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Department for Work and Pensions

Research Report No 145

‘Well enough to work?’

Karl Ashworth, Yvette Hartfree and Augusta Stephenson

A report of research carried out by the Centre for Research in Social Policy and Policy Studies Institute on behalf of the Department for Work and Pensions (formerly known as Department of Social Security)

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SUMMARY

Introduction Little is known about the characteristics of people leaving Incapacity Benefit and entering Jobseeker's Allowance, or of those leaving Jobseeker's Allowance and remaining economically inactive because of their health condition, and who are here assumed to have moved onto Incapacity Benefit or Income Support. In order to explore the characteristics of these groups more thoroughly the Department of Social Security has commissioned secondary analysis of two datasets: the Leaving Incapacity Benefit survey and the Jobseeker's Allowance evaluation surveys. Although neither of these datasets was designed specifically to explore the issues at hand, each offers useful common material, as well as unique insights into the circumstances and fortunes of the target groups. The Leaving Incapacity Benefit survey allows an exploration of people's circumstances at three points in time:

- 1 after leaving Incapacity Benefit;
- 2 at the survey interview (five to 10 months later);
- 3 at the postal follow-up (12 to 18 months after leaving Incapacity Benefit).

The Jobseeker's Allowance data records the economic activity and Jobseeker's Allowance signing-on status of respondents on a weekly basis in the two years prior to the first survey interview and some six or so months later to the second survey interview. The primary source of social, demographic and personal information drawn from respondents to the Jobseeker's Allowance survey was taken at the first survey interview, some one to three months after being sampled for the study.

The aims of the research were to:

- 1 establish the extent of transitions between Incapacity Benefit and Jobseeker's Allowance and vice-versa;
- 2 identify the characteristics of these groups of people and thirdly, through comparing them with other groups;
- 3 infer the outcomes and triggers to success or failure in attaining financial independence.

Chapters 2 to 4 describe in detail movers between Jobseeker's Allowance and Incapacity Benefit, and compare them to other groups of movers. However, each chapter is self-contained in that it describes movements from one benefit to another. Chapter 5 integrates the findings from each of the chapters informing each of the aims listed above. The format of this summary is therefore based on the synthesised findings in Chapter 5 but references findings to the individual chapters.

Roles and experiences of the benefit systems

Jobseeker's Allowance requires claimants to be available for and actively seeking work; whereas Incapacity Benefit and Income Support have no labour market conditions attached to them. As such, Jobseeker's Allowance recipients should have closer contact with the labour market than recipients of Incapacity Benefit or Income Support.

Jobseeker's Allowance to Incapacity Benefit/Income Support

Five per cent of Jobseeker's Allowance recipients left Jobseeker's Allowance for Incapacity Benefit/Income Support in the six to nine months between sampling and the end of the observation period. These numbers are not inconsequential as is shown by administrative data, which reveals that between April 1998 and April 1999 approximately 200,000 people left Jobseeker's Allowance for Incapacity Benefit/Income Support (Section 2.1). However, leavers to Incapacity Benefit did not generally leave Jobseeker's Allowance quickly: 22 per cent had been on Jobseeker's Allowance for between one and two years, with a further 23 per cent experiencing two years or more (Section 2.1.3). Incapacity Benefit/Income Support destinations were not necessarily long-term outcomes: 23 per cent did return for at least one further spell of Jobseeker's Allowance before the end of the study observation period. In this, they were relatively similar to people who had left Jobseeker's Allowance for work, education or training (26 per cent returned for a further spell) or people who had remained unemployed when signing off (26 per cent).

Incapacity Benefit to Jobseeker's Allowance

The vast majority of movements onto Jobseeker's Allowance from Incapacity Benefit were involuntary in nature (Sections 3.1 and 4.2.1) and many movers appeared to have had a substantial recent history of Incapacity Benefit (Section 4.2.1) and/or Jobseeker's Allowance (Section 3.3). Fifteen per cent of Incapacity Benefit recipients entering Jobseeker's Allowance had been on Incapacity Benefit for four or more years (Section 4.2.1).

In addition, it would appear that many entrants from Incapacity Benefit had spent considerable time on Jobseeker's Allowance in the two years before signing for the reference¹ Jobseeker's Allowance spell. Forty-five per cent of entrants from Incapacity Benefit had been on Jobseeker's Allowance for a year or longer, which compares to an overall average figure of 28 per cent for all entrants to Jobseeker's Allowance (Section 3.3.1). However, despite these recent experiences, the majority of entrants to Jobseeker's Allowance from Incapacity Benefit reported their working lives as being characterised mainly by steady employment (Section 3.3.2).

¹ The reference spell is the one from which they were sampled for inclusion into the Jobseeker's Evaluation study.

Multiple disadvantage:
Characteristics of movers
between benefits
Health considerations

At the time of the first survey interview², 69 per cent of the Jobseeker's Allowance stock recipients who were destined to leave for Incapacity Benefit/Income Support reported a work-limiting health problem (Section 2.2.1). This figure though actually reflects only 12 per cent of Jobseeker's Allowance stock recipients overall who reported such a health problem. Conversely, 31 per cent of jobseekers who were destined to enter Incapacity Benefit/Income Support did not report a work-limiting health problem at the time of their first survey interview. This could reflect one of two possibilities: either the respondent had a pre-existing illness that was not debilitating at the time of the first survey interview but worsened between then and the end of the observation period; or alternatively, they might have developed an illness during that time period.

It was apparent that health problems in the Jobseeker's Allowance population were by no means limited to ex-Incapacity Benefit recipients (Section 3.2.1). However, for ex-Incapacity Benefit recipients a destination of work, education or training was their least likely outcome, and they were most likely, in proportionate terms, to have left for Incapacity Benefit/Income Support, or to have remained on Jobseeker's Allowance (Section 3.3.3).

It was apparent that few people moving from Incapacity Benefit to Jobseeker's Allowance did so because they felt their health had improved sufficiently to start work (Section 4.2.1). The Incapacity Benefit data showed 38 per cent said that their health was the same when they entered Jobseeker's Allowance as it had been when they had started their Incapacity Benefit claim, six per cent said it was a little worse and 17 per cent much worse. Only nine per cent said that they no longer had a health problem. Ninety-four per cent of people reporting a health problem said it affected the kind of work they could do and 91 per cent the amount of work. In addition, 26 per cent of movers to Jobseeker's Allowance reported both physical and mental health problems. However, these are self-reported assessments of health condition and their incapacity was not assessed by the system as satisfying the criteria for Incapacity Benefit.

Personal and demographic characteristics

It was apparent that movers between the benefits faced multiple disadvantage and barriers to work (Sections 2.2, 3.3, 4.2). They were not only likely to experience persistent health problems, they were also more likely than non-movers, or movers to other destinations, to:

- have been male;
- have been older;
- have had higher levels of numeracy and literacy problems;

² The first survey interview took place between September and October 1995 (Cohort 1) or September and November 1997 (Cohort 2), between one and three months after selection for the study.

- have had fewer or no qualifications;
- have been less likely to have had recent work experience;
- have had a lower propensity to have access to private transport; and to
- have been more likely to live in the socially rented sector.

These characteristics were common to movers whether they started on Incapacity Benefit and moved to Jobseeker's Allowance or vice versa.

Labour market attachment and job-search

The extent of movers' labour market attachment was not easy to gauge in general terms. Certainly those who moved from Jobseeker's Allowance to Incapacity Benefit/Income Support were not applying for as many jobs as people who moved into work, education or training (Section 2.3.2). Yet they had applied for more jobs than had people remaining on Jobseeker's Allowance, or those moving to other destinations. This is despite the fact that a higher proportion (36 per cent) lived in areas characterised by higher local rates of unemployment in general than did people going to other destinations (an average of 26 per cent) (Section 2.3.3). However, their success rate, in terms of job interviews offered, was relatively low, but not significantly different from those who remained on Jobseeker's Allowance.

Entrants to Jobseeker's Allowance from Incapacity Benefit showed high levels of labour market attachment, both in absolute terms and relative to Incapacity Benefit leavers who had not entered Jobseeker's Allowance or work (Sections 3.4 and 4.3). However, in comparison to other Jobseeker's Allowance entrants, those from Incapacity Benefit had applied for fewer jobs and had obtained substantially fewer interviews than entrants from other routes, even those who had previously experienced inactivity through sickness before signing for Jobseeker's Allowance (Section 3.4.3).

The research evidence shows that people moving between Jobseeker's Allowance and Incapacity Benefit, in both directions, perceived their chances of obtaining a job as much worse than did other Jobseeker's Allowance claimants (Sections 2.3.2 and 3.4.3). This lowered perception of job chances might be related either to their understanding of the barriers to work caused by their health or other problems, or it might be learned through disillusionment through low success in the job-search process. It is not possible to give an unequivocal answer to this question.

People who moved between Incapacity Benefit and Jobseeker's Allowance tended to show a different use of job sources from other benefit recipients (Sections 2.3.2 and 3.4.3). The primary source searched for job vacancies by movers between benefits, as it was for all Jobseeker's Allowance claimants, was the local paper, followed by Jobcentre vacancy boards. However, perhaps reflecting their lower levels of human capital resources, the job-search activities of movers tended to be more localised, i.e. they were less likely to look in national newspapers and trade and professional

journals. They were also less likely to use private recruitment agencies, particularly entrants from Incapacity Benefit, or to contact employers directly.

Gender differences For a variety of reasons men are more likely than women to receive Incapacity Benefit. So it is not surprising that overall more men than women leave Incapacity Benefit to enter Jobseeker's Allowance (Section 4.2). However, women are slightly less likely than men to move onto Jobseeker's Allowance after leaving Incapacity Benefit than to take an alternative route. Of all people leaving Incapacity Benefit women comprised 37 per cent which compares to only 33 per cent of those leaving Incapacity Benefit to enter Jobseeker's Allowance.

Whilst Incapacity Benefit appears not to be as important a route onto Jobseeker's Allowance for women in comparison to men, it does appear to be more important as a destination from Jobseeker's Allowance. The Jobseeker's Allowance dataset showed a much lower proportion of women reporting entry to Jobseeker's Allowance from Incapacity Benefit (17 per cent) than did the more robust Leaving Incapacity Benefit data (33 per cent).³ However, despite this anomaly between the two data sets it was still informative to compare the 17 per cent of women who entered Jobseeker's Allowance from Incapacity Benefit (Section 2.2.2) to the 30 per cent of women leaving Jobseeker's Allowance for Incapacity Benefit/Income Support (Section 3.2.2).⁴

Whilst women were at a comparatively high risk of entering Incapacity Benefit/Income Support from Jobseeker's Allowance men were much more likely to remain claiming Jobseeker's Allowance. At this stage it is difficult to be sure why this should be the case. Partnership reasons appear important, particularly if the partner is in work and brings other income into the family (see below), but other reasons are also relevant because the pattern of results also held for single men and women.

Factors influencing initial outcomes It was apparent that movers from Incapacity Benefit to Jobseeker's Allowance tended to have less support both in terms of finances and family than had other leavers from Incapacity Benefit (Section 4.2). From this perspective, it would appear that Jobseeker's Allowance is the only real form of financial support available to them (unless they can qualify for other benefits).

³ At least two possible reasons exist for the differences between the Incapacity Benefit and Jobseeker's Allowance data sets. The first is sampling error. The second is the fact that the Leaving Incapacity Benefit data were collected specifically to evaluate the impact of the introduction of the All Work Test (AWT). This might have resulted in a different pattern of leaving Incapacity Benefit than would be the case at other time periods both before and after the intervention of the AWT.

⁴ These two figures are both taken from the Jobseeker's Allowance data set and should not therefore be subject to differences in sampling error or other survey-specific differences.

In comparison to all other leavers of Incapacity Benefit, Jobseeker's Allowance entrants were least likely to have a partner and least likely to have one working during their Incapacity Benefit claim. So their potential for help and support from a spouse or partner was lower than was the case for other people. They were also least likely to have savings to fall back upon and were less likely to have access to pension income; other than in comparison to those who entered work, where the differences were only slight.

Movements off Jobseeker's Allowance onto Incapacity Benefit/Income Support were strongly associated with ill health at the time of the survey interview, but it was not possible to determine any changes in health between then and the time when they left (Section 2.2). However, it was difficult to discern what other possible triggering events might have been operative. Marginally more jobseekers left for Incapacity Benefit who had a partner, with no dependent children (16 per cent), than entered work, education or training or stayed on Jobseeker's Allowance (nine per cent for both groups). But perhaps most importantly was the perception of poor job chances and, at least for some, living in areas with higher local unemployment levels.

In summary, the main 'trigger events' appeared to be an improvement in health leading people off Incapacity Benefit into work, or a disallowance of the Incapacity Benefit claim which led either to Jobseeker's Allowance, if no other form of financial support was available, or economic inactivity if it was, particularly also if there was a deterioration in health (Section 4.2). It is less clear what led ex-Incapacity Benefit recipients to finish a Jobseeker's Allowance spell. Again, having a partner appeared influential for some, but lowered perceptions of job chances, particularly when considered alongside other multiple disadvantages, including a higher chance of living in areas of higher unemployment, might all have been influential.

Multiple transitions Upon immediately leaving Incapacity Benefit just under one-quarter (24 per cent) immediately entered Jobseeker's Allowance. Of this quarter, approximately half (49 per cent) remained on Jobseeker's Allowance some five to 10 months later, at the time of their survey interview follow-up (Section 4.2). After around 12 to 18 months after leaving Incapacity Benefit, 14 per cent of Incapacity Benefit leavers who originally claimed Jobseeker's Allowance remained on Jobseeker's Allowance (Section 4.4).

Slightly more ex-Incapacity Benefit recipients who initially went onto Jobseeker's Allowance after leaving Incapacity Benefit left Jobseeker's Allowance within five to 10 months for work, training or remained unemployed (27 per cent) than became economically inactive (23 per cent). Just over one-half of those who became economically inactive within five to 10 months of leaving Incapacity Benefit returned to Incapacity Benefit (52 per cent).

The ‘triggers’ that appeared to influence initial destinations upon leaving Incapacity Benefit to Jobseeker’s Allowance, discussed above, were also evident in distinguishing longer term outcomes, some five to 10 months down the line, of those who initially left Incapacity Benefit for Jobseeker’s Allowance.

Ex-Incapacity Benefit recipients who initially entered Jobseeker’s Allowance and remained on some five to 10 months later had worse health problems and poorer educational qualifications than those who later left to become economically active, but better health and qualifications than those who later became economically inactive. Those remaining on Jobseeker’s Allowance were less likely, compared to those who left Jobseeker’s Allowance, to have a partner and access to other financial resources, and were most likely to live in the socially rented sector.

Conclusion The broad policy context of this report was, ‘work for those who can, security for those who cannot.’ The results seem to suggest there exists a group of people whose health is such that they cannot compete effectively in the labour market for work, a situation compounded by their tendency to experience multiple disadvantage in the form of lowered levels of human capital resources. Moreover, their job opportunities appear further compromised if they live in areas with high unemployment levels, presumably making competition for available work even more intense.

Where other resources exist, either in the form of a working partner or alternative income or savings, these appear to be used to avoid claiming benefits. However, a lack of these resources appears to leave many prone to longer periods of time spent on Jobseeker’s Allowance.

Overall, in the medium-term, people who left Incapacity Benefit either got jobs or gave up looking for work. In the longer-term almost a quarter were back on Incapacity Benefit. Meanwhile, Jobseeker’s Allowance helped the minority who felt, at one point or another; they might be fit enough to work but could not find a job yet or who had just lost one and were looking for another, in the same way that Jobseeker’s Allowance helps other people.

It appears that encouraging proximity to the labour market through disallowing Incapacity Benefit claims is not, in isolation, a very effective strategy for getting the majority back into work. It was notable that ex-Incapacity Benefit recipients and those destined to leave Jobseeker’s Allowance for Incapacity Benefit generally appeared reluctant to contact employers directly about work. The scope for using Job Brokers under NDDP, both to help find and retain work, and Personal Advisers under ONE might help to overcome some of these problems. However, it is important that their efforts are not concentrated solely upon those who are more likely to be job-ready. In order to avoid potential ‘creaming’ it might be necessary to set targets for placing into sustainable work certain numbers of people who are more disadvantaged.

I INTRODUCTION

1.1 Overview

1.1.1 Aims and objectives

This research, commissioned by the Department of Social Security, has three primary aims:

- to describe the characteristics of people making the transitions between Incapacity Benefit and Jobseeker's Allowance, and vice-versa;
- to identify 'at risk' characteristics of those who make these transitions, through a comparison with people making no transition or those moving to another destination;
- to help elucidate the processes underlying these transitions.

The research involves the secondary data analysis of two existing surveys, both commissioned by the Department of Social Security. The first, the Leaving Incapacity Benefit survey (Dorsett *et al.*, 1998) was initially aimed at assisting the evaluation of the replacement of Invalidity Benefit with Incapacity Benefit, in April 1995. The second, the Jobseeker's Allowance survey (Smith *et al.*, 2000), was aimed at evaluating the replacement of Unemployment Benefit and Income Support for unemployed people with Jobseeker's Allowance in October 1996. Both these data sets are described in more detail below, Section 1.2.

After reviewing briefly the policy context, this report first focuses on the transitions between Jobseeker's Allowance and Incapacity Benefit using the Jobseeker's Allowance evaluation survey data. In Chapter 2, exits from Jobseeker's Allowance to a destination described by the respondent as long-term sickness are examined, where it is here assumed that the majority of these respondents have entered Incapacity Benefit or Income Support. They are compared to those leaving Jobseeker's Allowance for other destinations or remaining on Jobseeker's Allowance. In Chapter 3, people entering Jobseeker's Allowance from Incapacity Benefit are compared to entrants to Jobseeker's Allowance from other routes. Chapter 4 focuses on the transition from Incapacity Benefit to Jobseeker's Allowance using the Leaving Incapacity Benefit Survey (Chapter 2). This chapter first distinguishes ex-Incapacity Benefit recipients according to those who entered Jobseeker's Allowance compared to those entering other destinations. It then examines changes in circumstances over time, examining persistence on Jobseeker's Allowance and changes in destinations. Finally, the results of each section are drawn together in a concluding chapter (Chapter 5).

1.1.2 Policy context

Since election to Government in 1997, New Labour has characterised its approach to welfare reform as, 'encouraging work for those who can and providing security for those who cannot' (e.g. Cm 4103, 1998, p. 1). A whole range of welfare benefits is available for people with disabilities,

but the main benefit, for those with a previous record of employment, is Incapacity Benefit, which replaced Invalidity Benefit in April 1995.

Incapacity Benefit is the primary source of income for people, under the state pension age, unable to work because of their medical condition. Eligibility is based on requisite National Insurance contributions and medical evidence of disability. The key reform under Incapacity Benefit was the introduction of the 'All Work Test'⁵ designed to assess the limitations associated with a person's disability upon their capability to carry out certain activities. After an initial period during which the eligibility for Incapacity Benefit is based on GP medical certificates, eligibility for Incapacity Benefit is confirmed on the basis of the results of this test and the client's responses to a short questionnaire.

However, the Government is concerned that Incapacity Benefit might not be helping those people for whom it is intended. There is concern to ensure that Incapacity Benefit does not become an alternative support for long-term unemployment or a supplement to income in early retirement (Cm 4103, 1998, p. 5; Dorsett *et al.*, 1998). The intention is to target Incapacity Benefit on those unable to work for reasons of long-term sickness or disability.

The Government has recognised that a number of disabled people want to work and has introduced schemes to help them do so. Pilots under the New Deal for Disabled People (NDDP) were introduced from October 1998 to help disabled people find and remain in work. The NDDP will be extended on a national basis. Starting from July 2001 a national network of Job Brokers will be set up to explore ways of giving those on incapacity benefits the support, guidance and preparation they need to find paid work and move off benefit dependence.

Jobseeker's Allowance, introduced in October 1996, is the primary state benefit providing financial help to people registered as unemployed. Although introduced by the previous Conservative regime, the principle of benefit allowance being conditional on active jobseeking (and availability for work), as opposed to passive receipt, is basically in accord with the ethos of the current government in encouraging people to find work.⁶ Accompanying the introduction of Jobseeker's Allowance was the introduction of Disability Employment Advisers (DEA). These advisors are located at Jobcentres and their function is to help people with disabilities that may impede job-search or hinder employment prospects.

⁵ Renamed the Personal Capability Assessment, April 2000.

⁶ In addition to Jobseeker's Allowance, schemes have been initiated by the current government to help specific groups of people back into work, including, for the unemployed, the New Deals for Young People (aged under 25), people aged 50 or above, the Long-term Unemployed and for partners.

Little is known about the transitions between Incapacity Benefit and Jobseeker's Allowance, and vice-versa. On the one hand, it is possible that a movement from Incapacity Benefit to Jobseeker's Allowance is indicative of an upward career movement, signalling a person's belief that their health problem has receded and they feel fit enough for a return to work. On the other hand, if the transition is involuntary in nature, recourse to Jobseeker's Allowance is more likely to be indicative of the need for some form of financial support. From the opposite perspective, transitions from Jobseeker's Allowance to Incapacity Benefit would seem to imply a downward movement in people's circumstances. Either they feel that their disability or sickness is worsening and has become insurmountable to entering work, or they are now able to claim or reclaim Incapacity Benefit, after using Jobseeker's Allowance as a transitional form of support whilst awaiting their Incapacity Benefit claim or dispute to be dealt with.

These two benefits, Incapacity Benefit and Jobseeker's Allowance, are aimed at two different groups within society, though it should be recognised that membership of these groups is not fixed. The former is aimed at supporting people whose medical condition has reached the threshold beyond which a person is not required to register for and seek work as a condition for receiving benefit. Whereas the latter is aimed at those who are able to work, and are actively seeking and available to do so. However, as is shown in Section 1.2 below, people appear to exist who fall between the target groups. On the one hand, their incapacity due to their medical condition is not deemed severe enough to meet the requirements of Incapacity Benefit; yet on the other hand, they appear unable to compete effectively in finding work, or to maintain it once employed.

1.2 Data

1.2.1 *Leaving Incapacity Benefit survey*

The design used a 'flow' sample of leavers, that is people leaving the benefit at more or less the same time. A sample was drawn from the quarterly five per cent extract of the Incapacity Benefit computer system, which is used for statistical purposes. This sample included both those who were disqualified by the new All Work Test (AWT) and those leaving Incapacity Benefit voluntarily (closed certificates, claims ended at claimant's request, claims ended for reasons other than disallowance). Credits only cases were not included because a postal preview survey showed that the response rate would have been too low. The sample was further stratified according to the duration of the respondent's spell on Incapacity Benefit and by whether their claim had started before the change from Invalidity Benefit to Incapacity Benefit ('old stock') or after Incapacity Benefit was introduced ('new flow'). Disallowed leavers included both short and long-term recipients but voluntary leavers with spells of less than 23 weeks were excluded. This was because most of the changes in the regime, and especially the AWT, cut in at 28 weeks. Before that period, short-term Incapacity Benefit was not much different from the old sickness benefit and there was, in any case, a high natural rate of flow in and out of short-term incapacity.

Two quarterly INCAP extracts (June to August and September to November 1996) were used to draw the main stage sample, with fieldwork being carried out in two waves to ensure that interviews were carried out between five and 10 months after the date of leaving benefit. Fieldwork was conducted between March and June 1997. Interviews were carried out in two waves in order to minimise variation in the elapsed time between leaving benefit and the interview.

There were 4,811 cases in the original sampling frame of which 4,290 were in scope. There were quite a lot of non-contacts - more than one-quarter opted out from the introductory written invitation or refused when approached at home. Interviews were completed with 2,263 leavers (an overall response rate of 53 per cent at the first interview).

Respondents were interviewed a second time some 12 to 18 months after leaving Incapacity Benefit, using a self-completion postal survey, to which 1,672 people replied (a response rate of 74 per cent to the first wave).

1.2.2 Jobseeker's Allowance evaluation survey

The Jobseeker's Allowance study was based on a cohort of unemployed benefit recipients who were sampled and interviewed twice prior to the introduction of Jobseeker's Allowance, and a second cohort similarly studied after the introduction of Jobseeker's Allowance (JSA). The pre-JSA cohort was originally sampled from Employment Service claimant administrative records in July/August of 1995 and first interviewed between September and October of 1995, with a second interview occurring between March and June of 1996. The post-JSA cohort sample was drawn in July/August of 1997 and first interviewed between September and November of 1997 and secondly between March and June of 1998. Response rates were obtained of around 75 per cent at the Wave One interviews and 70 per cent at Wave Two.

In addition to the point in time interviews, data were also collected on the work and benefit histories of recipients in the two years prior to the first interview and in the time period between the first and second interviews. Thus, these data are based on respondent recall at the time of interviews, using a Work-Benefit-History-Sheet (WBHS).

The WBHS data relate firstly to benefit status: whether the person was signing as unemployed or not, on a weekly basis, and if signing, whether they were receiving National Insurance credits only or a monetary award. A second weekly series covered the economic activity of the person over the same time period: distinguishing full-time work of 30 hours or more a week; part-time work of between 16 and 29 hours; part-time work of under 16 hours; education and part-time work; education; unemployment; looking after the home; sickness, disability and illness.

It is important to note that because of the time taken for fieldwork the time available to track a person's benefit status and economic activity between the time of selection and the end of the study was between six and 11 months, averaging around nine months. A person selected late whose second interview fell early on in the fieldwork period would have an approximate six month observation period whereas one selected early and interviewed at the end of the fieldwork period would have around 11 months.

