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Pathways from Poverty: A case for institutional reform

Tom Pollard

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The logo for Demos, featuring the word "DEMOS" in a teal, serif font. The letter "O" is stylized as a circle with a smaller circle inside it, resembling an eye or a target.

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Foreword

Will the Department for Work and Pensions ever be capable of delivering a pathway from poverty for ill and disabled people? That's the dangerous question asked by Demos Associate Tom Pollard, after 18 months embedded in the department as a mental health specialist. His answer is a flat 'no'.

Ambitions to help ill and disabled people into work have run high in the DWP for well over a decade. Labour's decision to replace Incapacity Benefit (IB) with Employment Support Allowance (ESA) was designed to offer help and encouragement to a group who, it was argued, had been left on the scrap heap of unconditional benefits for too long. The coalition and Conservative governments continued the programme while adding an ambitious goal to halve the so-called disability employment gap - the disparity in employment rates between disabled and non-disabled adults.

And yet success has evaded policy makers. The assessments used to transfer people from IB to ESA have been expensive, inaccurate, and deeply traumatising for millions of those forced to undergo them. The whole process has led to only a small reduction in the number of people claiming these benefits. The disability employment gap remains stubbornly high. And, according to a new measure of poverty, more than half of those below the poverty line have a disabled family member.

It is time to ask Tom's dangerous question. Is the DWP institutionally capable of delivering on the bold ambitions set for it? Why has policy and delivery been so ineffective for so long? If we want the step change in outcomes for citizens set out in the Joseph Rowntree Foundation's ambitious 2016 plan to end poverty, how can we ensure government is capable of delivering on it? What structural, institutional and cultural changes would enable government to be successful in building pathways out of poverty for our citizens?

Much work has been done on the policies needed to fight poverty. But policy is not enough if policy collapses on contact with reality. This short paper by Tom helps open up a vital debate about the institutional and organisational architecture we will need to fight poverty successfully. Opinions will be divided: not everyone would consider the root and branch reforms set out for debate in this paper. But we must have that debate.

Polly Mackenzie

Chief Executive

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About the author

Tom Pollard recently spent 18 months at the DWP on secondment from Mind. Tom has worked on social policy related to mental health for the last ten years, with a particular focus on social security. DWP officials working on health and disability approached him, as they were keen to have more external perspectives and expertise in their policy-making process. A bespoke role of Senior Mental Health Policy Adviser was created, with a roving brief to advise on issues around benefits and back-to-work support.

Disclaimer

This is a discussion paper. This paper represents the opinions of the author, It is not meant to represent the position or opinions of Demos nor the official position of any staff members.

Introduction

There were protestors with banners outside the Mind office I had left behind when I arrived for my first day on secondment at the DWP. Some mental health activists were so opposed to the government's assessment and benefit reforms they believed a charity like Mind should not lend its expertise to the civil service. I had some sympathy: I had worked in mental health since 2008, and was deeply worried about the impact of government policy on many vulnerable groups I had witnessed during that time. But I believed that this opportunity - to influence the DWP from the inside and help bring about a step-change in outcomes for ill and disabled people (particularly those with mental health problems) on out-of-work benefits - was too important to turn down.

Over 18 months, I worked with many people committed to a similar objective. I saw positive pieces of work move forward. I felt I successfully used my 'outsider' perspective and status to shift thinking on some key issues. However, by the end of my time there I had come to the conclusion that the DWP is institutionally and culturally incapable of making the reforms needed to achieve such a shift in outcomes for ill and disabled people, or for 'harder-to-help' groups more widely.

This paper sets out why, and puts forward some ambitious suggestions for doing things differently.

Helping the 'harder-to-help'

The DWP has a fairly good track record of moving people experiencing frictional unemployment (i.e. those with few barriers to employment) back into work, largely through a combination of low rates of benefits and what gets referred to internally as the "hassle factor" of mandated Jobcentre contact. However, outcomes are much poorer when it comes to supporting people with more complex needs and circumstances, such as ill and disabled people - only around 4% of the ESA caseload move into work each year.¹ The department faces similar challenges trying to support older people, people with drug and alcohol problems, ex-prisoners and people who are homeless or experiencing issues with housing.

