available.<sup>[8]</sup> It is possible that this improvement over time was partly a consequence of IBPAs growing in confidence and experience and therefore delivering the service more effectively.

### **3.2.8 Views on the information provided**

With a programme as diverse as Pathways, there is a large amount of potentially helpful information and the challenge to IBPAs is to communicate this without overloading customers. Individuals who had had more contact with IBPAs felt that the available help and support had been thoroughly covered. However, others felt that some information had not been provided or had been treated in too cursory a manner, particularly the details of financial incentives and information on benefits. In such cases, there was frustration that not all possible opportunities had been presented and consequently the range of available options was unnecessarily constrained.<sup>[3,5,8]</sup>

Information appeared to have made an impact on customers where it was perceived as relevant and timely. The offer of financial assistance through the RTWC and the ADF was well received once individuals were in a position to make use of it. Performing a better-off calculation was an effective means of communicating how financially beneficial work could be, once the RTWC and Working Tax Credit (WTC) were taken into account. However, some people, particularly those who would face childcare costs should they work, were not convinced that they would be better off financially. There was also a realisation that the RTWC could only last for a year and a concern about what that would mean for income in the longer-term. Some customers viewed the RTWC as tantamount to a bribe and took a moral stance against it, believing it represented money that could be better spent elsewhere. On the other hand, some felt it to be too little. Explaining the Permitted Work Rules was more appropriate for customers not quite ready to enter unsupported employment.<sup>[5,8]</sup>

As customers' circumstances changed, so the relevance of elements of Pathways changed. For some customers, the IBPA provided information that helped them to think differently about their situation. However, the manner of delivering such information also played a role. Individuals did not like to feel pressurised into participating in something they did not feel comfortable with.<sup>[3,5,8]</sup>

### **3.2.9 IBPA concerns surrounding the delivery of WFIs**

A common feeling among IBPAs was that their role extended beyond looking at employment and actually embraced wider aspects of customers' general well-being. Often, the role was more involved than was expected and IBPAs could feel out of their depth, particularly with customers who had a mental health problem, where concern was voiced about the possibility that having to attend a WFI

might contribute further to individuals' stress or depression. In fact, mental health customers were the group with whom IBPAs were least confident. In some cases, IBPAs felt concerned about safety issues when dealing with customers with a mental health problem. The emotional investment could take its toll and the issue of support for IBPAs was felt to be important. Such support operated through both formal channels (such as Work Psychologists) and informal channels, but was often felt to be insufficient.<sup>[2,4]</sup>

Another concern surrounded the nature of the relationship with the customer. Care had to be taken to avoid creating a dependent relationship. Not to do so risked customers' demands taking up already limited capacity. The balance between establishing a supportive personal relationship and maintaining professional boundaries required delicate handling. Particular challenges surrounded the issue of managing the end of support, where customers might feel abandoned. It was often the case that IBPAs wished to continue helping customers beyond the sixth WFI but did not have sufficient time available to do so.<sup>[2,4]</sup>

A potential conflict arose from the target system in operation at Jobcentre Plus offices. The issue of job targets became of increasing concern over time, with most IBPAs reporting that they had both personal and office targets they were expected to meet. Many felt that the idea of a jobs target for Pathways customers ran counter to the aim of providing a service that addressed individuals' well-being on multiple dimensions, of which work might not immediately be the most important. The targets were generally unpopular and it was felt that they could result in IBPAs prioritising those customers who were easier to help into employment quickly and therefore providing less help to those further from the labour market. However, some IBPAs mentioned that the job targets had little effect in practice.<sup>[2,4]</sup>

### 3.3 Non-attendance and sanctions

Customers who fail to attend their mandatory WFIs can have their benefits reduced. In principle, the amount of each sanction should be one-fifth of the basic rate of Income Support (IS). This sanction should be lifted upon attendance but can be increased (in further similarly-sized increments) with each further incidence of non-attendance.

#### 3.3.1 IBPAs approach to sanctioning

The level of sanctioning was generally low. An important reason for this is that IBPAs were often reluctant to impose sanctions and generally viewed them as a last resort. Often, IBPAs used waivers or deferrals as a way of avoiding referring customers for a sanction. However, in some areas, instructions were issued to make more use of sanctions in order to reduce the district or local office 'Failure to Attend' (FTA) rate.<sup>[2,4]</sup>

Following up on FTAs was time-consuming. The formal procedure is to send a letter warning that sanctions could be applied if the customer does not contact

the Jobcentre Plus office and provide a good reason for non-attendance.<sup>15</sup> If there had been no prior direct contact and there might be some doubt as to whether the warning letter had actually been received, IBPAs would carry out home visits.<sup>16</sup> Some IBPAs would attempt to make direct contact with a customer who had failed to attend before sending out the warning letter. This reflected concerns about the possible impact on the customer's health of receiving such a letter. Also, receiving a formal letter was felt to be potentially damaging to the ongoing relationship with the IBPA.<sup>[2,4]</sup>

### 3.3.2 Awareness of the mandatory nature of Pathways

Although the majority (70 per cent) of customers knew that WFI attendance was compulsory, fewer than half (44 per cent) were aware that non-attendance could trigger sanctions.<sup>[10]</sup> This same ambiguity was apparent in the qualitative findings. Across all three customer studies there was uncertainty about the compulsory nature of participation in WFIs. However, it seems that customers in the last study were usually aware of the need to attend and the potential risk to benefits should they fail to do so.<sup>[3,5,8]</sup> This suggests growing awareness over time.

Those who were aware of the existence of sanctions often did not know the details of how they worked in practice. Some thought their benefits could be stopped entirely, rather than reduced.<sup>[11]</sup>

### 3.3.3 Reasons for non-attendance

Most FTAs were at the time of the first WFI. FTAs for later WFIs were normally for valid reasons and were dealt with simply by rescheduling. In some cases, IBPAs had taken to making telephone contact with customers before each WFI in order to minimise the incidence of FTAs.<sup>[2,4]</sup>

The majority (86 per cent) of customers who did not attend a WFI said they were not given an appointment to attend a meeting.<sup>[10]</sup> Where there was no recollection of receiving such a letter, this was often associated with customers having transient or chaotic lifestyles. Receiving an introductory telephone call from the IBPA in advance of the first WFI was also less common among those who went on to be referred for a sanction. Again, this appeared to be partly explained by the unpredictability of some customers' personal circumstances. Where such calls did take place, they had the effect of reassuring customers. On the other hand, those who did not receive calls sometimes felt angry about their lack of involvement in arranging the interview and had been unaware that there was any flexibility with the appointment. More commonly though, it was understood from the letter that dates and times could be rearranged.<sup>[11]</sup>

<sup>15</sup> For vulnerable customers, a home visit by a compliance officer is also required before sanctions are imposed.

<sup>16</sup> Should the customer not be at home, the IBPA would post a letter with another appointment through the door, in order to be certain the letter had been received.

A number of other reasons for non-attendance were given by those who had been referred for a sanction:

- health-related problems – many reported anxiety and depression as barriers to attendance;
- barriers to access – both reaching the Jobcentre Plus office and access within the building could be problematic;
- personal crises or conflicting appointments;
- chaotic lifestyles – this commonly included problems of homelessness, alcoholism, domestic violence and involvement with the police;
- the perceived irrelevance of WFIs – customers might feel too removed from work to consider it a possibility, have too many barriers (including child-related barriers) or be more concerned about addressing their health problems.<sup>[11]</sup>

### **3.3.4 The effect of sanctioning on improving attendance**

In most cases, receiving a formal letter following a missed appointment prompted customers to make contact and this threat was felt to be at least partly responsible for the generally low level of eventual sanctions. This was not always the case, though. It was possible to categorise individuals' stances towards sanctions into four broad groups:

- 1 Those who felt Pathways was a waste of time but who attended mainly because of the threat of sanctions.
- 2 Those more open-minded about Pathways but who probably would not have attended on a voluntary basis. Beyond the initial WFI, such customers were often sufficiently motivated to attend without the continuing threat of a sanction.
- 3 Those who were enthusiastic about Pathways and would have attended irrespective of the threat of sanctions. Although such customers were less common, some could even be found among those who went on to be referred for a sanction.
- 4 Those who were not responsive to the threat of a sanction. This included customers with alternative income sources, customers with a strong preference for avoiding contact with Jobcentre Plus, customers who perceived WFIs as pointless since their health or personal circumstances ruled out returning to work and customers who found attendance impossible due to their health condition.<sup>[11]</sup>

### **3.3.5 Experiences of sanctioning**

IBPAs confirmed that sending a warning letter and telephoning customers following a missed WFI was generally effective in encouraging individuals to reschedule appointments and subsequently attend without the eventual need for a sanction. Customers who responded to the need to contact the IBPA, were typically able to

avoid their benefit being sanctioned where they were able to demonstrate a good cause for non-attendance. What constituted 'good cause' seemed to change over time as IBPAs grew familiar with the details of the customer's condition and made appropriate allowances. In some cases, contacting the IBPA resulted in WFIs being waived or deferred. This appeared to be more common among those with mental health conditions.<sup>[11]</sup>

For some customers, sanctioning had occurred as a result of a communications failure. IBPAs often suggested that customers failed to keep the Jobcentre Plus office involved or were 'playing the system'. However, among customers who had been referred for a sanction, some described how Jobcentre Plus had incorrect contact details for them and that the first they learned of the sanction was noticing that their benefit had been reduced. Under these circumstances, customers felt sanctions to be unfair. This was also the feeling among those customers who had not been able to attend the WFI due to other priorities but who reported leaving a message with Jobcentre Plus staff that had never in fact reached the IBPA. In any event, sanctions were sometimes viewed by IBPAs as an effective means of re-establishing contact.<sup>[11]</sup>

In addition to the lack of clarity among customers referred for a sanction in their understanding of the sanctioning regime, there was, in some cases, a lack of awareness (to begin with at least) that they had even been sanctioned. This surprising finding seems mainly to be due to the fact that some customers were already having deductions made from their benefit for crisis loans taken out in the past or for previous non-payment of bills and so the imposition of a sanction was not as visible as one would imagine. This lack of awareness could persist for customers who tried to keep their contact with Jobcentre Plus to a minimum and therefore might not have the fact of their sanction pointed out to them by their IBPA. Clearly, awareness that a sanction has been imposed is important since without this they cannot be effective at encouraging attendance.<sup>[11]</sup>

Quite what was acceptable as 'good cause' for non-attendance was a source of some disagreement between IBPAs and customers who had been referred for sanctions. While customers could see that sanctioning encouraged contact with Jobcentre Plus, they often felt sanctions were inappropriate, particularly where health conditions had made attendance difficult. The sense of being victimised was voiced by a number of those who had been referred for a sanction. Although customers have the option of appeal, this was often not taken up either because of a lack of awareness or a perception that it would be too complicated or that it would be futile.<sup>[11]</sup>

### **3.3.6 The effect of sanctioning on Pathways engagement**

While sanctions were effective in encouraging WFI attendance, they did little to increase engagement. Where customers had only attended initially because of the possibility of sanctions and saw little relevance of WFIs, that continued to be the case. However, some of these customers did report that attending WFIs had

helped them to identify some services they could benefit from, perhaps in the future. Where sanctions were not the only reason for attending and customers already wanted support in entering work, sanctioning had tended to arise due to a communication problem. Such customers remained well disposed towards Pathways and being referred for a sanction did little to change this.<sup>[11]</sup>

Customers who had been referred for a sanction usually did not feel that the experience had harmed their relationship with their IBPA. In this regard, the concerns expressed by IBPAs may have been unfounded. Customers were often pragmatic, realising IBPAs were only doing their job. Most continued to hold their IBPA in high regard. They drew a distinction between the policy of sanctioning (for which benefit processors rather than IBPAs were often seen to make the ultimate decision) and the broader role of the IBPA. The exceptions to this arose when IBPAs were felt to push the customer to take actions perceived as inappropriate.<sup>[11]</sup>

Customers who had been referred for a sanction were less likely to engage with the WFI where they felt that it did not amount to a quality service. This might arise when IBPAs changed or when customers felt they were not being treated in a sensitive way. Some customers felt that IBPAs failed to understand their health condition and the limitation on work that it imposed. Others felt that WFIs were ill-timed and that subsequent WFIs failed to introduce new suggestions or opportunities. For some customers, suitable employment options were felt to be limited, either because of discrimination among employers or because the type of work available would leave them worse off financially. There were also customers who were hostile to any form of engagement with Jobcentre Plus. Among this group were those with chaotic personal circumstances and those who preferred to sign off incapacity benefits and look for work independently rather than engage with Pathways. This sometimes meant a move to Jobseeker's Allowance (JSA) and therefore, a higher level of benefit conditionality.<sup>[11]</sup>

Most customers who were referred for a sanction reported that subsequent attendance had done little to alter their views about work. Some simply viewed themselves as not fit for work, others felt they might be able to return at some stage but needed to address their health problems first. Still others felt that they lacked employability, perhaps becoming de-skilled following a long period out of work. Customers who felt pressurised by their IBPA tended to develop more negative views about work.<sup>[11]</sup>

### **3.3.7 Other consequences of being sanctioned**

Some customers reported that there had been no financial implications of being sanctioned. This was the case where they had been unaware that a sanction had been imposed or where other sources of income were available. Where there was a financial impact, customers reported having to cut back on basics. This was especially noticeable among more socially deprived customers. Going without could lead to tensions in personal relationships. In some cases, council tax and rent slipped into arrears and customers also borrowed money. It was rare to apply

for a crisis loan either because customers were unaware of them or because they were worried about getting into even worse debt. Customers with mental health problems could be aggravated by the additional worry and anxiety of being sanctioned. However, there was little evidence of being referred for a sanction having a negative effect on health for those with other conditions.<sup>[11]</sup>

# 4 Customer and adviser views and experiences of the voluntary components of Pathways

## 4.1 Introduction

The previous chapter considered the mandatory elements of Pathways. In this chapter, attention turns to the voluntary elements. As discussed in the previous chapter, one of the functions of the Work Focused Interviews (WFIs) is to promote the range of support and assistance available for those who choose to participate in the voluntary parts of Pathways.

The voluntary provision available under Pathways includes the Choices package, along with the Return to Work Credit (RTWC) and In-Work Support (IWS) for those who enter employment. The new and existing programmes which make up Choices are:

- New Deal for Disabled People (NDDP);
- Condition Management Programme (CMP);
- Programme Centres – job search and related work preparation services;
- Work-Based Learning for Adults (WBLA) and Training for Work (TfW);
- Work Preparation – independent provision of various work-oriented services;
- Work Trials – a period in an actual job for up to 15 working days;
- Permitted Work – longer-term paid work of up to 16 hours per week;
- WORKSTEP – supported work.

This chapter focuses on two programmes available within the Choices package: NDDP and CMP. It also considers the role of RTWC and IWS for those moving into employment.

