

Back to work?

How a tougher conditionality regime risks moving people away from employment

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The government has said its priority is to reduce the number of people out of work [due to long term sickness](#). The anticipated impact of its changes were outlined in the [Spring Budget forecasts](#) released last week.

"At Autumn Statement 2023, the government announced a new Back to Work Plan to expand employment support for the long-term sick and disabled, and the long-term unemployed. Reforms to the Work Capability Assessment announced at Autumn Statement 2023 will reduce by 66% the net flow of people forecast over five years to be assessed to have no work requirements as a result of their health condition, ensuring that more individuals receive the right work and health support at the right time."

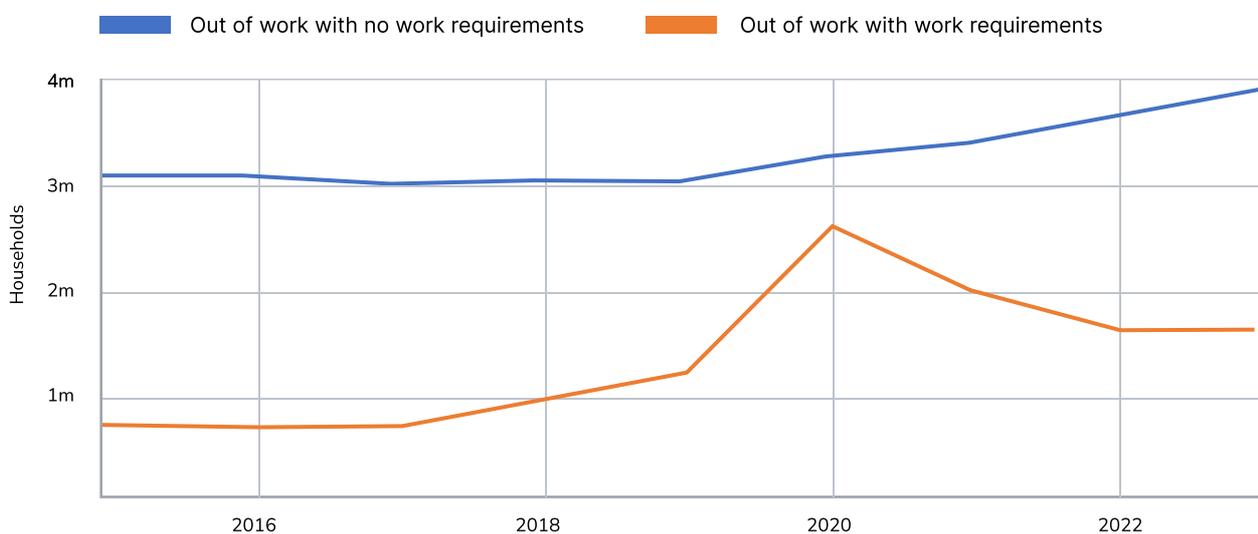
Spring Budget 2024; paragraph 3.19

This report looks at the impact of past policies on levels of economic inactivity over time to see whether the assumptions above are likely to increase the number of people claiming Universal Credit who are expected to look for work, and whether this is likely to be achieved for the right reasons.

Pre and post-pandemic pictures are markedly different

Pre-pandemic we see a sharp 61% increase in the number of people who are out of work and facing work requirements. Figures rise from 767,067 in 2015 to 1.2 million by 2019.

This increase is the result of a stringent tightening of work requirements since 2015 which impacted lone parents on Universal Credit in particular, whether in or out of work.



Work requirements for people on means-tested benefits	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total in work	3,332,793	3,351,532	3,234,392	3,251,168	3,205,942	3,965,528	3,737,749	3,342,976	3,243,823
Out of work with work requirements	767,067	748,489	758,393	984,892	1,233,810	2,556,789	1,971,604	1,630,937	1,636,144
Out of work with no work requirements	3,096,492	3,069,456	2,993,175	3,024,408	3,018,726	3,249,406	3,383,689	3,637,314	3,883,450

The sharp increase in claim numbers seen in 2020 was driven by new claims to Universal Credit by people newly unemployed as businesses were hit hard during lockdown, as well as by increases in pandemic-related ill health. As an anomalous, and hopefully once in a lifetime event, we should really set this period aside.

While people facing work requirements doubled during COVID, restrictions on movement and temporary business closures meant many people were unable to find work, and with health assessments put on hold at the time, we saw an artificial increase in work requirement figures where ordinarily many people would move to having no work requirements following a health assessment.

Work requirements for people on means-tested benefits	Pre-pandemic 2015 - 2019	COVID 2019 - 2020	Post-pandemic 2020-2023	Entire period 2015-2023
Out of work with no work requirements	-3%	8%	20%	25%
Total in work	-4%	24%	-18%	-3%
Out of work with work requirements	61%	107%	-36%	113%
Total	4%	31%	-10%	22%

The post-pandemic trend is markedly different. Here, we see a 20% increase in the number of people not subject to work requirements. This increase is explained in part by post-COVID reintroductions of health assessments. However, in the main it has been driven by a permanent growth in the DWP caseload through worsening ill health during and after the pandemic.