Each cohort sample comprised two subgroups: a 'stock' of claimants who had been in receipt of benefit for two weeks or more at the time of sampling; and a 'flow' of new entrants starting a claim within the two weeks prior to sampling. Members of the flow, in general, are destined for shorter spells of benefit receipt than are members of the stock. The latter are a result of differential dynamics over time of new entrants and thus comprise the subgroups of successive inflows that are destined for longer spells of benefit receipt. The two subgroups offer slightly different but complementary perspectives of benefit dynamics and recipient characteristics. In addition, a weight exists that allows the stock and flow samples to be used in combination to provide stock based estimates.

2 EXITS FROM JOBSEEKER'S ALLOWANCE

2.1 Introduction

2.1.1 Overview

This first series of comparisons focuses on the 'stock' of people who were receiving Jobseeker's Allowance at the time the sample was drawn. It therefore comprises claimants who were unemployed and had been on benefit for differing lengths of time. Small sample sizes of the target group meant that it was necessary to combine the stock samples both of the pre and post-JSA sample so that the sample includes not only people claiming Jobseeker's Allowance but also those claiming Unemployment Benefit and/or Income Support for unemployed people. Both the impact of Jobseeker's Allowance and the general improvements in the labour market between the time periods mean that the nature of the samples is slightly different (Smith *et al.*, 2000). However, this difference is manifest only in relation to people entering work, education or training and those remaining on benefit. Movements to other destinations are proportionately equal across the two samples.

The target group of prime interest comprised people who, when they had signed off Jobseeker's Allowance, described themselves as economically inactive because of sickness or disability. Information on whether or not such people were claiming Incapacity Benefit or Income Support when they left Jobseeker's Allowance was not available. However, it is here assumed that at least the majority entered either Incapacity Benefit or Income Support, and will be referred to as such throughout the remainder of this report. Arguably, this movement, from being in a position of actively seeking work to one of economic inactivity, is retrograde to their future career development and militates against economic independence and self-fulfilment.

A series of comparison groups has been created against which to compare the characteristics of leavers to Incapacity Benefit/Income Support in order to help elucidate not only the risk characteristics of the group but, as far as is possible, the processes of entering Incapacity Benefit/Income Support from Jobseeker's Allowance. It is through comparisons with other groups that it is possible to discern differences in key characteristics that might help to identify particular 'at risk' subgroups and help elucidate the processes underlying these movements.

As the data examined in this chapter, as also with Chapters 3 and 4, are derived from samples of relevant populations, differences in characteristics between the comparison groups can arise purely by chance. In order to minimise the risk of accepting chance differences as real differences, rather than accept observed differences at face value, statistical significance tests were used. Statistical significance first involves setting up a null hypothesis, generally of no differences between two or more groups and an alternative

hypothesis (that a difference does exist). The null hypothesis is then subjected to a statistical test to decide, within certain tolerance limits, whether to accept it or to reject it in favour of an alternative hypothesis.

It is not possible to conclude with exact certainty that the difference observed is real but it is possible to attach a quantified risk to making a mistake. The standard rule of thumb is to set a significance level at a one in 20 (five per cent) chance of making a mistake. For example, assume that in reality there is no difference between the target and comparison group (the null hypothesis is true). If the same survey were to be carried out under the same conditions 20 times, then by chance, an incorrect decision to reject the null hypothesis, and by implication to accept the alternative hypothesis of an association, would be made once. In other words, there is a five per cent chance of making what is termed a Type I error⁷ (incorrectly rejecting the null hypothesis).

In order to minimise errors arising from accepting associations that do not exist, statistical significance tests were carried out throughout this report. Generally this took the form of testing the characteristics of the target⁸ group against the characteristics of the other comparison groups combined.

It is worth noting that the capacity of a statistical test to detect associations in part depends upon the size of the sample. Particularly in Chapters 2 and 3 the sample size of the target groups is comparatively small. For this reason, some differences that are not statistically significant are reported, but only when they near the five per cent level of significance.

The chapter first defines the comparison groups and explores the experiences of each in terms of their Jobseeker's Allowance receipt. Section 2 describes the personal characteristics of the target group compared to other groups. Section 3 focuses on job-search. Experiences of the Employment Service are considered in Section 4, although information was not available for many of the stock concerning the New Claimant interview, hence this is not covered. Finally, Section 5 summarises the findings of the previous sections.

2.1.2 Destination comparison groups

Five comparison groups of people leaving Jobseeker's Allowance were created:

- Leavers to Incapacity Benefit/Income Support: people no longer receiving Jobseeker's Allowance and describing their main activity as long-term sickness.
- Continuing recipients: people remaining on Jobseeker's Allowance.

⁷ It is also possible to make a Type II error, where the null hypothesis is incorrectly accepted. The level at which this occurs is inversely related to the significance level set for making a Type I error.

⁸ The target group, depending upon the context, was either those people who had moved from JSA to IB/IS or vice versa, people who had moved from IB to JSA.

- Upward leavers: people signing off and entering work, education or a government training scheme;
- Unemployed leavers: people signing off but not in work the week after doing so, but who describe themselves as unemployed; and
- Inactive leavers: people signing off to look after the home or who are doing some other activity not mentioned above.

People leaving for Incapacity Benefit/Income Support formed five per cent of the sample of people who were in the stock at the time they were selected for the Jobseeker’s Allowance evaluation study (Table 2.1). As shown by administrative data, this figure amounts to a substantial minority of around 200,000 people a year. A further three per cent described themselves as unemployed after having signed off and four per cent as looking after the home or undertaking some other activity. Nearly one-half (49 per cent) of jobseekers remained on Jobseeker’s Allowance throughout the observation period and 40 per cent entered work, education or training.

Table 2.1 Destinations of people leaving Jobseeker’s Allowance

	<i>Column per cent</i>
Activity week after leaving JSA	
Long-term Sick	5
Remained on JSA	49
Work/Ed/Training	40
Unemployed	3
Home/Other	4
N	3,427

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents answering both the Waves 1 and 2 interviews.

2.1.3 Time on Jobseeker’s Allowance

People leaving Jobseeker’s Allowance for Incapacity Benefit/Income Support tended to have been receiving benefit for longer periods of time than had leavers to other destinations (Table 2.2). Over one-fifth (22 per cent) of leavers to Incapacity Benefit/Income Support had been in receipt of Jobseeker’s Allowance for two years or more by the time they had left. Only those destined to remain on Jobseeker’s Allowance comprised a greater proportion of longer-term claimants: 33 per cent had been on Jobseeker’s Allowance for two years or more by the end of the observation period.

In contrast, particularly people leaving for work, training or education, and, to a lesser extent, those who remained unemployed when leaving, tended to have spent shorter periods of time on Jobseeker’s Allowance. People who left to look after the home were relatively similar to those leaving for Incapacity Benefit/Income Support, except that slightly less

were very long-term claimants, but more had been on Jobseeker's Allowance for an intermediate duration of between six months and two years.

Table 2.2 Number of weeks spent on JSA by JSA leavers and continuing claimants (current spell)

Weeks	IB/IS	Work/Education/				All
		On JSA	Training	Unemployed	Home/Other	
1-26	24	12	44	31	25	25
27-52	31	23	28	33	35	26
53-104	23	32	21	24	26	28
105 plus	22	33	8	12	15	22
N	160	1,672	1,373	87	134	3,426

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents answering both the Waves 1 and 2 interviews.

In the time between sampling, when all were in receipt of Jobseeker's Allowance, and the end of the observation period, relatively few Jobseeker's Allowance recipients returned for a further spell of Jobseeker's Allowance: an average of 12 per cent (Table 2.3). People leaving for Incapacity Benefit/Income Support faced a similar degree of volatility in their circumstances as those who had left for other destinations, except for those who had left to look after the home. Whilst 16 per cent of the latter group returned for a second spell of Jobseeker's Allowance, only one per cent experienced three or more spells. The corresponding figures for those leaving for Incapacity Benefit/Income Support were 19 per cent and four per cent, respectively.

Table 2.3 Number of spells on JSA between sampling and the end of the study observation period

	IB/IS	Work/Education/				All
		On JSA	Training	Unemployed	Home/Other	
One	77	100	74	74	83	88
Two	19	-	21	20	16	10
Three plus	4	-	5	6	1	2
N	160	1,672	1,373	87	134	3,426

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents answering both the Waves 1 and 2 interviews.

2.2 Personal characteristics of leavers from Jobseeker's Allowance

2.2.1 Health of JSA leavers

People were asked about their health at the time of the first interview, whereas movements off Jobseeker's Allowance may have occurred at any time between sampling and the second interview. It is therefore feasible that a person's health might have changed at any point in time during the intervening period between sampling and the second interview. Indeed, Table 2.4 suggests that this is the case. Over two-thirds (69 per cent) of people leaving for Incapacity Benefit/Income Support reported a health problem that restricted their work ability at the first interview, suggesting that the remaining 31 per cent had become ill at some later stage.

Not surprisingly, the Incapacity Benefit/Income Support leavers reported the highest prevalence of health problems. However, nearly one-third (30 per cent) of those continuing to receive Jobseeker's Allowance also reported work-limiting problems with their health, as also did 30 per cent of those who became inactive. It seems likely that an unknown number of those continuing on Jobseeker's Allowance may also be at risk of leaving to Incapacity Benefit/Income Support at a later date.

Table 2.4 Proportion of JSA leavers reporting health problems that affect their ability to work

	<i>Cell per cent</i>
Long-term Sick	69
Remained on JSA	30
Work/Ed/Training	18
Unemployed	22
Home/Other	30
N	3,426

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents answering both the Waves 1 and 2 interviews.

People leaving for Incapacity Benefit/Income Support tended to have been more uncertain of the expected duration of their health problem: 17 per cent who reported a problem were unable to give an estimate of the duration (Table 2.5). People remaining on Jobseeker's Allowance, and those leaving for other destinations, were more likely to be sure that their problem was long-term, i.e. over one year, than were those leaving for Incapacity Benefit/Income Support. This raises an interesting question regarding the severity of illness and the impact on working ability and the expected duration. It is possible that leavers to Incapacity Benefit/Income Support had more severe problems than had others, but that slightly more of them expected these problems to clear up within one year, excepting those who were otherwise inactive. However, it is not possible to confirm this speculation with the available data.

Table 2.5 Expected duration of health problems

	Work/Education/					<i>Column per cent</i>
	IB/IS	On JSA	Training	Unemployed¹	Home/Other	All
Last more than a year	74	87	88	19	88	86
Not last more than a year	9	4	4	0	13	5
It depends	9	5	4	0	0	5
Don't know	8	4	3	0	0	4
N	110	498	251	19	40	918

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents answering both the Waves 1 and 2 interviews with a health problem.

¹ Data are given raw numbers because of small cell sizes.

2.2.2 *Socio-demographic characteristics of Jobseeker's Allowance leavers*

Women were proportionately more likely to leave Jobseeker's Allowance for Incapacity Benefit/Income Support than were men: 30 per cent of the leavers to Incapacity Benefit/Income Support were women compared to 24 per cent of the Jobseeker's Allowance population overall (Table 2.6). However, proportionately, women were far more likely to leave to look after the home/other (47 per cent). In contrast, women were less likely than men to continue on Jobseeker's Allowance and slightly more likely to leave for work, education or training.

The age profile showed a relationship between ill-health and age. People leaving for Incapacity Benefit/Income Support, having an average age of 40, were more likely to be older than were people leaving for other destinations, though those leaving to look after the home/other also tended to be older than the others, having an average age of 38. Where the age profile of these two groups differed was in the middle ranges. Thus, people leaving for Incapacity Benefit/Income Support were more likely to be aged between 45 and 54, whereas those looking after the home were more likely to be aged between 25 and 34. Presumably, these differences reflect the child rearing cycle, whereby younger people are more likely to be caring for their families, particularly if they have children (see Table 2.7), whereas older people may be more prone to ill-health.

Table 2.6 Age and sex of leavers

	<i>Column per cent</i>					
		Work/Education/				
	IB/IS	On JSA	Training	Unemployed	Home/Other	All
Sex						
Female	30	18	28	30	47	24
Male	70	82	72	70	53	76
Age						
16-24	20	23	36	36	19	28
25-44	34	50	48	46	49	48
45-54	29	18	13	9	13	16
55+	17	9	4	9	20	8
Mean	40	35	31	31	38	34
N	160	1,672	1,373	87	134	3,426

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents answering both the Waves 1 and 2 interviews.

There was no notable difference between the different comparison groups in terms of ethnic background: approximately nine per cent were of non-white origin (Table 2.7). There were differences between the destination groups according to family composition. Leavers to Incapacity Benefit/Income Support contained higher than average proportions of single women (26 per cent) and couples without children (16 per cent) and fewer single men (33 per cent). However, single men (51 per cent) were over-represented in the group remaining on Jobseeker's Allowance,

and claimants in couples, particularly where there was a child in the family (43 per cent), were over twice as likely to be in the group looking after the home/other compared to the average.

People leaving for Incapacity Benefit/Income Support were far more likely than members of any of the other groups to be living in the socially rented sector, which when taken in conjunction with their tendency to be older presumably reflects general differences in affluence accumulated through their working lives.

People without access to private transport have previously been found to have longer average spells on unemployment-related benefits (Smith et al., 200, Shaw *et al.*, 1996). It is perhaps no surprise therefore that people without access to private transport were most likely to have been found among leavers to Incapacity Benefit/Income Support (73 per cent) and those remaining on Jobseeker's Allowance (67 per cent) compared to the overall average (60 per cent).

Table 2.7 Characteristics of people leaving JSA

	<i>Column per cent</i>					
		Work/Education/				
	IB/IS	On JSA	Training	Unemployed	Home/Other	All
Ethnicity						
White	92	91	91	95	90	91
Non-white	8	9	9	5	9	9
Family type						
Single male	33	51	45	45	19	46
Single female	26	15	21	17	15	18
Couple-no children	16	9	9	15	22	10
Couple-with children	26	25	26	23	43	26
Tenure						
Owner-occupier	25	19	24	29	43	22
Social renter	39	26	16	9	26	22
Private renter	6	16	12	15	8	14
Lives with others	21	32	41	44	16	35
Other	9	8	7	3	8	8
Access to transport						
Yes	27	33	47	56	58	40
No	73	67	53	44	42	60
N	160	1,672	1,373	87	134	3,426

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents answering both the Waves 1 and 2 interviews.

2.2.3 Qualifications, literacy and numeracy

Basic literacy has been a cause for concern for some years, as highlighted in the Moser Report (DfEE, 1999) and in the Learning to Succeed White Paper (Cm 4392, 1999). Although 'employability' is about more than

just basic skills (Hillage and Pollard, 1998), basic skills are valued by employers (Brooks *et al.*, 2001). They are also important in helping individuals to obtain work (Bynner *et al.*, 2001) even more so than ‘soft’ skills, such as sociability, caring etc. and other relevant attitudes (Machin *et al.*, 2001).

Given the importance of basic skills it is worrying to have found that nearly one-half (48 per cent) of people leaving Jobseeker’s Allowance for Incapacity Benefit reported that they had no vocational or academic qualifications. This is some two-thirds greater than the overall average for the stock of Jobseeker’s Allowance claimants (29 per cent) and over twice the number reporting this state who went into work, education or training (20 per cent). This may, in part, be explained by the tendency for leavers to Incapacity Benefit/Income Support to be older, and older people tend to have fewer qualifications. However, this explanation actually highlights the compounding of barriers to employment for people leaving for Incapacity Benefit/Income Support: being older, in ill-health and having basic skills problems, as well as other factors described in this report.

Of those leaving for Incapacity Benefit/Income Support who had qualifications, nearly one-half had vocational qualifications (48) per cent, of which one-third had mixed academic and vocational. Vocational qualifications were more common among leavers to Incapacity Benefit/Income Support than they were amongst other jobseekers, and academic qualifications were less common. Although vocational qualifications are associated with a shorter duration on benefit than no qualifications, they are associated with a longer duration than are academic qualifications (Smith *et al.*, 2000). Hence, leavers to Incapacity Benefit/Income Support with qualifications were again disadvantaged relative to other jobseekers with qualifications.

In their review of research on basic adult skills, Brooks *et al.* (2001) reported that around 12 per cent of adults reported a basic numeracy or literacy problem. The data in Table 4.8 suggest that the basic skill deficit levels for Incapacity Benefit/Income Support leavers from Jobseeker’s Allowance were substantially higher.⁹ Certainly many more leavers to Incapacity Benefit/Income Support faced numeracy and literacy problems than any other groups of jobseekers. However, whilst highlighting the plight of people without adequate basic skills, even though many employees saw this as a problem, some employers did not see the need for basic skills, depending upon whether or not the job entailed reading and writing tasks (Brooks *et al.*, 2001).

⁹ Table 4.8 reports on each of the problems separately, the figure for any numeracy or literacy problems for Incapacity Benefit/Income Support leavers was 22 per cent.

However, the Government's aim is not only getting people into work but also seeing them move up the career ladder with improved earnings (HM Treasury, 1997). To achieve this it will be necessary to improve basic skills, as these are required for the majority of jobs, particularly 'better' jobs (Brooks *et al.*, 2001).

Table 2.8 Qualifications, numeracy and literacy problems of people leaving JSA

	Column per cent					
	Work/Education/					
	IB/IS	On JSA	Training	Unemployed	Home/Other	All
Qualifications						
None	48	36	20	24	26	29
Vocational only	22	17	13	13	9	15
Academic only	14	21	26	31	27	23
Vocational & Academic	16	26	41	33	38	32
Numeracy problems						
Yes	14	9	5	2	5	8
No	86	91	95	98	95	92
Literacy problems~						
Reading	13	8	6	2	5	7
Writing	16	10	7	6	6	9
English-second language	6	3	2	2	4	3
None	78	86	90	92	89	88
N	160	1,672	1,373	87	134	3,426

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents answering both the Waves 1 and 2 interviews.

~ Cell percentages

2.3 Job-search

2.3.1 Flexibility

The efficacy of flexibility in job-search is difficult to assess. On average, an approach focused on a range of jobs appeared more efficacious to moving people off Unemployment Benefit/Income Support than was taking the narrow view of a single job type or a preparedness to take any job (McKay *et al.*, 1997). However, McKay *et al.* (1997) also reported that different approaches suited different people, and that willingness to take on any job appeared marginally more advantageous for less well-qualified jobseekers.

A whole range of questions was available on the Jobseeker's Allowance evaluation questionnaire assessing flexibility. However, to avoid submersion in detail, this section is limited to two facets: (i) willingness to accept full or part-time work, (ii) the range of jobs considered. These data were taken from responses to the first survey and were asked of people who stated that they had been looking for work in the four weeks before the interview, if still unemployed at the time of the interview. If they had signed off at the interview they were asked about the time in the four weeks before they signed off.

People who had left for Incapacity Benefit/Income Support tended to be slightly more flexible than other jobseekers in the scope of jobs they were prepared to accept, but not in their willingness to work full or part-time (Table 2.9). However, there was little evidence to suggest that flexibility necessarily engendered success in moving off Jobseeker's Allowance. Such evidence would require a palpable difference in job-search patterns between people who had moved into work, education or training compared to all other comparison groups. Twenty-nine per cent of people who had moved into work, education or training were willing to work either full or part-time. This figure is marginally lower than that for jobseekers who left for Incapacity Benefit/Income Support (31 per cent) but marginally greater than that for those who remained on Jobseeker's Allowance (27 per cent). These differences are not statistically significant.

Examining the range of jobs applicants considered, again there was no evidence that people in work, education, or training differed consistently from all other comparison groups. Jobseekers leaving for Incapacity Benefit/Income Support tended to be more flexible in that they were more likely than others to be looking for any job (42 per cent compared to 36 per cent), although this difference was not quite statistically significant, possibly because of the relatively small sample size. However, they (27 per cent) were less likely than other jobseekers (34 per cent) to have considered a range of jobs, a difference that was statistically significant. They were no more likely than the average to accept either a full or part-time job (31 per cent).

Table 2.9 The job-search flexibility of JSA leavers

	<i>Column per cent</i>					
		Work/Education/				
	IB/IS	On JSA	Training	Unemployed	Home/Other	All
Hours willing to work						
Full-time	61	70	65	61	50	65
Part-time	8	4	5	6	15	5
Either	31	27	29	34	35	31
Job Area						
A particular job	31	28	31	30	40	30
Range of jobs	27	33	35	40	31	34
Any job	42	39	34	30	29	36
N	144	1,590	1,296	86	121	3,237

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents answering both the Waves 1 and 2 interviews.

People looking for work in the 4 weeks before interview or signing off.

2.3.2 Job-search activities The efficacy of job-search activities has been found to vary according to the qualifications and work experience of jobseekers, which, in turn, reflect their chances of moving off benefit (McKay *et al.*, 1997). For

people without qualifications more effective strategies appeared to be recruitment agencies (effective for all jobseekers) and contacting employers directly, and, to a lesser extent, through friends and family (McKay *et al.*, 1997). Given that a very substantial minority of leavers to Incapacity Benefit/Income Support was unqualified and comparatively few had academic qualifications the patterns of job-search activity potentially have important implications.

The data for this section again refer to people looking for work in the four weeks before the interview, or leaving Jobseeker's Allowance.

As with all leavers, a local paper was the primary source of information for people leaving for Incapacity Benefit/Income Support (93 per cent) (Table 2.10). However, they were least likely to use national newspapers (38 per cent), presumably reflecting their lower educational attainment and greater degree of numeracy and literacy problems which would restrict their opportunities to gain these 'better' jobs (see also Section 3.2). Instead, Jobcentre vacancies (79 per cent) and shop windows/notice boards (42 per cent) tended to be used; sources that according to McKay *et al.* (1997) do not confer advantages in finding work.

Leavers to Incapacity Benefit/Income Support were generally less likely to contact employers directly (28 per cent) and were among those least likely to have used a private recruitment agency (10 per cent). Activities that might have been more appropriate given that many lacked qualifications and that these were more effective strategies for those without qualifications (McKay *et al.*, 1997). People who managed to leave Jobseeker's Allowance for work, education or training were more likely than others to have used private recruitment agencies (21 per cent).

Table 2.10 The job-search activities of leavers

	<i>Cell per cent</i>					
		Work/Education/				
	IB/IS	On JSA	Training	Unemployed	Home/Other	All
Looked at advert in...						
local paper	93	91	90	89	92	91
national newspaper	38	45	46	42	39	45
trade/professional journal	17	17	22	22	21	19
shop window/ notice board	42	33	29	30	34	32
Went to...						
recruitment agency	10	8	21	14	10	14
Jobcentre – saw vacancy on display	79	76	71	72	70	74
Jobcentre – heard of vacancy from staff	9	9	11	5	7	10
Asked...						
friend/relative	39	37	41	38	41	39
employer directly	28	34	40	39	26	36
						36
N	144	1,575	1,289	86	119	3,213

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents looking for work and answering both the Waves 1 and 2 interviews.

The job-search activities of leavers to Incapacity Benefit/Income Support, at least at the time of the first survey interview, between one and three months after sampling, did not appear to have led to smaller numbers of applications (Table 2.11). Other than those who had left for work, education or training (an average of eight a week), people leaving for Incapacity Benefit/Income Support applied for more jobs (an average of 6.7 in the last week) than did people leaving for other activities or people remaining on Jobseeker's Allowance. However, despite this activity, the resulting number of job interviews only averaged 0.3. This is a 'hit-rate' of just over four in one hundred, which was the lowest 'hit-rate' overall, along with those leaving to look after the home, who had the lowest application rate with an average of 4.1. Conversely, people entering work, education or training, and people unemployed when leaving, had the highest average number of applications and the greatest 'hit-rates' in terms of interviews achieved.

Table 2.11 Number of job-search activities done

	<i>Mean/Column per cent</i>					
	IB/IS	On JSA	Work/Education/ Training	Unemployed	Home/Other	All
Average no. of jobs applied for	6.7	6.3	8.0	6.5	5.1	6.9
Average no. of job interviews	0.3	0.5	1.1	1.0	0.2	0.8
'Hit rate' of interviews to applications	4.5	7.9	13.8	15.4	3.9	11.6
Job-search limited by health[#]	18	5	3	6	5	5
Chances of finding job in next 3 months[^]						
Very good	1	5	18	11	8	9
Fairly good	22	26	42	43	23	31
Fairly bad	35	33	23	20	32	30
Very bad	37	28	11	20	28	23
Don't know	5	8	7	7	10	8

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents looking for work and answering both the Waves 1 and 2 interviews.

Note: ~ = cell per cent, # = base those reporting limitations on their job-search activities (N=3,427), ^ base = only people not signed off by time of 1st interview (N=2,450).

Nearly three-quarters of leavers to Incapacity Benefit/Income Support viewed their chances of finding work in the next three months from the first interview as bad, just over half of these saying their chances were very bad. This degree of pessimism was greater than that seen for any other group and, in many ways, appears to have been a true reflection, given the nature of their exit route. The pessimism of those still remaining on Jobseeker's Allowance, though not as great as that of leavers to Incapacity Benefit/Income Support, also appeared justified.

It was also apparent that the health problems faced by people leaving for Incapacity Benefit/Income Support were perceived by 18 per cent of them as limiting their job-search activities. This was between three and six times the rate for other recipients. The data did not distinguish the ways in which health problems affected job-search, but apparently it did not affect the number of job applications but might possibly help to explain differences in the methods used to find work.

Although job interviews were relatively thin on the ground for people leaving for Incapacity Benefit/Income Support, and those who left to look after the home/other, they achieved a relatively similar number of job offers (five per cent of those achieving an interview) compared to people remaining on Jobseeker's Allowance (seven per cent) (Table 2.12). However, people entering work, education or training were those most likely to receive job offers (33 per cent).