## 4.2 The Choices package

### 4.2.1 The decision to participate in Choices

The Choices elements differed in how individuals could access them. For CMP, Work Preparation, WBLA and permitted work, a referral from Jobcentre Plus was required. For others, such as NDDP, this was not necessary. In view of this, it is surprising that fewer CMP participants reported discussing their possible participation before commencing CMP than was the case for NDDP (55 per cent compared to 61 per cent). Where discussions had taken place, these were with the Incapacity Benefit Personal Adviser (IBPA) in three-quarters of all cases. The most common alternative was to discuss participation with the service provider.<sup>[10]</sup>

Customers who decided to participate generally did so in the belief that this would help them get back into work. However, sometimes they were not sure of the potential benefit of participation and did so at the encouragement of someone else, often the IBPA. This highlights the importance of the IBPA (as discussed in the previous chapter) and the trust that customers placed in their judgement.<sup>[3,5,8]</sup> However, it was usual for IBPAs to believe that referrals should be customer-led rather than dictated by the IBPA, although there were often occasions where the customer would require an additional steer. This might arise, for example, when customers could not be expected to have sufficient information about the options available. There was a feeling that the existence of targets for certain types of Choices referrals ran counter to the desirability of referrals being customer-led.<sup>[4]</sup>

To be effective, any encouragement to participate in the voluntary elements of Pathways had to come at an appropriate time, when customers felt able to take steps towards employment. Encouragement at the wrong time could be felt by customers as unwelcome pressure and result in individuals participating to appear obliging but without a clear commitment to the programme. This stands in contrast to customers who had taken the decision themselves to participate; they tended to be more focused and sometimes reported feeling empowered by taking control in this way.<sup>[3,5,8]</sup>

Reasons for not participating in the voluntary programmes were varied. Some did not want to work, others felt that the options available would not help. Often health concerns were at the root of these decisions not to participate. Individuals tended to prioritise their health and some were undergoing treatment or awaiting an improvement. Others had little confidence that the IBPAs were qualified to make recommendations that might impact on their health condition. Some older customers felt that their age combined with their health simply presented too many barriers to employment for participation to be worthwhile.<sup>[3,5,8]</sup>

Another consideration that was sometimes influential in customers' decisions about participating in the voluntary elements of Pathways was the format or organisation of the service provided. Particularly relevant in this regard was provision that involved group meetings. This format could be off-putting for some customers.<sup>[3,5,8]</sup>

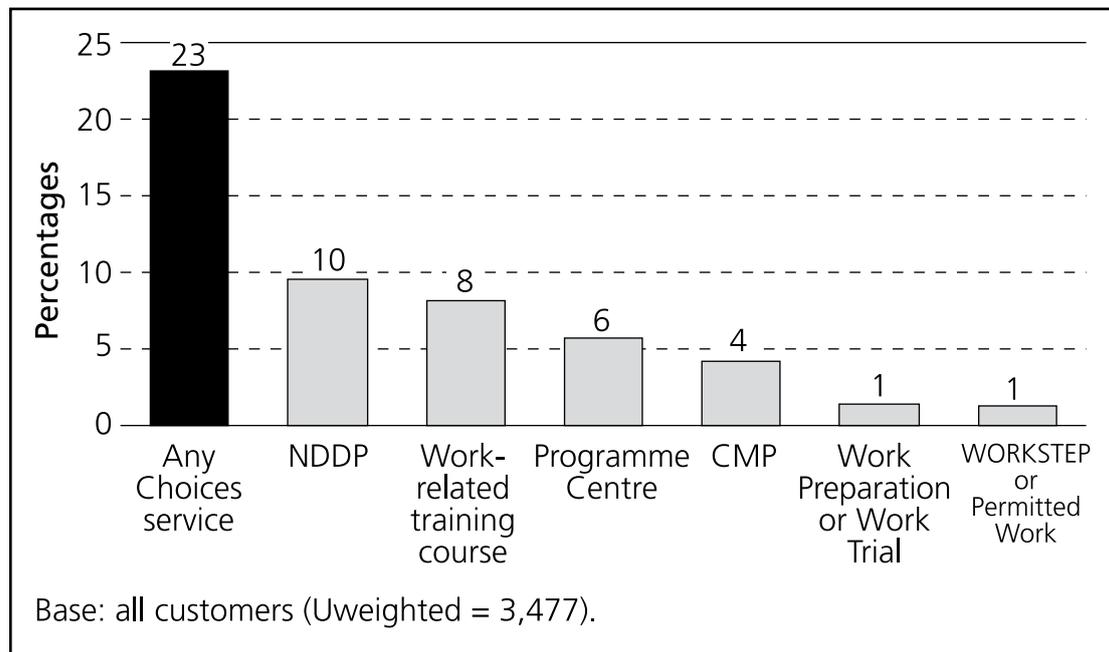
The referral behaviour of IBPAs evolved over time as they became more knowledgeable about referral options. This was particularly the case for CMP which, as a new programme, was unfamiliar to IBPAs. However, some uncertainty remained about the range of provision, the nature of specific services and which options formed part of the Choices package. The relationship with providers was acknowledged as being very important and IBPAs benefited from receiving provider feedback on how customers fared once referred. A need for some system of consistent monitoring was identified.<sup>[4]</sup>

#### **4.2.2 Participation in Choices**

The level of participation in each of the Choices programmes is shown in Figure 4.1.<sup>[10]</sup> Overall, about a quarter of customers participated in one or more of the Choices elements. Most common among these was NDDP, which had a take-up rate of ten per cent. The CMP had a take-up rate of roughly half this level.<sup>[10]</sup> The take-up rate for NDDP was similar to that across all areas where Pathways was in place.<sup>17</sup> The take-up rate for CMP, on the other hand, is much lower than expected from the administrative records. However, as mentioned in Chapter 1, only referrals, rather than participation, are recorded in the administrative data so the two levels are not comparable.

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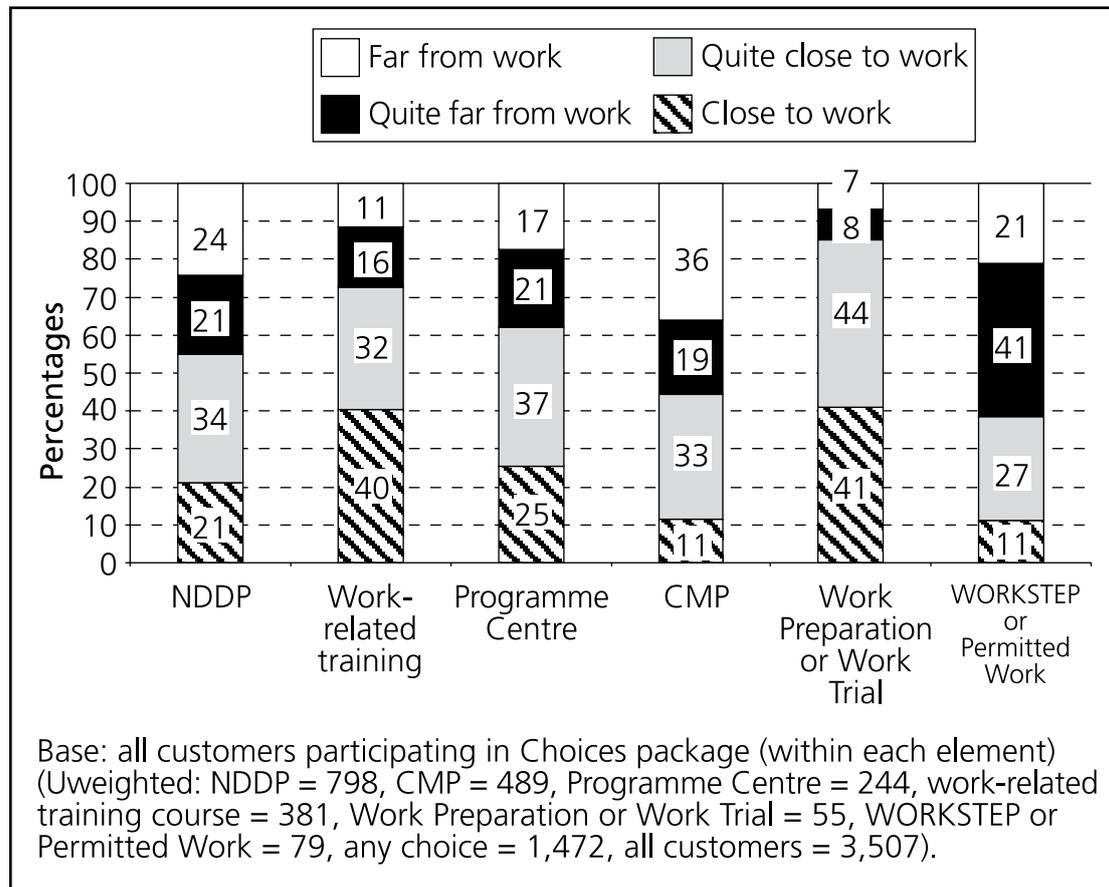
<sup>17</sup> See chart 2 in the March 2008, Department for Work and Pensions (DWP) Pathways to Work performance summary: [http://www.dwp.gov.uk/asd/workingage/pathways2work/pathways\\_perf\\_0308.pdf](http://www.dwp.gov.uk/asd/workingage/pathways2work/pathways_perf_0308.pdf)

**Figure 4.1 Take-up of Choices elements**

The findings on the take-up of Choices programmes is consistent with WFIs being effective in steering customers towards Choices. Of those who had not attended any WFIs, the level of Choices participation was 16 per cent. Among those who had attended WFIs, the level was 26 per cent. Furthermore, among those attending three or more WFIs, participation in Choices stood at 37 per cent.<sup>[10]</sup> However, when interpreting these findings it is important to remember that those having no or few WFIs disproportionately includes individuals leaving benefit relatively quickly. Therefore, the greater participation among those attending more WFIs may simply reflect the fact that those with a more prolonged spell on benefit require more assistance in returning to work.

While only a minority of customers participated in NDDP and CMP, take-up was more common among some groups of people than others. Bailey *et al.* (2007) developed a 'closeness to work' scale reflecting individuals' work history, basic skills needs and health problems. On this basis, NDDP participants tended to be those who were neither closest to, nor furthest from, work. CMP participants, on the other hand, were not those closest to work.<sup>[10]</sup> Given that those closest to work are least likely to require support re-entering employment and those people entering CMP are perhaps primarily focused on successfully managing their health condition as a preliminary to concentrating more completely on entering employment, this is understandable.

Figure 4.2<sup>[10]</sup> provides similar detail on closeness to work for all Choices elements. Those participating in Work Preparation or Work Trials and those on some kind of work-related training tended to be closest to work, while those on WORKSTEP or doing permitted work were similar to CMP participants in being further away from work.

**Figure 4.2 Choices participation by closeness to work**

As well as differences between NDDP and CMP participants with regard to closeness to work, there were also other differences. These are shown in Table 4.1<sup>[10]</sup> and can be roughly summarised as follows:

- NDDP participation was somewhat more common among men than women; those in their 30s compared to those of a different age; and those with a sensory impairment compared to those with other health conditions;
- CMP participation was somewhat more common among those aged 40 or more compared to those of a different age; and those with a mental health problem compared to those with other health conditions.<sup>[10]</sup>

Participation in both NDDP and CMP by lone parents was relatively unusual.

**Table 4.1 Take-up of NDDP and CMP, by characteristic**

	Cell %	
	NDDP	CMP
<b>Gender</b>		
Male (N=1,888)	11	4
Female (N=1,589)	8	5
<b>Age groups</b>		
16 to 29 (N=652)	10	3
30 to 39 (N=720)	13	3
40 to 49 (N=987)	8	6
50 to 54 (N=534)	9	4
55 and over (N=584)	7	5
<b>Health condition*</b>		
Musculo-skeletal (N=1,430)	10	4
Chronic or systemic (N=904)	8	4
Mental health condition (N=1,138)	12	8
Sensory impairment (N=117)	17	4
Learning disability (N=32)	4	1
Other condition (N=557)	10	5
No condition (N=340)	4	1
<b>Household structure</b>		
Lives alone (N=963)	11	5
Lives with partner and children (N=648)	9	3
Lives with partner, no children (N=888)	9	4
Lives with children, no partner (N=305)	7	2
Other (N=670)	11	6
<b>Qualifications</b>		
Has academic and vocational qualifications (N=1,182)	11	5
Has academic qualifications (N=649)	9	5
Has vocational qualifications (N=630)	12	5
No qualifications (N=1,010)	8	3

\* These results allow for customers having multiple health conditions.

Once on NDDP, the average duration of participation was 24 weeks. It lasted longer than 12 weeks in three cases out of five. For CMP, duration was much shorter, averaging just nine weeks.<sup>[10]</sup> This reflects the more ongoing nature of NDDP; CMP, by contrast, involves fixed-length modules.<sup>18</sup>

<sup>18</sup> The calculation of these averages includes those still participating in Choices, so the true duration will be longer than those quoted here. Of those who had participated in NDDP, 66 per cent were still participating at the time of survey interview. For CMP, 31 per cent were still participating at the time of the survey interview.

### 4.2.3 New Deal for Disabled People

NDDP has previously been the subject of a comprehensive evaluation and Stafford (2007) provides a synthesis of this research. In view of this, the evaluation of Pathways devoted less attention to NDDP compared with the novel voluntary components such as CMP, RTWC and IWS. However, since Pathways encourages individuals to participate in NDDP, it could alter the composition of the NDDP population compared to how it stood at the time considered by Stafford (2007). Therefore, this section summarises relevant findings on NDDP from the Pathways evaluation.

Support provided through NDDP mostly focused on assisting with job search activities. Some customers were also offered training courses and others were promised ongoing support once they were working. It tended to be the customers who were more motivated to get back into work who participated in NDDP. In most cases, their involvement pre-dated entry to Pathways. It was also common for those seeing Job Brokers to have made contact with them without encouragement from the IBPA. Some stated that they would seek help from Job Brokers in preference to Jobcentre Plus when they needed support or advice. Customers welcomed the fact that Job Brokers were available as required, although they were rarely used as a source of support for those encountering problems while working.<sup>[3,5,8]</sup>

IBPAs tended to be more familiar with Job Brokers than they were with those delivering other components of Choices, particularly CMP. Consequently, they were generally widely used. The nature of the relationship between the IBPA and the Job Broker was important and referrals were higher where the Job Broker had a presence at the Jobcentre Plus office. In addition, accessibility issues were important. One IBPA in a rural area tended not to refer to Job Brokers because customers generally were not willing to travel. Other factors associated with more positive relationships included the provision of feedback on customer progress by the Job Broker, positive views on how well Job Brokers offered support matched to the needs of the customer and funding by the Job Broker to support the Advisers' Discretion Fund (ADF).<sup>[2,4]</sup>

The customers that IBPAs referred to Job Brokers were usually closer to entering employment than those customers who were referred to CMP. Voluntary Pathways customers were especially likely to be referred, while mandatory customers were often felt not to be at the stage where a Job Broker would be appropriate. There was a general reluctance to refer customers whose health condition had not stabilised.<sup>[2,4]</sup>

Of those customers who wanted more from NDDP, 72 per cent would have liked more work-related services, while 15 per cent said they would have liked better training or help with obtaining qualifications. Six per cent wanted more financial services from their Job Brokers and a similar proportion wanted more help in general.<sup>[10]</sup>

#### 4.2.4 Condition Management Programme

##### *Background to CMP*

CMP was designed jointly by DWP and the Department of Health as a work-focused intervention for those with mental, cardio-vascular or musculo-skeletal health problems. Intended to be empowering for participants, CMP aims to tackle deep-seated issues such as anxiety, pain management and lack of confidence. Plans for service delivery were drawn up in each district according to the area's profile and commissioned by Primary Care Trusts (PCTs) or, in Wales, Local Health Boards. Varying models of delivery have been adopted, including in-house, fully or partly contracted-out and involving single or multiple PCTs.

