



National Audit Office

Report

by the Comptroller
and Auditor General

Department for Work & Pensions

Supporting disabled people to work

Key facts

7.6m

disabled people of working age (16-64) in the UK in the final quarter of 2018

1m

increase in the number of disabled people the government wants to see in employment by 2027, compared to 2017

930,000

increase in the number of disabled people in employment over the five years from 2013 to 2018

30 percentage points

is the disability employment 'gap' between the employment rate for disabled people (51.5%) and non-disabled people (81.7%) in the final quarter of 2018

Around 2.4 million

people claiming out-of-work incapacity benefits or Universal Credit equivalents as at May 2018

At least 600,000

people claiming Employment and Support Allowance or Universal Credit equivalents, or those claiming Jobseeker's Allowance with a self-reported disability, that the Department expects to seek work or undertake work-related activity as at May 2018

£386 million

is the amount the Department spent on employment support programmes and jobcentre-based support for disabled people in 2017-18

Around £15 billion

is the amount spent on working-age incapacity benefits in 2017-18

Summary

1 Some 7.6 million working-age people in the UK identify as disabled. Although the number of disabled people who are employed is rising, disability and long-term health problems continue to be associated with greater poverty, lower educational attainment and reduced access to work. Only 51.5% of disabled people are in work, compared with around 81.7% of non-disabled people. Some disabled people – including those with some mental health conditions and learning disabilities – are even less likely to be in work.

2 This report evaluates the government's progress in reducing the disadvantages that disabled people and people with health problems face in getting and keeping jobs. The government believes people who want to work should be supported to do so. It also recognises that some disabled people are less likely to be able to work and that it would not be appropriate to expect everyone who is found less fit for work to seek employment.

3 In 2017, the government set a goal to see 1 million more disabled people in work in the 10 years to 2027. The Department for Work & Pensions (the Department) and the Department of Health & Social Care also produced a command paper, *Improving Lives*, to support this. This set out activity across health, welfare, employment and wider partnership settings. The government considers that helping people into work will benefit them through increased income, better life chances and better health, and that this will save public money. It estimates that a 1% fall in the incapacity benefits caseload would save £240 million a year. It advocates the 'social model' of disability, which views disability in terms of the social barriers that create disadvantage for disabled people, rather than the underlying condition. It views its role as working with disabled people, employers, service providers and others to overcome those barriers.

4 This report is about the Department's support to help disabled people overcome barriers to work. We use the term 'disabled people' to mean people whose disability or long-term health problems have an effect on their ability to get or keep jobs.

5 The Department has two key roles:

- assessing disabled people's entitlement to both work-related and disability-related benefits and administering benefits accurately to ensure people receive the benefits to which they are entitled; and
- providing employment support, through coaching and training provided directly through its network of jobcentres and through external providers; making grants to help people stay in work; and encouraging employers to be more confident about employing disabled people. It spent £386 million on this in 2017-18.

6 This report focuses on the Department's employment support role. It examines the Department's:

- strategy, working across government, for supporting disabled people to work, and what is currently being achieved (Part One);
- employment support programmes for disabled people and its approach to developing the evidence base (Part Two); and
- efforts to improve the way it engages with disabled people in jobcentres (Part Three).

7 We do not cover how disabled people access, or are incentivised to work by, the benefit system. We published our latest report on contracted-out health and disability assessments in January 2016. Our methodology is set out in Appendices One and Two.

Key findings

On what government is currently achieving

8 The government's goal of 1 million more disabled people in work from 2017 to 2027 cannot be used to measure the success of its efforts. The number of disabled people in employment, based on the Office for National Statistics' Labour Force Survey, rose by 930,000 in the five years to 2018. The Department acknowledges that the increase cannot be attributed directly to any particular cause, including its policies or programmes, but believes sustaining this rate of increase would require government to do a lot more. The evidence indicates that broader factors, such as more people reporting a disability, have a substantial effect on this measure, alongside high and rising overall employment levels. The Secretary of State for Work and Pensions announced in March 2019 that the Department intends to review the goal in the coming months to see if it can make it 'even more ambitious' (paragraphs 1.15 to 1.18 and Figure 4).