A lot of DWP time, thought and resource goes into trying to develop and deliver policies that will improve outcomes for 'harder-to-help' groups. However, the ensuing reforms and programmes have consistently failed to yield the type of results that were hoped for. It is usually concluded that this was due to flaws in the design and delivery of policy, and the cycle of policy-making begins again. But what if the problems go much deeper than this - sitting within the structures, assumptions and culture of the department that 'pulls the strings' in this policy space? If, as I argue, this is case, the solutions required to make genuine progress in supporting these groups will need to entail radical, institutional reforms.

The fundamental challenge in this policy space, as I consistently presented it to officials internally, is to achieve meaningful 'engagement' with 'harder-to-help' groups. The personal and external barriers standing between people in these groups and sustained employment are simply of a different nature to those experienced by people in frictional unemployment. As anyone working with people in these situations will attest, these barriers can only be overcome if the individual is 'bought in' to doing so; meaningfully engaged with the support on offer; and in a trusting relationship with those providing it.

That relationship is almost impossible for the DWP to establish with these groups, for three clear reasons:

1. The 'benefits lens', through which all interaction with 'claimants' is viewed
2. The department's institutional resistance to radical reform and innovation
3. The reputational baggage the department and its Jobcentres have with these groups

Of course, there are other challenges to overcome to help these groups, but I firmly believe that the debate needs to start from *why*, rather than simply *how*, the DWP is failing to effectively support them.

The distortion of the 'benefits lens'

For all the political rhetoric and stakeholder engagement around the topic of employment support, the DWP's work is primarily about benefits administration. This may seem obvious given the scale and complexity of the benefits system, but what was most concerning for me from my time in the department was that employment support seemed to be viewed inextricably through the 'lens' of benefits. Conditional benefits are seen as the main lever to change 'claimant' behaviour; and the type of benefit someone receives (or their categorisation within that benefit) largely determines the employment support they are provided and, critically, the degree of conditionality to which they are subject.

I believe this 'benefits lens', so deeply embedded in departmental thinking, creates fundamental barriers to engaging people from 'harder-to-help' groups, and delivering effective employment support to them.

The clear implication of conditional benefits is that a primary barrier to people moving towards work is their motivation to do so. My experience with people in these 'harder-to-help' groups, the research in this space and the DWP's own evidence, all suggest that most would ultimately like to work but face multiple personal and external barriers to doing so. They are often jaded by previous experiences of employment, and of services that have done little to help them overcome their barriers, or even made their situation tougher through inappropriate support and unreasonable demands.

Although many officials I worked with recognised this broader and more complex set of challenges that these groups face, there was nonetheless a blanket assumption that conditionality was a necessary element of the system. This attitude is reflected in a recent comment from the Minister for Employment that "when support [for people on ESA] is voluntary the take up is extremely low and has had limited success".² Rather than trying to understand why people are unable or reluctant to engage with the support they are offering, the DWP places the blame on the 'claimant' and concludes that the threat of withdrawing benefits is the best or only way to overcome such barriers.

As well as a misplaced faith in the effectiveness of conditional benefits for this group, there was little recognition from most officials I worked with of the potential negative impact of framing the relationship with 'claimants' in this inherently confrontational manner. The DWP's own evidence shows that the relationship between an individual and their coach is critical to successful employment outcomes,³ but the conditional nature of their interactions, and the uneven power dynamics this creates, fundamentally undermines trust and rapport. The threat of sanctions also causes stress and anxiety for many people, particularly those who already have mental health problems, which makes it harder to engage constructively with support.⁴ With little trust or

belief in services, many people end up simply complying with what is asked of them in order to retain the financial support they desperately need but, critically, not meaningfully and purposively engaging with support.

Another consequence of seeing employment support through the lens of conditional benefits is that, in contrast to the rhetoric of 'activating' people, it actually promotes a cautious and unambitious approach to working with those with more complex needs and circumstances. The effective question that is asked by DWP work coaches becomes "what can we reasonably require this person to do?" rather than "what support does this person need?". The risk of sanctions drives both benign work coaches and the people they are trying to support to set unambitious objectives and, ultimately, to achieve poor outcomes.

The distorting effect of the 'benefits lens' is epitomised by the DWP's approach to the ESA Support Group, where the perception internally is that very little can be done to move this group towards employment because 'claimants' cannot be mandated to undertake work-related activity. However, models of support such as Individual Placement and Support (IPS), based in secondary mental health services, have proven effective for this group without having any recourse to mandation.⁵

I am convinced that we need to entirely separate out the question of benefit eligibility from the question of employment support if we are to make progress with meaningfully engaging 'harder-to-help' groups. However, I also believe that the 'benefits lens' is so entrenched in DWP thinking that this is not a shift the department is capable of making in its current form.