##### *Referrals and participation*

Relative to the degree of interest in CMP that was expressed in the course of the WFIs, actual participation was rather low. Most of those participating tended to be customers who envisaged working at some point in the future.<sup>[3,5,8]</sup> IBPAs varied in who they referred to CMP. Some referred those they viewed as not ready for work but who could benefit from help in achieving short-term goals, such as developing confidence. Others referred those who were motivated towards work and needed just a little extra help to enter employment. Others were still simply confused about which types of customer should be referred to CMP.<sup>[2,4]</sup> There was also some evidence among customers themselves of a lack of clarity regarding the reasons for attending. Many had only a limited appreciation of the aim of the service. For others, participation was driven more by a concern that to do otherwise would jeopardise their benefits rather than by an interest in how better to manage their health condition. Seeking medical advice was one way of reaching a decision about whether to participate.<sup>[3,5,8]</sup>

In line with this, CMP practitioners noted that it was not uncommon for customers to attend CMP without a clear idea of what they sought to achieve. Some suspected that this arose due to IBPAs having to meet referral targets. There was a perception that some customers felt pushed into participating and may not have realised that it was voluntary. Practitioners stressed the importance to the success of the programme of participation being voluntary. Individuals who appeared to participate because they felt it was expected of them were often the ones who would show no signs of progress.<sup>[6]</sup>

Referral to CMP was no guarantee of eventual participation. Some people who were interested in participating failed to get an initial appointment, which could discourage them. Others failed to attend arranged interviews<sup>19</sup> and did not seek to reschedule the meeting. In these circumstances, contact between the CMP provider and the customer was often lost.<sup>[3,5,8]</sup> There was a feeling among CMP practitioners that the situation of customers failing to attend interviews was inevitable where they did not have a clear idea of what they wanted from their

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<sup>19</sup> A point also noted by IBPAs.<sup>[2,4]</sup>

participation. Nonetheless, a failure to attend could be disruptive to the practitioner since CMP appointments were often scheduled to be rather lengthy.<sup>[6]</sup>

Some of those who attended an initial CMP session found the experience uncomfortable or not suited to their needs, resulting in them ending their participation. In some cases, the provision was valued but the group nature of sessions was felt to be inappropriate. Continued attendance was rather unusual but this was often due to other complications in individuals' personal circumstances. This was despite customers often having positive views on the usefulness of CMP. Indeed, those customers whose entitlement to CMP was stopped due to their benefit being withdrawn found this a source of considerable frustration.<sup>[3,5,8]</sup>

Levels of referral varied across IBPAs. More referrals were seen when the IBPA had a positive relationship with the CMP providers. Having a CMP presence in the Jobcentre Plus office was helpful in this regard. IBPAs who had little contact with CMP providers were less likely to refer since they tended to be less knowledgeable about the services on offer. However, levels of knowledge grew over time, as did the awareness of the type of customer for whom CMP referral might be appropriate. This was coupled with a general perception among IBPAs that the CMP had improved considerably since its early days. Other factors that contributed to positive relationships included: convenience of location; providers contributing to referral decisions; and providers giving feedback on the appropriateness of referrals and the progress of customers. Where IBPAs felt that the CMP was offering a service that had previously been lacking, they were more likely to refer. On the other hand, there was some dissatisfaction at the length of time between referral and CMP entry which discouraged some IBPAs from referring claimants.<sup>[2,4]</sup>

For their part, most CMP practitioners reported that, over time, the referrals they received had become broadly appropriate and in line with the numbers initially expected. They acknowledged that communication between CMP practitioners and IBPAs had been helpful in achieving this and those based within Jobcentre Plus offices believed that this co-location was beneficial and resulted in higher referral levels. However, there was some evidence that IBPAs referred customers when they were not sure how to deal with them, so the need for ongoing dialogue remains apparent. Mirroring the comments made by IBPAs, some practitioners commented that they would appreciate feedback about customers who had moved from CMP back to Jobcentre Plus.<sup>[6]</sup>

### *Views on the benefits of participation*

Participation in the CMP resulted in some customers experiencing improved well-being, learning how to manage their condition better and feeling that they had undertaken some preparation for work. Other customers reported that, while helpful, CMP was not the most important influence on their return to work.<sup>[3,5,8]</sup>

IBPAs who remained in contact with their customers attending the CMP reported very positive developments, with participants becoming visibly more confident

and engaged.<sup>[2,4]</sup> CMP practitioners saw a spectrum of progress, from those who made rapid and extensive progress, to those who had made only small gains. Improved confidence, self-esteem, physical appearance and stamina were all noted as observable effects of participation as were a reduced need for medication, increased functioning and improved quality of life. It was felt that such progress could, in time, allow job entry. While CMP practitioners were strongly supportive of a work focus, this had to be sensitively handled. Sometimes, it was felt to follow naturally once other personal problems and barriers had been addressed. Those who did enter employment sometimes did so to the surprise of practitioners. The importance of providing ongoing support to those who entered work was also raised.<sup>[6]</sup>

CMP practitioners felt that the programme offered individuals the opportunity to discuss issues in confidence and to learn new ways of managing their condition. It seemed particularly well-suited to those with anxiety, depression and back pain, although no major gaps in provision were identified. Where practitioners themselves were not able to meet needs, these were usually well provided for by other local statutory and voluntary services. However, there was a feeling that people from ethnic minorities, especially those with language difficulties, were not well served.<sup>[6]</sup>

#### *CMP practitioners' reports of working with customers*

CMP practitioners reported that mental health problems were widespread across customers, sometimes accounting for as much as 80 per cent of the caseload. Those with mental health problems tended to be viewed as harder to help than customers with other conditions. Practitioners also reported that many customers had more severe and enduring problems than anticipated and often had difficult personal circumstances. There was some concern among practitioners working in generic roles that they lacked the knowledge to deal appropriately with some customers' health conditions.<sup>[6]</sup>

Where customers had an expectation of CMP it was sometimes misguided. Some came expecting a treatment for their condition and were disappointed when this was not provided. However, it appears that this became less common over time, possibly as IBPAs themselves became more familiar with the CMP service and in turn provided more accurate information to customers. Some practitioners had taken to carrying out an initial telephone conversation with customers, prior to their first appointment, to ensure the referral was appropriate.<sup>[6]</sup>

Practitioners were keen to ensure those they worked with wanted to take part and would actively engage in the programme. This could involve dissuading customers from participating where CMP might not be appropriate for them. In line with this, practitioners tended to view those who did not participate following their initial appointment as having chosen not to take part rather than as having dropped out.<sup>[6]</sup> This helps explain why, as mentioned earlier, participation in CMP was lower than the level of referrals and that continued attendance was less common than expected.

### *Delivering CMP*

Provision fell into two broad categories: Some was specific to a type of health condition and this tended to last between five and eight weeks. Other provision involved people with a range of conditions and was generally somewhat shorter. There was a feeling among customers that the condition-specific format was more helpful since the more general format could leave their specific needs unaddressed.<sup>[3,5,8]</sup>

In terms of format, CMP was delivered through a mix of individual and group sessions. A benefit of one-on-one sessions was that it was possible to be very flexible with regard to the location of the session. Some customers progressed from individual sessions on to group work. Others remained reluctant to participate in group sessions. Group sessions were seen by practitioners as important ways of improving social skills and self-confidence and were felt to benefit almost everyone who attended them.<sup>[6]</sup>

Those delivering CMP valued its flexibility, especially relative to other National Health Service (NHS) or DWP services. This flexibility allowed the programme to evolve in response to the needs of customers. Such reactivity is important to plug gaps in provision for certain conditions.<sup>[6]</sup>

Staff from a clinical background felt strongly that their expertise was essential to the delivery of CMP and that those without such a background could prove ineffective or even harmful. They also felt that customers were more likely to trust and engage with someone from a clinical health background. However, staff from a non-clinical background argued that not all CMP provision had to be delivered by clinicians and, indeed, some was better delivered by non-medical staff (who have their own areas of expertise).<sup>[6]</sup>

Both CMP managers and practitioners reported very high levels of job satisfaction and a real commitment to the service. The variety and flexibility offered by the work was highly valued, as was the degree of customer contact involved. Those who had previously worked in NHS settings commented positively on how the CMP was able to offer preventative health care, allowed longer appointment times and provided continuity of care, thereby enabling them to address deep-seated issues and problems. However, some CMP practitioners found delivering a completely new service quite stressful and difficult at first. It was acknowledged that there was a need for more systematic quality assurance. Where CMP provision was contracted-out rather than operating within the NHS, it was not always easy to track customers.<sup>[6]</sup>

## 4.3 The Return to Work Credit

The RTWC is an earnings supplement available to incapacity benefits recipients who move into paid work. The aim of RTWC, as stated in the 2002 DWP Green Paper, was to provide '*clearer returns from working*' and 'to ensure a firm transition

back to employment'. Payable at £40 per week for a maximum of 52 weeks, it is available to those who have been receiving benefits for at least 13 weeks, have found a job of not less than 16 hours per week with earnings not in excess of £15,000 per annum and that is expected to last for at least five weeks. Recipients must provide periodic evidence of their earnings and reapply after 26 weeks to continue entitlement for a further 26 weeks. The RTWC is non-taxable and is disregarded in the calculation of entitlement to other benefits and tax credits.

### 4.3.1 Take-up of RTWC

Not all those who enter employment claim RTWC. This might be for a number of reasons. They may be unaware of it (at least until it is too late – claims must be made within five weeks of starting work) or they may not meet one of the eligibility criteria. In view of the fact that these criteria are fairly detailed, it is difficult to identify from available data sources who would be eligible for RTWC and therefore, the actual level of take-up. Using both administrative and survey data, the take-up rate among those eligible is estimated to be around three-quarters (74 per cent).<sup>[13]20</sup>

RTWC was popular with IBPAs who reported its popularity also among customers. Many (but not all) IBPAs felt that in low-wage areas, it made the difference between work being financially viable or not. Take-up was highest among voluntary customers, particularly those screened out of mandatory participation. This is consistent with the analysis in Adam *et al.* (2008) who provide quantitative evidence of higher take up among voluntary customers. IBPAs would often encourage customers to come back to them when they had found work in order to claim RTWC.<sup>[2,4]</sup>

### 4.3.2 Applying for RTWC

Customers usually remembered applying for RTWC as being surprisingly easy and quick, often because of the help provided by the IBPA. There were sometimes delays before the first payment however, and these could be particularly problematic for people who received no wages for a month. RTWC claimants are required regularly to provide evidence of earnings in order to continue to receive the credit. In some cases, such evidence was late arriving, leading to payments being stopped (and not always reinstated).<sup>[7]</sup>

Customers must re-apply for the RTWC after 26 weeks for receipt to continue. Awareness of the need to do so was often low until a letter to that effect was received from Jobcentre Plus. The process of reapplication was thought similarly straightforward to the process of application. However, some customers reported not receiving a reminder letter from Jobcentre Plus and it being too late to reapply once they realised what was required of them.<sup>[7]</sup>

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<sup>20</sup> This is likely to be an underestimate of the true take-up rate since the denominator in the calculation includes some individuals who are ineligible due to not having received incapacity benefits for 13 weeks or not expecting to work for more than five weeks.

### 4.3.3 The end of RTWC eligibility

Some IBPAs were concerned about what would happen when customers' entitlement to RTWC ended. Mostly, IBPAs felt that coming to the end of RTWC entitlement would not prompt a job loss since customers would have moved away from dependency on benefits towards financial independence. IBPAs' fear that the withdrawal of RTWC would lead to job loss was greatest in relation to those customers working part-time or with debt problems. Several IBPAs discussed with customers how to manage when RTWC was withdrawn.<sup>[2,4]</sup>

Among those who did receive RTWC, the proportion who received it for a full year was estimated to be only 38 per cent.<sup>[13]</sup> Qualitative interviews with RTWC recipients suggest that in most cases of RTWC being claimed for less than a full year, this was because the customer had stopped working and returned to benefits. This return to benefits resulted in a worse financial position which was particularly difficult for those living alone and with no other sources of income. Some people, having experienced working while claiming RTWC, were encouraged to seek work again, with a fresh application for RTWC.<sup>[7]</sup>

Most customers were aware that RTWC payments would end after 12 months. Sometimes, this fact was stressed by IBPAs. Individuals planned to continue working after expiry of RTWC, even though they expected a financial impact, and in some cases thought this would be considerable. After this time, people planned to manage financially through a range of strategies including increasing the number of hours worked, investigating Working Tax Credit (WTC) and reducing expenditure.

In some cases, RTWC payments ended unexpectedly. This might be because the earnings limit was exceeded, the number of hours worked fell below the eligibility threshold of 16 per week or because Jobcentre Plus did not receive evidence of their earnings. In such cases, there was no opportunity to plan for the drop in income. While some said that losing RTWC made no difference because they had a relatively secure financial position, others struggled without the extra income.<sup>[7]</sup>

### 4.3.4 Awareness and views of RTWC

Qualitative evidence suggests awareness of RTWC was generally high among Pathways customers. However, the details were not fully understood by everybody. Perceptions of its worth may be influenced by how IBPAs communicated it: some described it as a payment of £40 per week while others described it as a payment of £2,000 (roughly its value if received for a full year).<sup>[3,5,8]</sup>

Some customers did not want to receive the credit, feeling that it was too much. However, they conceded that it may be appropriate for other individuals. Among those who received it, it was often welcome, although there could be drawbacks. Where payment was delayed, financial difficulties could quickly result. In cases where employment entry meant that customers would have to start repaying debts, the value of RTWC could be offset by the amount of these repayments.

Some customers felt worse off working than they had done on benefit and therefore sought to return to incapacity benefits but found that doing so was not always straightforward.<sup>[3,5,8]</sup> However, it is fair to point out that such problems would have occurred on re-entering employment, regardless of RTWC and that RTWC can go some way towards helping to overcome these difficulties.

