



**Welfare Reform Bill 2009
Royal College of Psychiatrists
Second Reading Briefing
House of Commons**



The Royal College of Psychiatrists give cautious welcome to the Government's Welfare Reform Bill. In this Bill the Government intend to achieve their aim of an 80% employment rate for people of working age by increasing flexibility and personalisation of benefit conditionality, and abolishing incapacity benefit (IB). All IB claimants will be moved to jobseeker's allowance (JSA) with differing degrees of conditionality, or to employment and support allowance. (ESA)

The Government has stated that their reforms 'set out a fair deal for people claiming benefits'; where help is given to get back to work, matched by an expectation that the support is taken up, with sanctions for non-compliance.

We broadly support this 'rights and responsibilities' agenda, and the creation of a new single personalized employment programme, alongside a support group which may give protection to vulnerable disabled people who may find work a difficult target to achieve.

However, evidence suggests that the changes that have already take place, which underpin the reforms set out in the Welfare Reform Bill are not working for people with mental health problems.

1 Making welfare work for people with mental health problems is fundamental to the overall success of these reforms. Almost 40% of the people that this legislation will move in to the new benefit system will have a mental health problem.

As Parliamentarians legislate to further reform the welfare system, we are concerned that there are a number of issues relevant to people with mental health problems that need to be addressed. These relate to measures in the Bill and more generally to the new welfare system. In this 2nd Reading briefing we outline the 5 key principles which need to be upheld in order to address these issues and truly achieve an effective 'fair deal' in the welfare system.

5 principles for effective welfare reform

- 1) There must be a clear evidence base that welfare programmes work for people with mental health problems. (see p.2)**
- 2) The welfare system must address the needs and particular circumstances of people with mental health problems. (see p.4)**
- 3) When services are contracted out there should be no discrimination against those who are difficult to place. (see p.6)**
- 4) Employers need to fulfill their responsibilities in employing and supporting disabled people, including those with mental health problems. (see p.7)**
- 5) Everyone must have access to an appropriately well informed and trained vocational workforce. (see p.8)**

ACHIEVING A 'FAIR DEAL' THROUGH THE WELFARE REFORM BILL

The Royal College of Psychiatrists is the leading medical authority on mental health in the United Kingdom and the Republic of Ireland and is the professional and educational organisation for doctors specialising in psychiatry.

FIVE KEY PRINCIPLES

Principle 1: There must be a clear evidence base that welfare programmes work for people with mental health problems.

Part 1 of the Welfare Reform Bill abolishes income support and moves claimants of that benefit to jobseeker's allowance with differing degrees of conditionality, or to employment and support allowance. The single largest disability group on incapacity benefit is people with mental health problems.

Pathways to Work is a central aspect of the Government's reformed welfare system, providing a single gateway to financial, employment and health support for people who claim benefits. It will be the means by which those who are migrated off incapacity benefit are helped in to work, and it is therefore essential that there is clear evidence that it works for people with mental health problems.

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Pathways to Work

The Government has piloted and assessed this scheme and the White paper makes claims for its success for people with mental health problems¹. Having looked at available evidence we believe that overall the findings are less positive than has been claimed.

The Pathways to Work Pilots have not provided consistent evidence that they are an effective means of getting people with mental health problems into work. Early results from the Pathways to Work pilot projects were promising, showing an increase in people coming off incapacity benefit (IB) in the pilot areas.² However, whilst further results showed an increased likelihood of being employed for people with physical health problems this did not apply to those with mental health problems³.

A 2008 report by Richard Dorsett⁴, which synthesised the findings from several evaluations of Pathways relating to new and repeat IB claimants in the original seven pilot areas, also concluded that there was no effect of Pathways to Work for people reporting a mental health problem. This report gave further indication of the difficulty experienced by people with mental health problems and the conclusions noted:

¹ DWP 2008

² Blyth, 2006.