Table 2.12 Job-search success

	<i>Column per cent</i>					
	Work/Education/					
	IB/IS	On JSA	Training	Unemployed	Home/Other	All
Any job offers after interview?						
Yes	5	7	33	14	7	17
No	95	93	67	86	93	83
N	147	1,618	1,314	86	122	3,287

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents looking for work and answering both the Waves 1 and 2 interviews.

2.3.3 The influence of local labour market conditions

The condition of the local labour market was associated with movements to Incapacity Benefit/Income Support, 36 per cent lived in areas¹⁰ of high unemployment compared to an overall average of 26 per cent living in such areas. Even in comparison with people remaining on Jobseeker’s Allowance, the likelihood of leavers to Incapacity Benefit/Income Support living in a high unemployment area was greater by eight percentage points.

A number of issues arise from this finding. At first sight, it would appear that Incapacity Benefit acts as a form of ‘hidden unemployment’. This conclusion though has to be considered within the context that the vast majority had reported health problems at the time of the first survey interview. However, it is not clear to what extent they would have met the medical criteria at that time to enter Incapacity Benefit. In addition, it is also not clear to what extent their health would have restricted their attempts to seek work outside of their local area, though low levels of access to private transport suggest that this would not have been a particularly easy option. Further, many did not have the qualifications and basic skills that might have made it a financially viable option in terms of finding work remunerative enough to cover extended travel costs and living expenses.

Table 2.13 Local unemployment rates and destinations from Jobseeker’s Allowance

	<i>Column per cent</i>					
	Work/Education/					
	IB/IS	On JSA	Training	Unemployed	Home/Other	All
Local Unemployment levels						
High	36	28	24	20	25	26
Low	26	32	30	36	29	31
Medium	39	41	45	45	46	43
N	161	1,672	1,373	87	134	3,427

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents looking for work and answering both the Waves 1 and 2 interviews.

Note: local unemployment levels were defined differentially for Cohorts 1 and 2. Cohort 1: low<6.3%, 6.3£medium<10.2%, high³10.2%; Cohort 2: low<6.5%, 6.5£medium<8%, high³8%

¹⁰ Areas were defined using the standard Travel to Work Area (TtWA) – small geographic regions based on commuting flows derived from the 1991 census.

2.4 Experience of the Employment Service

2.4.1 Experience of the fortnightly review

Jobseeker's Allowance recipients typically have to sign for benefit every fortnight. However, as a part of the reform from the Unemployment Benefit/Income Support regime, this is not a passive signing activity, but an opportunity for advisers to actively review the person's progress in searching for a job. The aims of this interview are to:

- review job-search activities and keep the Jobseeker's Agreement up to date;
- discuss difficulties and explore the opportunities for support from the Employment Service Adviser; and
- explore options, e.g. retraining, advice on in-work benefits and part-time work, discuss job vacancies.

Respondents were asked about six possible actions that might have occurred at the last fortnightly review they had attended. The data were collected at the time of the first survey interview and for those still signing on the information was contemporary. If, however, the person had signed off in the time period between sampling and interviewing (between one and three months) their recall of information about the last fortnightly signing they attended might have been less accurate.

Jobseekers leaving for Incapacity Benefit/Income Support appeared to receive similar treatment to other jobseekers at their fortnightly review. If anything, they appeared to receive slightly greater attention than other jobseekers, though differences were not statistically significant, except that they were over twice as likely to have their Jobseeker's Agreement changed (14 per cent compared to an overall average of six per cent) (Table 2.14). Presumably this latter finding reflects account being taken of their health-related difficulties in finding work.

Table 2.14 Leavers' experience of their last fortnightly review

	Work/Education/					Cell per cent
	IB/IS	On JSA	Training	Unemployed ¹	Home/Other	All
Asked what had done to look for work	70	64	64	25	64	64
Told about job vacancies	30	23	24	7	19	23
Given other info/advice	14	19	19	7	20	19
Asked if taken action suggested	25	20	22	6	22	21
Jobseeker's Agreement discussed	20	22	21	12	22	22
Jobseeker's Agreement changed	14	5	6	2	8	6
N	81	755	709	41	66	1,652

Base: JSA stock sample, Cohort 2 only, respondents answering both the Waves 1 and 2 interviews.

¹ Data are given as raw figures because of small sample sizes.

The vast majority of all respondents reported having signed a Jobseeker's Agreement (96 per cent) (Table 2.15). Similarly, leavers to Incapacity Benefit/Income Support were not significantly different in their tendency to follow their Jobseeker's Agreement than were other groups of leavers. However, people leaving for Incapacity Benefit/Income Support were most likely to have said that they found the agreement useful (90 per cent).

Table 2.15 Jobseeker's Agreement

						<i>Cell per cent</i>
		Work/Education/				
	IB/IS	On JSA	Training	Unemployed¹	Home/Other	All
Signed Jobseeker's Agreement						
Yes	93	96	97	41	95	96
No	7	4	3	0	5	4
Followed Jobseeker's Agreement						
Unqualified	56	51	70	27	73	61
Some of time	37	44	27	11	19	35
Not followed	8	6	4	3	8	5
Agreement useful						
Yes	90	75	79	36	81	78
No	10	25	21	5	19	22
N	81	755	709	41	66	1,652

Base: JSA stock sample, Cohort 2 only, respondents answering both the Waves 1 and 2 interviews. All recipients in receipt of JSA for over 12 weeks at time of interview.

¹ Data are given as raw figures because of small sample sizes.

2.4.2 Further advice A wide range of training schemes are available for people after they have been unemployed and signing for given periods of time, a number of which were run by, or within partnership with, the Training and Enterprise Council (TEC).¹¹ TECs had a wide-ranging role in training provision and were involved in partnerships with employers, as well as other learning institutions, and courses offering training at different types and levels of qualification. A number of the Employment Service training programmes were operated through the TECs and though these typically have standard 'waiting' times of unemployment before people become eligible for them, these 'waiting times' can be waived for unemployed people with disabilities or basic skills deficits.

¹¹ In Scotland, the Learning and Enterprise Council fulfilled the same function as the English and Welsh TECs. Learning and Skills Councils replaced TECs in March 2001, in England and Wales.

It has become apparent throughout this chapter that people leaving Jobseeker’s Allowance for Incapacity Benefit/Income Support often faced multiple barriers to employment, including many with no qualifications and comparatively high proportions with a lack of basic skills. It is therefore possible that leavers to Incapacity Benefit were likely to have characteristics that might have benefited from entry to such training courses and that Employment Service Advisers might have recognised this likelihood and advised them in such a direction.

The indications were that, along with those leaving for unemployment (33 per cent) and those remaining on Jobseeker’s Allowance (34 per cent), those leaving for Incapacity Benefit/Income Support (35 per cent) did report higher levels of advice about TEC programmes (Table 2.16). However, these differences were not statistically significant, possibly because of the small sample size. People who left to look after the home/other were least likely to have been advised on TEC programmes (16 per cent), which might reflect their specificity in the type of job that they wanted (Section 2.3.1).

Table 2.16 Advised on Training/Learning Enterprise Council

Advised to go on a TEC/LEC programme	Work/Education/					Column per cent
	IB/IS	On JSA	Training	Unemployed	Home/Other	All
Yes	35	34	24	33	16	30
No	65	66	77	67	84	71
N	135	1,468	997	61	112	2,773

Base: JSA stock sample, Cohorts 1 and 2 combined, respondents answering both the Waves 1 and 2 interviews. All recipients in receipt of JSA for over 12 weeks at time of interview.

Respondents were asked if they had been advised to undertake any of the activities listed in Table 2.17. Respondents who left for Incapacity Benefit/Income Support were offered remarkably similar levels of advice on each of these actions to those who remained on Jobseeker’s Allowance. However, they only differed from the average in that more were told to attend certain courses (27 per cent compared to 19 per cent).

Table 2.17 Employment Service advice

	<i>Cell per cent</i>					
	IB/IS	On JSA	Training	Work/Education/ Unemployed		All
				Home/Other		
Told to attend a certain course	27	25	13	16	14	19
Told to attend a certain training scheme	19	19	10	12	9	15
Told to apply for a certain job	7	8	6	9	5	7
Told to do something else	13	11	7	9	9	9
N	135	1,468	997	61	112	2,773

Base JSA stock sample, cohorts 1 and 2 combined. All recipients in receipt of JSA for over 12 weeks at time of interview.

The establishment of Disability Employment Advisers (DEAs) accompanied the introduction of Jobseeker's Allowance. Typically, a local Employment Service office has a DEA whose role is to check on good practice and who can 'caseload'¹² recipients or place them on a specialist register, identifying jobs that might be suitable. Those who have a disability, or health problem, that they feel is impeding their ability to work or undertake job-search activities can make a self-referral to a DEA. People who reported a work-limiting health problem at the time of their first survey interview were asked if they had seen a Disability Employment Adviser (DEA). These data were only available for Cohort 2 respondents because of the timing of the establishment of DEAs, and questions were only asked of people reporting a work-limiting health problem.

Of Jobseeker's Allowance recipients with health problems, there was no evidence to suggest that those who left for Incapacity Benefit/Income Support had any more or less contact with a DEA than had other clients (Table 2.18). Those who remained on Jobseeker's Allowance were most likely to have seen a DEA (25 per cent) than were others, which suggests that people who were likely to leave because of health problems were not readily visible through their contacts with DEAs.

¹² 'Caseloading' occurs when the Employment Service officer decides that the person needs more help and attention, and involves further in-depth interviews to provide such advice and help.

Table 2.18 Disability Employment Adviser interview

	<i>Column per cent</i>					
		Work/Education/				
	IB/IS	On JSA	Training	Unemployed¹	Home/Other	All
Yes	19	25	18	0	19	21
No	81	75	82	12	81	79
N	57	242	149	12	21	481

Base: JSA stock sample, Cohort 2 only, respondents with health problems answering both the Waves 1 and 2 interviews.

¹ Data are given as raw figures because of small sample sizes.

2.5 Summary This chapter has concentrated on people who, when they signed off Jobseeker's Allowance, declared themselves as economically inactive through health reasons. For the purposes of this report, at least the majority of these people have been assumed to have moved onto Incapacity Benefit or Income Support.

It is apparent that though the majority of those leaving Jobseeker's Allowance entered work, education or training, substantial minorities did not. Five per cent of recipients in the stock of Jobseeker's Allowance left within six to nine months for Incapacity Benefit/Income Support. Administrative data showed that between April 1998 and 1999 around 200,000 Jobseeker's Allowance claimants left for Incapacity Benefit/Income Support, demonstrating that the numbers making this transition are substantial.

People leaving for Incapacity Benefit/Income Support tended to have spent quite long periods of time on Jobseeker's Allowance before signing off. In fact, they appear to have continued, at least nominally insofar as they were claiming Jobseeker's Allowance, to have remained actively seeking work for longer than either those remaining unemployed or those who left to look after the home/other. However, leavers to Incapacity Benefit/Income Support were more similar to those who remained unemployed in that both these groups were more likely to return for further spells of Jobseeker's Allowance.

Many of those leaving for Incapacity Benefit/Income Support appeared to have suffered their ill-health for relatively long periods of time: at the time of the interview, two-thirds reported health problems, a much greater number than for any other group. At the time of the interview, a substantial minority expressed uncertainty about the likely duration of their health problem, perhaps indicating difficulties in planning their future with any degree of certainty.

Women, particularly single women, tended to be over-represented amongst leavers to Incapacity Benefit/Income Support. Similarly, women were over-represented amongst those signing off and reporting themselves

as looking after the home/other. It may be that women with health problems have less recourse to Incapacity Benefit because of the National Insurance contribution conditions deriving from labour market activity. Men, in contrast, appeared more likely to remain on Jobseeker's Allowance.

The link between older age and ill-health was apparent as people leaving for Incapacity Benefit/Income Support were older, on average, than other jobseekers and contained a greater proportion aged 55 or over, except for those leaving to look after the home/other.

Basic skills deficit levels were particularly high amongst leavers to Incapacity Benefit/Income Support, and this was compounded by the very high proportion with no educational qualifications and comparatively few with academic qualifications. These factors tend to militate, to a greater or lesser degree, against attempts to move off unemployment-related benefits. It is also possible that these factors might help to explain the greater tendency of leavers to Incapacity Benefit/Income Support to be slightly more flexible in their job-search activities. Similarly, particularly in conjunction with their health problems, these deficits may also help to explain the greater reliance on locally based work, as evidenced by the higher tendency to use shop windows and notice boards and the lower propensity to use private recruitment agencies and national newspapers. However, their apparent reticence to contact employers directly warrants further investigation.

Despite these constraints, those leaving for Incapacity Benefit/Income Support were active job applicants, at least at the time of the first survey interview, but were the least successful in achieving interviews and job offers. However, this latter fact might also be explained by their tendency to live in areas with higher local levels of unemployment. Overall, it was not surprising that, when all these factors are taken in combination, people leaving for Incapacity Benefit/Income Support were likely to perceive their job chances as poor.

Generally speaking, the Employment Service was as active in their dealings with jobseekers destined for Incapacity Benefit/Income Support, as they were with other jobseekers. However, people leaving for Incapacity Benefit/Income Support were most likely to have had their Jobseeker's Agreement changed and to have been directed towards specific courses. Yet, they were no more likely than others to have reported help from a Disability Employment Adviser.

Overall, people leaving Jobseeker's Allowance for Incapacity Benefit/Income Support appeared to face multiple disadvantages compounding their health problems. They were also more likely to perceive their job chances as low and more likely to live in areas characterised by higher unemployment levels. Despite these barriers, their job-search activities

appeared comparatively high but their activities to find work were somewhat more restricted than were those of other jobseekers and there was some evidence that they remained flexible in their attitudes towards the work they would accept.

3 ENTRANTS TO JOBSEEKER'S ALLOWANCE

3.1 Introduction This chapter discusses the characteristics of ex-Incapacity Benefit claimants who moved onto Jobseeker's Allowance and compares their characteristics to entrants to Jobseeker's Allowance from other previous activities. It therefore complements Chapter 4, which focuses on people leaving Incapacity Benefit and compares those who moved onto Jobseeker's Allowance to ex-Incapacity Benefit claimants who moved into other activities. The data for this chapter were taken from entrants to Cohort Two of the Jobseeker's Allowance survey.

3.1.1 Overview

Five comparison groups of Jobseeker's Allowance entrants were constructed and these are described below (Section 3.1.2). Section 3.2 looks at the characteristics of Jobseeker's Allowance entrants in terms of their health, sex, age, qualifications and work experience. Section 3.3 traces the destinations of Jobseeker's Allowance entrants on leaving Jobseeker's Allowance, and entrants' job-search activities are described in Section 3.4. The experience of the Employment Service is examined in Section 3.5.

3.1.2 Previous activities From looking at the work histories of new Jobseeker's Allowance claimants five comparison groups were devised:

- claimants who had been claiming Incapacity Benefit in the week prior to starting a claim for Jobseeker's Allowance;
- claimants who had either been sick the week prior to starting a claim for Jobseeker's Allowance but had not claimed Incapacity Benefit, or who had at some point within the previous two years described their main economic activity as long-term sickness;
- claimants who were economically inactive the week prior to starting a claim for Jobseeker's Allowance e.g. were at home looking after children or caring for someone, were in prison, or were abroad;
- claimants who had been unemployed the week prior to starting a claim for Jobseeker's Allowance; and
- claimants who had been either working, in education, or on a Government Training Scheme (GTS) the week prior to starting a claim for Jobseeker's Allowance.

The second comparison group are of interest because the economic status of people in this group has been affected by sickness or disability and they might, therefore, share some similar characteristics and/or barriers to work with those who were previously claiming Incapacity Benefit. People in the third comparison group were economically inactive prior to signing for Jobseeker's Allowance and from this perspective it is useful to know how they compare with people economically inactive through sickness.

People in the final two comparison groups, in contrast, primarily were active in the labour market, or were involved in activities that should better help them to find work.

Table 3.1 Jobseeker’s Allowance entrants according to their activity prior to starting their JSA claim

	<i>Column per cent</i>
Activity prior to starting JSA	
Recipient of IB	4
Sick – but not claiming IB	5
Home/Other	10
Unemployed	17
In work, education, GTS	64
N	2,383

Base: JSA Cohort 2 flow sample

The majority of Jobseeker’s Allowance entrants (64 per cent) were in work, education or on a Government Training Scheme immediately prior to starting their claim for Jobseeker’s Allowance (Table 3.1). One in six (17 per cent) were unemployed – it is not known whether these claimants were receiving any other benefits. One in 10 (nine per cent) were sick or had a previous history of sickness, of whom four per cent were claiming Incapacity Benefit prior to signing for Jobseeker’s Allowance. A further one in 10 (10 per cent) were economically inactive (at home/other) immediately prior to starting their claim for Jobseeker’s Allowance. Overall, entrants from Incapacity Benefit represent a small minority of all Jobseeker’s Allowance entrants; even though one-quarter (24 per cent) of a cohort of Incapacity Benefit leavers had moved onto Jobseeker’s Allowance (Section 4.2.1).

Respondents who had received Incapacity Benefit were asked why they were no longer claiming that benefit. The majority of entrants to Jobseeker’s Allowance from Incapacity Benefit were there involuntarily. Eighty-three per cent said they had had their Incapacity Benefit stopped because they were no longer eligible and six per cent said they were refused Incapacity Benefit (Table 3.2). The reasons why respondents ceased to be eligible or had had their Incapacity Benefit stopped were not known; it might have been because of the medical test or other factors might have applied. It is also not known how many of them were seeking to reapply. However, very few appeared to have made a conscious decision to use Jobseeker’s Allowance as a route back into the labour market.

Table 3.2 Reasons why entrants from IB stopped receiving IB

	<i>Column per cent</i>
Reason why IB stopped	
Ceased to be eligible	83
Refused IB	6
Decided to stop	3
Abroad / on holiday	2
Pregnant / had baby	1
Other	6
N	104

Base: JSA Cohort 2 flow sample of ex-Incapacity Benefit claimants who moved onto Jobseeker's Allowance.

3.2 Personal characteristics of Jobseeker's Allowance entrants

3.2.1 Health of Jobseeker's Allowance entrants

A principal barrier to work for ex-Incapacity Benefit recipients is likely to be their health. All respondents were asked at their first survey interview, some two to three months after starting their Jobseeker's Allowance claim, if they had any health problems or disabilities that affected the kind of paid work they could do. One-fifth (20 per cent) of all Jobseeker's Allowance entrants reported a health problem or disability that affected their ability to work. This figure is somewhat smaller than that given by members of the stock in Section 2.2 (27 per cent). The difference probably reflects the comparatively slow rate at which jobseekers with health problems leave unemployment-related benefits (Shaw *et al.*, 1996; Smith *et al.*, 2000), and their consequent build up in the stock.

As would be expected, among jobseekers who had been receiving Incapacity Benefit (62 per cent) the figure was much higher on average, as it was for those who had been sick but not received Incapacity Benefit (51 per cent) (Table 3.3). Conversely, four in 10 of those who had been receiving Incapacity Benefit (38 per cent) and one-half (49 per cent) of those who had been sick (with no IB) did not report having a health problem or disability that affected the kind of work they could do. There are two possible interpretations to this finding: either the health problem had cleared up enabling the person to become economically active and look for work; or that, although they had a health problem or disability they did not feel that it affected their ability to work. The findings reported in Section 4 suggest that the former interpretation is more likely: 39 per cent of Incapacity Benefit leavers who moved onto Jobseeker's Allowance felt that their health had improved.

Table 3.3 Jobseeker’s Allowance entrants with health problems that affected work by activity prior to starting their JSA claim

	<i>Cell per cent</i>
Recipient of IB	62
Sick – but not claiming IB	51
Home/Other	20
Unemployed	17
In work, education, GTS	16
All	20
N	2,366

Base: JSA Cohort 2 flow sample

Of those with a health problem that affected the kind of work they could do, the majority (81 per cent) of all entrants expected that it would last more than a year (Table 3.4). Entrants who had been on Incapacity Benefit were the most likely to think their health problem would last more than a year (89 per cent). In contrast, people who had reported being sick, but had not received Incapacity Benefit, were the least likely to think their health problem would last more than a year (77 per cent). However, they were more likely to express uncertainty about the expected duration – eight per cent thought ‘it would depend’.

Table 3.4 Expected duration of health problem

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other¹	Unemployed	Work/education/ GTS	All
Last more than a year	89	77	38	84	79	81
Not last more than a year	3	10	2	12	12	10
It depends	3	8	3	2	6	5
Don't know	5	5	4	3	3	4
N	62	61	47	68	237	475

Note: JSA Cohort 2 flow sample, entrants with a health problem.

¹ Data are given as raw figures because of small sample sizes.

3.2.2 Socio-demographic characteristics of Jobseeker’s Allowance entrants

Overall, the majority of entrants to Jobseeker’s Allowance were male (69 per cent) and over one-half (59 per cent) were aged under 35. However, some distinct differences are shown in Table 3.5 across the five previous activity ‘states’ of entrants.

Entrants to Jobseeker’s Allowance from Incapacity Benefit were more likely to be male (84 per cent) and to be older than other Jobseeker’s Allowance entrants – just over one-third (35 per cent) were aged under 35 and four in 10 (42 per cent) were aged 45 or over (Table 3.5). The older age profile of entrants from Incapacity Benefit reflects the relationship

between age and disability; whereby older people are more likely to experience impaired health than are younger people.

Table 3.5 Sex and age of Jobseeker’s Allowance entrants

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
Sex						
Female	17	38	47	37	28	31
Male	84	63	53	63	72	69
Age						
18-24	16	25	30	44	33	33
25-34	19	25	35	22	26	26
35-44	23	15	17	13	17	16
45-54	26	25	13	14	17	17
55+	16	11	5	7	8	8
Mean	38	35	31	30	32	33
N	103	120	238	393	1,529	2,383

Base: JSA Cohort 2 flow sample

Entrants to Jobseeker’s Allowance from Incapacity Benefit included more males (84 per cent) than were found among leavers of Incapacity Benefit to Jobseeker’s Allowance (70 per cent (Section 2.2.2)), a statistically significant difference. However, the age profiles of movers between Jobseeker’s Allowance and Incapacity Benefit/Income Support were not significantly different.

Overall, the majority of Jobseeker’s Allowance entrants were white (94 per cent) and ex-Incapacity Benefit recipients reflected the ethnic composition of the overall Jobseeker’s Allowance population of entrants (Table 3.6). However, non-whites were slightly over-represented in the home/other group, 13 per cent compared to six per cent on average.

Overall, Jobseeker’s Allowance entrants tended to be single (60 per cent) and one-third of single entrants were women (20 per cent). However, only half (49 per cent) of entrants from Incapacity Benefit were single, and only 18 per cent of single ex-Incapacity Benefit recipients were women. In part, this reflects the older age profile of this group. One-third of entrants from Incapacity Benefit (33 per cent) were in a couple with children, compared to one-quarter (24 per cent) of Jobseeker’s Allowance entrants overall.

The discrepancy in men and women between entrants from Incapacity Benefit to Jobseeker’s Allowance and entrants to Incapacity Benefit/Income Support from Jobseeker’s Allowance has already been noted. However, this discrepancy was particularly notable for single women,

only nine per cent formed the cohort entering Jobseeker's Allowance from Incapacity Benefit, but 26 per cent (Section 2.2.2) left Jobseeker's Allowance for Incapacity Benefit/Income Support. It is not entirely clear why this should be so, but it is possible that it reflects sex differences in National Insurance contributions required to be eligible for Incapacity Benefit prior to signing for Jobseeker's Allowance, with women not acquiring enough to claim Incapacity Benefit. A Jobseeker's Allowance award includes payment of National Insurance contributions that might allow sufficient contributions to accrue in order to leave for Incapacity Benefit. There are no contribution conditions for Income Support.

Housing tenure is often an indicator of socio-economic status, with for example, owner-occupancy taken to indicate a higher socio-economic status than renting from the social sector. The Jobseeker's Allowance evaluation study, in addition to using the standard tenure groupings, distinguished householders¹³, from non-householders, and other types of temporary accommodation. Non-householders were the modal group of Jobseeker's Allowance entrants overall (38 per cent), but were much less prevalent amongst ex-Incapacity Benefit recipients (25 per cent). The relatively small proportion of ex-Incapacity Benefit claimants living as non-householders probably reflects, at least in part, their older age profile as does their greater tendency to have a partner.

Table 3.6 Characteristics of Jobseeker's Allowance entrants

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
Ethnicity						
White	94	95	87	93	95	94
Non-white	5	4	13	7	4	6
Family type						
Single male	40	39	36	38	41	40
Single female	9	27	29	22	18	20
Couple-no children	18	16	13	16	17	16
Couple-with children	33	18	22	25	24	24

Continued

¹³ Householders were self-defined in the survey and comprised people in private households/accommodations and who were personally, or lived with a partner who was, responsible for owning or renting the accommodation.

Table 3.6 Continued

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
Tenure						
Owner-occupier	27	28	20	31	31	30
Social renter	31	16	17	8	13	14
Private renter	6	6	14	11	12	11
Lives with other	25	36	39	43	38	38
Other	12	14	10	7	6	7
Access to transport						
Yes	45	46	46	54	54	52
No	55	54	55	46	46	48
N	103	120	238	393	1,529	2,383

Base: JSA Cohort 2 flow sample

Ex-Incapacity Benefit recipients were around at least twice as likely to live in the social rented sector (31 per cent), compared to jobseekers from all other comparison groups. It may be that this reflects help given to people with impairment by social landlords, or it may reflect a history of a life lived on a lower income or downward drift from previous affluence.