Recipients of RTWC seemed to consider its amount to be fair, although for people with higher financial needs it could be somewhat insignificant. However, there were also those who felt it was very generous and was a bonus to be seen alongside other available supplements such as WTC. There was also some evidence that how the amount was perceived could change over time. While £40 per week could be a real help when moving from incapacity benefits into employment, its loss might be less noticeable once an individual has been working for some time. Many claimants felt that the main role of RTWC was to provide some help in moving into work and that there was little reason for extending it beyond a year's duration.<sup>[7]</sup>

Overall, RTWC was considered a good way of supporting transitions into paid work, especially for people out of work for a long time, those with low incomes and those with existing financial problems. Customers generally liked receiving RTWC payments weekly. This was particularly true for people managing on tight budgets, especially when earnings and tax credits were paid monthly. This was felt to help with financial planning, to alert them more quickly to breaks in payment and to be especially helpful during the transition to employment.<sup>[7]</sup>

#### **4.3.5 The effect of RTWC on incentives**

The availability of RTWC can strengthen the incentive to work, although the importance of a £40 a week incentive depends on individuals' circumstances such as their earning power and other potential sources of income (such as a working partner). In some cases, RTWC may serve to encourage individuals to work fewer hours than they would have otherwise. This arises from the £15,000 RTWC limit that those with higher hourly pay would exceed if they did not reduce their hours.<sup>[13]</sup>

Qualitative evidence suggests that RTWC generally acted as an incentive to find work, although mandatory customers were more likely to make use of it at some point in the future rather than immediately. Some IBPAs felt that it was mostly taken up by customers who would have returned to work anyway.<sup>[2,4]</sup>

Customers themselves sometimes reported that the financial support available influenced their decision to work. This might be by making work financially viable or by allowing those who would have worked anyway to work fewer hours to suit their health limitations. However, the RTWC did not appear to be influential among those customers not ready to work.<sup>[3,5,8]</sup>

The extent to which RTWC acts as an incentive to return to work is largely dependent on the stage at which individuals find out about it. Individuals who

found out about RTWC while they were still considering their options relating to work typically had more involvement in Pathways and found out about it either from their IBPA or their Job Brokers. Seeing the results of better-off calculations seemed particularly useful in conveying the financial benefits of moving into work with the RTWC. Knowing about RTWC from an early stage allowed customers to make an informed decision about employment entry.<sup>[7]</sup>

On the other hand, if individuals only found out about RTWC at the time of job entry, there was less room for it to provide an incentive to work. However, where entering work brings financial uncertainty, particularly in the short-term, the RTWC can help job entrants cope financially and provides an incentive to remain in employment. Those who were unaware of the RTWC often had little engagement with Pathways, either at the first WFI stage or later. It is possible that those who find out about RTWC too late to apply for it may be angry about not having been alerted to it.<sup>[7]</sup>

### **4.3.6 Perceived Impact of RTWC**

For some customers, RTWC was needed to make work financially worthwhile and particularly to help ease financial difficulties in the period between leaving incapacity benefits and receiving the first wages. The amount of RTWC was not always sufficient in these first few weeks and loans from family and friends were sometimes required. Most of those who responded to the incentive of RTWC found that they were financially better off in work with RTWC. Importantly, there was evidence of decreasing reliance on RTWC over time. However, while helpful, RTWC was not sufficient to allow some people, particularly those with children, to feel better off in work.<sup>[7]</sup>

Among those for whom RTWC was not required to make ends meet, it was viewed more as a bonus permitting new opportunities for spending and saving, thereby improving living standards. Some people reported that RTWC had not made a significant difference to their financial situation. Predictably, it was among those with alternative sources of income and fewer financial commitments that RTWC had less impact.<sup>[7]</sup>

## **4.4 In-Work Support**

IWS provides incapacity benefits customers entering employment with 'light touch' support. This is provided by an IWS adviser who may direct individuals towards additional sub-contracted specialist assistance including occupational health, job-coaching and in-depth support including general counselling and debt counselling.

### **4.4.1 Referrals to IWS**

Referrals to IWS are through Jobcentre Plus staff, usually the IBPA but sometimes the Disability Employment Adviser (DEA). Referrals may occur at the request of the customer, the NDDP provider or other service providers. IWS providers reported

the level of referrals as being much lower than expected. There was a feeling that there were some customers who might benefit from IWS who had not been told about it by Jobcentre Plus. One reason for this was felt to be low awareness among Jobcentre Plus staff themselves. Providers thought that marketing of IWS might address this but would be time-consuming, particularly in view of the high turnover of Jobcentre Plus staff.<sup>[12]</sup>

#### **4.4.2 The relationship with NDDP**

IWS providers felt there was a lack of clarity among Jobcentre Plus staff in how IWS fits with the assistance available under NDDP. The usual view among providers was that IWS provided more in-depth support than NDDP. However, some felt that Jobcentre Plus staff viewed NDDP as providing a comprehensive in-work service. NDDP was also viewed as having the advantage of allowing for continuity of provision in that the Job Broker remained the customer's main contact during both the pre-employment and employment stage.<sup>[12]</sup>

IWS providers suspected that many Jobcentre Plus staff and NDDP providers were not aware that customers could receive support from IWS and NDDP simultaneously, which resulted in customers missing out on the more intensive help available under IWS. IWS providers had attempted to address this by marketing their services as complementary to NDDP and there is evidence that this had some success. However, the longer-standing nature of IBPAs' relationships with Job Brokers sometimes meant that they received referrals in preference to IWS providers. Furthermore, the Back to Work lump sum payments available under NDDP were felt likely to skew referrals towards NDDP rather than IWS. In such cases, customers may not be receiving the best available support.<sup>[12]</sup>

Where referrals to IWS did occur, they could take place some time after they had entered work, often because the customer did not inform the IBPA of their intention to enter work much in advance of starting their job. Again, this could mean that customers missed out on the IWS in the important period of their transition from incapacity benefits to employment.<sup>[12]</sup>

#### **4.4.3 Customers' experiences of IWS**

The main concerns of customers moving from incapacity benefits into work concerned: coping physically and emotionally; how their employers might react to learning that they were on an incapacity benefit; and whether they would be able to manage financially, particularly in the first few weeks. The availability of IWS was not generally felt to have had much influence on the decision to return to work and often customers were unaware of it. However, there was some evidence that customers who were concerned about how they would cope with work, who knew about IWS in advance, viewed it as an important part of the overall package of support available under Pathways. For these people IWS could feature in their decision about whether to enter employment.<sup>[12]</sup>

Customers who received IWS were generally happy with the amount of contact they had with their IWS adviser and with the information they received. They also reported that meetings were arranged to suit individual needs. All customers had access to the 'light touch' after-care service. However, there was considerable variation in the intensity of this service. Access to specialist sub-contractors was more limited. There appeared to be variation across IWS advisers in the extent to which they made customers aware of the specialist provision available. There was also limited contact between IWS advisers and employers, mainly because customers felt uncomfortable about their employers' possible perception of this. Contact between Job Brokers and employers was more common, especially where there had already been contact with the employer as part of the initial brokering service.<sup>[12]</sup>

Customers who had received more intensive help through IWS typically reported that it had a positive impact on their ability to remain in work. Those who received less intensive support, identified IWS as a helpful component of a broader package of assistance. Some people did not think that IWS had had an impact and felt instead that support from other services, employers, family and friends was more effective in helping them to stay in work. Occasionally, customers reported dissatisfaction with IWS but, more commonly, their inability to sustain work was due to circumstances that IWS could not address, such as a deterioration in health.<sup>[12]</sup>

#### **4.4.4 Providers' experiences of IWS**

IWS advisers commonly identified those with mental health problems as the dominant customer group, often requiring more intensive support than customers with other health conditions. These problems varied in their severity but often resulted in the return to work being particularly stressful and tiring. Some customers just needed encouragement while others had more intensive support needs. For customers with physical health conditions, the main issue was how to work without experiencing pain or risking a worsening of their health. Accordingly, advisers were able to help arrange workplace adaptations or support customers in renegotiating their working arrangements. Often, customers with physical health conditions developed mental health conditions. Advisers stressed that both needs should be addressed together.<sup>[12]</sup>

Customers could encounter difficulties with employers and work colleagues. Where customers reported being harassed or exploited, advisers could provide legal information or direct them to a legal adviser. It was also common for providers to discuss financial issues. Customers were often concerned about how to manage their finances once in work. Issues that tended to arise included: adjusting to benefit changes; managing debt; and paying for the up-front costs arising from entering work.<sup>[12]</sup>

Some IWS advisers felt that customers could become over-dependent on the after-care support. However, it was more common for customers to benefit from the

support available, but to access it less and less with time. The assistance provided was wide-ranging but there was a feeling that it was preferable for this to be available through a single provider. This was particularly important for customers with mental health problems who could feel anxious about dealing with too many organisations. Some providers of sub-contracted specialist services felt that IWS advisers took this too far and resisted referring customers on to the most appropriate support.<sup>[12]</sup>

Referrals could be made to four broad types of specialist support: mentoring; financial management and debt advice; occupational health; and job-coaching. In all cases referrals tended to be small in number partly due to the fact that IWS advisers often provided some of this support themselves, only referring those cases requiring more intensive or specialist assistance.<sup>[12]</sup>

IWS advisers were enthusiastic about the service they provided and believed it was effective in helping people remain in work. This was felt to be attributable to the fact that the IWS service was responsive to customers' requirements, with those having greater needs receiving a more intensive treatment. IWS advisers made themselves available to customers on a very flexible basis and this access was also considered important to the value of the service. Another key factor in the effectiveness of IWS was the breadth of support provided.<sup>[12]</sup>

In those cases where IWS was not effective, this was mainly attributed to customers not using the support on offer or to changes in individuals' circumstances that made sustained work difficult. This was often deteriorating health. However, IWS is only one source of support and advisers acknowledged the importance of support from health professionals, employers, colleagues, family and friends.<sup>[12]</sup>

# 5 The effectiveness and cost-effectiveness of Pathways to Work

## 5.1 Introduction

A key element in the evaluation of Pathways is the estimation of its effect. This is of interest in its own right as a measure of how successful the intervention has been at encouraging people to find work and leave benefits. It is also an essential component of the cost-benefit analysis (CBA). The CBA attempts to provide an overall assessment of the quantifiable benefits arising from Pathways and to see whether these outweigh the additional costs involved in running the programme. This allows a judgement to be made as to whether Pathways made a net contribution to welfare at the level of the individual, the Exchequer and society as a whole.

## 5.2 Estimating the direct impact of Pathways<sup>21</sup>

### 5.2.1 An overview of the approach to estimating impacts

The aim of the impact analysis was to estimate the effect of Pathways as a whole rather than the effect of a specific component such as the New Deal for Disabled People (NDDP) or Condition Management Programme (CMP).

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<sup>21</sup> Section 5.2 is based entirely on Bewley *et al.* (2007).

**Methodological approach: difference-in-differences**

The methodological approach used to estimate the impact of Pathways is a standard evaluation technique known as difference-in-differences (DiD).

The basic principle is to compare the labour market outcomes for individuals starting new claims in the pilot areas before Pathways was introduced with outcomes for individuals starting new claims in non-pilot areas at the same time and then see how this relationship changes after Pathways was introduced. Any change in the relationship between pilot and non-pilot areas over time is interpreted as the effect of Pathways. In practice, the estimation is carried out controlling for the effects of observed characteristics on outcomes. Technical details of the approach are given in, for example, Heckman, LaLonde and Smith (1999).

The DiD approach rests on the assumption that, in the absence of Pathways, the relationship between outcomes in the pilot and non-pilot areas would remain stable over time. This cannot be observed directly but it is informative to examine the extent to which the relationship has been stable in the past. Using administrative data for this purpose suggested that DiD estimates based on the time periods for which the survey samples were available may be biased for the October 2003 pilot areas. For the April 2004 pilot areas, there was no suggestion that DiD estimates based on the survey samples would be biased when considering longer-term outcomes, although estimates for some of the shorter-term outcomes may be more questionable. In line with the guidance provided by these tests, the impact analysis focused on the April 2004 pilot areas.

**5.2.2 Data used for the impact analysis**

Both survey and administrative data were used to estimate the effects of Pathways. The survey sample was made up of people in the April 2004 pilot areas or in one of the specially selected comparison areas who got in touch with a Jobcentre Plus contact centre in order to claim incapacity benefits. Two cohorts were sampled: those making their enquiry in the period January-March 2004 (i.e. just before the introduction of Pathways in April 2004) and those making their enquiry in the period August-November 2004 (i.e. after Pathways was introduced). All individuals were surveyed soon after making their enquiry and again about a year and a half later.

The administrative data were taken from the Department for Work and Pensions (DWP) National Benefits Database (NBD) which captures most benefit spells back as far as June 1999.<sup>22</sup> Whereas the survey sample is made up of individuals making an initial enquiry about claiming incapacity benefits, some of whom may not go

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<sup>22</sup> A proportion of IB spells that last less than six weeks are not captured in the NBD.

on to claim, the NBD includes only those who did make a claim. An implication of this is that the impact estimates based on survey data allow for the possibility that one effect of Pathways may be to change the probability of individuals proceeding to the stage of making a full claim. Estimates based on the administrative data, on the other hand, do not capture this effect and so would not be expected to correspond directly with estimates based on the survey data.

The size of the estimation samples is shown in Table 5.1.<sup>[9]</sup> The survey data sample sizes are much smaller than those for the NBD, particularly for the comparison areas. This reduces the precision of the estimates based on survey data and means it becomes more difficult using survey data to detect statistically significant effects of Pathways.<sup>23</sup>

**Table 5.1 Sample sizes for impact estimates**

Number of individuals in each sample		
Survey data		
	'before-Pathways' sample January-March 2004	'after-Pathways' sample August-November 2004
Pilot areas	1,260	1,217
Comparison areas	157	659
Administrative data		
	'before-Pathways' sample January-March 2003	'after-Pathways' sample August-November 2004
Pilot areas	17,581	13,465
Comparison areas	13,460	10,331

Note: The year of the 'pre-Pathways' sample differs across the survey and administrative data. This is guided by the results described in Section 5.2.1 which suggest that some of the shorter-term estimates may be biased downwards using the survey samples. With the administrative data, there is flexibility to vary the timing of the cohorts.

### 5.2.3 The direct effects of Pathways in the pilot areas

#### *The effect on employment*

The estimated effect of Pathways on the probability of being employed at the time of the final survey interview is given in Table 5.2.<sup>[9]</sup> As noted above, this corresponds to about a year and a half after first making an enquiry about incapacity benefits. Table 5.2 suggests that Pathways increased the employment

<sup>23</sup> Although note that with the survey data, it is possible to control for variations across individuals more fully than when using administrative data.

rate by 7.4 percentage points, from a base of 29.7 per cent.<sup>24</sup> The P-value of nine per cent indicates its statistical significance.<sup>25</sup>

**Table 5.2 Estimated effect of Pathways on employment at time of interview, April 2004 areas**

	<b>Impact estimate (%-point)</b>	<b>P-value (%)</b>	<b>Base (%)</b>	<b>Sample size</b>
In paid work, any hours	7.4*	9	29.7	3,291

\*\* denotes statistically significance at the five per cent level; \* at the ten per cent level. Source: survey data.