³ Adam et al 2006; Bewley et al, 2007. *These two later reports examined people who were new IB claimants. Adam et al (2006) carried out an impact analysis for a cohort of individuals making a claim for IB shortly after the introduction shortly after the introduction of the Pathways schemes. Bewley et al (2007) analysis builds on this early study and examines new claimants in the original Job Centre Plus districts some time after Pathways was introduced, and examined longer term outcomes. Whilst, overall, the Pathways schemes significantly increased the probability of being employed about 18 months after the initial benefits claim, there was no such impact for people whose health condition involved a mental illness.*

⁴ Dorsett, 2008

'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'.⁵

However, two further reports by Bewley et al ⁶, which were not included in the Dorsett analysis, reported results from two separate cohorts of IB claimants in the Pathways areas. Both reports suggest some success of Pathways for people with mental health problems. The White paper makes claims for the success of Pathways for people with mental health problems⁷, this is done on the basis of the Bewley et al analysis and does not take into consideration the other findings on new claimants. Whilst a positive effect of Pathways for people with mental health problems would be welcome, the inconsistent findings summarised above suggest that that we should be cautious about making firm conclusions about the effectiveness of pathways for this group of claimants

Overall, the current evidence for the Pathways schemes for people with mental health problems suggests a need to re-examine the way in which they are operating. One possible component overlooked in the schemes is the need for greater support for this group to help them into work, in a similar way as is done in the Individual Placement and Support (IPS) schemes.⁸

Individual Placement and Support (IPS)

Individual Placement and Support (IPS) schemes offer an effective way of getting people with mental health problems into employment and have been recommended in a DWP commissioned report⁹ and in National Institute of Mental Health and Department of Health guidance.¹⁰ Evidence shows that it is particularly effective for people with severe mental illness.

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IPS schemes use an approach that is known as 'place and train'. It is based on finding individual job placements according to client preferences, strengths and work experiences and improving follow-on support. It also involves close liaison with health services (primary and secondary care).

Results from several randomised controlled trials and two meta-analyses¹¹ have shown the effectiveness of IPS programmes in several parts of the world, including North America and six European countries, and the intervention is now recommended evidence based practice.¹² The results have shown that rates for competitive employment on the open job market for people using IPS were more than doubled and a large scale implementation trial in eight sites with locally-determined supported employment found similar rates of effectiveness.¹³ The schemes are also cost-effective¹⁴.

These studies from Europe and North America have been carried out in different cultural, health, welfare and labour market contexts, but have consistently shown the value of

⁵ Ibid. p.86

⁶ Bewley et al, 2008a; 2008b

⁷ DWP 2008; Raising Expectations and increasing support: reforming welfare for the future claimants (Cm 7506). P.102

⁸ Sainsbury Centre for Mental Health, 2007a; 2007b.

⁹ Rangarajan et al, 2008

¹⁰ NIMHE, 2003.

¹¹ Crowther et al, 2001; Twarnley et al, 2003; Burns et al, 2007

¹² Bond, 2004.

¹³ Cook et al, 2005.

¹⁴ Lelliott et al, 2008

supported employment schemes to assist people with severe mental illness to achieve open employment.

The College believes that the main elements of IPS schemes should be adapted to the pathways schemes for people with mental health problems in the roll out of the back to work schemes that are proposed. The use of IPS schemes would be particularly beneficial for people with severe mental health problems, many of whom will be in the support group and opt to undertake the scheme on a voluntary basis.

What needs to happen

- **Further analysis of the Pathways schemes for people with mental health problems needs to be undertaken, including examination of longer-term outcomes, area differences and further synthesis of the results of the studies for new and longer-term claimants.**
- **Greater support should be given to people with mental health problems in the Pathways schemes.**
- **IPS schemes should be adopted for people with severe mental health problems in the roll out of the back to work schemes that are proposed to ensure that "no one is written off".**

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Principle 2: The welfare system must address the needs and particular circumstances of people with mental health problems.

This legislation aims to bring about an increase in the number of people who will enter in to the extended system of conditionality, many of whom will have mental health problems.

We welcome the emphasis on a personalised system, as it is important that the needs and particular circumstances of people with mental health problems are addressed. It is in the nature of some mental disorders that the severity of their symptoms can fluctuate. Some people experience long periods of being well interspersed with occasional episodes of illness. For others a medication regime or other forms of treatment may produce temporary difficulties for a person in fulltime work. Others may have particular anxieties that affect their ability to perform particular tasks but they may be otherwise able to undertake a full range of tasks.

The College cautiously supports the extension of conditionality; it would appear that the requirement for people to attend an interview may assist their motivation. However it is not proven that the need to undertake work related activities, especially if there is no immediate prospect of work has a positive impact on their health. Clearly more research needs to be undertaken on this issue.