A lack of available private transport¹⁴ could be a barrier to obtaining employment for some people. However, it is not clear to what extent this impacts upon job-search and mobility, an extended area within which to travel to work or access to driving jobs. Another possibility is that car-ownership may proxy affluence in some way through being able to afford a car and it is ‘carrying’ human-capital effects related to gaining such affluence.

Overall, just under one-half of entrants to Jobseeker’s Allowance had access to private transport (45 per cent). Ex-Incapacity Benefit recipients, people who had been sick and those previously looking after the home/other were less likely to have access to transport than those who were unemployed or in work, education or training. One potential reason why people from Incapacity Benefit were less likely to have access to private transport might be related to their health problems, which might preclude them from driving, however, the extent to which this is true is not known.

¹⁴ Defined as either having no driving licence or having a licence but no access to a car or motorbike, as against having a driving licence and access to a car or motorbike.

It is informative to compare the extent of access to private transport between ex-Incapacity Benefit entrants to Jobseeker's Allowance (45 per cent) to that of people leaving Jobseeker's Allowance to Incapacity Benefit/Income Support (27 per cent (Section 2.2.2)). This is a somewhat greater differential than that which existed between the two samples overall (52 per cent and 40 per cent, respectively). It does therefore indeed appear that a lack of access to a car is a particular barrier to a number of people with health problems.

3.2.3 Qualifications, literacy and numeracy

The general issue of basic skills, and the importance of educational qualifications, was briefly discussed in Section 2.2.3. As with leavers from Jobseeker's Allowance to Incapacity Benefit/Income Support, entrants to Jobseeker's Allowance from Incapacity Benefit were most likely to have basic skill deficits and were the least qualified (Table 3.7). Thirty-nine per cent of ex-Incapacity Benefit recipients had no formal academic or vocational qualifications compared to 21 per cent of all entrants (Table 3.7).

Not only were ex-Incapacity Benefit claimants most likely to have no qualifications at all, they were least likely to have academic qualifications. In fact, along with those who were previously sick (no IB), they were more likely only to have vocational qualifications than were other entrants. Conversely, entrants from other 'states' were more likely to have academic only or academic and vocational qualifications, including those who were previously looking after the home/other.

Table 3.7 Qualifications held by Jobseeker's Allowance entrants

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
Qualifications						
None	39	25	23	18	21	21
Vocational only	17	20	13	11	13	13
Academic only	16	19	30	30	26	26
Vocational & Academic	28	36	34	41	41	39
Numeracy problems						
Yes	9	6	6	5	4	5
No	91	94	94	95	96	95
Literacy problems~						
Reading	11	6	3	5	4	5
Writing	8	9	4	6	6	6
English-second language	3	2	5	1	2	2
No	87	88	91	92	92	92
N	104	119	238	392	1,529	2,382

Base: JSA Cohort 2 flow sample.

~ Cell percentages

Ex-Incapacity Benefit recipients were also slightly more likely to report higher levels of numeracy problems – nine per cent compared to five per cent of Jobseeker’s Allowance entrants overall (Table 3.7), statistically significant at the five per cent level. Similarly ex-recipients of Incapacity Benefit were also more likely to report reading problems, 11 per cent compared to five per cent of entrants overall, a difference that was again statistically significant. However, there were no significant differences for writing deficits and English as a second language.

3.3 Work experience and destinations after Jobseeker’s Allowance

3.3.1 Recent Jobseeker’s Allowance experience

Time spent on Jobseeker’s Allowance generally is time spent accumulating little or no work experience, and as such does not help develop human capital and soft skills sought after by employers.

The majority (59 per cent) of ex-Incapacity Benefit recipients had not signed on during the two years prior to the Jobseeker’s Allowance claim for which they were sampled. (Table 3.8). Of those who had signed for Jobseeker’s Allowance previously, the majority had experienced a single spell and hardly any had experienced three or more spells: a pattern suggestive of relative stability in their circumstances.

In contrast, people who were previously sick (no IB) were those most likely to have had previous experience of Jobseeker’s Allowance, only one-third (35 per cent) had not signed before in the past two years and 15 per cent had experienced three or more spells before the current one. Their recent working lives appeared to have been characterised by relative instability.

Table 3.8 Number of spells on Jobseeker’s Allowance (previous two years before signing)

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
None	59	35	62	67	45	51
One	30	37	25	23	33	31
Two	11	14	9	7	13	11
Three plus	1	15	4	3	9	8
N	94	109	209	343	1,345	2,100

Base: JSA Cohort 2 flow sample

The results in Table 3.9 should be treated with care given the small number of cases some of the percentages are based on. However, it would appear that ex-Incapacity Benefit recipients tended to have spent longer on Jobseeker’s Allowance in the previous two years than had other entrants. People who were previously sick (no IB) were fairly similar to those who had been looking after the home/other in that 43 per cent of both groups had spent less than six months on Jobseeker’s Allowance. However, slightly more of those who had been looking after the home/other were longer-term recipients.

Table 3.9 Number of weeks spent on Jobseeker’s Allowance (previous two years before signing)

Weeks on JSA	Ex-recipient	Sick	Home/	Work/education/		All
	of IB ¹	(no IB)	Other	Unemployed	GTS	
1-26	12	43	43	48	47	47
27-52	10	34	24	27	24	24
53-78	12	14	19	12	16	16
79+	6	9	13	12	13	12
N	40	71	78	113	740	1,042

Base: JSA Cohort 2 flow sample with previous experience of signing-on in the two years prior to selection for the evaluation.

¹ Data are given as raw figures because of small sample sizes.

3.3.2 Work experience Employers are known, other things being equal, to prefer to take on people with work experience (Atkinson *et al.*, 1996). From this perspective, ex-Incapacity Benefit recipients, along with those who had been looking after the home, were at a particular disadvantage with 55 per cent of the former group having had no work experience in the two years prior to signing (Table 3.10). Jobseekers who had been sick (no IB) varied considerably in terms of their time spent in paid work. Few had been mostly employed, only nine per cent for three-quarters or more of the last two years, and 28 per cent had no recent work experience. However, about one-fifth had been employed for between one and six months, another fifth between six and 12 months, and a further fifth between one and one and a half years.

Table 3.10 Recent work experience of entrants to Jobseeker’s Allowance (previous two years before signing)

Weeks in work	Ex-recipient	Sick	Home/	Work/education/		All
	of IB	(no IB)	Other	Unemployed	GTS	
None	55	28	49	22	9	18
1-26	10	20	9	13	16	15
27-52	15	20	9	11	15	14
53-78	17	22	17	13	16	16
79+	3	9	16	42	45	38
N	94	109	209	343	1,345	2,100

Base: JSA Cohort 2 flow sample

The remainder of this section broadens the definition of work experience to encompass any previous work, (as well as that in the previous two years prior to their Jobseeker’s Allowance claim) and focuses primarily on characteristics of their last job. The majority (84 per cent) of all entrants with work experience had last worked full-time (30 hours or more a week) rather than part-time, and were employees (92 per cent)

rather than self-employed (Table 3.11). Self-employment was slightly higher among ex-Incapacity Benefit recipients and entrants who had been sick (no IB) – 12 per cent each.

The three main industries that all entrants had worked in were:

- manufacturing and construction (36 per cent);
- distribution, hotels and restaurants (24 per cent); and
- public administration, education and health (16 per cent).

Ex-Incapacity Benefit recipients were similar to all entrants to Jobseeker's Allowance in terms of the sectors they had last worked in, except perhaps that slightly fewer had worked in the public administration, education, and health sector.

Respondents with previous work experience were asked to describe their working lives from a selection of statements. One-half of all entrants described their working lives as having been 'mostly in steady jobs' (54 per cent), one-quarter (25 per cent) said they were 'in and out of work' and one-fifth (21 per cent) said they had 'mainly casual or short-term work'.

Table 3.11 Employment history of entrants with work experience

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
Hours worked						
Full-time	85	83	84	80	85	84
Part-time	15	17	16	20	15	16
Employment						
Employee	88	88	93	92	92	92
Self-employed	12	12	7	8	8	8
Industry						
Agri/fishing/Energy/Water Manufacturing/	6	6	2	4	4	4
Construction	37	51	24	27	38	36
Distribution/ hotels/ restaurants	24	19	33	26	22	24
Transport/communications	10	5	5	7	6	7
Banking/finance/insurance	6	5	5	11	8	8
Public admin/education/ health	10	13	24	19	15	16

Continued

Table 3.11 Continued

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
Work history (multiple response)¹						
Mostly steady jobs	61	41	40	47	54	54
Mainly casual/ short-term work	13	20	21	21	21	21
Time out due to sickness/ injury	21	25	1	1	2	3
In and out of work	17	32	17	18	29	25
Time looking after home/family	14	8	17	9	4	7
N	59	89	129	312	1,378	1,976

Base: JSA Cohort 2 flow sample, entrants with experience of paid work

¹ The base for this question is the whole sample, not just those with previous work experience, see e.g. Table 3.6.

Ex-Incapacity Benefit entrants were more likely than others to describe their working lives as having been mostly in steady jobs (61 per cent) and less likely to have been in ‘mainly casual or short-term work’ (13 per cent). Stable employment is a characteristic that has previously been found to be associated with Incapacity Benefit recipients: Beatty and Fothergill (1999) reported that 51 per cent of Incapacity Benefit recipients were found to have held their last job for ten years or more. Their explanation for this was, in part, an association with older age and also associations with events such as redundancy, where ill-health was not the exclusive cause of job loss.

Stable employment was not however found to be so strongly associated with a history of sickness (no IB). Such people were less likely than other entrants, except those who had been looking after the home/other, to have been mostly employed in steady jobs, and were most likely, of all entrants other than those previously in work, education or training, to have been in and out of work. Not surprisingly, ex-Incapacity Benefit recipients, along with entrants previously sick (no IB), were more likely than other entrants to have had time out of work because of sickness or injury.

3.3.3 Destinations at the end of the study period

Overall, between the time of sampling and the end of the study period – approximately nine months – more than half of the entrants to Jobseeker’s Allowance moved into employment. Forty-three per cent were in full-time employment (30 or more hours a week) and 11 per cent part-time employment, or part-time employment combined with education (Table 3.12). One-third, however, remained on benefit (32 per cent).

Table 3.12 Destinations of entrants on leaving Jobseeker’s Allowance

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
Still on benefit	57	42	40	33	29	32
Full-time work	17	31	27	38	49	43
Part-time work	8	7	11	14	11	11
Education/training/ unemployment	3	7	10	11	6	7
Home/sick/other	15	14	13	4	5	6
N	88	118	237	383	1,498	2,324

Base: JSA Cohort 2 flow sample

Ex-Incapacity Benefit recipients were found to have many of the characteristics that are associated with a longer unemployment (benefit) duration, as described above, and in Section 2.2. Not surprisingly, therefore, they were most likely, amongst entrants, still to be on Jobseeker’s Allowance at the end of the study period, and least likely to have found full-time employment. People who were inactive through sickness or looking after the home/other were also more likely to remain on Jobseeker’s Allowance than were those who were active in the labour market, but less likely to do so than were ex-Incapacity Benefit recipients. Conversely, people entering from economic inactivity were better placed to find full-time work than were ex-Incapacity Benefit recipients, but less likely to do so than those who were unemployed or from work, education or training.

Entrants most likely to move into employment were those who were in work/education/training or who were unemployed prior to starting a claim for Jobseeker’s Allowance. One-half of entrants who were previously in work, education or training moved into full-time employment (49 per cent), and over one-third of those who were previously unemployed moved into full-time employment (38 per cent).

3.4 Job-search
3.4.1 Looking for work

It is a condition of Jobseeker’s Allowance that jobseekers are available for and actively seeking work. Respondents still on Jobseeker’s Allowance at the time of their first survey interview, some two–three months after starting Jobseeker’s Allowance, were asked if they were looking for work.

Almost all entrants to Jobseeker’s Allowance were looking for work at the time of the interview (93 per cent) (Table 3.13). This high proportion probably reflects the actively seeking work condition of Jobseeker’s Allowance. However, among entrants from Incapacity Benefit and the home/other group, around one in 10 were not looking for work (12 per cent and nine per cent respectively).

Of the small number of entrants who were not looking for work, one-half were not looking because they were waiting to take up a job they had already obtained (55 per cent). Those waiting to take up a job did not, however, include any entrants from Incapacity Benefit.

Table 3.13 Entrants looking for work

	<i>Column per cent</i>
Ex-recipient of IB	88
Sick – but not claiming IB	96
Home/Other	91
Unemployed	96
In work, education, GTS	94
N	1,407

Base: JSA Cohort 2 flow sample still in receipt of JSA at the first survey interview

3.4.2 Flexibility

As with Section 2.3, questions on this section are limited to only two, out of many available, facets of job-search flexibility and questions were asked at the first survey interview. The reference period to which the questions referred was the four weeks prior to the interview for those still signing and the four weeks before leaving for those who had signed off.

Overall, the majority of entrants wanted full-time work (72 per cent), but one-quarter were prepared to accept either full-time or part-time (Table 3.14). Ex-Incapacity Benefit recipients were more prepared than other entrants to accept either full or part-time work (35 per cent compared to an overall average of 25 per cent). Conversely, they were least likely to restrict their options to full-time work (57 per cent and 70 per cent, respectively).

Smith *et al.*, (2000) found that there was some advantage gained in terms of moving off Jobseeker's Allowance through being willing to accept either full or part-time work, relative to part-time work only. However, this was for the sample as a whole and it would appear that it might not be true for ex-Incapacity Benefit recipients because preparedness to accept different hours of work made little difference to destinations. It is also worth noting that there were no significant differences in flexibility of work hours between ex-Incapacity Benefit entrants to Jobseeker's Allowance and entrants to Incapacity Benefit/Income Support from Jobseeker's Allowance.

With respect to the scope of work sought, approximately one-third of all entrants wanted a particular job, another third were prepared to accept a range of jobs and a further third would accept any job. There was a slightly greater tendency for ex-Incapacity Benefit entrants to state that they would accept any job (39 per cent) compared to entrants overall (32 per cent). However, this difference was not statistically significant, perhaps because of the relatively small sample size.

Yet, it would appear that, for ex-Incapacity Benefit recipients, flexibility in job-range was linked to moving into work. Thirty-five per cent of those seeking a range of jobs and 29 per cent of those seeking any job found work before the end of the study period compared to 17 per cent of those seeking a specific job. However, numbers are too small to be sure of this finding.

Table 3.14 Types of job sought by Jobseeker’s Allowance entrants

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
HoursWorked						
Full-time	57	72	62	68	72	70
Part-time	8	6	12	7	4	6
Either	35	23	27	25	24	25
JobArea						
A particular job	33	27	37	38	35	35
Range of jobs	28	32	37	33	33	33
Any job	39	41	26	29	32	32
N	88	108	224	376	1,452	2,232

Base: JSA Cohort 2 flow sample: People looking for work in the last 4 weeks before the survey interview, if signing-on. If signed off at the first interview, the last 4 weeks before signing-off.

3.4.3 Job-search activities

Respondents, either signing on or signed off, were asked what methods they had used to look for work in the four weeks before the interview/ signing off. The majority of entrants overall, who were looking for work, were engaged in job-search activities during the week prior to interview.

The most common job-search source of all entrants was the local paper (90 per cent) (Table 3.15). Ex-Incapacity Benefit recipients were no different from other jobseekers in this respect, 94 per cent reported using a local newspaper. Another popular job-search method for all groups was looking at display boards in the Jobcentre, 77 per cent ex-Incapacity Benefit recipients reported doing so.

Table 3.15 Job-search activities of Jobseeker's Allowance entrants

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
Looked at advert in...						
local paper	94	91	86	89	91	90
national newspaper	39	44	47	45	46	46
trade/professional journal	14	18	18	25	23	22
shop window/noticeboard	27	31	27	35	30	30
Went to...						
recruitment agency	7	18	22	30	28	27
Jobcentre – saw vacancy on display	77	73	64	69	74	72
Jobcentre – heard of vacancy from staff	9	13	11	13	12	12
Asked...						
friend/relative	44	45	45	44	46	45
employer directly	37	46	39	44	49	46
N	87	106	217	369	1,432	2,210

Base: JSA Cohort 2 flow sample: People looking for work in the last 4 weeks before the survey interview, if signing-on. If signed off at the first interview, the last 4 weeks before signing-off.

Ex-Incapacity Benefit recipients were those least likely to use private recruitment agencies (seven per cent), a difference that was statistically significant. Along with people previously looking after the home/other, they were also less likely than were other entrants directly to contact an employer (37 per cent compared to 46 per cent overall). Although this difference was not significant (only just under the conventional five per cent level) this might have been because of the small sample size. As was shown in Section 2.4.3, entrants to Incapacity Benefit/Income Support from Jobseeker's Allowance were also less likely to have used these two methods. It was also noted that McKay et al., (1997) found that these two methods were often amongst the most successful for people without qualifications.

Perhaps not surprisingly, given their comparative lack of academic qualifications, ex-Incapacity Benefit recipients were less likely than other entrants to have used professional/trade journals as a resource for their job-search. The same was true of national newspaper usage, but this difference was not quite statistically significant, however the small sample size might be responsible for this result.

On average, in the last week before the interview, entrants stated they had applied for nine jobs (Table 3.16). Ex-Incapacity Benefit recipients were the least active, applying for an average of five jobs, with a resultant average of only 0.6 interviews. However, their interview to application

'hit-rate' (12) was not much lower than that of all entrants on average (15.6). In comparison to people who left Jobseeker's Allowance for Incapacity Benefit/Income Support, entrants to Jobseeker's Allowance from Incapacity Benefit applied for fewer jobs but with more interview success and their 'hit-rate' was substantially greater.

However, despite this comparatively respectable rate of success with interviews to applications, ex-Incapacity Benefit recipients were disillusioned about their chances of finding work. One-half thought their chances of finding work in the next three months were bad, with over one-quarter saying they were very bad. In this, they were the most pessimistic of all entrants. However, their disillusionment was not so great as those who left Jobseeker's Allowance for Incapacity Benefit/Income Support, 72 per cent of whom thought their chances of finding work were bad or very bad (Section 2.3.2).

Finally, it is worth noting that around one-tenth both of ex-Incapacity Benefit recipients and the sick (no IB) group reported that their health problems limited their looking for work, which compares to an average of three per cent for all entrants. This difference was statistically significant. However, it was not asked in what ways this occurred. It might have restricted the number of activities they could do or the types of jobs they felt able to apply for.

Table 3.16 Number of job-search activities undertaken

	<i>Mean/Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
Average no. of jobs applied for	5	7	7	10	10	9
Average no. of job interviews	0.6	1.0	1.1	1.8	1.4	1.4
Application to interview 'hit-rate'	12.0	14.3	15.7	18.0	14.0	15.6
Job-search limited by health [#]	9	11	3	3	2	3
Chances of finding job in next 3 months[^]						
Very good	12	12	27	28	21	22
Fairly good	31	35	38	43	47	44
Fairly bad	23	24	18	14	19	18
Very bad	27	17	8	9	7	9
Don't know	7	12	10	6	6	7
N	88	109	222	372	1,413	2,203

Base: JSA Cohort 2 flow sample, entrants looking for work in the last week before the survey interview

Note: ~ = cell per cent, # = base those reporting limitations on their job-search activities (N=393),

[^] base = only people not signed off by time of 1st interview (N=1361).

3.5 Experience of the Employment Service
 3.5.1 Advice at the start of the claim

The initial claim interview not only enables the advisers at the Jobcentre to establish eligibility for an award, but also enables a Jobseeker's Agreement to be decided and signed, as well as beginning the process of helping the client find work.

The Jobseeker's Agreement is drawn up between the Employment Service adviser and the jobseeker and sets out what work the recipient is expected to look for and how they will go about finding it. Perhaps most importantly, from the claimant's viewpoint, following the agreement fulfils the claimant's obligation to be available for and actively seeking work.

Nearly all entrants remembered signing their Jobseeker's Agreement, and the same was true of ex-Incapacity Benefit recipients. Around three-quarters of all entrants reported following their agreement unconditionally (73 per cent) as did 77 per cent of ex-Incapacity Benefit recipients. Under one-half of all recipients said that they found their Jobseeker's Agreement useful, and ex-Incapacity Benefit recipients were no different to other recipients in this respect.

Table 3.17 Jobseeker's Agreement

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
Signed Jobseeker's Agreement						
Yes	96	98	97	99	98	98
No	4	2	3	1	2	2
Followed Jobseeker's Agreement						
Unqualified	77	73	70	74	74	73
Some of time	13	19	18	21	18	19
Not followed	5	8	8	4	7	7
Unable to follow it	4	1	4	1	1	2
Found Agreement Useful						
Yes	43	48	41	41	38	40
No	57	53	59	59	62	60
N	100	115	233	383	1,476	2,307

Base: JSA Cohort 2 flow sample

Client advisers may, at the time of the new claimant interview, offer jobs to the claimant, along with a range of other advice. Recipients were asked whether or not they had experienced a number of possible outcomes.

Table 3.18 Advice given at the start of the claim

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
<i>Offered jobs to apply for</i>						
Yes	13	12	18	15	17	16
No	87	88	82	85	83	84
<i>Given advice about 'in-work benefits'</i>						
Yes	22	20	14	11	16	15
No	78	80	87	89	85	85
<i>Advised about how to look for jobs</i>						
Yes	44	44	49	35	41	41
No	56	56	51	65	59	59
<i>Advised to consider self-employment</i>						
Yes	12	11	6	3	4	5
No	88	89	94	97	96	95
N	62	73	160	253	960	1,508

Base: JSA Cohort 2 flow sample, entrants who started JSA claim within 12 weeks of interview.

Ex-Incapacity Benefit recipients (12 per cent), along with those sick (no IB) were somewhat more likely than other entrants (five per cent) to be advised on becoming self-employed or be given advice about in-work benefits (Table 3.18). This latter difference did not quite achieve significance at the five per cent level, but the small sample size suggests that the finding should not be dismissed without reflection. Perhaps these findings reflect advisers' perceptions of the difficulties faced by those with a history of sickness in terms of competing for better-paid jobs. However, members of these two groups were those who were also most likely to have been self-employed in their last job (Table 3.11).

3.5.2 *Experience of the fortnightly review*

Respondents were asked about six possible actions that might have occurred at the last fortnightly review they had attended. These are listed in Table 3.19.

There was some evidence that ex-Incapacity Benefit recipients were receiving slightly more attention from Employment Service advisers. They were the most likely group of entrants to recall being asked what they had been doing to look for work, 63 per cent compared to an overall average of 54 per cent (Table 3.19), a statistically significant difference.

Overall, relatively few entrants recalled being offered advice about job vacancies (18 per cent), and this was true also for ex-Incapacity Benefit

recipients (14 per cent). One of the features of Jobseeker's Allowance was the introduction of a computer system, the Labour Market System, which enables advisers to access vacancies in order to help them inform recipients of potentially suitable openings.

Table 3.19 Experience of the last fortnightly review

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other	Unemployed	Work/education/ GTS	All
Asked what you had done to look for work	63	52	58	50	54	54
Given advice about job vacancies	14	14	19	18	18	18
Given other information/ advice	12	19	19	12	12	13
Asked if taken action suggested	21	18	21	14	19	19
Jobseeker's Agreement discussed	14	15	13	15	16	16
Jobseeker's Agreement changed	4	1	1	2	3	3
N	102	115	227	384	1,481	2,309

Base: JSA Cohort 2 flow sample recalling their last review

With respect to the Jobseeker's Agreement, overall only 16 per cent recalled it being discussed at their last review, and three per cent that it was changed. The differences between the different groups of entrants with respect to the Jobseeker's Agreement were relatively small and non-significant.

3.5.3 Disability Employment Adviser interviews

Overall, only 14 per cent of people reporting health problems said they had seen a DEA (Table 3.20). This rose to over one-fifth (22 per cent) of ex-Incapacity Benefit recipients and one-quarter of those sick (no IB). These differences were not statistically significant, though concerns about the sample size suggest they should not be dismissed summarily. However, it would appear that there is scope for a greater use to be made of DEAs for those with health problems, although it must be remembered that the time between the start of the entrant's claim and the first survey interview averaged around three months. It is possible that the numbers of ex-Incapacity Benefit entrants seeing a DEA might rise with a longer time spent on Jobseeker's Allowance.

Table 3.20 Disability Employment Adviser interview

	<i>Column per cent</i>					
	Ex-recipient of IB	Sick (no IB)	Home/ Other¹	Unemployed	Work/education/ GTS	All
Had an interview						
Yes	22	25	0	6	14	14
No	78	75	48	94	86	86
N	63	60	48	67	232	470

Base: JSA Cohort 2 flow sample with health problems.

¹ Data are given as raw figures because of small sample sizes.

3.6 Summary This chapter has examined a cohort of recent entrants to Jobseeker’s Allowance in order to examine the prevalence and characteristics of entrants from Incapacity Benefit and to compare these to entrants from other routes. It has also considered the job-search behaviour and experiences of the Employment Service and how entrants had fared in their attempts to move off Jobseeker’s Allowance.

Ex-Incapacity Benefit recipients had claimed Jobseeker’s Allowance usually because their Incapacity Benefit was disallowed. The majority reported health problems that would affect their capacity to work, and most of these expected their condition to last for over a year. However, over one-third reported no health problems.