In addition to the effect on employment at the time of the survey interview, it is also interesting to see the effect on employment in each month following the initial enquiry. This is shown in Figure 5.1.<sup>26[9]</sup> The upper panel presents the impact estimates – the estimated percentage point increase in employment due to Pathways.<sup>27</sup> This suggests that the effect of Pathways on employment grew quite slowly, reaching a level of about seven percentage points 18 months after the initial enquiry. This effect appeared relatively stable over the few months leading up to month 18.

It is also informative to consider the base against which the impact of Pathways should be measured. The lower panel of Figure 5.1 plots the employment rate in each of the months since the Incapacity Benefit (IB) enquiry together with an estimate of what the level of employment would have been had Pathways not been introduced (shown by the dashed line, labelled 'Base'). This suggests that,

<sup>24</sup> The column headed 'Base' in Table 5.2 gives an estimate of what the outcome would have been had Pathways not been introduced.

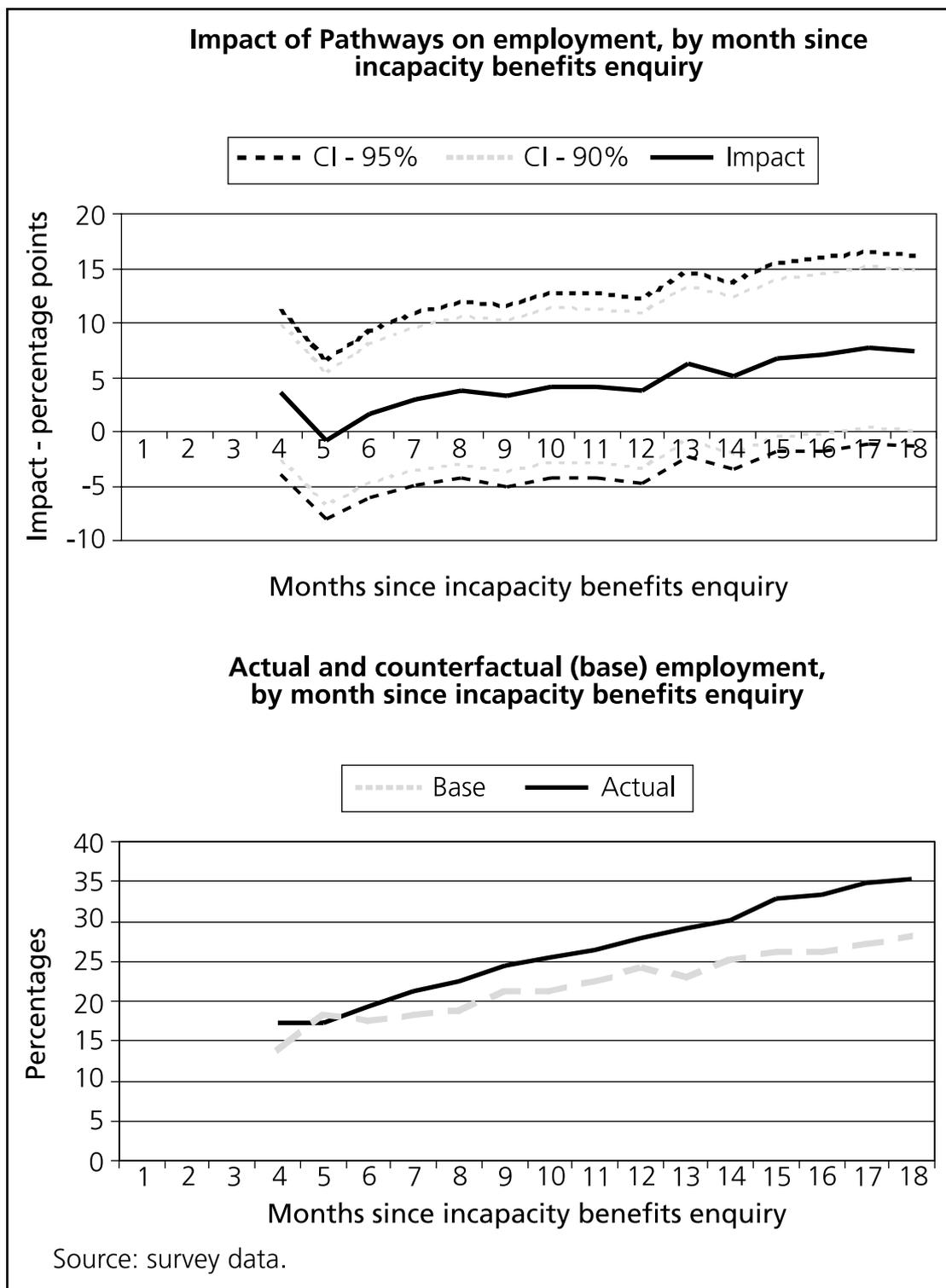
<sup>25</sup> The P-value provides an estimate of the probability that the observed effect might have arisen purely by chance – the smaller the P-value, the more confident we can be of having detected a meaningful impact. In view of its smaller sample size, results based on the survey data are interpreted as significant if they have a P-value of ten per cent or less, rather than the more standard threshold of five per cent.

<sup>26</sup> Delays between the initial enquiry and the first survey interview mean that there were too few observations available for reliable analysis prior to month 4. Between month 5 and month 18 the number of observations on which the estimates are based remained broadly stable.

<sup>27</sup> Confidence intervals at both the 90 per cent level of statistical significance (corresponding to a ten per cent P-value) and the 95 per cent level (corresponding to the more conventional five per cent P-value) are also shown. If the confidence interval is entirely above or below the x-axis, the effect is statistically significant; otherwise, the estimate is judged not to be statistically significant.

without Pathways, the rate of employment would have increased from 18 per cent in month 5 to 28 per cent in month 18. In this context, the effect of Pathways appears quite substantial, raising the probability of employment in month 18 by roughly 25 per cent (the Pathways impact of seven percentage points measured against the base of 28 per cent).

**Figure 5.1 Estimates of the effect of Pathways on employment by month, April 2004 pilot areas**



*The effect on earnings*

Table 5.3<sup>[9]</sup> shows the estimated effect of Pathways on net monthly earnings at the time of the survey interview. The estimated increase in earnings is not statistically significant. It is perhaps surprising that the employment effect described above should not be accompanied by a significant increase in earnings. A partial explanation for this might be that the estimates are subject to a large degree of imprecision arising from the small number of individuals for whom information on take-home pay was available in the April 2004 comparison areas prior to Pathways being introduced.

**Table 5.3 Estimated effect of Pathways on net monthly earnings at time of interview, April 2004 areas**

	Impact estimate (£)	P-value (%)	Base (£)	Sample size
Monthly net earnings at time of interview	33.28	40	252.61	3,291

\*\* denotes statistical significance at the five per cent level; \* at the ten per cent level. Source: survey data.

*The effect on incapacity benefits receipt*

The estimated effect of Pathways on incapacity benefits receipt at the time of the survey interview – roughly a year and a half after the initial claim enquiry – is given in Table 5.4.<sup>[9]</sup> This shows a reduction of 1.7 percentage points but this is not statistically significant. Without Pathways, it is estimated that 51 per cent of the survey population in the April 2004 pilot areas would have been claiming incapacity benefits.

**Table 5.4 Estimated effect of Pathways on incapacity benefits receipt at time of outcome interview, April 2004 pilot areas**

	Impact estimate (%-point)	P-value (%)	Base (%)	Sample size
Receiving incapacity benefits	-1.7	72	51.1	3,212

Note: \*\* denotes statistical significance at the five per cent level; \* at the ten per cent level. Source: survey data.

As with the consideration of employment, it is interesting to see the effect on benefit receipt in each of the months following the start of the claim. Using administrative data, such effects can be estimated. Figure 5.2<sup>[9]</sup> shows the impact of Pathways on the probability of not being on incapacity benefits in each of the 18 months following the start of the incapacity benefits claim.

Eighteen months after the start of the claim – roughly the timing of the survey interview – the estimated effect of Pathways was to reduce the proportion claiming incapacity benefits by 1.5 percentage points (although this effect fell just short of statistical significance). Had Pathways not been introduced, the estimated level of receipt at this point would have been 52 per cent. These estimates match very closely the estimates based on survey data (Table 5.4). The fact that the effect estimated using survey data was far from being statistically significant may simply be due to the smaller number of observations available in the survey data compared to the administrative data.

However, Figure 5.2 provides evidence that Pathways increased the chances of not claiming incapacity benefits in the months closer to the start of the claim. The size of this effect peaked at 6.3 percentage points five months after the start of the claim but by about month 10 had fallen to a fairly stable level of about 1½ to two percentage points.

**Figure 5.2 Impact of Pathways on not claiming incapacity benefits by month, April 2004 areas**

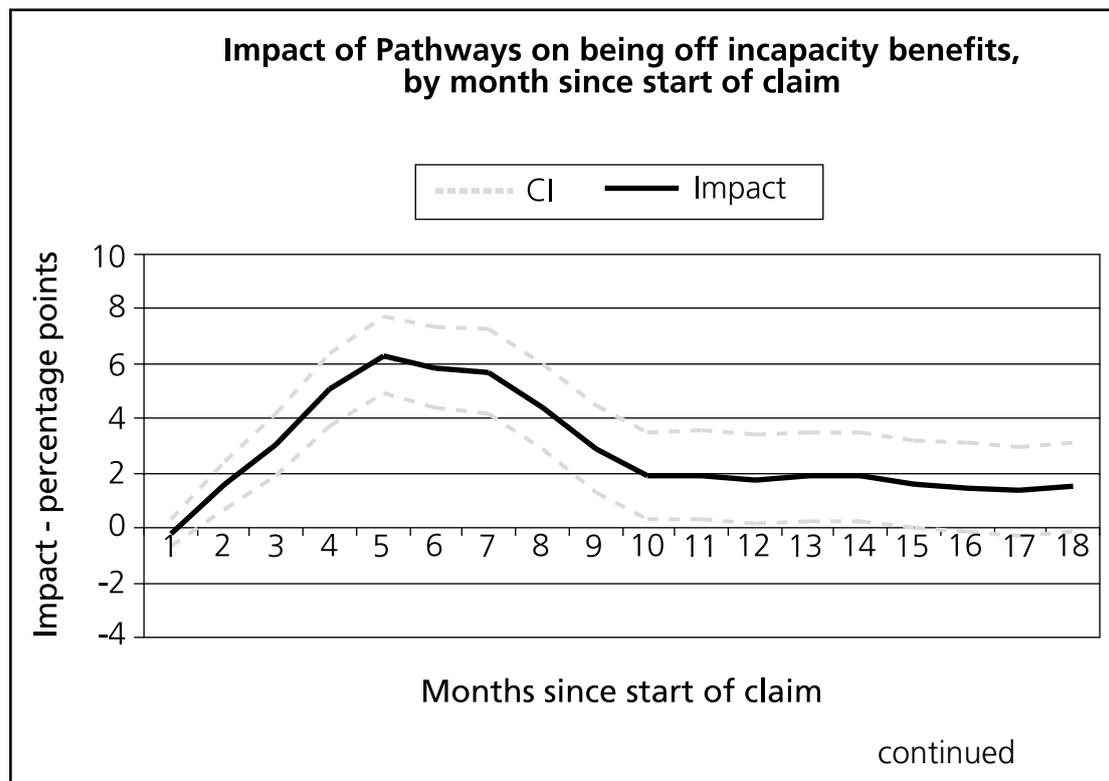
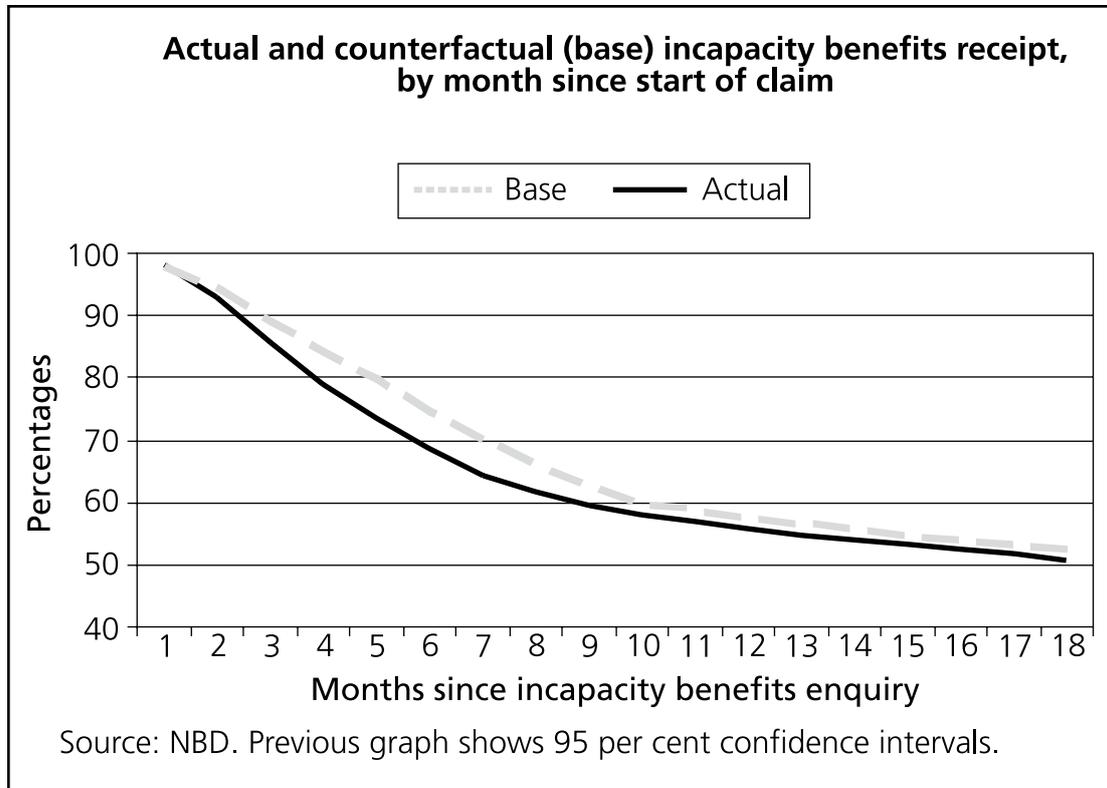


Figure 5.2 Continued



### *The effect on employment and benefits combined*

These results present something of a puzzle in that Pathways appears to have a long-term positive effect on employment but was not found, using survey data, to significantly reduce receipt of incapacity benefits a year and a half after the initial enquiry. To explore this further, Table 5.5<sup>[9]</sup> considers four possible combinations of employment status and incapacity benefits receipt at the time of the survey interview:

- in work, not receiving incapacity benefits;
- in work, receiving incapacity benefits;
- not in work, not receiving incapacity benefits;
- not in work, receiving incapacity benefits.