The number and share of people without work requirements is rising despite more stringent assessments

We analysed benefits administration data, combining statistics on work requirements across legacy benefits and Universal Credit from 2015 to today, as well as speaking to the welfare advisors we work with. Our findings chimed with recent research backed by the [Health Foundation](#) which found ill health is increasingly affecting all age groups, extending to young people and those in the middle of their working lives.

At any age, many people struggle to balance work and illness with inadequate support provided under Statutory Sick Pay (SSP). This added financial strain can lead to worsening physical and mental ill health. When combined with health service difficulties leading to people waiting too long for treatment, people who would otherwise be treated and moved back into work are finding themselves pushed into economic inactivity and a reliance on sickness and disability benefits.

Returning to work is made more difficult in part because moving into work means that people risk returning to the benefits system and once again become subject to work requirements which brings with it the risk of punitive sanctions, and reduced benefits levels.



Government changes need to avoid finding a false economy

With a two-thirds fall in the number of people in the Limited Capability for Work Related Activity group expected as a result of recent budget announcements, increased support for people to get back into work is welcome, and very much what the welfare system was designed to do.

However, the fall in numbers will be driven mainly by linking LCWRA assessments to the stringent Personal Independence Payment assessments. Currently, LCWRA assesses a person's ability to work, while PIP assessments determine support needs for daily living. This means that some people, such as people with mental health difficulties, will no longer be able to access additional financial support and will face work requirements.

History of similar reforms suggest this won't be a long term solution. Ending the ~£30 per week additional support for people in the 'Limited Capability for Work' (LCW) group in 2017 in part contributed to an increase in applications for the (£100 per week more expensive) 'Limited Capability for Work Related Activity' (LCWRA) group. Moving just one in four people from LCW to LCWRA as a result of deteriorating health made this reform a false economy policy, and a warning to current plans for the Back to Work programme.

Poverty is one of the core determinants of health and not paying people enough while they are unwell doesn't make them better. Often it can make them sicker. This is likely to be what happened then, and is likely to happen again without proper investment in health and support services. Policy in Practice spoke about this on LBC a few months ago, you can listen here on the [government's back to work plan](#) and on the [rise in sickness benefits](#).

The government can and must do better to prevent history repeating itself

The story we hear from our clients supporting people on the frontline is one of ill health, health service difficulties and a system that does not provide an adequate safety net.

Work search requirements are impacting two different groups of people in different ways. Some, such as lone parents, face increased conditionality, while others are moving further away from work due to ill health. The government can and must do better if it wants to avoid making the same mistakes again.



Methodology

This report uses the most recent comparable DWP StatXplore data across Universal Credit and legacy benefits.

We used the most recent statistics for each benefit: for Universal Credit statistics these were from November 2023 and each year prior. For legacy benefits we used data from May 2023, annually. For Working Tax Credits we used figures from April 2023 annually.

The data is collected by aggregating claims into either employment or unemployment (using the HMRC RTI flag) and separating Universal Credit claimants by their conditionality status, enabling identification of those subject to or exempt from work requirements.

We then identified four categories of people:

Out of work with no requirements

This group consists of those on Universal Credit out of work with no work requirements, those on Income Support, and those on Employment Support Allowance.

Out of work with work requirements

This group consists of those on Universal Credit out of work who are either preparing, planning, or searching for work, as well as those on Jobseekers Allowance.

In work

This group consists of those on Universal Credit in work with no work requirements, plus those on working tax credits, and with work requirements consisting of people on Universal Credit who are preparing or planning for work, or who are working with requirements.

Questions and further analysis

If you have any questions about the figures reported or are interested in sharing them as part of further analysis, please get in touch:

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About Policy in Practice

Families on the lowest incomes have the most complicated finances, often because government departments aren't able to talk to each other effectively.

Policy in Practice sets out to make government policy simple to understand, empowering people with the clarity and confidence they need to make positive decisions. As a team of policy experts, we have developed services that overcome departmental silos to help people to tackle rising living costs and build resilience, enable councils to be proactive and track the impact of their intervention, and improve safeguarding decisions while saving social workers' time.

Better Off is a software tool used by millions of people and thousands of advisors each year to help assess eligibility for the widest possible range of support without needing to be experts in the benefit system. It is free for individuals and available for advisors as an API and a self serve tool for their organisation's website.

LIFT (Low Income Family Tracker) is an analytics platform used by nearly a hundred local authorities. It combines their benefits administration data with advanced analytics to identify and support people with low financial resilience. It enables councils to increase take up of financial assistance to prevent homelessness, arrears and to increase take up of support.

MAST (Multi Agency Safeguarding Tracker) is a service backed by the LGA and NHS Digital that links data across adults, childrens, fire, police and health on a daily basis. This helps frontline staff to proactively identify where there are multiple contacts with the same individual or family to make better informed safeguarding decisions.

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