This principle is particularly important with regards to: the Work Capability Assessment (WCA); work related activity; and the new provisions in the Bill on claimants dependent on drugs.

Work Capability Assessment (WCA)

The piloting of the Work Capability Assessment (WCA) is an important step.

The pilots are crucial to examine whether people with mental health problems are discriminated against in the assessment of eligibility for benefits as assessed by the WCA.

It is essential that the Work Capability Assessment (WCA) is able to correctly assess the incapacities of people with mental health problems, taking into account the nature of their condition and ensuring that they are not unfairly denied benefits. In particular they must be able to take into account fluctuating conditions. It is essential that staff undertaking assessment have sufficient understanding of mental health issues and the nature of the assessment.

We are pleased to see that the Government has committed to an independent review of the WCA for each of the first 5 years of its operation and an evaluation as to how effective it is in identifying the level of disability and health conditions amongst claimants. We hope that the results of this evaluation will help to implement any necessary changes to the assessment that would benefit claimants with mental health problems.

Work Related Activity and sanctions

We have concerns about the effectiveness of the requirement to undertake work related activity and about the criteria for imposing sanctions on ESA claimants who fail to comply with conditions. These need to be applied fairly so that they do not have perverse effects on any of the most vulnerable groups. A requirement to continue work related activities that are unlikely to lead to a job is likely to be demotivating, as are sanctions perceived to be unfair. In addition there is a danger that there will be insufficient jobs for ESA claimants, particularly in some deprived areas and these people will have to constantly undertake unpaid activity in order to comply with regulations.

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Claimants dependent on drugs

Clause 9 contains provisions to increase conditionality on claimants dependent on drugs.

It is agreed that employment and training would help assist an individual in recovering from a drug problem and individualised support is seen as a positive step. However, the proposals incorporate a threat of sanctions if drug users do not attend a suitable rehabilitation plan to enable them to enter back into the workplace. These sanctions could lead to increased poverty and higher levels of social exclusion, which is not the aim of the legislation.

In relation to rehabilitation, it is unrealistic to view that drug treatment plans are a quick fix and that in a short time frame an individual will be completely recovered; often recovery is over a period of years. Rehabilitation may also include treatment for a range of co-morbid conditions, including mental and physical health problems.

There is also the issue of finding suitable employment; this could be difficult as this group of people are often discriminated against. The Government needs to place more emphasis on reducing the amount of discrimination from employers, as well as ensuring benefits staff understand the complexities of drug users. (see principle 5)

What needs to happen

- **Effort must be made to ensure that staff carrying out the Work Capability Assessment have sufficient understanding of mental health problems.**
- **Clarification is required as to the process of imposing sanctions.**
- **Treatment plans for drug dependent claimants must be realistic and long-term.**
- **The Government should develop a new programme for early intervention for drug & alcohol users at the start of their substance misuse career to link in to these measures.**

Principle 3: When services are contracted out there should be no discrimination against those who are difficult to place.

In Clause 2 the Government introduces further measures to increase the use of payment by results systems by public, private and the voluntary sectors.

In our response to the Government's Green Paper, we cited a 2008 DWP commissioned report carried out by Anu Rangarajan and others¹⁵ which suggested that payment by results systems do not work well for those who are hardest to place in work.

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In particular, we were concerned that this financial structure always pushes the for-profit businesses towards "cherry picking" and "parking". People with mental health problems are among those who are the most difficult to place and it is likely that they will not be found jobs. It needs to be ensured that people with mental health problems are not excluded from the systems to support them into work because they are unattractive to companies who are trying to recoup their investments through quick and easy wins.

In the White Paper, the Government announced a number of ways to deal with 'cherry picking'; through widening the range of providers; larger and longer contracts; improved customer choice; piloting the creation of a single employment programme for ESA and JSA claimants; and piloting an 'accelerator' payment system giving extra to providers who help the hardest to place into jobs.¹⁶

We are pleased that the Government recognises that there are legitimate concerns about how the increase in contracting out will work for people with mental health problems and welcome the pilot of the 'accelerator' payment system. However, we are disappointed that there is not direct reference to the Rangarajan Report, and would seek further clarification from the Government that their proposals address the issues raised in this report.