9 The recent increases in the number of disabled people in work have not been matched by a reduction in the number of disabled people who are out of work. While the number of disabled people in work has risen by 930,000 (31%) in the last five years, the number of disabled people who are out of work remained broadly the same at around 3.7 million. The number of people claiming incapacity benefits and Universal Credit equivalents has fallen by around 60,000 over the same period to 2.4 million, and is falling as a proportion of the rising working-age population (paragraph 1.20 and Figures 1 and 5).

10 The potential demand for the Department's support is substantial. We estimate that at May 2018, there were at least 600,000 people with disabilities or health conditions whom the Department has assessed as either able to work, or to do work-related activity. Some people whom the Department found fit for neither work nor work-related activity, have also said that they would like to work given the right support, although most considered that they were not currently able to (paragraphs 1.7 and 1.8).

11 The Department has not yet demonstrated how it will measure its progress more effectively. Other measures that have been proposed by external commentators include disability pay and job satisfaction gaps. The Department told us that it plans to report progress against a range of statistical measures, such as employment rates and gaps, disability prevalence and flows in and out of employment. As it has not yet done so, we cannot assess whether the measures will enable it to evaluate its progress more effectively. The 1 million goal replaced the government's 2015 goal to halve the disability employment gap (the difference in the employment rates of disabled and non-disabled people). The gap has reduced by around 4 percentage points since 2015 and is currently around 30 percentage points (paragraphs 1.9, 1.19 and 1.20 and Figure 5).

On government's strategy for supporting disabled people to work

12 Two years into the 10-year period of the goal, the government has not yet developed a full implementation plan to achieve it. Over the five years to 2022, the Department for Work & Pensions and Department of Health & Social Care are focusing on improving the evidence base around employment support programmes, to build a case for change, and making improvements to their existing programmes. In the *Improving Lives* command paper, they deferred significant change in occupational health services, the role of employers, or assessment processes for disability benefits. They are currently developing proposals in these areas, but these were not sufficiently advanced for us to consider as part of our review. The Department for Work & Pensions is recruiting a new Director General, Work and Health Services, to strengthen its activities to deliver working-age and disability benefits. The command paper also recognised that cross-government action may be needed to bring about transformational change but it is less clear how other departments will be involved (paragraphs 1.10 to 1.14 and 1.21).

13 Establishing the Work and Health Unit is a useful first step towards cross government collaboration on supporting disabled people to work. The Department established the Work and Health Unit (the Unit) with the Department of Health & Social Care to produce the *Improving Lives* command paper, coordinate cross-government research and evaluation and develop policy. For example, the paper contains a commitment and actions to help make employment a recognised health outcome (paragraphs 1.10, 1.13 and 1.14 and Figure 3).

14 The Department recognises that it has limited evidence of what works. The Department has had employment support programmes in place for several decades. Over that time it has evaluated aspects of many of its programmes. However, it has only rarely undertaken rigorous evaluation of programmes' impact on disabled people's employment outcomes. While undertaking this kind of evaluation can be challenging, the Department recognises that doing so puts it in a better position to make informed decisions. For example, it discontinued the Pathways to Work programme after an impact evaluation found it had insufficient impact. Although evaluations are planned, the Department has not completed robust impact evaluations on any of the programmes it currently has in place, meaning neither we nor the Department can yet say whether they are effective or not (paragraphs 2.3, 2.8, 2.9, 2.13 and 2.16 and Figure 7).

15 The Department's current focus on evidence is welcome. The Department has allocated £100 million to pilot initiatives and evaluation, including impact evaluations, over 2017-2019. This represents a clear commitment to improving the evidence base of its programmes. More recent programmes, such as the Work and Health Programme, have impact evaluation built in from the start of the programme (paragraphs 2.4, 2.16 and 2.17 and Figure 8).

16 Turning the results of trials into a clear and funded strategy for more transformational change will not necessarily be straightforward. We consider the Department faces two key challenges. First, there may well not be a 'silver bullet' that would lead to significant improvements in effectiveness. Second, developing any business case for cross-government action has historically been difficult. The Department is not expecting results from most of its trials until at least 2020. This means it will not have them in time for the next spending review, which the Treasury has said will be in 2019, and there will be little time to develop plans before 2022 (paragraph 2.18 and Figure 12).