**Table 5.5 Estimated effect of Pathways on combined employment/incapacity benefits status at time of outcome interview, April 2004 pilot areas**

	Impact estimate (%-point)	P-value (%)	Base (%)	Sample size
In work, not receiving incapacity benefits	8.7*	5	24.8	3,210
In work, receiving incapacity benefits	-1.6	18	4.6	3,210
Not in work, not receiving incapacity benefits	-6.9*	8	24.0	3,210
Not in work, receiving incapacity benefits	-0.2	96	46.6	3,210

Note: \*\* denotes statistical significance at the five per cent level; \* at the ten per cent level.  
Source: survey data.

Since these four categories capture all possible combinations of employment and incapacity benefits status, the four estimated effects must sum to zero. In other words, should Pathways increase the share of the population accounted for by one category, this must be offset by a similar-sized reduction in the share accounted for by the other three categories. Pathways significantly increased the probability of working and not receiving incapacity benefits at the time of the outcome interview by 8.7 percentage points. The main decrease offsetting this was the probability of being out of work and not receiving incapacity benefits (third row). This fell by a statistically significant 6.9 percentage points.

So despite there being little evidence of Pathways having a long-run effect on the probability of receiving incapacity benefits, it does appear to increase the likelihood of employment among those not receiving incapacity benefits at the time of the outcome interview. In other words, those not claiming incapacity benefits by the time of this interview were, as a result of Pathways, more likely to be employed than they would otherwise have been. This result may have come about through a variety of routes, for example:

- Pathways could have increased the probability of moving from incapacity benefits directly to employment among those who would have left incapacity benefits anyway;
- Pathways could have increased the probability of job retention among those who would have left incapacity benefits and found work anyway;
- Pathways could have increased the probability of entering employment at a later date among those leaving incapacity benefits for a reason other than employment.

### *The effect on (self-reported) health*

Part of the motivation for Pathways is that work can have a beneficial health effect. However, it does not immediately follow that there should be such an effect. For example, Pathways may make individuals feel under increased pressure to move into work and accept unsuitable employment with consequent negative effects on health.

A complication when dealing with self-reported health outcomes is that individuals' responses may be influenced by their employment status. While employment may have consequences for health, it is also possible that being employed changes how individuals report their health for reasons unconnected with any real change in underlying health. One possibility is that individuals not in work report poor health as a justification for not being employed, perhaps for reasons of self-esteem. If this were the case then an increase in employment might be accompanied by an improvement in self-reported health, regardless of whether there had been a change in actual health. Another possibility is that a move into work involves a change in an individual's everyday activities. This might increase their awareness of their health problem limiting their activities. In this case, it could be the change in activities that affects the individual's assessment rather than a change in their underlying health.

With these caveats in mind, Table 5.6<sup>[9]</sup> shows the effects of Pathways on two health outcomes. The first is whether individuals reported having a health condition or disability which, at the time of survey interview, affected their everyday activities. The second is whether individuals reported having a health condition or disability which affected their everyday activities 'a great deal'. Pathways did not have a statistically significant effect on whether individuals reported having a limiting health problem or disability. However, there was a statistically significant reduction of nearly 11 percentage points in the probability of reporting a health condition or disability that limited the ability to carry out day-to-day activities 'a great deal'.

**Table 5.6 Estimated effect of Pathways on self-reported health at time of outcome interview, April 2004 pilot areas**

	Impact estimate (%-point)	P-value (%)	Base (%)	Sample size
Health problem affects day-to-day activity	-4.0	27	86.1	3,177
Health problem affects day-to-day activity 'a great deal'	-10.8**	2	49.8	3,124

Note: \*\* denotes statistical significance at the five per cent level; \* at the ten per cent level.

Source: survey data.

### *Variation across subgroups*

Table 5.7<sup>[9]</sup> shows how the estimated effect of Pathways on employment at the time of the outcome interview varied across subgroups within the population. The estimates presented for a particular subgroup are based on only the members of that subgroup. This has two consequences that are relevant for the interpretation of the results: First, it means that the subgroup estimates are based on a smaller number of observations than the estimates for the April 2004 areas as a whole. Consequently, it becomes more difficult to detect a statistically significant effect, even if one should exist. In view of this, it is important to remember that the lack of a statistically significant effect does not necessarily imply that there was no effect; rather, it means that any effect was **insufficiently large** to be captured statistically.

The second consequence of estimating within-subgroup effects is that comparisons of the resulting estimates do not control for differences in composition between the subgroups. For example, a comparison of the estimated effect of Pathways on men with the estimated effect on women, takes no account of the possibility of differences between men and women in other characteristics that might influence outcomes. The implication of this is that, while the results might show that Pathways had a greater effect on some subgroups than others, this difference is not directly attributable to the characteristic that identifies the subgroup. In terms of the example above, should the effect of Pathways be greater for women than for men, we cannot infer from this that being female increases the likely effect of Pathways; rather, it is the case that the combined characteristics of women pre-dispose them to being affected more by Pathways than men, with their set of characteristics.

With these caveats in mind, the results in Table 5.7 suggest that the positive and significant employment effects of Pathways were concentrated among women, those under the age of 50, those not reporting a mental health problem and those with dependent children.

**Table 5.7 Estimated effect of Pathways on employment at time of outcome interview by subgroup, April 2004 pilot areas**

	Impact estimate (%-point)	P-value (%)	Base	Sample size
<b>By sex</b>				
Men	3.0	62	35.8	1,786
Women	13.0**	5	22.2	1,505
<b>By age</b>				
Under 50	10.6*	6	31.3	2,101
50 and over	2.3	75	26.7	1,190
<b>By nature of health problem</b>				
Not mental health problem	10.7*	6	23.1	1,985
Mental health problem	-1.1	90	29.4	700
<b>By dependent children</b>				
No dependent children	3.5	49	31.2	2,416
Dependent children	17.6**	4	27.1	875

Note: \*\* denotes statistical significance at the five per cent level; \* at the ten per cent level.  
Source: survey data.

### 5.3 Assessing the indirect effects of Pathways in the pilot areas<sup>28</sup>

#### 5.3.1 How indirect effects might arise

In addition to the effects of Pathways on those for whom participation was mandatory, it is possible that it may have had an effect on voluntary participants and even non-participants. Benefit recipients not taking part in the programme might have been affected indirectly if Pathways had an impact on the efficiency or capacity of their local Jobcentre Plus personal adviser. Equally, the introduction of Pathways may have resulted in greater competition in the labour market for those applying for jobs.

#### 5.3.2 An overview of the approach used to estimate indirect effects

The extent to which Pathways had indirect effects on non-participants was explored by applying the DiD approach outlined in the previous section to claimants of a range of benefits, none of which triggered mandatory participation in Pathways. These included:

<sup>28</sup> The remainder of this chapter is taken from Adam *et al.* (2008).

- Attendance Allowance;
- Bereavement Benefit;
- Disability Living Allowance (DLA);
- Income Support (IS);
- Carer's Allowance;
- Jobseeker's Allowance (JSA);
- Pension Credit;
- Retirement Pension;
- Severe Disablement Allowance (SDA);
- Widow's Benefit.

In addition, the effect on those IB claimants for whom participation in Pathways was not mandatory was examined.

A limitation of this analysis is that it is only possible to examine exits from benefit rather than movements into employment. This is a feature of the data available (the NBD) which does not record employment spells. It is conceivable that Pathways might give rise to indirect effects on other outcomes that cannot be captured in the available data.

### **5.3.3 The main findings**

Overall, the indirect effects of Pathways appeared rather limited. Participation in Pathways was voluntary for those with a pre-existing claim for incapacity benefits when Pathways was introduced. These claimants were slightly more likely to exit benefits as a result of Pathways. Pathways increased, by 0.7 percentage points, the probability of existing claimants not claiming IB after 12 months. There was a similarly small effect (0.5 percentage points) on movements off benefits for existing claimants of SDA and IS or Pension Credit with a disability premium.

For claimants of other benefits (who in general could not have participated in Pathways), there was little statistically significant evidence of any impact from Pathways on their likelihood of moving off benefit. The main exception was among existing JSA claimants. Both male and female JSA claimants in the October 2003 areas were around 3.5 percentage points less likely to move off benefit within six months of Pathways being implemented. This might imply that Jobcentre Plus offices in the October 2003 areas were less able to cope with the introduction of Pathways, perhaps because they had less advance notice of its introduction than the April 2004 areas. Alternatively, the labour market in the October 2003 areas may have been less able to respond quickly to greater numbers of incapacity benefits claimants looking for work.

## 5.4 Estimating the direct effects of Pathways nationally

While the results for the pilot areas are encouraging, it does not necessarily follow that these results will hold when extending the geographic coverage of Pathways. As already discussed, Pathways may be more effective for some groups of people than for others. Should those for whom Pathways is less effective be more prevalent outside the pilot areas, for example, the effect of Pathways when rolled out to these new areas might be smaller. Alternatively, geographic labour market differences or variations in the efficiency of the Jobcentre Plus service may affect the broader representativeness of the results estimated for pilot areas.

### 5.4.1 An overview of the approach used

This analysis was based on administrative data on IB claims from the whole of Great Britain. This allows an examination of how closely the characteristics of the IB population in the pilot areas matched the characteristics of the IB population in the rest of Britain. Some of these characteristics were personal to the claimant – age or sex, for example. Others were more indicative of the local labour market or the efficiency of the local Jobcentre Plus office; specifically, the analysis considered recent variations across the country in the rates of off-flow from IB.

The DiD approach described already can be modified to allow the impact of Pathways to vary according to observed characteristics. These results can then be combined with the observed variation in characteristics across the country in order to arrive at a prediction of what Pathways effect would be likely outside the pilot areas.

As with the assessment of indirect effects, it is only possible to examine exits from benefit rather than movements into employment. As already seen, the effect of Pathways on employment is more sustained than its effect on benefit receipt. Furthermore, the NBD provides information on very few background characteristics, so the ability to consider variations across subgroups is rather constrained. This is a limitation if unmeasured factors shape the effectiveness of Pathways and also vary across the country. The fact that Pathways is now delivered by voluntary and private sector providers rather than Jobcentre Plus in much of the country outside the pilot areas, is also relevant to the ability to reach conclusions on the likely impact of the version of Pathways that is now in place nationwide, using estimates from the pilot areas.

### 5.4.2 The main findings

Table 5.8<sup>[13]</sup> compares the observed background characteristics of new IB claimants in the period between August and November 2004 in the seven pilot areas with those in other parts of Great Britain. With the exception of London, the overall impression is one of similarity when comparing the pilot areas with the rest of Britain. London appeared somewhat distinct from those in both the pilot areas and the rest of the country. New claimants in the capital were, on average, younger and much more likely to receive only National Insurance (NI) credits (meaning

that they had not paid enough NI contributions to be entitled to an actual IB payment).

**Table 5.8 Characteristics of new IB claimants, August – November 2004**

	Original seven pilot areas %	Rest of Great Britain, not London %	All Great Britain, not London %	London %	All Great Britain %
Aged 45 or over	38.4	38.1	38.0	33.6	37.5
Female	42.3	42.1	42.1	43.1	42.2
Mental health problem	29.6	29.8	29.8	28.0	29.6
NI credits only	44.5	46.8	46.6	62.7	48.4
<b>Number of spells</b>	<b>32,398</b>	<b>156,438</b>	<b>173,942</b>	<b>21,970</b>	<b>195,912</b>

It is obviously more of a challenge to consider the extent of geographic variation in unobserved characteristics. However, we can examine differences in outcomes likely to be influenced by such characteristics. With this aim in mind, Figure 5.3<sup>[13]</sup> shows the extent of variation in the proportion of people exiting IB within six months of starting their claim.<sup>29</sup> Again, with the exception of London, the pilot areas appear similar to the rest of Great Britain. After six months, the average among those flowing onto IB in London was just 22.7 per cent compared to 33.8 per cent in the original seven pilot areas and 33.5 per cent in the rest of Great Britain.

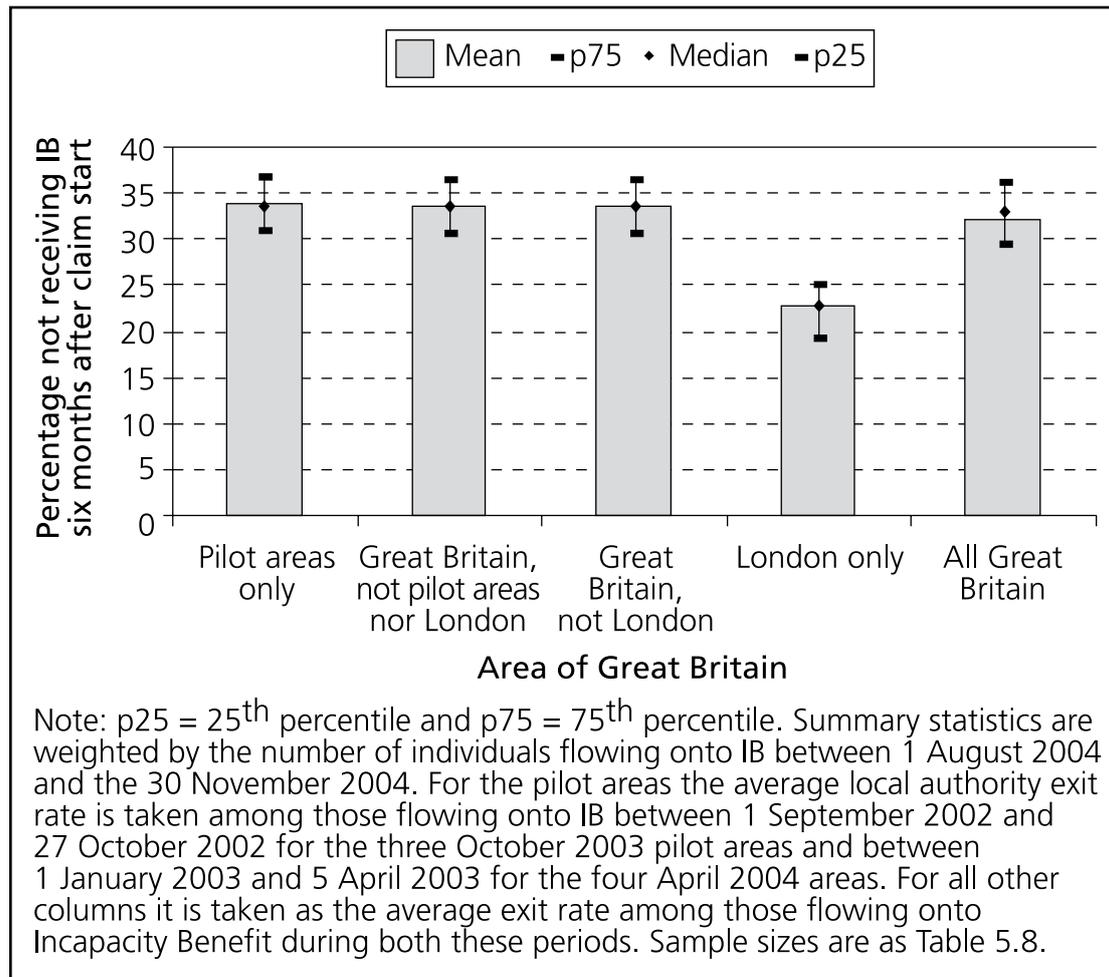
Modifying the DiD approach to allow impacts to vary with observed characteristics, showed the effect of Pathways to be greater for individuals receiving NI credits only and also for individuals living in areas where the exit rate from IB was relatively low. Since London has the highest proportion of credits-only IB and the lowest exit rates, this would lead one to expect a larger Pathways effect there than elsewhere.