Specialist voluntary sector mental health organizations have also been virtually excluded from Pathways to Work contracts and very few have any track record in getting people into work. In addition these organisations may be further disadvantaged under the system of payment in arrears suggested in the Freud report, as it is unlikely that they will have the capacity to make up front investment in the staffing that will be needed to get results.

¹⁵ Rangarajan et al, 2008

¹⁶ DWP 2008, cp 3.

What needs to happen

- **The Government should respond to the findings of the Rangarajan report and state how their measures address the reports concerns.**
- **That the specialist voluntary sector mental health organizations are not excluded or disadvantaged from the provision of the back to work schemes for people with mental health problems.**

Principle 4: Employers need to fulfill their responsibilities in employing and supporting disabled people, including those with mental health problems.

Employers are central to achieving an increase in the rate of employment of people with mental health problems and reducing the numbers of people on benefit.

Fewer than four in ten employers say they would recruit someone with a mental health problem. Employers have said they disregarded applications from people with drug or alcohol problems, a criminal record, a history of mental health problems or incapacity. More than half of respondents to a recent survey said nothing would persuade them to recruit from these 'core jobless' groups.¹⁷

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We are pleased to see that the Government are taking the issue of employers seriously, and welcome the development of both a National Centre for Working-Age health and Well-being, and a National strategy for Mental Health and Employment-work, chaired by Dame Carol Black. The College is involved in the National Strategy and we await the results of the initiatives with interest.

Access to work

Evidence suggests that Access to Work does not yet work effectively for people with mental health problems; too few people with mental health problems are taking advantage of the scheme, and employers do not have sufficient support and understanding.

We welcome the commitment to double the budget for Access to Work and to provide funding for a pilot aimed at people with fluctuating conditions. We also welcome the addition of a support worker into the Access to Work scheme to obtain a fair share of the budget. It still remains very likely that too little of the budget is being used by those with mental health problems and more funding may be needed.

The College also considers that more attention needs to be paid to tailoring Access to Work to the needs of people with mental health problems. Access to Work does not aid individual progression and can act as a barrier given the assessment is at the point of job entry or the onset of an impairment or health condition and not part of an ongoing 'getting on' package of support

Bureaucracy and costs could be reduced by introducing degrees of self-assessment, in particular for long term users of Access to Work, especially where it is clear that the

¹⁷ CIPD, 2005.

basic need for Access to Work support is unlikely to change. At present Access to Work does not support individuals to sell themselves to prospective employers as it is not perceived as part of the individuals 'capital' whereby they are able to assure employers that the adjustments Access to Work brings come with the package. Very often the slow bureaucracy puts people at a severe disadvantage. This is an argument both for self-assessment and Access to Work being part rolled into individual budgets.

What needs to happen

- **Employers must be fully informed about their legal responsibilities not to discriminate against people with disabilities.**
- **There must be continued evaluation on the take up of Access to Work by people with mental health problems.**

Principle 5: Everyone must have access to an appropriately well informed and trained vocational workforce

It is important that the questions of how many personal advisers will be needed for the new system and where they will come from are addressed. At present the only readily available pool of trained advisers is in Jobcentre Plus and presumably some of these will be taken over into the provider-led schemes. It is possible that the new advisers will lack experience of the job market unless there is investment in training up a new profession. Will the private companies make this up-front investment into training and will it be a condition of being awarded contracts?

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In addition, there is a need to address the creation of sufficient vocational specialists with training and expertise to support people in to employment. At present there is no Vocational Rehabilitation profession in England, although they do exist in the US, Canada, Australia, New Zealand, and most other Northern European countries. There are only two vocational rehabilitation courses in this country at present, plus the UNUM scheme to introduce the National Institute of Disability Management and Research (NIDMAR) training from Canada. These courses have all been running for only 1-2 years so far and in total will produce less than 70 qualified workers annually. Only one offers any modules on evidence based supported employment for people with mental health problems.

What needs to happen

- **The plans for the development of the capacity and training for the personal advisers need to be clearly set out.**
- **A clear statement should be made on how investment will be made in the training of the personnel advisers and the role of the new providers in this.**
- **A clear statement should be made on the development of courses for vocational rehabilitation that support the plans to get people with mental health problems back to work.**
- **That these courses provide training on evidence based supported employment approaches.**

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