Mostly, the characteristics of ex-Incapacity Benefit recipients were those more likely to be associated with difficulties in moving off Jobseeker’s Allowance, for example, they tended to be older, were more likely to be male with no, or poorer, educational qualifications. They were also more likely to have numeracy and reading problems. In addition, they were more likely than others to live in the socially rented sector and to have no access to private transport.

Although the majority had no recent work experience prior to signing on, presumably because much of that time had been spent either on Incapacity Benefit and/or Jobseeker’s Allowance, they tended to have been employed full-time in steady jobs prior to that. Taking all these factors into consideration, it was therefore no surprise to find that the majority were still on Jobseeker’s Allowance at the end of the study period, and less than one-fifth were in full-time work.

Although ex-Incapacity Benefit recipients were least likely to report that they were looking for work, the vast majority said that they were. They had applied for the least number of jobs and obtained the lowest number of interviews, although their application to interview ‘hit-rate’ was not appreciably lower than that of all entrants. Their job-search activities tended to be less wide ranging than were those of other entrants. In

particular, they were less likely to use a private recruitment agency and examine trade/professional journals, although this latter finding might reflect their lower educational levels. In addition, they were also slightly less likely to contact employers directly, although this finding did not quite achieve statistical significance.

The majority of claimants reported following their Jobseeker's Agreement and ex-Incapacity Benefit recipients were no different from other entrants in this. However, along with the majority of other entrants, they mostly did not find it useful. Along with those who had reported themselves as having been sick prior to signing, they were more likely initially to be advised by Employment Service advisers about self-employment. At the fortnightly review, their job-search activities received more attention than job-search activities of other entrants. Although it would be expected that many would receive extra help from a Disability Employment Adviser, only just over one-fifth reported having seen one, and this number was not significantly different from that of all entrants. However, this latter finding should be considered in the context that the question was asked when their Jobseeker's Allowance claim was, for many, of less than three months' duration.

Ex-Incapacity Benefit recipients generally were not similar to entrants from other routes in any consistent manner. They were distinct from those who had experienced inactivity through sickness in many ways. Whether or not members of this sick (no IB) group had claimed Incapacity Benefit is unknown, but it is worth noting that one-third of them said their occupational lives could be described mainly as being in and out of work and that one-fifth had mainly done casual or short-term work. It might be that their National Insurance contributions were insufficient for them to claim Incapacity Benefit.

Overall, it seems possible that there might be two different types of Incapacity Benefit entrant: those who do not want to return to work – these may be entrants who are older, have a history of steady employment, but due to a health problem do not feel capable of returning to work; and entrants who are otherwise disadvantaged in the labour market because of their health problem/impairment and lack of qualifications – these entrants might be younger and be more actively seeking employment. However, further research among entrants from Incapacity Benefit would be required to explore this.

4 TRANSITIONS FROM INCAPACITY BENEFIT TO UNEMPLOYMENT BENEFITS

4.1 Introduction This chapter analyses movements from Incapacity Benefit to unemployment benefits and compares them with movements in other directions, to work or to inactivity not supported by unemployment benefits.

The data for this analysis were taken from the Leaving Incapacity Benefit survey (Section 1.2.1). Prior knowledge of some of the characteristics of people selected for the survey sample, but who did not take part, was used to adjust or 'weight' the responses of those who did take part so that the results more accurately reflected the composition of the selected sample. The extent of this weighting for non-response bias was quite large (see Dorsett *et al.*, 1998). The survey method suffered from a high rate of initial opt-out (21 per cent) and subsequent refusals and non-availability for interview. Just over half those sampled were interviewed. Weighting compensated for a number of structural factors such as sex, age and length of time on Incapacity Benefit but motivational factors underlying non-co-operation in the survey could not be taken into account directly.

Most of those leaving Incapacity Benefit ended their spells on this benefit in the months before Jobseeker's Allowance (JSA) was introduced in October 1996 when its equivalents, Unemployment Benefit and Income Support (paid as an income-related benefit to those signing on as unemployed), were still in place. However, for ease of use the chapter refers to all of these three unemployment benefits as 'Jobseeker's Allowance'.

Information held in administrative records about the characteristics of people who moved from Incapacity Benefit to Jobseeker's Allowance is limited. This chapter presents more detailed characteristics of those making the transition from Incapacity Benefit to Jobseeker's Allowance and examines how they differ from those who left Incapacity Benefit and did not claim Jobseeker's Allowance. Due to the nature of secondary analysis, some of the key questions that bear directly on the current issue cannot be answered: there are no questions in the survey which asked why some leavers claimed Jobseeker's Allowance and why others did not. Since a minority of those leaving Incapacity Benefit went on to claim Jobseeker's Allowance, small numbers also limit analysis to a certain extent. However, some controlled comparisons may suggest why some leavers claim Jobseeker's Allowance while others go to other destinations.

The chapter is divided into six sections.

Section 4.2.1 describes in detail those Incapacity Benefit leavers who moved onto Jobseeker's Allowance in the few weeks following their departure from Incapacity Benefit ('initial Jobseeker's Allowance claimants') and compares them with those who made other transitions (see Figure 4.1).

Section 4.2.2 concerns only the initial Jobseeker's Allowance claimants, comparing those who remained on Jobseeker's Allowance five to 10 months after leaving Incapacity Benefit with those who were no longer claiming Jobseeker's Allowance five to 10 months after leaving Incapacity Benefit (see Figure 4.1).

Section 4.2.3 concerns only those Incapacity Benefit leavers who did *not* initially claim Jobseeker's Allowance. Those who had moved onto Jobseeker's Allowance five to ten months after leaving Incapacity Benefit are compared with those who were still not claiming Jobseeker's Allowance five to ten months after leaving Incapacity Benefit (see Figure 4.1).

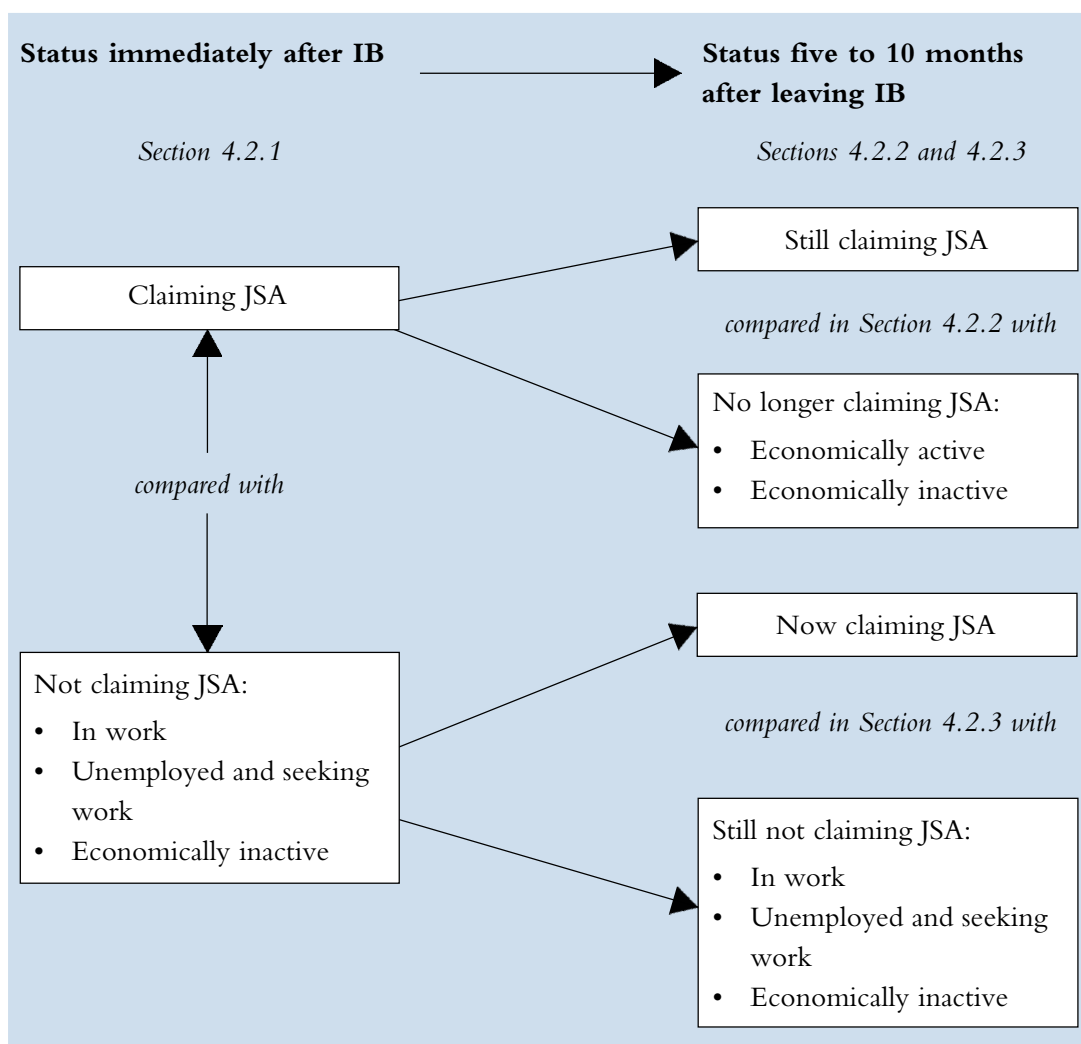
Section 4.3 concerns only those who were not working when they were interviewed. It focuses on their job-search behaviour, labour market attachment and reservation wages, making comparisons between those who were claiming Jobseeker's Allowance, those who described themselves as unemployed and seeking work but were not claiming Jobseeker's Allowance, and those who were economically inactive at the point of interview.

Section 4.4 concerns all the respondents, examining persistence on Jobseeker's Allowance and movements onto Jobseeker's Allowance by the time of the postal follow-up survey.

Section 4.5 presents the results of multivariate modelling predicting receipt of Jobseeker's Allowance by the time of interview, separately for those who were economically active five to ten months after leaving Incapacity Benefit and those who were not in work five to ten months after leaving Incapacity Benefit.

The original survey was designed to measure the effects of a change in the rules. The transition from IVB to Incapacity Benefit introduced the All Work Test (AWT), which increased the probability that people claiming Incapacity Benefit would be disallowed benefit. In fact, two-thirds of the sample were disallowed in this way and the remainder left (more or less) voluntarily. These people may not be typical of those who left Incapacity Benefit in later years. If the number of involuntarily leavers in the future is lower the number of transitions to Jobseeker's Allowance or to economic inactivity might be reduced, as this chapter shows that involuntary leavers were more likely to make these transitions than were voluntary leavers.

Figure 4.1 Structure of Section 4.2



4.2 Descriptive analysis In this section those claiming Jobseeker’s Allowance at different points in time are compared with non-claimants on a number of key background variables.

4.2.1 Incapacity Benefit leavers: first status after leaving IB In this section those who claimed Jobseeker’s Allowance in the first few weeks following their departure from Incapacity Benefit are described in detail and compared with those leaving Incapacity Benefit for other destinations.

Table 4.1 shows the first status of the respondents after they left Incapacity Benefit. One-quarter of those leaving Incapacity Benefit had moved onto Jobseeker’s Allowance by the following month (24 per cent). Three in ten went into work (30 per cent), of whom 70 per cent went into full-time work of 30 hours or more per week. A further third were economically inactive (34 per cent), of whom 66 per cent described themselves as sick or disabled, 19 per cent were looking after their home or family and eight per cent were retired. The remaining 12 per cent described their first activity after leaving Incapacity Benefit as unemployed and seeking work or on a training scheme but had not claimed Jobseeker’s Allowance by the following month.

Table 4.1 First status after leaving Incapacity Benefit

	<i>Column per cent</i>
Claimed JSA by first month after IB	24
Did not claim JSA by first month after IB:	
In work for 30 hours a week	21
In work for less than 30 hours a week	9
Unemployed and seeking work, not on JSA	12
Sick and disabled	22
Looking after home and family	7
Retired	3
Other	2
N	2262

Base: All respondents

Table 4.2 shows the first status of the respondents after they left Incapacity Benefit separately for those who said they had left Incapacity Benefit voluntarily and those who said their claim was disallowed by DSS. One-third of those whose claim for Incapacity Benefit was disallowed (32 per cent) had moved onto Jobseeker's Allowance by the following month, 10 per cent moved into work, and 44 per cent were economically inactive. In contrast, two-thirds of those who left Incapacity Benefit voluntarily went to work (67 per cent) and 15 per cent were economically inactive. Only 10 per cent of voluntary leavers had made the transition to Jobseeker's Allowance by the following month.

Table 4.2 First status after leaving Incapacity Benefit by type of exit from IB

	<i>Column per cent</i>		
	DSS disallowed IB claim	Left IB voluntarily	All
Claimed JSA by first month after IB	32	10	24
In work after IB	10	67	30
Unemployed and seeking work after IB	15	7	12
Economically inactive after IB	44	15	34
N	1455	807	2262

Base: All respondents

Tables 4.3–4.5 show the characteristics of those who had made a transition to Jobseeker's Allowance by the first month after they left Incapacity Benefit. They tended to be men (67 per cent), and to have been employees (66 per cent) immediately prior to receiving Incapacity Benefit, and were

most likely to have been employed but off sick (44 per cent). They were unlikely to have been economically inactive just before their spell on Incapacity Benefit (eight per cent). Few had had a partner working full-time (18 per cent) or had been looking for work while they had been receiving Incapacity Benefit (15 per cent). They tended to have received Incapacity Benefit for less than two years (66 per cent) and to have had their claim disallowed (85 per cent). They were less likely to have appealed against their disallowance (48 per cent) than to have appealed, and tended to say that their health had not improved by the time they left Incapacity Benefit (61 per cent).

More than two-thirds of the initial Jobseeker's Allowance claimants were aged over 35 (68 per cent) and nearly one third fell into the 46-55 age group (31 per cent). They tended to have no academic qualifications (66 per cent) or to have low level qualifications (18 per cent had a highest qualification at 'O' level). They were divided almost equally between homeowners and social tenants (43 per cent and 39 per cent respectively). They were slightly more likely to have a partner (59 per cent) than to be single, but tended not to have dependent children (68 per cent). Indeed they were quite likely to have neither (38 per cent). Few Jobseeker's Allowance claimants (and their partners) had income from sources other than earnings and benefits: 21 per cent had savings, 15 per cent had income from an occupational or private pension, and six per cent had income from another source.¹⁵

Tables 4.3 to 4.5 also show the characteristics of those who had *not* claimed Jobseeker's Allowance one month after leaving Incapacity Benefit. When the initial Jobseeker's Allowance claimants were compared with these Jobseeker's Allowance non-claimants, the greatest contrast was with those non-claimants who went straight to work who, for example, tended to have left Incapacity Benefit voluntarily, to feel their health had improved while they were on Incapacity Benefit, and to own their home. They also differed from those who were economically inactive after leaving Incapacity Benefit who, for example, tended to have appealed against a disallowance from Incapacity Benefit and among whom only one-quarter felt their health had improved during their spell on Incapacity Benefit. However, they were similar in most respects to the non-claimant unemployed. The following section explores these differences in detail.

¹⁵ Although this paragraph gives details of respondents according to their activity status in the month after they left IB, the available data refer to their personal and financial characteristics at the time of their interview five to ten months later. Some respondents may have had slightly different profiles at the earlier point in time.

Circumstances of initial Jobseeker's Allowance claimants and non-claimants before and during their IB claim

Looking back to their circumstances immediately before and during their Incapacity Benefit claim, several differences were found between the initial claimants and non-claimants of Jobseeker's Allowance (see Table 4.3). In comparison with those who went straight into work on leaving Incapacity Benefit, the Jobseeker's Allowance claimants were less likely to have had a job immediately prior to receiving Incapacity Benefit (68 per cent compared with 87 per cent of the workers) and were more likely to have been unemployed (26 per cent compared with seven per cent of the workers). They had spent longer on Incapacity Benefit - 45 per cent of Jobseeker's Allowance claimants had claimed for less than a year, compared with 66 per cent of the workers. During their spell on Incapacity Benefit, the Jobseeker's Allowance claimants were less likely to have had a partner working full-time (18 per cent compared with 34 per cent of the workers). Whereas the majority of the workers felt their health had improved during their spell on Incapacity Benefit (68 per cent), a minority of the claimants said this (39 per cent). Of those who still had a health problem on leaving Incapacity Benefit, the claimants were slightly more likely to say they had both mental and physical problems (26 per cent) than did the workers (18 per cent). They were also slightly more likely than the workers to say that these problems affected the kind of work they could do (94 per cent compared with 87 per cent of the workers) and the amount they could do (91 per cent compared with 81 per cent of the workers). Most strikingly, 85 per cent of Jobseeker's Allowance claimants had *not* left Incapacity Benefit voluntarily while 79 per cent of the workers *had* left voluntarily.

In comparison with those who remained economically inactive after leaving Incapacity Benefit, the Jobseeker's Allowance claimants were again more likely to have been unemployed prior to claiming Incapacity Benefit (26 per cent compared with 11 per cent) and they were slightly more likely to have been looking for work during their Incapacity Benefit claim (15 per cent compared with five per cent). The claimants were more likely to feel that their health had improved while they were on Incapacity Benefit (39 per cent compared with 25 per cent) and they were more likely to have accepted their disallowance from Incapacity Benefit without appeal (56 per cent of those disallowed did not appeal compared with 33 per cent of the economically inactive). However, it appears that the Jobseeker's Allowance claimants and the non-claimant unemployed had very similar experiences prior to and during their Incapacity Benefit claims.

Personal characteristics¹⁶

Housing tenure and family status stood out in differentiating between the claimants and the non-claimants (see Table 4.4). In comparison with the workers, Jobseeker's Allowance claimants were less academically qualified, (34 per cent had academic qualifications compared with 43 per cent of the workers), they were more likely to have neither a partner nor dependent children (38 per cent compared with 24 per cent), and they were more likely to be social tenants (39 per cent compared with 19 per cent).

Compared with economically inactive respondents, Jobseeker's Allowance claimants were more likely to be male (67 per cent compared with 55 per cent) and to have neither a partner nor dependent children (38 per cent compared with 24 per cent). They were less likely to be homeowners (43 per cent compared with 54 per cent).

The Jobseeker's Allowance claimants and unemployed non-claimants had similar personal characteristics; however, the claimants were slightly less likely to have a partner (59 per cent compared with 67 per cent).

Finances¹⁷

The Jobseeker's Allowance claimants were less likely than the other groups to have access to other sources of income (see Table 4.5). They were less likely to have savings than the workers and the economically inactive (21 per cent compared with 37 per cent and 32 per cent respectively) and they were less likely than the economically inactive and the unemployed non-claimants to have income from a pension (15 per cent compared with 26 per cent and 22 per cent respectively).

¹⁶ Although this section compares respondents according to their activity status in the month after they left IB, the available data refer to their personal characteristics at the time of their interview five to ten months later. Some respondents may have had slightly different profiles at the earlier point in time.

¹⁷ Although this section compares respondents according to their activity status in the month after they left IB, the available data refer to their financial characteristics at the time of their interview five to ten months later. Some respondents may have had slightly different profiles at the earlier point in time.

Table 4.3 Circumstances before and during Incapacity Benefit claim by first status after leaving IB

	<i>Column per cent</i>				
	Claiming JSA	In work	Unemployed not on JSA	Economically inactive	All
Duration of IB claim					
1-6 months	24	36	26	22	27
7-12 months	21	30	21	21	24
1-2 years	21	14	21	18	18
2-3 years	11	5	7	10	8
3-4 years	9	6	10	10	9
4+ years	15	8	14	19	14
Activity status prior to IB claim					
Employed and not off sick	22	19	17	17	19
Self-employed	2	13	3	5	6
Employed but off sick	44	55	44	51	50
Unemployed or on a training scheme	26	7	29	11	16
Sick/disabled (not in work)	6	3	3	9	6
Other economically inactive	2	2	4	6	4
Type of exit from IB					
Voluntary leaver	15	79	21	16	36
Disallowed – no appeal	48	18	50	28	32
Disallowed – appealed	37	3	29	56	32
Health on leaving IB compared with starting IB					
No health problem	9	22	10	6	12
Much better	13	27	16	8	16
Little better	17	19	18	12	16
Same	38	24	38	38	34
Little worse	6	4	9	13	8
Much worse	17	4	10	24	14
Type of health problem on leaving IB#					
Physical only	66	70	66	60	65
Mental only	8	12	13	10	11
Both mental and physical	26	18	21	29	24
On leaving IB, health problem affected:					
Kind of work possible# ~	94	87	95	96	93
Amount of work possible# ~	91	81	88	96	89
Had partner in full-time work during IB claim					
	18	34	21	24	25
Looking for work during IB claim					
	15	16	16	5	12
N	544	696	266	756	2262

Base: All respondents # = Base is all respondents still having a health problem or disability (unweighted bases are 498, 543, 239, 711, 1991).

~ = Cell percentages

Table 4.4 Personal characteristics by first status after leaving Incapacity Benefit

	<i>Column per cent</i>				
	Claiming JSA	In work	Unemployed not on JSA	Economically inactive	All
Age group (years)					
16-25	8	7	7	6	7
26-35	23	26	23	21	23
36-45	26	25	26	24	25
46-55	31	31	30	31	31
56-65	11	11	15	18	14
Sex					
Male	67	65	70	55	63
Female	33	35	30	45	37
Highest academic qualification					
No qualifications	66	57	62	62	61
'O' level	18	25	19	19	20
'A' level	3	4	7	6	5
Degree	3	6	4	5	5
Other	10	9	8	9	9
Housing tenure					
Owns outright or with mortgage	43	66	56	54	55
Rents from council or housing association	39	19	30	34	30
Rents from a private landlord	9	7	6	6	7
Other	10	8	8	6	8
Family type					
Partner and dependent children	30	33	31	30	31
Partner but no dependent children	29	39	36	37	36
Lone parent	2	4	3	9	5
Neither partner nor dependent children	38	24	30	24	28
N	544	696	266	756	2262

Base: All respondents

Note: Although this table compares respondents according to their activity status in the month after they left IB, the available data refer to their personal characteristics at the time of their interview five to ten months later. Some respondents may have had slightly different profiles at the earlier point in time.

Table 4.5 Financial characteristics by first status after leaving Incapacity Benefit

	<i>Column per cent</i>				
	Claiming JSA	In work	Unemployed not on JSA	Economically inactive	All
Respondents and partner's savings					
Savings of up to £8,000	13	21	14	13	15
Savings of £8,000+	5	8	8	10	8
Savings amount not given	3	9	5	9	7
No savings	79	63	73	68	70
Income from occupational or private pension					
Received by respondent, partner or both	15	12	22	26	18
No income received	85	88	78	74	82
N	544	696	266	756	2262

Base: All respondents

Note: Although this table compares respondents according to their activity status in the month after they left IB, the available data refer to their financial characteristics at the time of their interview five to ten months later. Some respondents may have had slightly different profiles at the earlier point in time.

4.2.2 Incapacity Benefit leavers who had claimed Jobseeker's Allowance by one month after leaving IB: the position five to ten months after leaving IB

People whose first destination after leaving Incapacity Benefit was a spell on Jobseeker's Allowance then diverged equally between 49 per cent who were still receiving this benefit when they were interviewed five to ten months later and 51 per cent who were not. Those no longer receiving Jobseeker's Allowance were also divided almost equally between those who were economically active and those who were not (table 4.6). The two largest groups were economically active 'JSA-leavers' who actually had a job (43 per cent) and 37 per cent who said they were now 'sick and disabled' (not shown in the table). Of these sick and disabled people, 19 per cent said they had succeeded in a re-application for Incapacity Benefit or in an appeal against disallowance and were now getting the benefit again. It is worth noting here that this process continued, gathering pace until by the follow-up survey, 12 to 18 months after leaving Incapacity Benefit (see Section 4.4 below), 52 per cent of those describing themselves as 'sick and disabled' were back on Incapacity Benefit. Twenty-three per cent of the whole sample found their way back onto Incapacity benefit eventually.

Twelve per cent of those who received Jobseeker's Allowance on leaving Incapacity Benefit and then left that benefit were still seeking work but without the benefit of the allowance, though some said they were on a government scheme of some kind. This left eight per cent who were simply living at home without work or benefits.

Table 4.6 Destinations of initial Jobseeker’s Allowance claimants five to ten months after leaving IB

	<i>Column per cent</i>
Remained on JSA	49
Had left JSA, economically active	27
Had left JSA, economically inactive	23
N	544

Base: Respondents who had claimed JSA by the first month after they left IB

Circumstances of initial Jobseeker’s Allowance claimants before and during their IB claim

This section compares the continuing claimants with those who had moved off Jobseeker’s Allowance again five to ten months after leaving Incapacity Benefit. The differences appear to be quite considerable.

The continuing Jobseeker’s Allowance claimants were more likely than those who had left Jobseeker’s Allowance to have been unemployed immediately prior to their Incapacity Benefit claim (35 per cent, compared with 19 per cent of the economically active Jobseeker’s Allowance leavers and 13 per cent of the economically inactive Jobseeker’s Allowance leavers) (Table 4.7). They were much less likely than those leaving Jobseeker’s Allowance to have had a partner working full-time during their spell on Incapacity Benefit; (eight per cent compared with 28 per cent of the active and 29 per cent of the inactive leavers).