Table 5.9<sup>[13]</sup> presents estimates of the effect of Pathways, taking account of geographic differences in those factors observed to influence impacts. The results suggest that the impacts observed in the pilot areas are likely to apply equally to other parts of Great Britain outside London. For London itself, the estimated effect of Pathways on benefit exits is noticeably higher, in line with the previous discussion. However, the estimate should be treated with caution since recent IB exit rates in London are so markedly different from the remainder of the country

<sup>29</sup> Six months is a natural duration to consider since it corresponds to the time at which the effect of Pathways on IB receipt is at its greatest – see Figure 5.2.

that the wisdom of extrapolating the model results based on the pilot areas becomes questionable. Furthermore, the estimate for London is not statistically significant. Consequently, there is greater uncertainty about the likely impacts in London.

**Figure 5.3 Distribution of Local Authority cumulative six month IB exit rates**



**Table 5.9 Estimated effect of Pathways on not receiving IB after six months**

	Impact (%-point)
Pilot areas	5.67*** (1.14)
Great Britain excluding London and pilot areas	5.80*** (0.98)
Great Britain excluding London	5.79*** (0.97)
London	8.52 (5.97)

Note: Standard errors are in parentheses. Statistical significance denoted by \*\*\*, \*\* and \* for the one per cent, five per cent and ten per cent levels respectively.

## 5.5 Estimating the costs and benefits of Pathways

The results presented in this chapter contribute to the generally positive impression of the effect of Pathways which emerged from the qualitative research. While there is little evidence of a long-run effect on benefit receipt, Pathways appears to improve the employment prospects of incapacity benefits claimants without, as far as it is possible to tell, having an undue offsetting influence on claimants of other benefits. Furthermore, the evidence suggests that similar positive impacts might be expected to result were Pathways rolled out in its current form to the rest of the country (although there is more uncertainty surrounding London). The crucial question determining the long-term viability of the programme is whether the benefits outweigh the costs. This provides the focus for the remainder of this chapter.

### 5.5.1 Estimating the costs

The cost analysis aims to estimate the additional costs that result from Pathways ('net costs'), rather than the sum of costs resulting from Pathways and costs that would accrue even in its absence ('gross costs').

In order to be consistent with the impact estimates, the costs considered are based on all those making an enquiry about claiming incapacity benefits. This includes a proportion (perhaps as many as half) who did not participate in Pathways and therefore added little, if anything, to the overall costs. Of those who did participate in some part of Pathways, it has already been noted that many did not participate in all of its components. By averaging costs over all the individuals who made an enquiry about incapacity benefits regardless of subsequent participation, the costs of the different components can be appropriately compared to one another, as well as to the benefits resulting from Pathways.

The net costs of Pathways are summarised in Table 5.10.<sup>[13]</sup> The first column shows an average across all seven pilot areas but, in line with the belief that impacts are more reliably estimated in the April 2004 areas, separate costs are also given for these Jobcentre Plus districts. All costs relate to the period April 2005 – March 2006.

**Table 5.10 Net costs of Pathways per incapacity benefits enquiry, April 2005 – March 2006**

<b>Cost component</b>	<b>Seven original sites</b>	<b>April sites only</b>
<b>Real resource costs in producer prices</b>		
<b>Staff</b>		
Salaries	£73.28	£69.86
Other staff costs	£26.80	£25.98
<b>Choices</b>		
NDDP	£11.02	£3.07
CMP	£52.71	£47.03
<b>Accelerated Personal Capabilities Assessments (PCAs)</b>	£3.13	£3.13
Indirect taxes (market price adjustment) <sup>1</sup>	£34.78	£31.11
<b>Transfer payments</b>		
<b>Customer payments</b>		
Return to Work Credit (RTWC)	£136.49	£113.01
Adviser Discretionary Fund (ADF)	£1.30	£0.82
Reimbursed customer expenses	£0.14	£0.13
<b>Total net costs</b>	<b>£339.65</b>	<b>£294.14</b>

<sup>1</sup> Staff and Choices costs in Table 5.10 are given exclusive of VAT. The amount shown as 'Indirect taxes (market price adjustment)' represents the forgone indirect taxes (VAT and excise duties) that would have accrued had the Staff and Choices amounts been utilised in the private sector. This must be included to reflect the true market value of the resources used and therefore, make them comparable with the other costs and benefits, which are all measured in market (i.e. VAT-inclusive) prices.

### *Staff costs*

Staff costs per incapacity benefits enquiry were rather modest, at roughly £100, with about two-thirds of this accounted for by staff salaries (the remainder mostly being overheads). While this amount seems low, it should be remembered that this is an average over all those making an enquiry about claiming incapacity benefits. Only a minority of these participated in repeat Work Focused Interviews (WFIs) and these repeat WFIs triggered most of the staff input. Calculating staff costs for only those who had at least one repeat WFI between April 2005 and March 2006 increased the net cost by a factor of about five, to around £550 per individual.

### *Choices costs*

While a range of provision is available under Choices, Pathways appeared only to increase participation in the NDDP and CMP. The costs associated with this increased participation are considered here. The increased amount expended on NDDP as a result of Pathways was low, at about £11 in the pilot areas as a whole

but only about £3 in the April 2004 areas. This was in spite of the cost of NDDP per registrant being in the region of £800 – £1,000 and reflects the fact that Pathways was estimated to have very little effect on NDDP participation (an increase of slightly over one percentage point across all seven pilot areas and lower still at about a third of one percentage point in the April 2004 areas).

The cost of CMP per referral was roughly £1,000 in the seven areas as a whole and £1,100 in the April 2004 areas. Since the effect of Pathways on CMP participation was larger than that for NDDP (5.2 and 4.3 percentage points in the seven areas and the April 2004 areas respectively), this translates into higher net costs. Across all pilot areas, Pathways-induced CMP participation increased costs by £53. In the April 2004 areas, the net cost was similar at £47.

#### *Cost of payments to customers*

Financial support provided under Pathways includes the RTWC, the ADF and cost reimbursements for travel to WFIs and to participate in the Choices programmes. Of these costs, RTWC was by far the biggest component. The average claimant of RTWC received the benefit for just under 36 weeks, translating into an average cost over this period of £1,431. Since fewer than ten per cent of those making an enquiry about incapacity benefits went on to receive RTWC, the RTWC payment per incapacity benefits enquiry was about £136 for the pilot areas as a whole and £113 for the April 2004 areas.

#### *Cost of fast-tracking the PCA*

Under Pathways, the intention was to fast-track the PCA so that it took place within 12 weeks of the start of the claim for incapacity benefits. As a result of this, the number of PCAs increased as some claimants who previously would have left incapacity benefits before having their PCA, now had a PCA and this led to increased PCA costs.

About three-quarters of claimants undergoing a PCA receive a full physical examination at a cost of £44.61 per person. For the remaining quarter, the PCA amounted to a paper review of the case, costing £6. These values were identical in the Pathways and non-Pathways areas but Pathways increased the cost of PCAs by increasing the proportion of claimants who were reviewed. In addition, the Capability Report, which attempts to indicate the types of work of which the claimant is capable was produced only in the Pathways areas. Each Capability Report cost £8.34.

Pathways increased the percentage of claimants receiving a physical examination by three percentage points and the percentage receiving a scrutiny report by one percentage point. Pathways also increased the number of claimants who received a second PCA within one year of starting their claim by 0.6 percentage points. Overall, Pathways increased PCA-related costs per incapacity benefits enquiry by £3.13.

### *Total net costs*

In total, the average net cost per incapacity benefits enquiry was £340 in the seven pilot areas and £294 in the April 2004 areas. The main elements were staff salaries, the CMP and the RTWC. Since about 22 per cent of those making an enquiry never became a benefit claimant, assuming they did not incur any costs, the net cost per claimant resulting from Pathways in the seven pilot areas would be roughly £436 (that is,  $£340/(1-.22)$ ). Costs are as low as they appear because Pathways had only moderate effects on the proportions of those making enquiries who received WFIs, the Choices components, and the various types of customer payments. As previously discussed, the cost of several of the individual programme components was substantial when the numbers who actually received the service or the payment award are considered.

### **5.5.2 Estimating the benefits**

The financial implications of the impact of Pathways depends on how the changes in circumstances of participants affect overall tax and benefit payments. The complexity of the tax and benefit system and wide variations in individual circumstances mean that it is difficult to generalise about such consequences and simply looking at the tax and benefit position of a single 'representative' individual may not give a reliable picture.

Ideally, it would be possible to calculate the complete time path of the tax and benefit position of each individual affected by the policy in the seven pilot areas with and without the policy in place. However, the survey data used for the impact analysis do not contain enough information to allow this. Instead, the approach taken was to use the Family Resources Survey (FRS). Since the FRS allows recent IB claimants to be identified, it can provide a sample of individuals who should broadly resemble the sample used for the estimation of Pathways impacts.<sup>30</sup> Importantly, the FRS also allows individuals' tax and benefit positions to be calculated. Applying the impact estimates based on the Pathways survey data to the FRS allows the tax and benefit position to be calculated both with and without Pathways.<sup>31</sup> The difference between these provides an estimate of the net benefit of Pathways.

To proceed, the impact analysis was generalised to estimate the impact of Pathways on individuals' hours of work (0, 1 to 15, 16 to 29 or at least 30 hours per week)

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<sup>30</sup> In fact, there were some differences between the Pathways survey sample and the FRS sub-sample. This is not surprising given the rather specific criteria for inclusion in the Pathways sample, which can only be approximated in the FRS.

<sup>31</sup> In practice, the impacts had to be re-estimated using only those variables that were observed in the FRS. Conveniently, the FRS contains many of the variables used from the Pathways survey data and restricting the analysis to this common set of variables was found to have little effect on the estimated impact of the policy.

and whether they were claiming IB. Assuming that those moving into work as a result of the policy would, conditional on observed characteristics, have similar earnings to those moving from IB into work more generally, the results of this estimation can be used to assess the effect of Pathways on net family incomes and tax and benefit payments.<sup>32</sup>

The overall results are shown in Table 5.11.<sup>[13]</sup> The first column of results corresponds to effects occurring during the first 28-52 weeks of incapacity, while the second corresponds to effects beyond this time. The reason for this distinction is that the long-term rate of IB (which becomes payable after a year) is higher than the short-term rate. The policy effects in the shorter-term are estimated to increase family disposable income by £5.80 per week on average and in the longer term they are slightly lower at an average of £5.49 per week. Both these amounts exclude any customer payments such as RTWC. The average savings to the Exchequer are £7.39 and £7.70 per week for the shorter-term and longer-term respectively. The total benefit to society (which is the sum of benefits to the individual and to the Exchequer) is £13.20 per week in both cases. Leaving aside the possibility of indirect effects (see the discussion earlier in this chapter), this indicates the total measured financial benefit to society per week gross of the costs discussed earlier in this section and excluding RTWC payments.

The size of the total benefit of Pathways depends on how long these weekly impacts last. The evidence from the impact analysis suggests that Pathways had an impact quite quickly, perhaps from the third month after the individual moved onto incapacity benefits. Furthermore, the impact on employment appeared to last until at least the final survey interview. However, the Pathways data do not allow impacts to be observed beyond this point; thus there is no way of knowing whether the impact fades shortly after that point or continues long afterwards.

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<sup>32</sup> This was done using TAXBEN, the Institute of Fiscal Studies (IFS) tax and benefit microsimulation model (described in Giles and McCrae, 1995). Full take-up of benefits and tax credits is assumed. A further assumption is that employment (and hours), earnings and IB receipt are the only factors affecting the individual's tax and benefit position that are affected by the policy.

**Table 5.11 Financial benefits of Pathways per person per week of impact**

	28-52 weeks from start of incapacity	After a year from start of incapacity
<b>Benefits to the individual*</b>		
Increase in family disposable income	£5.80	£5.49
<b>Total</b>	<b>£5.80</b>	<b>£5.49</b>
<b>Benefits to the Exchequer</b>		
Reduced IB payments	£1.48	£1.98
Reduced IS/income-based JSA	£1.24	£1.23
Reduced Housing Benefit	£0.72	£0.63
Reduced Council Tax Benefit	£0.32	£0.30
(Increased Tax Credits)	(-£1.25)	(-£1.27)
Increased Income Tax	£1.23	£1.19
Increased Employee NI Contributions	£0.63	£0.63
Increased Employer NI Contributions	£0.74	£0.74
Increased indirect taxes	£2.24	£2.24
Other	£0.05	£0.05
<b>Total</b>	<b>£7.39</b>	<b>£7.70</b>
<b>Total benefit to society*</b>	<b>£13.20</b>	<b>£13.20</b>

\* To these must be added benefits to the individual of £137.93 (total, not per week) from customer payments (RTWC, ADF, etc). These are the same as those counted in the cost analysis, so they cancel out when calculating the net costs and benefits to society but are important when separating out costs and benefits to individuals and to the Exchequer. Source: calculations using the IFS tax and benefit model, TAXBEN, run for the April 2006 tax and benefit system on updated data from the FRS 1996/97 to 2005/06.

Table 5.12<sup>[13]</sup> shows the present value of the total gross benefits of the policy to individuals, the Exchequer and in total. Estimates are presented for two scenarios: In the first case, impacts are assumed to last for 70 weeks. Results already presented show that the employment impacts of Pathways last for at least this long (Figure 5.1) so this is perhaps a rather pessimistic scenario.<sup>33</sup> In this case, the benefits of Pathways to the individual are estimated at £526 and the Exchequer benefits are estimated at £515. Adding these, the total benefits are estimated at £1,041.

In the second scenario, we consider impacts lasting for 150 weeks. This is a more optimistic scenario, arbitrarily chosen to correspond to roughly three years from the start of the claim. In this case, individuals gain £935 from Pathways and the Exchequer gains £1,088. Adding these, the total benefits are estimated at £2,023.

<sup>33</sup> The survey outcome interview takes place around 18 months (78 weeks) after the initial IB enquiry. If impacts start from the third month (eight weeks after the enquiry), the survey interview would take place about 70 weeks after this point.

Research into the longer-run impact of Pathways is the key to determining how big its benefits really are.