17 The Department has made improvements to the way it manages its current employment support programmes. While it creates an improved evidence base, the Department has focused on improving its programmes through ongoing small changes. We found recent improvements to the way the Department manages its programmes, including how it manages contracts with external providers of employment support programmes, such as the Work and Health Programme (paragraphs 2.15 and 2.16 and Appendix Three).

18 The Department continues to underspend its budgets, particularly where the programmes are voluntary. The Department continues to overestimate the take-up rate of some of its programmes and consequently underspends against its budgets. For example, the Work and Health Programme has so far had significantly lower take-up than expected. This is partly because these programmes are now voluntary; the Department believes that there are enough eligible claimants but that it needs to increase their willingness to engage. We also found that the Department could do more to use frequent and regular customer feedback to manage its programmes (paragraphs 2.10 and 2.14 and Figures 9 and 10 and Appendix Three).

On the Department's efforts to improve the way jobcentres engage with disabled people

19 The Department now believes its previous target-driven culture created perverse incentives. These included encouraging work coaches to focus on helping the easiest-to-help into work, however temporary that work might be. The Department told us that since 2017 it had stopped local reporting of targets, benefit off-flow and other performance measures because it wanted to move away from its previous target-driven culture (paragraph 3.4).

20 The Department's new approach to supporting disabled people focuses on providing personalised support to meet claimants' needs. As part of rolling out Universal Credit, the Department has said it wants to create a more supportive environment and culture in which work coaches, who are the front-line staff in jobcentres, deliver personalised and tailored support to claimants. In practical terms, this means engaging with claimants to: understand their circumstances to help assess their barriers to work; agree appropriate goals; refer claimants to specialist employment support; and tailor the conditionality regime for their benefits. Although the Department has not set out how it will objectively measure the change, we saw this new culture in practice across the jobcentres we visited and it was supported by the work coaches we spoke to (paragraphs 3.3, 3.8, 3.11 and Figure 13).

21 Work coaches can only be expected to do so much. The Department does not expect work coaches to directly address claimants' other needs, such as their health or housing needs, only to signpost claimants to other sources of support. Work coaches are executive officers (broadly equivalent to a graduate entry to the civil service) who are required to undertake relatively limited formal training in disability issues or coaching techniques (paragraphs 3.7, 3.11 and 3.17).

22 The Department is providing more support to work coaches to help them understand disabled people's needs better. The Department is providing more training to work coaches and is also investing in support roles, such as disability employment advisers and community partners with experience of disability issues. The aim is to help work coaches understand claimants' needs and identify other sources of support available locally. The Department is spending £53 million over 2017-2019 on these support roles. Work coaches we spoke to told us that they valued this support highly (paragraphs 3.9, 3.10 and 3.12).

23 The Department has also changed the way it measures jobcentres' performance. Its intention is for work coaches to provide a personalised service to claimants, rather than respond to targets. Local managers observe the quality of work coaches' interactions with disabled people and can look at each claim if necessary. The Department is also developing national performance indicators, such as timeliness of payments and job outcomes, based on emerging evidence of what it is important to monitor to achieve its intended level of performance. It uses these indicators to assess when to intervene locally (paragraphs 3.4 and 3.13).

24 The development of management information for Universal Credit is still ongoing. We recommended in 2015 that the Department design in management information from the start of its programmes with leading indicators to highlight any risks or problems. Judged against this benchmark, the Department is considerably behind where we would expect it to be at this stage of the Universal Credit roll-out (paragraph 3.14).

25 The Department's approach means there are gaps in its understanding of how its jobcentres are providing services to disabled people. It is not always possible to rely on local observation and analysis of outcome data to understand the way jobcentres are interacting with disabled people. For instance:

- **there are a number of indicators the Department has chosen not to measure.** For example, the Department is not tracking the length of time work coaches spend with claimants. It is tracking the frequency of contact with claimants and uses the frequency of contact with non-disabled people as one of its performance targets. It also does not measure claimants' satisfaction with all of its disability employment support providers and programmes. It collects more general user feedback using a range of methods including national surveys. It is at an early stage of mapping externally provided services locally and does not record all its referrals;
- **it is difficult to measure whether the Department is providing the best support for disabled people.** Many disabled people are not expected to look for work and, for others, work may be a longer-term goal. Relying on outcome data, such as whether people enter and retain work, may not pick up variations in the service provided to this group. The Department does not have a way of measuring claimants' progress towards work. It is currently considering whether this is possible, as part of its evaluations; and
- **the Department cannot assess whether disabled people receive a consistent service between jobcentres or over time.** Its systems do not allow it to assess the content of claimant commitments, which should set out the goals that claimants and their work coaches have agreed, without reviewing each one. (paragraph 3.15 and Appendix Four).