Health differences were also apparent. Recalling the time they began their spell on Incapacity Benefit, the continuing Jobseeker’s Allowance claimants were more likely than the economically active leavers to report that their health problems had been solely physical ones (72 per cent compared with 62 per cent respectively). They were slightly less likely than the economically active leavers to have had solely mental health problems (11 per cent compared with 19 per cent respectively). More than half of the economically active Jobseeker’s Allowance leavers felt that their health had improved during their Incapacity Benefit claim (57 per cent). A smaller proportion of continuing claimants reported such an improvement (39 per cent), but they were much more likely to feel their health had improved than the economically inactive leavers (17 per cent). Among those who still had health problems on leaving Incapacity Benefit, the continuing claimants were slightly less likely than the economically inactive leavers to feel that these problems affected the amount of paid work they could do (90 per cent felt this, compared with 97 per cent of the economically inactive leavers).

Compared with the economically *inactive* Jobseeker’s Allowance leavers, continuing claimants tended to have spent a shorter time on Incapacity Benefit (46 per cent spent less than a year on Incapacity Benefit compared

with 33 per cent of economically inactive leavers). They were also slightly more likely to have looked for work during their spell on Incapacity Benefit (18 per cent, compared with nine per cent), possibly a sign of greater attachment to the labour market or less serious health problems. This means that continuing on Jobseeker's Allowance after Incapacity Benefit remains a greater sign of potential economic activity. The evidence is their greater job readiness while on Incapacity Benefit, compared with the smaller activity and longer claim records shown earlier by those who then left Incapacity Benefit for Jobseeker's Allowance and then left Jobseeker's Allowance to some more inactive role.

Compared with the economically active Jobseeker's Allowance leavers, the continuing claimants were less likely to have left Incapacity Benefit voluntarily and more likely to have an appeal in progress five to ten months after leaving Incapacity Benefit. Twelve per cent of the continuing claimants left voluntarily compared with 25 per cent of the active leavers, and 23 per cent of the continuing claimants had an appeal in progress compared with eight per cent of the active leavers. The continuing claimants were more likely than the inactive leavers to have accepted a decision to disallow them (54 per cent compared with 21 per cent respectively) and less likely to have had a successful appeal (one per cent compared with 32 per cent respectively).

Table 4.7 Initial JSA claimants' circumstances before and during IB claim by destination five to ten months after leaving IB

	<i>Column per cent</i>			
	Remained on JSA	Had left JSA: economically active	Had left JSA: economically inactive	All
Duration of IB claim				
1-6 months	25	24	20	23
7-12 months	21	29	13	21
1-2 years	19	24	21	21
2-3 years	11	8	13	11
3-4 years	10	6	12	9
4+ years	15	9	20	15
Activity status prior to IB claim				
Employed and not off sick	20	25	20	21
Self-employed	1	1	3	2
Employed but off sick	38	45	55	44
Unemployed or on a training scheme	35	19	13	26
Sick/disabled (not in work)	6	5	5	5
Other economically inactive	*	5	4	2

Continued

Table 4.7 Continued

	<i>Column per cent</i>			
	Remained on JSA	Had left JSA: economically active	Had left JSA: economically inactive	All
Type of exit from IB¹				
Voluntary leaver	12	25	8	15
Disallowed – no appeal	54	59	21	48
Disallowed – lost appeal	9	6	13	9
Disallowed – appeal pending	23	8	26	20
Disallowed – won appeal	1	2	32	8
Health on leaving IB compared with starting IB				
No health problem	7	15	4	9
Much better	14	19	6	13
Little better	18	23	8	17
Same	40	33	40	38
Little worse	6	3	7	6
Much worse	15	7	36	17
Type of health problem on commencing IB claim				
Physical only	72	62	74	69
Mental only	11	19	7	12
Both mental and physical	17	19	19	18
On leaving IB, health problem affected amount of paid work possible[#]~				
	90	86	97	91
Had partner in full-time work during IB claim				
	8	28	29	18
Looking for work while on IB?				
	18	12	9	14
N	267	154	123	544

Base: Respondents who had claimed JSA by the first month after they left IB

= Base is all respondents still having a health problem or disability (unweighted bases are 250, 130, 118, 498).

~ = Cell percentages

¹ Appeal status at time of interview.

Personal characteristics

The personal characteristics of continuing Jobseeker’s Allowance claimants were also different from those leaving Jobseeker’s Allowance by the time of the interview (see Table 4.8). Compared with leavers, continuing claimants were more likely to be male (75 per cent compared with 63 per cent of economically active leavers and 56 per cent of economically inactive leavers). They were much less likely to have a partner (49 per cent compared with 71 per cent of active and 69 per cent of inactive leavers) and more likely to have neither a partner nor children (50 per cent compared with 28 per cent of both active and inactive leavers). The most striking difference was in housing tenure. Continuing claimants

were considerably less likely to be owner occupiers (26 per cent compared with 57 per cent of active and 61 per cent of inactive leavers) and were more likely to be social tenants (50 per cent compared with 27 per cent of active and 29 per cent of inactive leavers).

Table 4.8 Initial JSA claimants' personal characteristics by destination at interview

	<i>Column per cent</i>			
	Remained on JSA	Had left JSA: economically active	Had left JSA: economically inactive	All
Sex				
Male	75	63	56	67
Female	25	37	44	33
Highest academic qualification				
No qualifications	68	55	74	66
'O' level	15	26	15	18
'A' level	4	2	4	3
Degree	2	5	2	3
Other	11	12	6	10
Housing tenure				
Owens outright or with mortgage	26	57	61	43
Rents from council or housing association	50	27	29	39
Rents from a private landlord	10	8	6	9
Other	13	8	3	10
Family type				
Partner and dependent children	26	41	26	30
Partner but no dependent children	23	30	43	29
Lone parent	1	2	2	2
Neither partner nor dependent children	50	28	28	39
Dependent children in household				
Yes	28	43	29	32
No	72	57	71	68
N	267	154	123	544

Base: Respondents who had claimed JSA by the first month after they left IB

Table 4.9 Initial JSA claimants' health and financial characteristics by destination five to ten months after leaving IB

	<i>Column per cent</i>			
	Remained on JSA	Had left JSA: economically active	Had left JSA: economically inactive	All
Health five to ten months after leaving IB compared with leaving IB				
No health problem	11	18	2	11
Much better	8	21	3	11
Little better	12	12	7	11
Same	46	40	38	42
Little worse	10	3	16	9
Much worse	13	7	34	16
Type of health problem#				
Physical only	66	71	63	67
Mental only	4	11	4	6
Both mental and physical	30	18	33	27
Health problem affects:				
kind of work possible# ~	95	78	98	92
Amount of work possible# ~	89	68	94	85
Partner's activity status				
Work	12	47	45	29
Unemployed or training scheme	4	1	2	3
Sick/disabled	3	3	6	4
Looking after home or family	27	17	14	21
Retired	3	1	2	2
Other/not answered	0	1	0	*
No partner	51	29	30	40
Respondent's and partner's savings				
Savings of up to £8,000	10	17	17	13
Savings of £8,000+	2	7	10	5
Savings amount not given	2	5	2	3
No savings	86	71	71	79
Income from occupational or private pension				
Received by respondent, partner or both	9	19	22	15
No income received	91	81	78	85
Other income				
Received by respondent, partner or both	4	8	10	6
No income received	96	92	90	94
Reclaim status				
No application for IB since reference claim ended	94	96	41	82
Received IB again	4	3	52	15
Unsuccessful application for IB	2	1	7	3
N	267	154	123	544

Base: Respondents who had claimed JSA by the first month after they left IB

= Base is all respondents still having a health problem or disability (unweighted bases are 236, 127, 120, 483)

~ = Cell percentages

Continuing claimants were also less likely than economically active leavers to have dependent children (28 per cent compared with 43 per cent) or to have academic qualifications (32 per cent compared with 45 per cent) – see Table 4.8.

Health and finances

Health was once again found to be an important difference between the groups (see Table 4.9). The economically active Jobseeker's Allowance leavers were most likely to feel that their health had improved since they left Incapacity Benefit (50 per cent). A smaller proportion of the continuing Jobseeker's Allowance claimants reported an improvement (31 per cent), but only 12 per cent of the economically inactive leavers felt their health had improved. Indeed, over half of the economically inactive leavers had received Incapacity Benefit again (52 per cent) compared with virtually none of the continuing claimants (four per cent).

Among those who still suffered health problems five to ten months after leaving Incapacity Benefit, the continuing claimants were more likely than the economically active leavers to report both physical and mental health problems (30 per cent did so, compared with 18 per cent of the economically active leavers). The continuing claimants were also much more likely than the economically active leavers to report that these problems affected the kind and amount of paid work they could do. Nearly all the continuing claimants (95 per cent) reported that they affected the kind of work possible, compared with 78 per cent of the economically active leavers. Eighty-nine per cent and 68 per cent respectively said that they affected the amount of work possible.

Access to other sources of income was also significant. The continuing claimants were less likely than the leavers to have savings (14 per cent compared with 29 per cent of both active and inactive leavers) or an income from an occupational or private pension (nine per cent compared with 19 per cent of active and 22 per cent of inactive leavers). They were also much less likely to have a working partner (12 per cent, compared with 47 per cent of active and 45 per cent of inactive leavers) and were more likely to have a partner who was looking after the home and family (27 per cent compared with 17 per cent of active and 14 per cent of inactive leavers).

*4.2.3 Incapacity Benefit leavers who had **not** claimed JSA by one month after leaving IB: the position five to ten months after leaving IB*

This section examines the paths taken by those leaving Incapacity Benefit who had *not* moved onto Jobseeker's Allowance by the following month. At the time of their interview, 47 per cent of this group were economically inactive, 40 per cent were in work, seven per cent were unemployed and seeking work but not claiming Jobseeker's Allowance, and six per cent were claiming Jobseeker's Allowance (Table 4.10).

Table 4.10 Destinations of initial JSA non-claimants five to ten months after leaving IB

	<i>Column per cent</i>
Working five to ten months after leaving IB	40
Unemployed/Government training scheme	7
On JSA	6
Economically inactive	47
N	1718

Base: Respondents who had not claimed JSA by the first month after they left IB

On the whole, those who had moved from Incapacity Benefit straight into work remained in work five to ten months after leaving Incapacity Benefit (86 per cent) and those who were economically inactive on leaving Incapacity Benefit remained economically inactive five to ten months after leaving Incapacity Benefit (90 per cent) (Table 4.11). However, the majority of those who had been unemployed, but not claiming Jobseeker's Allowance after Incapacity Benefit, had moved to a second destination by the time they were interviewed. One-quarter (23 per cent) were now in work, one-fifth were now economically inactive (22 per cent) and a further fifth (22 per cent) had begun claiming Jobseeker's Allowance.

Table 4.11 Paths of initial JSA non-claimants by interview

	<i>Column percentages</i>		
	In work after IB	Unemployed and seeking work after IB	Economically inactive after IB
Working five to 10 months after leaving IB	86	23	5
Unemployed/Government training scheme	2	33	1
On JSA	1	22	4
Economically inactive	10	22	90
N	696	266	756

Base: Respondents who had not claimed JSA by the first month after they left IB

The characteristics of these groups five to ten months after leaving Incapacity Benefit are examined to identify whether those on Jobseeker's Allowance five to ten months after leaving Incapacity Benefit were different from the others, particularly those who were unemployed and not on Jobseeker's Allowance. Clear differences were found between those who were claiming Jobseeker's Allowance ('new Jobseeker's Allowance claimants') and those who were not.

Circumstances before and during the Incapacity Benefit claim

Once again, the circumstances of new Jobseeker's Allowance claimants before and during their spell on Incapacity Benefit were different from those who were still not claiming Jobseeker's Allowance, though among these they were most similar to those non-claimants who were unemployed and seeking work (see Table 4.12).

Just six per cent of the new Jobseeker's Allowance claimants had had a partner working full-time during their spell on Incapacity Benefit, signifying lack of access to earned income as a feature of this group, and it was on this measure that they differed from unemployed non-claimants, 27 per cent of whom had a partner working full-time during their Incapacity Benefit claim. The corresponding figures among the workers and the economically inactive were 35 per cent and 23 per cent respectively.

Health again emerged as a significant difference. In comparison with the workers, the new Jobseeker's Allowance claimants were much less likely to recall that their health had improved during their Incapacity Benefit claim (36 per cent compared with 68 per cent). Among those who said they were still suffering from health problems when they had left Incapacity Benefit, 57 per cent of the new Jobseeker's Allowance claimants had had solely physical problems, and were less likely to do so than both the workers (68 per cent) and the unemployed non-claimants (75 per cent). Twenty-nine per cent of the claimants had had both physical and mental health problems, compared with 18 per cent among both the workers and unemployed non-claimants. There were also differences in the effects of these problems at the point of leaving Incapacity Benefit. Virtually all the new claimants said their problems affected the kind of work they could do (99 per cent), compared with 86 per cent of the workers. However, the new claimants were less likely than those who were economically inactive five to ten months after leaving Incapacity Benefit to say their problems affected the amount of work they could do (88 per cent compared with 96 per cent respectively).

Activity status prior to the Incapacity Benefit claim was once again significant. Of the new Jobseeker's Allowance claimants, 28 per cent had been unemployed compared with eight per cent of the workers and 12 per cent of those who were economically inactive.

In comparison with the workers, the new claimants were much less likely to feel that their health had improved during their Incapacity Benefit claim (36 per cent compared with 68 per cent) and they were less likely to have left Incapacity Benefit voluntarily (16 per cent compared with 74 per cent of workers).

In comparison with the economically inactive, the new claimants tended to have spent a shorter time on Incapacity Benefit (56 per cent had spent less than a year on Incapacity Benefit, compared with 44 per cent of the economically inactive) and were more likely to have accepted a decision to disallow their claim (49 per cent compared with 27 per cent). None had appealed successfully compared with 16 per cent of those who were economically inactive.

Table 4.12 Initial JSA non-claimants' circumstances before and during the IB claim by status five to ten months after leaving IB

	<i>Column per cent</i>				
	Working	Unemployed	On JSA	Economically inactive	All
Duration of IB claim					
1-6 months	35	26	30	23	28
7-12 months	30	24	26	21	25
1-2 years	15	19	15	18	17
2-3 years	6	5	8	9	8
3-4 years	7	10	7	10	8
4+ years	8	15	14	19	14
Activity status prior to IB claim					
Employed and not off sick	19	18	18	17	18
Self-employed	12	5	2	6	8
Employed but off sick	56	41	42	50	52
Unemployed or on a training scheme	8	31	28	12	13
Sick/disabled (not in work)	3	3	5	9	6
Other economically inactive	2	3	5	6	4
Type of exit from IB¹					
Voluntary leaver	74	25	16	21	42
Disallowed – no appeal	23	38	49	27	27
Disallowed – lost appeal	2	14	13	11	8
Disallowed – appeal pending	1	21	22	25	15
Disallowed – won appeal	*	2	0	16	8
Health on leaving IB compared with starting IB					
No health problem	21	10	10	7	13
Much better	27	15	13	8	17
Little better	19	19	13	12	16
Same	25	36	45	37	32
Little worse	4	7	6	13	9
Much worse	3	13	13	22	14

Continued

Table 4.12 Continued

	<i>Column per cent</i>				
	Working	Unemployed	On JSA	Economically inactive	All
Type of health problem on commencing IB claim					
Physical only	68	76	64	67	68
Mental only	16	10	15	11	13
Both mental and physical	16	14	21	21	19
Type of health problem on leaving IB[#]					
Physical only	68	75	57	62	65
Mental only	14	7	13	10	11
Both mental and physical	18	18	29	29	24
On leaving IB, health problem affected:					
Kind of paid work possible ^{# ~}	86	95	99	96	92
Amount of paid work possible ^{# ~}	80	91	88	96	89
Had partner in full-time work during IB claim[~]					
	35	27	6	23	28
Looked for work while on IB[~]					
	15	11	13	7	11
N	696	113	95	814	1718

Base: Respondents who had not claimed JSA by the first month after they left IB

= Base is all respondents still having a health problem or disability (unweighted bases are 546, 101, 85, 761, 1493)

~ = Cell percentages

¹ Appeal status at time of interview.

Personal characteristics

The new claimants also differed from the continuing non-claimants in terms of their personal characteristics (see Table 4.13). In particular, they differed from the non-claimant unemployed in terms of age, housing tenure and partnership status. New claimants tended to be younger. Forty-three per cent were aged 16-35, compared with 24 per cent of the unemployed non-claimants, 26 per cent of the economically inactive and 32 per cent of the workers. The new claimants were considerably less likely to be owner-occupiers. Twenty-seven per cent owned their home, compared with 61 per cent of unemployed non-claimants, 68 per cent of workers and 55 per cent of the economically inactive. The new claimants were less likely to have a partner (48 per cent compared with 69 per cent of the unemployed non-claimants, 67 per cent of the economically inactive and 73 per cent of workers).

In addition, the new Jobseeker's Allowance claimants were more likely to be male (77 per cent) than the workers (64 per cent) and the

economically inactive (55 per cent) and they were less likely to have academic qualifications than the workers (31 per cent compared with 44 per cent).

Health and finances

Once again, health was associated with status at the interview (see Table 4.14). In their own judgement, the new Jobseeker's Allowance claimants had fared worse than the workers in terms of their health since leaving Incapacity Benefit (41 per cent felt their health had improved compared with 61 per cent of the workers). However they had fared marginally better than the unemployed Jobseeker's Allowance non-claimants among whom the corresponding figure was 32 per cent, and much better than those who were economically inactive (19 per cent). Not surprisingly, then, the new claimants were much less likely to have received Incapacity Benefit again by interview (one per cent) than the economically inactive (31 per cent).

Once again, among those still having health problems five to ten months after leaving Incapacity Benefit, the new Jobseeker's Allowance claimants were less likely than the workers to have only physical problems - 61 per cent did so, compared with 74 per cent of the workers - and they were more likely to have both mental and physical health problems. Thirty per cent of the new claimants reported both types, compared with 15 per cent of the workers.

With regard to the effects of these problems, the new claimants were more likely than the workers to report that they affected the kind of work they could do - 94 per cent reported this compared with 80 per cent of the workers. However, both the unemployed non-claimants and the economically inactive were more likely than the new claimants to feel an effect of their health problems on the amount of work they could do - 91 and 94 per cent respectively reported such effects, compared with 81 per cent of the claimants.

Access to other sources of income also marked out the new Jobseeker's Allowance claimants from the rest, including the non-claimant unemployed. They were the least likely to have had savings - 14 per cent did so, compared with 32 per cent of unemployed non-claimants, 37 per cent of workers and 33 per cent of the economically inactive. Just two per cent had savings of £8,000 or more, compared with 10 per cent each of the unemployed non-claimants and the economically inactive. A much smaller proportion of the new claimants (eight per cent) had income from an occupational or private pension, compared with the unemployed non-claimants (29 per cent) and the economically inactive (26 per cent). The new claimants were also much less likely than the other groups to have a working partner. Twelve per cent did so, compared with 44 per cent of unemployed non-claimants, 51 per cent of workers

and 36 per cent of the economically inactive. Conversely, the new claimants were more likely to have a partner who looked after the home and family full-time (22 per cent, compared with 11 per cent of unemployed non-claimants and 14 per cent each of workers and the economically inactive).

Table 4.13 Initial JSA non-claimants' personal characteristics by status five to ten months after leaving IB

	<i>Column per cent</i>				
	Working	Unemployed	On JSA	Economically inactive	All
Age group (years)					
16-25	7	5	13	5	7
26-35	25	19	30	21	23
36-45	26	26	20	24	25
46-55	31	32	33	30	31
56-65	11	18	4	19	15
Sex					
Male	64	72	77	55	61
Female	36	28	23	45	39
Highest academic qualification					
No qualifications	56	62	69	61	60
'O' level	25	16	12	20	21
'A' level	4	7	4	6	5
Degree	6	4	2	5	5
Other	9	11	13	8	9
Housing tenure					
Owns outright or with mortgage	68	61	27	55	59
Rents from council or housing association	18	29	39	33	27
Rents from a private landlord	6	4	15	6	6
Other	8	6	19	6	7
Family type at time of interview					
Partner and dependent children	35	22	30	29	31
Partner but no dependent children	38	48	18	38	38
Lone parent	3	6	3	8	6
Neither partner nor dependent children	23	24	49	24	25
N	696	113	95	814	1718

Base: Respondents who had not claimed JSA by the first month after they left IB

Table 4.14 Initial JSA non-claimants' health and financial characteristics by status five to ten months after leaving IB

	<i>Column per cent</i>				
	Working	Unemployed	On JSA	Economically inactive	All
Health five to ten months after leaving IB compared with leaving IB					
No health problem	27	14	16	7	16
Much better	19	7	8	5	11
Little better	15	11	17	7	11
Same	29	47	40	37	35
Little worse	6	10	10	15	11
Much worse	4	11	9	29	16
Type of health problem[#]					
Physical only	74	72	61	60	66
Mental only	11	10	10	8	10
Both mental and physical	15	18	30	32	25
Health problem affects:					
kind of work possible ^{# ~}	80	97	94	95	90
amount of work possible ^{# ~}	71	91	81	94	85
Respondents and partner's savings					
Savings of up to £8,000	20	18	9	13	16
Savings of £8,000+	8	10	2	10	9
Savings amount not given	9	5	2	10	9
No savings	63	68	86	67	67
Income from occupational or private pension					
Received by respondent, partner or both	11	29	8	26	20
No income received	89	71	92	74	80
Reclaim status					
No application for IB since reference claim ended	98	93	95	64	81
Received IB again	2	5	1	31	16
Unsuccessful application for IB	*	2	4	5	3
N	696	113	95	814	1718

Base: Respondents who had not claimed JSA by the first month after they left IB

= Base is all respondents still having a health problem or disability (unweighted bases are 508, 97, 81, 759, 1445)

~ = Cell percentages

4.3 Work-related characteristics of those not working at the time of interview¹⁸

This section focuses on those who were not working when they were interviewed, comparing the 25 per cent who were claiming Jobseeker's Allowance at the interview (including those newly claiming who are discussed in the previous section) with the 10 per cent who were not claiming but said they were unemployed and the 65 per cent who were not claiming and were economically inactive. Job-search behaviour in the period between leaving Incapacity Benefit and the interview is examined in Section 4.3.1, residual labour market attachment in Section 4.3.2, and reservation wages in Section 4.3.3.

4.3.1 Job-search behaviour

Not surprisingly, being a condition of their benefit award, the current Jobseeker's Allowance claimants had undertaken a more active recent job-search than those unemployed people who were not claiming Jobseeker's Allowance and, in particular, than those people who had described themselves as economically inactive.

When asked at the interview about their recent job-search behaviour, the current Jobseeker's Allowance claimants seemed to have been more active in their job-search than the unemployed non-claimants. They were more likely to say they had been to the Jobcentre (86 per cent compared with 69 per cent), that they had applied directly to employers (50 per cent compared with 34 per cent), or that they had written to (31 per cent compared with 16 per cent), phoned (39 per cent compared with 18 per cent) or visited employers (29 per cent compared with eight per cent). However, when the economically inactive non-claimants were asked the same question, three-quarters of them replied that they had used none of the suggested methods of job-search (74 per cent). This compared with four per cent of the claimants and nine per cent of the unemployed non-claimants.

When asked what help or advice they had from the Employment Service or Jobcentre, the current claimants were more likely than the unemployed non-claimants to say that they had been advised on finding vacancies and approaching employers (18 per cent compared with six per cent) and they were less likely to say that they had been given none of the forms of help listed (61 per cent compared with 75 per cent).

The claimants had spent more time looking for a job in the last week of their job-search on average than had non-claimants. Nearly one-third of the claimants had spent 10 hours or more looking for work (31 per cent), compared with 16 per cent of the unemployed non-claimants and 18 per cent of the economically inactive non-claimants who had applied for a job.

¹⁸ Respondents were interviewed five to ten months after leaving Incapacity Benefit.

4.3.2 *Residual labour market attachment*

Though the current Jobseeker’s Allowance claimants were more active in their job-search activities than the unemployed non-claimants, the two groups were on the whole very similar in their labour market attachment and both showed a greater attachment to the labour market than economically inactive non-claimants (Table 4.15). Most of the claimants and unemployed non-claimants hoped to do paid work in the future (82 and 79 per cent respectively) compared with half of the economically inactive non-claimants. Whereas four-fifths of the claimants and unemployed non-claimants hoping to work in the future were looking for work, but had not yet found a suitable job (80 and 82 per cent respectively), barely any of the economically inactive non-claimants were in this position (13 per cent) and two-thirds had not yet started looking for a job (64 per cent).

Table 4.15 *‘Do you hope to do any paid work in the future?’*

	Economically			
	Claimant	inactive non-claimant	Unemployed non-claimant	All
Yes	82	50	79	61
No	10	36	11	27
Not sure	7	14	10	12
N	348	934	148	1430

Column per cent

Base: All respondents not in work five to ten months after leaving IB

The current claimants and unemployed non-claimants who expected to work, or might work if they were given help, generally displayed a greater labour market attachment than their economically inactive counterparts. When asked whether they would take a job if they were offered one tomorrow, 70 per cent of the claimants and 74 per cent of the unemployed non-claimants said they would be likely to accept, compared with 22 per cent of the economically inactive non-claimants (Table 4.16).