The narrow horizon of current thinking

The DWP is the biggest government department, and is part of a small group of departments that tower over all others in terms of headcount because they directly deliver services.⁶ My experience in the department was that this direct responsibility for delivery, and the size and complexity this entailed, fundamentally shaped dynamics, culture and thinking internally in a way that limited the scope for the type of policy and reforms I believe are required to more effectively support 'harder-to-help' groups.

The DWP's core constituency is those experiencing frictional unemployment. For this group, the department uses conditional benefits to drive contact with the Jobcentre; that contact consists of brief discussions across desks in an open-plan office with generalist 'work coaches', who set mandatory action plans for 'work preparation' or 'work search' activity. Because this approach has been relatively effective at limiting the time spent on benefits for this core group, it has become the 'business as usual' model. Since so many staff in the corporate centre of DWP work on administering this model, and a huge proportion have come up through frontline roles delivering it, it is deeply ingrained in their perspective and thinking.

The result is a fixed and narrow idea of 'how things are done' in employment support. This is compounded by the instinct, when faced with a policy challenge such as how to support 'harder-to-help' groups, to think mainly of the existing infrastructure at their disposal. As such, the effective question asked is "how do we adjust current systems and processes to better serve this group?", rather than "what would it take to create a service that would effectively support this group?".

For example, in discussions on what a new approach to working with the ESA Support Group could look like, where we were encouraged to forget about current provision and think of radical solutions, most officials came up with modest variations on the existing Jobcentre model, despite the evidence that this group needs specialist and personalised support and is very reluctant to engage with Jobcentres.

The restrictive DWP template for how support should be delivered means that more radical redesigning, of the sort I believe is required for 'harder-to-help' groups, simply doesn't get on the table. Even when bold ideas do emerge from early policy thinking, my experience was that they tend to be 'stubbed out' by often tenuous objections about how they would translate into operational delivery. For example, the case is made that the proposal wouldn't be 'compatible' with current practice, or would contravene current processes and protocols (which are heavily driven by risk aversion); or that it is something that Jobcentres already do (although these claims don't tend to hold up when examined). As a result of the obstructiveness of the officials who are tasked with translating policy into delivery, those working on policy

development often preemptively 'clip the wings' of proposals in anticipation of such objections.

During my time at the department, I saw really insightful research carried out on the perspectives and experiences of people who have recently started claiming ESA. To me, it clearly demonstrated that many are experiencing a crisis of health, finances, confidence and identity, and would need to experience a profound transformation if they were to work again. Most had little confidence that the DWP would help them achieve this, and the response they received from the Jobcentre was woefully inadequate. The ideas developed as a policy response to this, that made it through the initial self-censorship, were completely incommensurate with the challenge presented - for example, suggesting that work coaches could sit alongside rather than opposite 'claimants' in the Jobcentre. More 'radical' proposals such as offering people a cup of tea had been ruled out on the basis of preempted objections from operational staff on health and safety grounds.

Because of the narrow parameters of thinking among officials, I came to the conclusion that more radical reform would have to be driven at a political level. However, this would require a bold political agenda and strength of conviction that I saw little evidence of during the comings and goings of three Secretaries of State and multiple Ministers in the 18 months I was at the department. Even where Ministers did ask pertinent questions of officials, the response was muted by the limited internal policy debate and the sense of ownership and responsibility over operations. As such, rather than providing an expansive range of options for change (with pros and cons for each), advice seemed to err towards justifying current practice and explaining why it would be difficult to do things differently.

The weight of reputational baggage

Because of the central importance of effective engagement with 'harder-to-help' groups, even if the DWP was able to overcome the institutional and cultural barriers outlined above and think more radically about reforms to support these groups, the ultimate test would be how these changes were perceived by the individuals concerned. If shifts in perceptions aren't sufficient to counteract the latent levels of distrust towards the DWP that many people in these groups have, the reforms won't succeed.

It is not just the fear of losing benefits and the unequal power dynamics discussed above that drive this distrust. Many people have had difficult and distressing interactions with the DWP – in Jobcentres or benefits assessments – and many more have heard or read about such interactions. Public communications from the DWP over recent years have often not helped the situation – focusing more on tackling fraud and cutting costs than on providing positive and empowering support. Certain 'harder-to-help' groups, such as ill and disabled people, have felt particularly targeted by this rhetoric.