**Table 5.12 Present value of total financial benefits of Pathways per person, by assumed duration of impact**

Duration of impact	Individual benefits	Exchequer benefit	Total benefits
With 3.5% discount rate			
Scenario 1: 70 weeks	£526	£515	£1,041
Scenario 2: 150 weeks	£935	£1,088	£2,023

Source: calculations using the IFS tax and benefit model, TAXBEN, run for the April 2006 tax and benefit system on updated data from the FRS 1996/97 to 2005/06.

### 5.5.3 Assessing the costs and benefits of Pathways

With estimates of both the costs and benefits of Pathways, the net benefits can be estimated simply as the difference between the two:

- For individuals making enquiries about claiming incapacity benefits, measured financial benefits were estimated to average £526 (in the case of impacts lasting 70 weeks) or £935 (if impacts last 150 weeks).
- For the Exchequer, net measured financial benefits per incapacity benefits enquiry were estimated to be £175 (£515-340) if impacts last 70 weeks or £748 (£1,088-£340) if impacts last 150 weeks
- For society as a whole, the net measured financial gain is the sum of the benefits to individuals and the Exchequer. This was £701 (if the impacts last 70 weeks) or £1,683 (if the impacts last 150 weeks).

These estimated costs and benefits are summarised in Table 5.13.<sup>[13]</sup> As stated earlier, the biggest cost of Pathways was the RTWC; staff salaries and the CMP were also relatively costly elements. On the benefits side, the gains were quite evenly divided between Pathways participants and the Exchequer and the Exchequer benefits were themselves a fairly even combination of savings in IB and means-tested benefits and increased revenue from Income Tax, NI Contributions and indirect taxes.

**Table 5.13 Present value of total measured financial benefits of Pathways per incapacity benefits enquiry**

Duration of impacts (3.5% discount rate)	Individual		Exchequer		Society		
	Benefit	Gross benefit	Cost	Net benefit	Gross benefit	Cost	Net benefit
70 weeks	£526	£515	£340	£175	£1,041	£340	£701
150 weeks	£935	£1,088	£340	£748	£2,023	£340	£1,683

*Omitted costs and benefits*

There are other potentially important costs and benefits that could not be considered in this analysis. The monetary values of these costs and benefits are unknown. In some cases, they are not naturally valued in monetary terms. These include possible programme effects on:

- work-related expenditures of Pathways participants;
- non-work time available to Pathways participants;
- benefit payments and employment status of non-Pathways participants;
- utilisation of the NHS;
- health status of Pathways participants;
- quality of life of Pathways participants;
- costs of administering (for the Government) and claiming/complying with (for individuals) tax and benefit payments;
- deadweight losses that result from taxes;
- reaction of the public to reductions in the incapacity benefits rolls.

Some of these omitted factors will have increased the benefits of the policy and others will have reduced them. However, any conclusions about the importance of the unmeasured costs and benefits of Pathways must ultimately be a matter of judgement. Nevertheless, Pathways was found to have positive net measured benefits even when it was pessimistically assumed that programme effects lasted for only 70 weeks. If its effects lasted longer, the net measured benefits would be larger. The negative unmeasured effects listed above would have to outweigh the positive unmeasured effects considerably if the programme were not to be beneficial overall.

## 6 Conclusion

As the first labour market policy to apply substantial conditionality to those claiming incapacity benefits, Pathways represents a significant development in Britain's welfare-to-work agenda. It is also a very substantial programme both in terms of the range of services it provides and the number of participants.

Participants face considerable barriers to employment. They tend to be concentrated in the upper end of the working age distribution and have, on average, relatively low levels of educational qualification. Most importantly, the majority report that they have a health condition that limits their everyday activities. Often, individuals reported that they were limited 'a great deal'. This is the key challenge facing this population. Both qualitative and quantitative findings highlighted the dominant influence of health, with labour market decisions often secondary to the immediate priority of, in some cases, becoming well and, in other cases, learning to live with an ongoing condition.

This report has drawn together the key findings from the large-scale and comprehensive evaluation of Pathways to Work. This final chapter focuses on the key messages to have emerged from the evaluation and identifies some possible areas for development as the Pathways service establishes itself throughout the country. In line with the structure of the rest of the report, this chapter does not restate all the conclusions contained in the 13 component reports but instead attempts to focus on the insights achieved by considering all these reports together.

### 6.1 Was Pathways successful?

In answering this question, we focus on three related issues:

- whether Pathways was delivered as intended;
- whether it had an effect on labour market behaviour;
- whether it proved to be cost-effective.

### **6.1.1 How Pathways operated in practice**

The findings summarised in this report capture the evolution of Pathways delivery as initial teething problems were encountered and, in many cases, overcome. For example, it took time for advisers to understand the purpose of the screening tool and, it seems, to feel comfortable using it. As another example, it appears that inappropriate referrals to voluntary provision became less common with time. Those involved in delivering Pathways appeared committed to it and participants themselves generally accepted its underlying rationale.

However, there were a number of ways in which the delivery of Pathways did not conform exactly to the design of the programme. For example, advisers were often reluctant to impose sanctions for non-compliance, due to concerns about their potential impact on individuals' well-being. Instead, to accommodate claimants who failed to attend Work Focused Interviews (WFIs), waivers and deferrals were used. As another example, customers who did attend WFIs frequently came to fewer than the prescribed six meetings. Again, there was evidence that advisers used waivers and deferrals as a means of focusing the efforts on those they felt most likely to benefit. Sometimes, it appeared that this strategy was necessitated by high workloads which meant that advisers lacked sufficient time to see all their customers.

Although the delivery of Pathways improved over time, as illustrated above, some differences from the original design persisted. This is to be expected when introducing any new programme and particularly in the case of a complex programme such as Pathways. Such deviations highlight areas to focus on when refining the delivery of Pathways. This point is returned to later in this chapter.

### **6.1.2 Influence on individuals' labour market behaviour**

Results from the impact analysis show that, 18 months after first enquiring about incapacity benefits, the rate of employment was about seven percentage points higher as a result of Pathways. This is a substantial increase when measured against what the employment rate would have been without Pathways (an estimated 28 per cent). Surprisingly, 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.

Also important is the effect of Pathways on individuals' health. Results based on survey respondents' own assessments of their health (approximately a year and a half after first enquiring about claiming incapacity benefits) show that Pathways reduced the probability of having a health condition that limited the ability to go about everyday activities 'a great deal'. While there are reasons to be cautious about measures of self-reported health, the fact that the size of the impact – a reduction of nearly 11 percentage points – was greater than the estimated employment effect suggests that the finding is not merely driven by the employment effect of Pathways.

The results also suggest that Pathways had only limited indirect effects on the claimants of other benefits, as far as this could be observed from the available administrative data. This is reassuring since it suggests that the benefits experienced by Pathways customers were not achieved at the expense of other groups within the population. The main exception was Jobseeker's Allowance (JSA) claimants in the October 2003 areas, some of whom were found to be less likely to exit JSA as a result of Pathways.

### **6.1.3 The cost-effectiveness of Pathways**

Detailed consideration of the benefits and costs of Pathways showed that the effects of the policy brought a net financial benefit to individuals, the Exchequer and society as a whole. An important consideration when reaching a judgement on this is the likely sustainability of the effects. It is not possible yet to observe how long the effects of Pathways might last. Making the rather pessimistic assumption that the impacts last no longer than 70 weeks, the net benefits to the individual, the Exchequer and society per incapacity benefits enquiry, are estimated at £175, £526 and £701 respectively. If the impacts lasted longer, the net benefits would be greater. For example, if the impacts lasted for 150 weeks, the corresponding benefits would be £935, £748 and £1,683. These estimates do not include potentially important costs and benefits of Pathways that were not measured, however.

### **6.1.4 Overall**

Pathways was successful in encouraging employment and may also have helped reduce the extent to which individuals' health conditions limited their ability to go about their everyday affairs. This was achieved in a seemingly cost-effective way, with net measured benefits accruing to both the individual and the Exchequer (and therefore to society as a whole). Benefit receipt was not substantially reduced in the long-term, however. This last point is important in light of the Government's aspiration to reduce the numbers receiving incapacity benefits from 2.74 million in 2005 to 1.74 million or fewer by 2015.

The effectiveness of Pathways depends on the service provided in practice. As noted already, this was not always as envisaged in the design of Pathways. In the next section, some implications of this are considered.

## **6.2 Delivering Pathways – the central role of the Incapacity Benefit Personal Adviser**

Incapacity Benefit Personal Advisers (IBPAs) perform a crucial role in delivering Pathways: They are the first contact for Pathways customers, they deliver the WFIs, they direct customers to some areas of provision and act as gatekeepers to other areas. It is a role that appears to be valued by customers and, over time, trusting relationships tended to develop between customers and their adviser. **Where**

**possible, attempts should be made to ensure customers always see the same adviser** since this helps in the development of a productive relationship.

It is great testimony to the advisers that they have managed to achieve this, especially in view of the sensitive issues they must negotiate. The adviser offers support to the customer but the mandatory nature of WFIs is such that the adviser should also refer the customer for a sanction if this offer of support is not taken up. While advisers were sensitive to the potential conflict between these two roles, it did not appear to be a significant concern among those who had been referred for a sanction (although it might be among Pathways customers as a whole). Often, it seems that advisers avoided the need to sanction by making use of waivers and deferrals.

For some customers, adhering to the schedule of six monthly WFIs may be difficult. This might be because of the nature of their health condition, for example, or the fact that they are awaiting medical results or treatment. Others may see little value in WFI attendance since they have a job to return to once their health improves. 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 discouraging those not on IB from enrolling in the first place. The greater flexibility introduced through the use of waivers and deferrals may reduce the extent of the deterrent effect.<sup>34</sup>

At the same time, the use of deferrals must be managed to ensure that those harder-to-help customers who are nonetheless interested in engaging more with the labour market receive all the help to which they are entitled. Customers with mental health problems seemed particularly hard to help and some advisers mentioned feeling out of their depth when dealing with such individuals. Perhaps reflecting this, the impact analysis does not find any evidence of a Pathways effect for those with mental health problems. **Given the prevalence of mental illness among the Pathways population, identifying ways of better supporting those with such a health condition would seem an important priority.**

That is not to overlook the fact that specialist support is available under Pathways.

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<sup>34</sup> In fact, draft regulations indicate that, once ESA is introduced, advisers will only be able to waive WFIs when a claimant is very close to returning to employment (<http://www.dwp.gov.uk/welfarereform/DraftRegulations.pdf>). However, advisers will still be able to defer a WFI where it would not be helpful or appropriate. The retention of the deferral option is welcome and will help allow the desired flexibility.

Particularly relevant for customers with mental health problems is the Condition Management Programme (CMP). However, particularly in the early months after the introduction of Pathways, advisers were not always referring customers to the best support available. Sometimes they were unfamiliar with the range or the aims of provision and, partly as a consequence of this, customers could feel they had not been provided with sufficient information. To address this, **sufficient time needs to be devoted to training advisers about the full scope of the Pathways programme. Attention should be given to increasing the accessibility of information relating to services.**

Another factor that reduces the extent to which participation can be viewed as purely responsive to customers' needs is that IBPAs reported pressures to contribute to Jobcentre Plus job entry targets. Where this influences referrals, it may be that the customer does not receive the most appropriate treatment. **The extent to which job targets might influence the nature of support provided to Pathways customers should be carefully examined in order to ensure that participants receive the assistance that best promotes their long-term position.**

Targets for referral could also be problematic. CMP providers emphasised the importance of participation being voluntary and tended to ensure that those referred were keen to take part. It was not uncommon for customers referred to CMP to lack a clear idea of what they hoped to achieve. Providers suspected this might arise from IBPAs having to meet referral targets. **Referral to voluntary provision should be dictated by the appropriateness of the service rather than the need to meet referral targets.**

### 6.3 Delivering Pathways – improving communication with other organisations

Often, advisers played a key role in referring customers to New Deal for Disabled People (NDDP), CMP and In-Work Support (IWS). Since advisers tended to be more familiar with Job Brokers than with providers of CMP and IWS, they often referred more cases to NDDP. However, in general, a positive relationship between advisers and providers of the voluntary services helped ensure referrals operated effectively. **Referrals tended to be higher – and more appropriate – where providers had a presence in the Jobcentre Plus office. Such co-location should be encouraged whenever possible.**

IWS providers felt that IBPAs were unclear on the respective services provided by NDDP and IWS. This suggests that **the distinction between NDDP and IWS needs to be clarified and communicated. There may be scope to streamline the provision and thereby improve efficiency.**

IWS providers also mentioned that referrals, where they did occur, were sometimes late relative to the start of employment. This meant that customers could miss out on support at the time of their transition into employment. The transition from benefit to employment is often the period when individuals are most in need of support. In view of this, **it is important that IWS referrals are timely so that support is available when most needed.**

## 6.4 The Return to Work Credit

Advisers reported that the Return to Work Credit (RTWC) was often something that interested customers. For some individuals, it provides a substantial incentive to enter employment. However, it can only be effective in this regard where claimants are aware that it exists. Some customers reported only finding out about the RTWC when they informed the adviser that they had found work. To maximise its incentive effects, **advisers should emphasise the RTWC at the earliest appropriate opportunity.**

Together with IWS and NDDP, RTWC forms part of the package of support available to those moving from benefit to employment. This transition can be a time of considerable financial stress, particularly at the very start of the new job as individuals await payment of their first wages. **To provide more support during job entry, one possibility is to allow 'front-loading' of RTWC, for example, paying the first four weeks of RTWC award (£160) at the very start of the employment spell.**

## 6.5 Concluding comments

This report synthesises the findings of all the reports that make up the evaluation of Pathways for new and repeat claimants of incapacity benefits in the seven areas where it was first piloted. Since that time, Pathways has been rolled out to the rest of the country in a series of waves. Furthermore, IB itself is scheduled to be replaced by the Employment and Support Allowance (ESA) in October 2008 for new claimants, with Pathways incorporated into the new benefit.

While the results of the evaluation show that Pathways was successful in encouraging employment in the pilot areas, it is relevant to consider whether it is likely to have the same success elsewhere. Analysis using benefit data gave no reason to expect smaller impacts outside the pilot areas, although there is greater uncertainty about the likely impacts in London. While encouraging, this analysis was limited to exploring the effect of Pathways on benefit receipt. Whether the effect on employment might be different outside the pilot areas remains unknown. Perhaps most significant, however, is the fact that in areas covered by the final two waves of roll-out, Pathways is being delivered by providers in the private and voluntary sectors rather than by Jobcentre Plus. The extent to which this change in delivery may influence the effectiveness of Pathways is as yet uncertain.

Meanwhile, the evaluation continues. Qualitative and quantitative analysis is being carried out for many areas of the country to better understand the effectiveness and functioning of this important labour market innovation. In addition to those beginning a new incapacity benefits claim, the evaluation is also investigating how Pathways works for existing customers. This is a large group and one that is likely to become increasingly important in the effort to address the current high levels of incapacity benefits receipt.



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