Table 4.16 Labour market attachment

	<i>Column per cent</i>			
		Economically		
		inactive	Unemployed	
	Claimant	non-claimant	non-claimant	All
Preferred hours of work				
30+	72	46	51	56
16-29	17	31	34	27
Less than 16	*	8	1	5
No preference	7	6	7	7
Can't say	4	7	7	6
Would you take a job if offered one?				
Very likely	51	11	51	29
Fairly likely	19	11	23	15
Fairly unlikely	4	10	3	7
Very unlikely	9	53	3	32
Don't know/depends	18	15	19	16
Importance of finding a job				
Extremely important	63	35	55	47
Quite important	23	30	33	28
Not important	6	20	10	14
Can't say	8	15	2	11
N	294	481	119	894

Base: All respondents not in work five to 10 months after leaving IB who expected to work or might work if they were given help

When asked how important finding a job in the next year or two was to them, the claimants and unemployed non-claimants again appeared more attached to the labour market than the economically inactive non-claimants. Eighty-six per cent of the current claimants and 88 per cent of unemployed non-claimants said it was important compared with 65 per cent of economically inactive non-claimants (Table 4.16).

In their attitudes to pay, however, all three groups were similar - 40 per cent of the claimants and unemployed non-claimants and 34 per cent of the economically inactive non-claimants would not take a job unless it was reasonably well paid from the start; 52 per cent of the claimants, 56 per cent of the unemployed non-claimants and 45 per cent of the economically inactive non-claimants would take a low paid job.

Furthermore, in relation to preferred hours of work (Table 4.16) the claimants showed more labour market attachment than the non-claimant

unemployed. Nearly three-quarters of the claimants (72 per cent) said they would want to work full-time (30 or more hours per week) compared with around half of the unemployed non-claimants (51 per cent) and the economically inactive non-claimants (46 per cent). Around one-third of the non-claimants would want to work less than 30 hours (34 per cent of those who were unemployed and 31 per cent of those who were economically inactive), compared with 17 per cent of the claimants.

4.3.3 Target and acceptance wages

All those non-workers who expected to work, or who might work if they were given help, were asked *'How much take-home pay, that is after deductions for tax and National Insurance contributions, in pounds per week would you need to be offered in a new job before you felt it worth taking?'* There was no difference between those claiming Jobseeker's Allowance and those not claiming Jobseeker's Allowance, whether they were unemployed or economically inactive. For all three groups the median amount given was £150 per week¹⁹.

Similarly, there was little difference between the groups when asked how easy it would be to get their target wage. Nor was there any statistically significant difference between the groups when asked whether they would have to take a job paying less. Seventy-three per cent of the claimants, 71 per cent of the unemployed non-claimants and 67 per cent of the economically inactive non-claimants said they would or they might.

There was no statistically significant difference between the three groups with regard to the amount they would have to end up accepting. The average amount given by the claimants was £130 per week, the average given by the unemployed non-claimants was £120 per week, and that given by the economically inactive non-claimants was £125 (medians).

4.4 Status 12 to 18 months after leaving Incapacity Benefit: postal follow-up survey

Section 4.4 returns to look at all the respondents leaving Incapacity Benefit, examining persistence on Jobseeker's Allowance at the time of the postal follow-up survey and charting the destinations of those known to have claimed Jobseeker's Allowance and then moved off.²⁰

¹⁹ The survey was carried out two years before the introduction of the National Minimum Wage.

²⁰ The data was weighted to take account of sample attrition at the follow-up stage.

Table 4.17 Status at follow-up of those who had claimed Jobseeker's Allowance immediately on leaving IB

	<i>Column per cent</i>
Remained on JSA five to 10 months after leaving IB and follow-up	14
Remained on JSA not at follow-up	35
Had come off JSA on JSA again at follow-up	4
Had come off JSA five to 10 months after leaving IB and still off at follow-up	47
N	414

Base: Respondents who had claimed JSA by the first month after they left IB who participated in the follow-up

Persistence on Jobseeker's Allowance was rare: one in seven of those who had started claiming Jobseeker's Allowance by the month following their departure from Incapacity Benefit ('initial Jobseeker's Allowance claimants') were also claiming it both at the interview and the follow-up (14 per cent) (Table 4.17). These were just four per cent of all Incapacity Benefit leavers in the sample who participated in the follow-up. An additional four per cent of those who had claimed Jobseeker's Allowance on leaving Incapacity Benefit had come off it by the interview but were again claiming it at the follow-up. Around half (47 per cent) of the initial Jobseeker's Allowance claimants were no longer claiming Jobseeker's Allowance at the interview or at the follow-up. One-third of the initial Jobseeker's Allowance claimants were also claiming it at the interview but had ceased to do so at the follow-up (35 per cent).

Therefore there were insufficient numbers of initial Jobseeker's Allowance claimants remaining on Jobseeker's Allowance at the follow-up (unweighted base = 75) to compare with those who had moved to other destinations.

Large proportions of former claimants were once again out of work at the follow-up through sickness or disability. Of those who had come off Jobseeker's Allowance by the interview, 45 per cent were in work at the follow-up and 37 per cent were not working because of sickness or disability. Of those who had been on Jobseeker's Allowance at the interview but had come off by the follow-up, 25 per cent were in work at the follow-up, 10 per cent were unemployed but not claiming Jobseeker's Allowance, and 48 per cent were not working because of sickness or disability.

Table 4.18 Status at follow-up of those who had not claimed JSA immediately on leaving IB

	<i>Column per cent</i>
Working at follow-up	41
Unemployed or training scheme at follow-up	3
Economically inactive at follow-up	48
On JSA at follow-up	4
Unspecified at follow-up	4
N	1258

Base: Respondents who had not claimed JSA by the first month after they left IB who participated in the follow-up

Just four per cent of those who had *not* claimed Jobseeker's Allowance by the month following their departure from Incapacity Benefit were claiming Jobseeker's Allowance at the follow-up (Table 4.18). Nearly half were economically inactive (48 per cent) and two-fifths were working (41 per cent). Of those who had been on Jobseeker's Allowance at the interview, 24 per cent were still on Jobseeker's Allowance at the follow-up, 28 per cent had gone into work and 38 per cent were economically inactive.

4.5 Modelling

4.5.1 Method

In addition to simple descriptive analysis, the research design included multivariate modelling, the results of which are presented in this section. Logistic regression was used. This is a technique for analysing data where the outcome variable can take only one of two possible values, in this case whether or not an individual became a Jobseeker's Allowance recipient at any time between leaving Incapacity Benefit and being interviewed five to ten months later. Included in the model are a range of variables which are associated with the outcome in analysis or in principle. The effect of each variable is compared against a 'benchmark' or 'reference' individual with specific characteristics. In this case the predictor variables were those explored earlier in the descriptive analysis.

The key question of why some people leaving Incapacity Benefit make the transition to Jobseeker's Allowance and others do not will, to a significant extent, be determined by whether they are *eligible* for Jobseeker's Allowance which is in large part a result of household circumstances. To qualify for Jobseeker's Allowance, a person must be of working age, not in work of 16 hours or more per week, and capable of, available for and actively seeking work. *Contributions-based Jobseeker's Allowance* is available for six months. To qualify, a person must have paid the required amount of National Insurance contributions and credits in the previous two tax years, and not have earnings above a specified amount. To qualify for *income-based Jobseeker's Allowance*, the person and their partner must have a low income, must not have capital above a specified level, and their partner must not be in work of more than 24 hours per week. In short, to be eligible an individual must be out of full-time work, economically

active and, for income-based Jobseeker's Allowance, they and their partner must fall below a specified income level and the partner must not be in full-time work.

'Parallel models' design

These factors reflecting the rules of eligibility threatened to swamp the analysis, masking the influence of other factors. For this reason we used what we have termed a 'parallel models' design (Figure 4.2), that is a similar analysis was carried out separately on two overlapping sub-samples.

Model 1: The sub-sample comprised all respondents who were **economically active** five to ten months after leaving Incapacity Benefit (unweighted base=1261). This included:

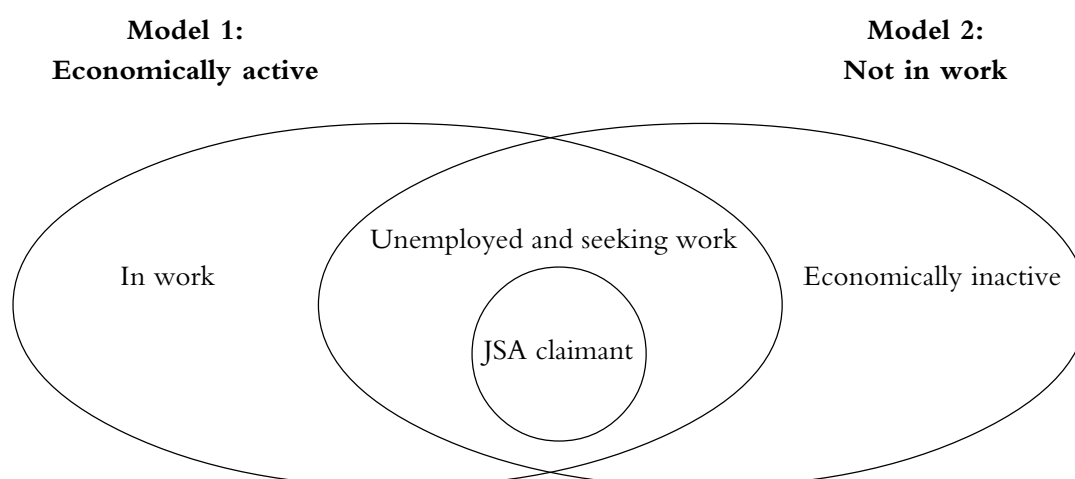
- (i) those in work; and
- (ii) those who were unemployed and seeking work, including in turn those receiving Jobseeker's Allowance.

Model 2: The sub-sample comprised all respondents who were **not in work** five to ten months after leaving Incapacity Benefit (unweighted base=1433). This included:

- (i) those who were economically inactive; and
- (ii) those who were unemployed and seeking work, including in turn those receiving Jobseeker's Allowance.

This use of sub-samples removed one major factor of eligibility from each model - in the first instance, economic activity and in the second non-working status - in order to make any remaining determinants more apparent.

Figure 4.2 'Parallel models' design



For each sub-sample, a simple one-level logistic regression model was determined, predicting who had claimed Jobseeker's Allowance or not between leaving Incapacity Benefit and being interviewed.

4.5.2 Results **Model 1: All those economically active five to ten months after leaving IB**

The first logistic regression model predicted the likelihood of a person who was economically active five to ten months after leaving Incapacity Benefit having received Jobseeker's Allowance between leaving Incapacity Benefit and being interviewed (Table 4.19). The reference individual had been working as an employee prior to being on Incapacity Benefit, had physical health problems when (s)he began his/her spell on Incapacity Benefit, and had his/her Incapacity Benefit claim disallowed. At the time of the interview (s)he still had physical health problems but no mental health problems, was not a homeowner and did not have a working partner, but had some savings. The reference individual would have been less likely to have received Jobseeker's Allowance if (s)he had left Incapacity Benefit voluntarily, had mental health problems but no physical health problems, had a working partner, was a homeowner, or had been self-employed or employed but off sick prior to being on Incapacity Benefit. However, (s)he would have been more likely to have received Jobseeker's Allowance if (s)he had not had physical health problems when (s)he commenced his/her Incapacity Benefit claim and if (s)he had no savings five to ten months after leaving Incapacity Benefit.

Model 2: All those not in work five to ten months after leaving IB

The second logistic regression model predicted the likelihood of a person who was not in work five to ten months after leaving Incapacity Benefit having received Jobseeker's Allowance between leaving Incapacity Benefit and being interviewed (Table 4.20). The reference individual was a woman who had been an employee prior to being on Incapacity Benefit. Her Incapacity Benefit claim had been disallowed. At the time of the interview she had physical health problems but no mental health problems, some dependent children, some savings and some pension income. She was unsure of whether she hoped to work in the future. The reference individual would have been less likely to have received Jobseeker's Allowance if she had left Incapacity Benefit voluntarily, if she was not hoping to work in the future, if she had mental health problems but no physical health problems, or if she had been self-employed or economically inactive prior to claiming Incapacity Benefit. However, she would have been more likely to have received Jobseeker's Allowance if she hoped to work in the future and was looking for work or had a job to go to, if she was male, if she had no dependent children, if she received no pension payments, or if she had no savings.

The rules of Jobseeker's Allowance

Not surprisingly, in both models eligibility for Jobseeker's Allowance appeared to play a role in determining Jobseeker's Allowance receipt.

Firstly, lack of attachment to the labour market should disqualify a person from eligibility for either form of Jobseeker's Allowance, and in the non-workers' model the labour market attachment variable, hoping to work in the future and actively looking for work, produced a particularly large increase in the odds of receiving Jobseeker's Allowance. You have to accept the rules about being available to work simply to qualify for Jobseeker's Allowance.

Secondly, having a working partner, savings or income from a pension would all reduce the likelihood of a person being eligible for income-based Jobseeker's Allowance. Even among those who were eligible, having such financial resources might deter an application for Jobseeker's Allowance if the individual wrongly assumed themselves to be ineligible as a result. These factors might also reduce the motivation of a person to claim either form of Jobseeker's Allowance, as they would be in less need of the benefit income than an individual with no such financial resources.

However, the presence of a working partner might also produce an effect by increasing the amount of information about job opportunities which was available to an individual, therefore increasing their chances of being in work rather than unemployed and claiming Jobseeker's Allowance.

Nature of exit from Incapacity Benefit

In addition, the nature of a person's exit from Incapacity Benefit was significant in predicting receipt of Jobseeker's Allowance in both models. Leaving Incapacity Benefit voluntarily reduced the odds of receiving Jobseeker's Allowance, and had a particularly large effect in the economically active sample. This was not surprising as two-thirds of voluntary leavers went straight into work at the end of their Incapacity Benefit claim.

Other influences

There remained several significant influences on receipt of Jobseeker's Allowance, which could not be explained by eligibility for the benefit, or the nature of an individual's exit from Incapacity Benefit.

In Model 1, home ownership was found to reduce the odds that an individual who was economically active had received Jobseeker's Allowance. Though this result is not easily explained, owning one's home is a socio-economic advantage and in previous research has emerged as a clear marker for other resources, such as family income. It has also been found to be associated with not claiming benefits for which one is eligible. Specifically, home-ownership reduces the returns from benefit receipt because it precludes entitlement to Housing Benefit, unlike tenancy.

In Model 2, gender and family formation were significant influences among non-workers - being male and having no dependent children both increased the odds that an individual had received Jobseeker's Allowance. This can be explained by the fact that being a woman and having dependent children both increased a non-worker's chances of looking after the home and family full-time rather than being unemployed and seeking work.

In both models, an individual's activity immediately prior to their spell on Incapacity Benefit was found to influence the likelihood of receiving Jobseeker's Allowance. First, among non-workers, having been economically inactive reduced the likelihood of receiving Jobseeker's Allowance when their Incapacity Benefit claim ended. A return to economic inactivity rather than seeking work would not be surprising among this group. Secondly, having been self-employed produced the largest reduction in the odds of receiving Jobseeker's Allowance in both models, a likely explanation being its strong association with going straight back into work on leaving Incapacity Benefit. However, the unweighted base for this group in Model 2 was very small (63) due to the lack of any other group with which it could be readily combined and this may have caused a falsely significant effect among this sub-sample. Thirdly, having been employed but off work sick reduced the odds that an economically active individual had received Jobseeker's Allowance subsequent to leaving Incapacity Benefit, a finding for which an explanation has not suggested itself.

Also in both models, the nature of an individual's health problems influenced their likelihood of receiving Jobseeker's Allowance. In both models, having mental health problems rather than physical health problems five to ten months after leaving Incapacity Benefit reduced the odds of having received Jobseeker's Allowance. Conversely, however, among the economically active sample, having only mental health problems at the start of one's Incapacity Benefit claim increased the odds of receiving Jobseeker's Allowance.

4.5.3 Conclusions Logistic regression modelling of this kind does not provide a causal description of why some people claimed Jobseeker's Allowance following a spell on Incapacity Benefit and why others avoided it. Modelling does provide a good guide to the relative independence of different factors that were associated with claiming and not claiming, which is its main purpose. It can also be suggestive of some of the combined processes associated with an increased likelihood of a spell on Jobseeker's Allowance.

Among economically active people, the factors which raised the probability of being discovered out of work and on Jobseeker's Allowance at any arbitrarily-selected point in time, such as a survey interview, were not unlike those among samples of people who did not claim Incapacity Benefit in the recent past. These included being a homeowner and

having a working partner – two variables that have a reserved place in any employment equation – together with a history of prior economic activity.

In this case, two variables intruded that are peculiar to this special sample. Leaving Incapacity Benefit voluntarily was not merely associated with a swift return to work, it was indicative of the continuing confidence and health to remain in work and avoid a spell on Jobseeker's Allowance too. Finally, avoiding Jobseeker's Allowance was associated with a record of mental health problems, rather than solely physical health problems. There is no direct evidence why this should be so. But it seems fair to guess that, if you are going to recover enough to leave or be discharged from Incapacity Benefit, it is easier to recover completely from a mental health disorder such as depression, for example, than it is from a physical disability. Depression or mild psychosis can be cured or controlled in ways that most of the dominant musculoskeletal problems that admit people to Incapacity Benefit can rarely be cured or controlled. Once cured and back in work, a former mental health patient is likely to remain in work and avoid Jobseeker's Allowance in ways that people who recover enough from physical disability may not. People with a learning difficulty may also go into employment that is designed to accommodate them more often than do people recovering from physical disability. It may also be connected with the rather different scoring systems applied to mental and physical disability by doctors applying the All Work Test in 1996.

Among economically inactive respondents, going onto Jobseeker's Allowance is more of a 'success' than a 'failure'. It means that you are willing to work and willing to leave economic inactivity. This is unlike many others whose continuing difficulties with their health prevented them from seeking work. Many of these pursued an appeal against their original disallowance. Others again relied on other income which anyway disqualified them from applying for Jobseeker's Allowance if they had wanted to. So having savings and a pension reduced entry to Jobseeker's Allowance. Thus, the socially constructed income rules of eligibility shape the probability of entry.

In addition, the same additional factors were at work that are always associated with a move 'towards work', which among this group is what entry to Jobseeker's Allowance actually is, especially a prior history of employment.

Here though, leaving Incapacity Benefit voluntarily was a sign of decreased economic activity expressed by avoiding entry to Jobseeker's Allowance. This is because people who leave voluntarily either have a job to go to or they have recovered and have other resources to support them while they do something else.

Table 4.19 Summary of influences on the odds of person who was economically active five to ten months after leaving IB having received JSA between leaving IB and being interviewed

Variable	Effect on odds of receiving JSA	Significance level
Housing tenure:		
Owens own home	0.50	**
Working partner:		
Had working partner	0.48	**
Savings:		
Had no savings	1.50	*
Exit from IB:		
Left IB voluntarily	0.13	**
Activity status prior to IB:		
Self-employed	0.12	**
Employed and off sick	0.61	**
Unemployed	1.06	
Economically inactive	0.73	
Health when began spell on IB:		
No physical health problems	2.17	**
Health five to 10 months after leaving IB:		
No health problem	0.81	
Mental health problems only	0.44	*
Physical and mental health problems	1.38	
Increases odds of receiving JSA		Reduces odds of receiving JSA
Having no physical health problems when began spell on IB (2.2 times more likely)		Being self-employed before getting IB (12% as likely)
Having no savings (1.5 times more likely)		Leaving IB voluntarily (13% as likely)
		Having mental health problems but no physical health problems (44% as likely)
		Having a working partner (48% as likely)
		Owning own home (50% as likely)
		Being employed but off sick before getting IB (61% as likely)

Reference group: Working as an employee prior to being on IB, had physical health problems when began spell on IB, IB claim disallowed, did not own their home, did not have a working partner; had some savings, still had physical health problems but no mental health problems.

Note: Characteristics five to ten months after leaving IB unless otherwise stated. ** 1%, * 5%

Table 4.20 Summary of influences on the odds of person who was not in work five to ten months after leaving IB having received JSA between leaving IB and being interviewed

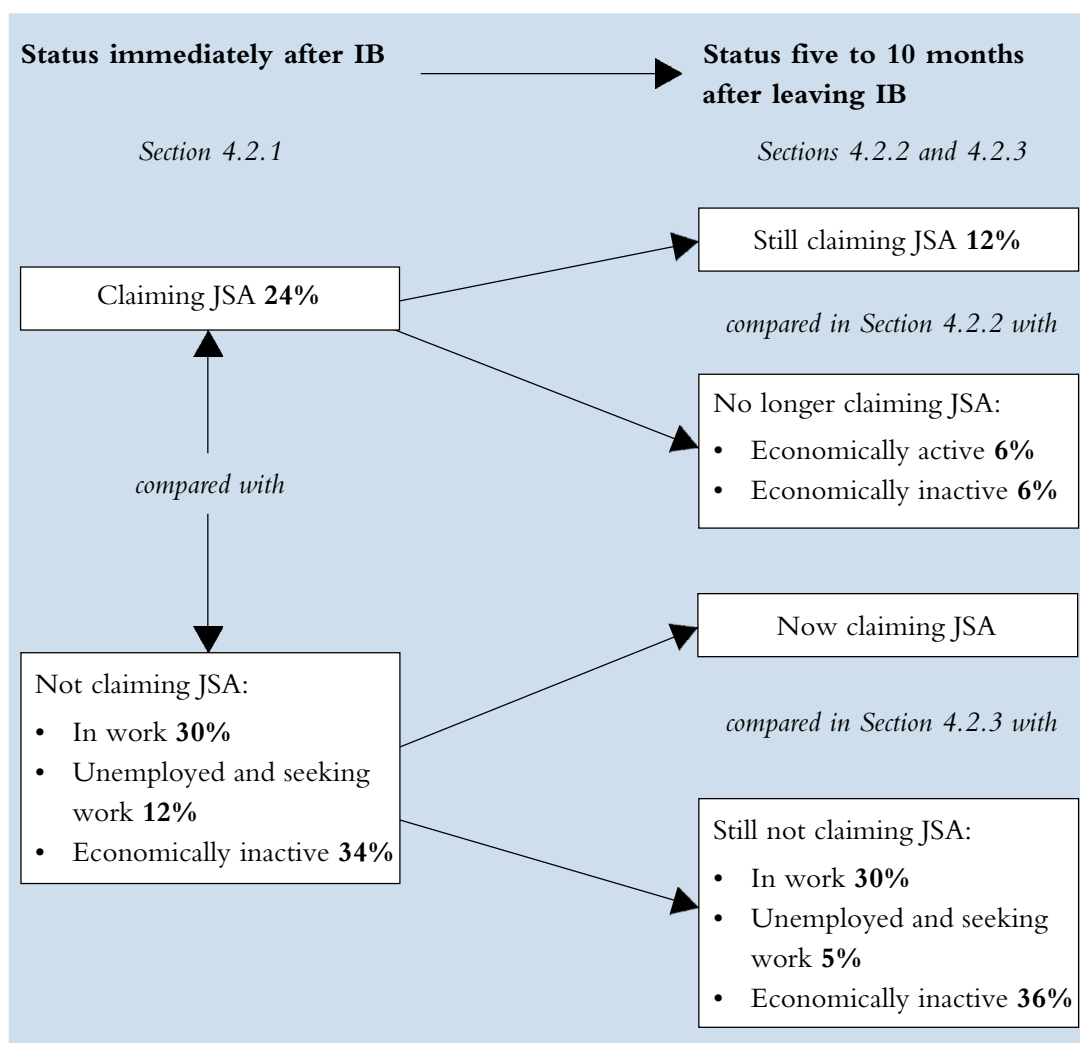
Variable	Effect on odds of receiving JSA	Significance level
Gender:		
Male	1.34	*
Pension income:		
Has no pension income	1.73	**
Dependent children:		
Had no dependent children	1.87	**
Savings:		
Had no savings	1.68	**
Exit from IB:		
Left IB voluntarily	0.34	**
Activity status prior to IB:		
Self-employed	0.26	**
Unemployed	1.13	
Economically inactive	0.55	**
Labour market attachment:		
Hoping to work, looking for job or has a job to go to	4.63	**
Hoping to work, not looking for job, important to find one	0.86	
Hoping to work, not looking for job, not important to find one	0.68	
Not hoping to work	0.63	*
Health five to 10 months after leaving IB:		
No health problem	1.35	
Mental health problems only	0.56	*
Physical and mental health problems	0.98	
Increases odds of receiving JSA		Reduces odds of receiving JSA
Hoping to work in the future and looking for work or having a job to go to (4.6 times more likely)		Being self-employed before IB (26% as likely)
Having no dependent children (1.9 times more likely)		Leaving IB voluntarily (34% as likely)
Receiving no pension payments (1.7 times more likely)		Being economically inactive before IB (55% as likely)
Having no savings (1.7 times more likely)		Having mental health problems but no physical health problems (56% as likely)
Being male (1.3 times more likely)		Not hoping to work (63% as likely)

Reference group: Female, employee prior to being on IB, IB claim disallowed, had physical health problems but no mental health problems, some dependent children, some savings, some pension income, unsure of whether she hoped to work in future.

Note: Characteristics five to ten months after leaving IB unless otherwise stated. ** 1%, * 5%

4.6 Summary Figure 4.3 reproduces Figure 4.1, summarising the main destinations of people leaving Incapacity Benefit both in the first weeks following departure and five to ten months later at their survey interview.

Figure 4.3 Summary of main destinations immediately after leaving Incapacity Benefit and five to ten months later



A quarter of ex-Incapacity Benefit recipients moved onto Jobseeker's Allowance within one month of leaving Incapacity Benefit. Primarily, these were people whose claim for Incapacity Benefit had been disallowed and generally they did not appeal against it. Such disallowance did not necessarily lead to a movement onto Jobseeker's Allowance - the main destination for those disallowed was economic inactivity. In contrast, the vast majority of those who left voluntarily went into work, with only a small minority entering Jobseeker's Allowance.