A bad reputation is far harder to lose than a good one. Even where I saw work coaches providing a better standard of support, they would freely admit to me that it is difficult to overcome many people's distrust towards the department. It would be a huge and costly PR exercise to try to convince 'harder-to-help' groups that the department's intentions were benign, and provision effective. The turnaround in perceptions required would take years to achieve and, given the inherent tension between benefits administration and employment support, may simply not be achievable at all.

What's the way forward?

We need to look afresh at the challenge of supporting 'harder-to-help' groups into employment. In doing so, we must question the default assumption that the DWP should lead this work. The factors driving this assumption are the very ones which fundamentally undermine the department's ability to effectively support these groups – the 'benefits lens' through which employment support is seen; and the presence of the existing infrastructure, staff, processes and approach, which I believe are not 'fit for purpose'.

For me, the implication of what I witnessed during 18 months working at the DWP was clear: if the department as it stands remains at the heart of employment support for 'harder-to-help' groups, we will face further years of well-intentioned reforms and programmes yielding disappointing outcomes, because of how they will be formulated and how they will be received.

I don't claim to have all the answers about what an alternative approach to supporting these groups would look like, but I do believe there are some essential steps it must entail. Firstly, we must decouple benefit conditionality and employment support. As soon as support is linked to the threat of punishment, it stops feeling like support for these 'harder-to-help' groups, and it stops having any chance of working. If take-up is low for voluntary support, then we need to redesign support so that it works and is welcomed, not bully people into unwilling and ineffective participation.

Secondly, we must transfer responsibility for helping 'harder-to-help' groups away from the DWP. The responsibility (or opportunity) to provide support to these groups could instead be assumed to sit with a range of organisations who, working together, may be better placed to foster the type of engagement that the DWP is unable to. As this project evolves we will explore a variety of options, for example:

- Greater onus could be placed on the Department for Health and Social Care, working with NHS England, to support people with health-related barriers to employment. This would also provide more opportunity to the devolved administrations in Wales, Scotland and Northern Ireland to try different approaches.
- Those who have substantial skills-related barriers to employment could be supported to access training and qualifications by the Department for Education, which holds responsibility for education and skills funding.
- We could devolve more responsibility and funding for these groups to sub-national government, whether local or combined authorities. This would allow a place-based approach with collaboration across a range of local public services.
- With the right environment and contracting/payment arrangements, specialist third sector organisations could play a greater role in supporting these groups, making use of the expertise, trust and rapport they already hold in relation to their clients.

Thirdly, whoever leads or contributes to these new approaches should make use of modern design methodologies, including meaningful co-production with those they are looking to support, in order to ensure that systems and services reflect the reality of people's lives, needs and aspirations. Although it is vital to take account of existing evidence on what works, imagination, creativity and bravery are also required to move on from the current orthodoxies and develop radical approaches that are commensurate with the challenge.

The DWP would retain an interest in these 'harder-to-help' groups, as they would continue to provide their benefits and will stand to make huge savings if more people are able to move into sustained employment. However, the best way they can serve this interest is as a catalyst to the 'ecosystem' of other departments, tiers of government, and services that may be better able to achieve such outcomes. This could be facilitated by creating an inter-departmental pooled budget, or through funding agreements between DWP and local authorities, or by making a 'dividend' of benefits savings available to those who can robustly demonstrate their contribution towards supporting 'harder-to-help' clients into work.

However, if the removal of these functions from the DWP proves to be a success, a more comprehensive approach could see the department abolished altogether. Its core employment support services could be delivered by local government taking ownership of Jobcentre Plus; its benefit and pension payments responsibilities delivered by HMRC; and support for 'harder to help' groups provided through the channels described above. This could enable a much more localised social security system, with greater potential for 'bottom-up' design of services and support to respond to local need.

Of course, such transformations would not be easy to achieve – working through the details of how to deliver any of these alternative approaches will be a long and complex task. They would also not guarantee better outcomes in and of themselves – the support available would have to be of the highest quality and complemented by other services. But I firmly believe that meaningful progress in supporting 'harder-to-help' groups into employment will not occur within the parameters created by the DWP as it currently exists. Unless we address the underlying institutional and cultural factors that have undermined policy and delivery in this space for so long, we will simply continue to reproduce a failing system.

Endnotes

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