26 There is a risk that service levels will not be sustained as pressure on jobcentres increases. Each work coach's caseload is expected to increase from around 130 currently to over 280 as jobcentres take on more Universal Credit claimants. Within this, the number of claimants per work coach in the intensive work search group (who require the most time with work coaches) is expected to increase from 96 to 133 (an increase of 39%). This is based on revised forecasts that provide more detail than was set out in our 2018 report: *Rolling out Universal Credit*.¹ There remains a risk that work coaches will not be able to maintain the time they spend with claimants who have barriers to work or meet the stated aim to spend more time with disabled people who are furthest from the job market. This risk is likely to increase if there is a fall in general employment. The Department told us that it might require additional funding to maintain service levels if the caseload grows above its forecast (paragraphs 3.16 to 3.17).

1 Comptroller and Auditor General, *Rolling out Universal Credit*, HC 1123, 2017–2019, 15 June 2018.

Conclusion on value for money

27 The Department has recognised that it does not understand enough to frame a full implementation strategy for helping more disabled people to work. It is positive that it is making an effort to improve disabled people's experience when they enter a jobcentre. It is also positive that it is starting to work more closely with the Department of Health & Social Care to improve the evidence base of what works. And it is positive that there has been recent growth in the number of disabled people in work. However, neither we nor the Department can tell how much of the improvement is a function of changes in how people already in work report disability, 'all boats rising with the tide' of high employment, or its actions to support more disabled people to work.

28 Given the Department has had programmes in place to support disabled people for over half a century, it is disappointing that it is not further ahead in knowing what works and that it lacks a target that it is willing to be held to account for. While the commitment to gathering evidence is welcome, until it has a clear understanding of what works, and a plan to use that evidence, it is not possible to say the Department is achieving value for money.

Recommendations

29 We recommend that the Department, working with the Department of Health & Social Care and the Work and Health Unit as appropriate:

Cross-government strategy

- a** Lead in establishing a clear cross-government strategy supported by:
- a full implementation plan for the 10-year strategy, with clear accountabilities;
 - appropriate forums for coordinating delivery across government, building on the Unit; and
 - a robust set of performance indicators that reflect each department's performance. For example, we would expect the Department's performance measures to include clear and direct measures of each of its own programmes' performance as well as the overall impact of government policy against a set of measures.

Test and learn

- b** Develop its strategy for its test and learn activity relating to disability employment support, by:
 - setting out clearly how current gaps in evidence will be addressed by its test and learn activities;
 - ensuring it is making best use of external research, such as academic research, to address gaps in the evidence base; and
 - developing a plan for turning evidence into a practical delivery plan and investment case.

Strengthen the management of coaching in jobcentres

- c** Develop better oversight of all the services it uses and refers people to, by:
 - mapping the provision and funding available for disability employment support;
 - developing a framework for assessing the quality of the provision to which work coaches refer customers and using this to manage the approved provider lists; and
 - making the approved lists open and transparent to create a fair and innovative market.
- d** Improve and use management information, by:
 - accelerating development of management information for Universal Credit;
 - developing systems for tracking claimants' barriers to work and how these are being addressed (distance to work measures); and
 - improving the use of customer feedback, including gathering claimant satisfaction measures in its digital systems, and capturing satisfaction with specific interventions such as training or work coach sessions.
- e** Provide work coaches with a framework for setting goals with disabled people and develop a way to monitor claimant commitments to ensure that discretion is applied fairly and wisely.
- f** Identify the time work coaches require to have a positive impact on addressing claimants' barriers to work and develop a plan to manage the risk that their time may come under pressure as caseloads increase.