There were certain characteristics associated with a greater probability of moving immediately onto Jobseeker's Allowance, although from these findings it should not be inferred that entrants to Jobseeker's Allowance are a readily identifiable group discernible from those going elsewhere. They tended to be older men, to have worked previously as an employee,

but had been off work sick before claiming Incapacity Benefit, and felt that their health had not improved during their Incapacity Benefit claim. Importantly, they tended to have no other financial resources beyond entitlement to out-of-work benefits or whatever they might earn in a job if they could get one. In many ways, they were similar to people who were unemployed, but not claiming Jobseeker's Allowance after leaving Incapacity Benefit. They were different from the two other main groups who had diverged in opposite directions: those entering work or those becoming economically inactive.

Health, family circumstances and financial resources all appeared to act in combination to influence the trajectories of ex-Incapacity Benefit recipients, although perhaps of most importance was the link with whether the person left Incapacity Benefit voluntarily or had their claim disallowed. Two-thirds of voluntary leavers get jobs almost at once and half these simply go back to their old employer.

Health, family and finances distinguished not only immediate destinations upon leaving Incapacity Benefit, but also the longer-term outcomes. For example, people leaving voluntarily tended to feel their health had improved, those entering Jobseeker's Allowance were less likely to have felt that their health had improved and those becoming economically inactive were more likely to have felt their health had declined. Of those who initially entered Jobseeker's Allowance, a decline in health was associated with leaving that benefit to become economically inactive whereas those who left Jobseeker's Allowance for work were more likely to think their health had improved.

People entering Jobseeker's Allowance tended to have the lowest level of financial resources in terms of savings, pensions and other income. They were also least likely to have a partner, particularly one in work. Thus, Jobseeker's Allowance was virtually their only source of income. This contrasts with people who became economically inactive, who were more likely to have finances to fall back on and/or a partner in work. The inactive group also tended to be least likely to be attached to the labour market and the most likely to contest, and win, their Incapacity Benefit disallowance.

Similar patterns also distinguished between those who initially entered Jobseeker's Allowance and then later, at the time of the interview five to ten months afterwards, either remained on Jobseeker's Allowance, left to become economically active or left to become economically *inactive*. The following are the most important comparisons:

- Overall, compared with those who had left Jobseeker's Allowance *in any direction*, the continuing claimants were more likely to be male and to have been unemployed immediately before their spell on Incapacity Benefit. They were less likely to be an owner-occupier, to have savings or income from a pension, and to have a working partner.

- Compared with the economically *active* Jobseeker's Allowance leavers, continuing claimants were more likely to have an appeal in progress. Connected with this, they were more likely to report both physical and mental health problems five to 10 months after leaving Incapacity Benefit and problems affecting the type and amount of work they could do.
- Compared with the economically *inactive* Jobseeker's Allowance leavers, they were more likely to have accepted a decision to disallow their Incapacity Benefit claim, and less likely to have had a successful appeal and received Incapacity Benefit again.
- Continuing claimants were less likely than economically *active* Jobseeker's Allowance leavers, but more likely than economically *inactive* leavers, to feel that their health had improved.

Similar factors distinguished the outcomes for those who initially were not claiming Jobseeker's Allowance after leaving Incapacity Benefit but were claiming it by the time of the interview. The majority of these had initially declared themselves as unemployed, though not registered so, and apparently had not been successful in their job-search; hence they claimed Jobseeker's Allowance.

Compared with continuing non-claimants, the new claimants were younger, and less likely to be a homeowner and to have a partner or savings. The new claimants were more likely than the workers and economically inactive to be male and to have been unemployed prior to their spell on Incapacity Benefit. They were less likely than the economically inactive and non-claimant unemployed to have pension income. New claimants were less likely than the workers to have left Incapacity Benefit voluntarily. They were more likely than the economically inactive to have accepted a decision to disallow their claim and were less likely to have received Incapacity Benefit again. New claimants were less likely than the workers, but more likely than the economically inactive, to feel their health had improved. They were more likely to have both physical and mental health problems than the workers, but they were less likely than the economically inactive to report an effect on the amount of work they could do.

It is important to remember that people claim a benefit primarily because they are entitled to claim it. The entitlement rules for Jobseeker's Allowance are based on household income and eligibility, which can be both complicated and unstable. For these reasons, the rules of Jobseeker's Allowance played a role in determining whether an individual made a transition from Incapacity Benefit to Jobseeker's Allowance or to some other state. Thus, having a working partner, savings or pension income reduced the likelihood that an individual would have claimed Jobseeker's Allowance since they disqualified many of them on grounds of household income. Lack of attachment to the labour market also produced a large reduction in the odds of receiving Jobseeker's Allowance among non-workers.

The nature of an individual's exit from Incapacity Benefit was also a significant factor in determining whether they made a transition from Incapacity Benefit to Jobseeker's Allowance. Leaving Incapacity Benefit voluntarily reduced the odds of receiving Jobseeker's Allowance.

However, other significant influences remained. Among the economically active, home ownership reduced the chances of receiving Jobseeker's Allowance; and among non-workers being female and having dependent children reduced the chances of receiving Jobseeker's Allowance. In both samples activity status prior to spell on Incapacity Benefit was significant. Self-employment, economic inactivity and being off sick reduced an individual's odds of receiving Jobseeker's Allowance - as was the nature of the individual's health problems. Having mental health problems rather than physical health problems five to ten months after leaving Incapacity Benefit reduced the likelihood that they had received Jobseeker's Allowance, though among the economically active, having no physical problems at the start of the Incapacity Benefit claim increased the chances of receiving Jobseeker's Allowance.

Persistence on Jobseeker's Allowance was rare, just 14 per cent of those who claimed Jobseeker's Allowance on leaving Incapacity Benefit were receiving Jobseeker's Allowance at both the interview five to ten months later and at the follow-up twelve to eighteen months later. And these were initially only a quarter of all Incapacity Benefit leavers. Similarly, only six per cent of initial non-claimants of Jobseeker's Allowance were receiving Jobseeker's Allowance at the interview five to ten months later and just four per cent remained claimants. Moreover, by the time of the interview less than half of those who left Jobseeker's Allowance were in work, and over one third were inactive because of sickness or disability. By the time of the postal follow up, the proportion of former Jobseeker's Allowance claimants who were in work had fallen to one quarter and nearly a half were inactive through sickness or disability.

Overall, in the medium-term period covered by the survey, people who left Incapacity Benefit either got jobs or gave up looking for work. By the follow-up survey almost a quarter were back on Incapacity Benefit. Meanwhile, Jobseeker's Allowance helped the minority who felt, at one point or another, they might be fit enough to work but could not find a job yet, or who had just lost one and were looking for another, in the same way that Jobseeker's Allowance helps other people.

5 DISCUSSION AND CONCLUSIONS

5.1 Overview This report has explored people's moves between Jobseeker's Allowance and Incapacity Benefit. The aims of the research were first to establish the extent of such transitions, secondly to identify the characteristics of these groups of people and thirdly, through comparing them with other groups, to infer the outcomes and triggers to success or failure in attaining financial independence.

The emphasis has been on three key groups of leavers. Firstly on people who left Jobseeker's Allowance for health reasons, many of whom are assumed to have entered Incapacity Benefit or Income Support. Secondly, people who entered Jobseeker's Allowance from Incapacity Benefit compared to other Jobseeker's Allowance entrants. Finally, people who left Incapacity Benefit to enter Jobseeker's Allowance compared to other Incapacity Benefit leavers. Each of these groups has been described in detail in the previous chapters and the purpose of this chapter is to synthesise these findings.

It is important to repeat that the data, drawn from two existing surveys designed to meet other requirements, do not enable a complete picture to be painted of the work and benefit trajectories of people with health problems. However, analysis of the two data sets has found much common ground, as well as each one contributing something unique to this understanding.

In the paper 'A New Contract for Welfare: Support for Disabled People' (Cm 4103, 1998), the Government stated that the, 'key philosophy [is] of encouraging work for those who can and providing security for those who cannot' (Cm 4103, 1998; p. 1). In particular, for those who have been in work, the Government aims to, 'keep them in contact with the labour market and to help them back into work if they have to stop working on account of a long-term illness or disability' (Cm 4103, 1998; p. 3). However, it is also worth bearing in mind that this study covers the time period before the introduction of the New Deal for Disabled People and the piloting of ONE, both of which may have had an impact on movements into work by claimants of incapacity related benefits.

5.2 Roles and experiences of the benefit systems Considering first the role of the benefit system: Jobseeker's Allowance requires claimants to be available for and actively seeking work; whereas Incapacity Benefit and Income Support have no labour market conditions attached to them. As such, Jobseeker's Allowance recipients should have closer contact with the labour market than recipients of Incapacity Benefit or Income Support. Therefore, from this perspective movements from Incapacity Benefit to Jobseeker's Allowance could be viewed as a positive step.

5.2.1 Jobseeker's Allowance to Incapacity Benefit/Income Support

Administrative data show that around 200,000 people a year flow from Jobseeker's Allowance onto Incapacity Benefit/Income Support, so that the relatively modest sounding flow of five per cent observed here is actually indicative of a substantial minority of recipients of Jobseeker's Allowance.

People who left Jobseeker's Allowance for Incapacity Benefit/Income Support did not generally leave Jobseeker's Allowance quickly. They tended to have had long-term Jobseeker's Allowance spells: 22 per cent had been on Jobseeker's Allowance for between one and two years, with a further 23 per cent experiencing two years or more. Only those people remaining on Jobseeker's Allowance at the end of the study period had longer spells of Jobseeker's Allowance. In other words, people were more likely to experience a delayed movement from Jobseeker's Allowance to Incapacity Benefit/Income Support than a rapid shift.

Incapacity Benefit/Income Support destinations were not necessarily long-term outcomes: 23 per cent did return for at least one further spell of Jobseeker's Allowance before the end of the study observation period. In this, they were relatively similar to people who had left Jobseeker's Allowance for work, education or training (26 per cent returned for a further spell) or people who had remained unemployed when signing off (26 per cent). Those who had moved to a home/other destination were slightly less likely to return to Jobseeker's Allowance (17 per cent).

People who left Jobseeker's Allowance for Incapacity Benefit/Income Support reported similar experiences of Employment Service staff as other Jobseeker's Allowance recipients. The only differences were that they were more likely than other Jobseeker's Allowance recipients to have had their Jobseeker's Allowance Agreement changed and to have been advised to attend particular training courses. Changes in the Agreement might well reflect responses to difficulties faced by those destined to leave for Incapacity Benefit/Income Support. However, the direction towards training courses might reflect the longer-term nature of their claim, as this advice was also more likely to be reported by respondents still on Jobseeker's Allowance at the end of the study period. Leavers to Incapacity Benefit/Income Support were also most likely to have reported finding their Jobseeker's Agreement useful.

One area where Employment Service intervention was lower than expected was that of advice from Disability Employment Advisers (DEAs). Overall, relatively few people had seen a DEA and those who had left for Incapacity Benefit/Income Support were not those most likely to have seen one. However, DEAs were a relatively recent introduction at the time of the survey and this low level of reported contact should be viewed within the possible context of a bedding-down of the system. Moreover, resource constraints might also limit the availability of help from DEAs.

5.2.2 *Incapacity Benefit to Jobseeker's Allowance*

The vast majority of movements onto Jobseeker's Allowance from Incapacity Benefit were involuntary in nature and many movers appeared to have had a substantial recent history of claiming Incapacity Benefit and/or Jobseeker's Allowance. Fifteen per cent of Incapacity Benefit recipients entering Jobseeker's Allowance had been on Incapacity Benefit for four or more years. In comparison, eight per cent of those leaving Incapacity Benefit to enter work were on for four or more years. For those becoming economically inactive the corresponding figure was 19 per cent.

In addition, it would appear that many entrants from Incapacity Benefit had spent considerable time on Jobseeker's Allowance in the two years before signing for the reference²¹ Jobseeker's Allowance spell. Forty-five per cent of entrants from Incapacity Benefit had been on Jobseeker's Allowance for a year or longer, which compares to an overall average figure of 28 per cent for all entrants to Jobseeker's Allowance. Presumably these were people who had experienced shorter recent Incapacity Benefit spells. However, despite these recent experiences, the majority of entrants to Jobseeker's Allowance from Incapacity Benefit reported their working lives as being characterised mainly by steady employment.

There was some indication that Employment Service Advisers treated entrants to Jobseeker's Allowance from Incapacity Benefit slightly differently, though it should be borne in mind that this evidence is based upon respondent recall. At their first New Client Jobseeker's interview, along with people who had spent time out of work sick but had not received Incapacity Benefit, they were more likely to have received advice about becoming self-employed (12 per cent compared to an overall average of five per cent). However, these two groups were also most likely to have been self-employed prior to signing on for Jobseeker's Allowance. At the last fortnightly review, ex-Incapacity Benefit recipients were most likely to have reported being asked what they had done to look for work (63 per cent compared to an overall average of 54 per cent). Members of these two groups were also those most likely to have seen a DEA, but as only one-quarter reported seeing one, there would appear to be scope for further help in this direction, subject to the caveats mentioned above.

5.3 *Multiple disadvantage: Characteristics of movers between benefits*

This section considers first the extent of health problems faced by movers between Incapacity Benefit and Jobseeker's Allowance. Ill health might, of course, be a major or minor barrier to work depending upon its nature and severity. The extent to which people with ill health experience other disadvantages is next explored. Finally, the potential impact of multiple disadvantages on labour market attachment and job-search activities is discussed.

²¹ The reference spell is the one from which they were sampled for inclusion into the Jobseeker's Evaluation study.

5.3.1 Health considerations

Amongst Jobseeker's Allowance recipients ill health is by no means limited to people who have previously claimed Incapacity Benefit, or those who leave to join Incapacity Benefit/Income Support. Twenty per cent of entrants to Jobseeker's Allowance reported a work-limiting illness, which is relatively consistent with figures produced by a contemporary survey of the adult population covered by the 1995 Disability Discrimination Act (Whitfield, 1996). Amongst the stock of Jobseeker's Allowance claimants, the figure rose to 27 per cent, the difference being caused by the tendency of people with health problems to have longer spells of Jobseeker's Allowance benefit spells and thus accumulating in the stock over time (Smith *et al.*, 2000).

At the time of the first survey interview²², 69 per cent of the Jobseeker's Allowance stock recipients who were destined to leave for Incapacity Benefit/Income Support reported a work-limiting health problem. This figure though actually reflects only 12 per cent of Jobseeker's Allowance stock recipients overall who reported such a health problem.

Somewhat surprisingly, only 74 per cent of the stock of jobseekers destined for Incapacity Benefit/Income Support reported that they expected their health problem to last more than a year, a figure lower than for any other of the Jobseeker's Allowance destination groups. Although more leavers to Incapacity Benefit/Income Support were uncertain about the likely duration of their health problem (17 per cent) than were people in other destination groups, a substantial minority (nine per cent) expected it to last under a year.

Thirty-one per cent of jobseekers who were destined to enter Incapacity Benefit/Income Support did not report a work-limiting health problem at the time of their first survey interview. Presumably, they had a pre-existing illness that was not debilitating at the time of the first survey interview but worsened between then and the end of the observation period; or alternatively, they might have developed an illness during that time period.

It is also interesting to speculate as to how many of those who were still in receipt of Jobseeker's Allowance at the end of the study period would eventually leave to join Incapacity Benefit/Income Support. Thirty per cent of this group reported a work-limiting health problem and they comprised 55 per cent of all those with a work-limiting health problem. People reporting health problems were proportionately least likely to leave Jobseeker's Allowance to enter work, education or training.

²² The first survey interview took place between September and October 1995 (Cohort 1) or September and November 1997 (Cohort 2), between one and three months after selection for the study.

It was apparent that few people moving from Incapacity Benefit to Jobseeker's Allowance did so because they felt their health had improved sufficiently to start work. As stated above, the majority of movements onto Jobseeker's Allowance from Incapacity Benefit were involuntary, and the majority of these movers reported a health problem at the time of their first Jobseeker's Allowance survey interview (62 per cent). Using the Incapacity Benefit data, 38 per cent said that their health was the same when they entered Jobseeker's Allowance as it had been when they had started their Incapacity Benefit claim; six per cent said it was a little worse and 17 per cent reported it was much worse. Thus, an overall total of 61 per cent reported no improvement in their health, and only nine per cent said that they no longer had a health problem. Moreover, 94 per cent of people reporting a health problem said it affected the kind of work they could do and 91 per cent the amount of work. In addition, 26 per cent of movers to Jobseeker's Allowance reported both physical and mental health problems. However, these are self-reported assessments of health condition and their incapacity was not assessed by the system as satisfying the criteria for Incapacity Benefit.

Overall, it was apparent that health problems in the Jobseeker's Allowance population were by no means limited to ex-Incapacity Benefit recipients. However, for people with health problems a destination of work, education or training was their least likely outcome, and they were most likely, in proportionate terms, to have left for Incapacity Benefit/Income Support, or to have remained on Jobseeker's Allowance.

5.3.2 Personal and demographic characteristics

The characteristics of movers between Incapacity Benefit and Jobseeker's Allowance, and their experiences of the benefit system and labour market, allow some general conclusions to be drawn about the work-readiness of these people and their prospects of gaining financial independence.

First, it was apparent that movers between the benefits faced multiple disadvantage and barriers to work. They were not only likely to experience persistent health problems, they were also more likely than non-movers, or movers to other destinations, to:

- have been male;
- have been older;
- have had higher levels of numeracy and literacy problems;
- have had fewer or no qualifications;
- have been less likely to have had recent work experience;
- have had a lower propensity to have access to private transport; and to
- have been more likely to live in the socially rented sector.

These characteristics were common to movers whether they started on Incapacity Benefit and moved to Jobseeker's Allowance or vice versa.

Previous research has found that virtually all of these characteristics are associated with longer Jobseeker's Allowance spells, as was also apparent in the descriptive statistics shown in Chapters 2, 3 and 4 of this report. Many of the characteristics are also associated with difficulties in moving into work and retaining a job if one is found (Smith *et al.*, 2000).

These difficulties might be expected to discourage people from being as active in seeking work or to limit their job-search to particular types of work, depending upon the state of their health, the nature of their disability and other compounding barriers.

5.3.3 *Labour market attachment and job-search*

The extent of movers' labour market attachment was not easy to gauge in general terms. Certainly those who moved from Jobseeker's Allowance to Incapacity Benefit/Income Support were not applying for as many jobs as people who moved into work, education or training. Yet they had applied for more jobs than had people remaining on Jobseeker's Allowance, or those moving to other destinations. This is despite the fact that a higher proportion (36 per cent) lived in areas characterised by higher local rates of unemployment in general than did people going to other destinations (an average of 26 per cent). However, their success rate, in terms of job interviews offered, was relatively low, but not significantly different from those who remained on Jobseeker's Allowance.

Entrants to Jobseeker's Allowance from Incapacity Benefit showed high levels of labour market attachment, both in absolute terms and relative to Incapacity Benefit leavers who had not entered Jobseeker's Allowance or work. However, in comparison to other Jobseeker's Allowance entrants, those from Incapacity Benefit had applied for fewer jobs and had obtained substantially fewer interviews than entrants from other routes, even those who had previously experienced inactivity through sickness before signing for Jobseeker's Allowance.

The research evidence shows that people moving between Jobseeker's Allowance and Incapacity Benefit, in both directions, perceived their chances of obtaining a job as much worse than did other Jobseeker's Allowance claimants. This lowered perception of job chances might be related either to their understanding of the barriers to work caused by their health or other problems, or it might be learned through disillusionment through low success in the job-search process. It is not possible to give an unequivocal answer to this question. On the one hand, the evidence suggests that it is their perception of their health condition or other barriers rather than disillusionment with the application process. This is particularly the case for those leaving for Incapacity Benefit, of whom nearly one-fifth said their health limited their looking for work. Moreover, their job application and job-interview success rates were equivalent to those of people remaining on Jobseeker's Allowance or leaving to look after the home, but their perceived chances of work were much lower than those of people doing these other activities.

On the other hand, more people leaving Jobseeker's Allowance for Incapacity Benefit/Income Support were likely to be living in areas of high local unemployment levels, so that their chances of getting a job might actually have been lower than those going to other destinations.

The job-search behaviour of movers between the benefits differed slightly from that of other Jobseeker's Allowance recipients, albeit not consistently. Movers from Incapacity Benefit to Jobseeker's Allowance tended to be most likely to be looking for any job (42 per cent). However, in comparison to other Jobseeker's Allowance recipients (36 per cent), this difference was not quite statistically significant. However, they were significantly less likely than other recipients to focus on a range of jobs (27 per cent and 34 per cent, respectively). People leaving Jobseeker's Allowance for Incapacity Benefit/Income Support tended to have been more prepared to accept either full or part-time work than were other Jobseeker's Allowance recipients.

The sources used to look for employment also tended to differ for movers. As with all other Jobseeker's Allowance claimants the most common job-search method of looking for work was the local paper, followed by Jobcentre vacancy boards. However, perhaps reflecting their lower levels of human capital resources, the job-search activities of movers tended to be more localised, i.e. they were less likely to look in national newspapers and trade and professional journals. They were also less likely to use private recruitment agencies, particularly entrants from Incapacity Benefit, or to contact employers directly. These latter two strategies were those found by McKay *et al.* (1997) to have been associated with movements off Jobseeker's Allowance into work.

5.4 Gender differences

Although women of working age are nearly as likely to report a work-limiting disability (DfEE, 2000) as men, they are less likely to receive Incapacity Benefit overall (DSS, 1998). A number of reasons might underlie this finding including sex differences in labour market participation. For example, there are fewer women than men in employment, but also women are more likely to work in lower paid occupations and so fail to accrue the necessary National Insurance contributions to gain entitlement to Incapacity Benefit. Also more men tend to work in sectors where accidents might arise, for example construction, manufacturing and heavy industry. Overall, women made up 37 per cent of the cohort of leavers from Incapacity Benefit, but 33 per cent of those who entered Jobseeker's Allowance. Although small, this difference was statistically significant.

Whilst Incapacity Benefit appears not to be as important a route onto Jobseeker's Allowance for women in comparison to men, it does appear to be more important as a destination from Jobseeker's Allowance. The Jobseeker's Allowance data-set showed a much lower proportion of women reporting entry to Jobseeker's Allowance from Incapacity Benefit

(17 per cent) than did the more robust Leaving Incapacity Benefit data (33 per cent).²³ However, despite this anomaly between the two data sets it was still informative to compare the 17 per cent of women who entered Jobseeker's Allowance from Incapacity Benefit (Section 2.2.2) to the 30 per cent of women leaving Jobseeker's Allowance for Incapacity Benefit/Income Support (Section 3.2.2).²⁴

It is informative to compare the destinations from Jobseeker's Allowance between men and women. Whereas women were at a comparatively high risk of entering Incapacity Benefit/Income Support men were much more likely to remain on Jobseeker's Allowance. At this stage it is difficult to be sure why this should be the case. However, whilst partnership reasons appear important, particularly if the partner is in work and brings other income into the family (Section 5.6, below), other reasons are also relevant because the pattern of results also held for single men and women. Other potential reasons include differences in the nature and severity of health impairments between men and women on Jobseeker's Allowance, attachment to work and levels of human capital and alternative financial resources. However, exploring the interplay between these possibilities is beyond the scope of this paper.

5.5 Factors influencing outcomes

It was apparent that movers from Incapacity Benefit to Jobseeker's Allowance tended to have less support both in terms of finances and family than had other leavers from Incapacity Benefit. From this perspective, it would appear that Jobseeker's Allowance is the only real form of financial support available to them (unless they can qualify for other benefits).

In comparison to all other leavers of Incapacity Benefit, Jobseeker's Allowance entrants were least likely to have a partner and least likely to have one working during their Incapacity Benefit claim. So their potential for help and support from a spouse or partner was lower than was the case for other people. They were also least likely to have savings to fall back upon and were less likely to have access to pension income; other than in comparison to those who entered work, where the differences were only slight.

²³ At least two possible reasons exist for the differences between the Incapacity Benefit and Jobseeker's Allowance data sets. The first is sampling error. The second is the fact that the Leaving Incapacity Benefit data were collected specifically to evaluate the impact of the introduction of the All Work Test (AWT). This might have resulted in a different pattern of leaving Incapacity Benefit than would be the case at other time periods both before and after the intervention of the AWT.

²⁴ These two figures are both taken from the Jobseeker's Allowance data set and should not therefore be subject to differences in sampling error or other survey-specific differences.

In comparison to Incapacity Benefit leavers entering work, those people entering Jobseeker's Allowance had poorer health and were far less likely to have left voluntarily. They were also less likely to have had recent work experience, had fewer qualifications and longer Incapacity Benefit spells. In combination all these findings are indicative of being less job-ready, so the destination outcomes of people with such combinations of multiple disadvantage were not too surprising.

In contrast, people who became economically inactive tended to have greater levels of financial and family support compared to Jobseeker's Allowance entrants. They were both more likely to have some savings and higher amounts of savings; and they were the most likely of all groups to have had access to income from a private or occupational pension. In addition, they were more likely than Jobseeker's Allowance entrants to have had a partner and to have had one looking for work during the Incapacity Benefit claim.

It was not, however, clear that people becoming economically inactive were less job-ready than were those entering Jobseeker's Allowance, except that they were more likely to report that their health had worsened during their Incapacity Benefit spell. Otherwise, people becoming economically inactive were slightly less likely to have been in work before the start of their Incapacity Benefit spell and to have had a slightly longer spell, but were slightly more likely to have better qualifications.

In comparison to other Incapacity Benefit leavers, Jobseeker's Allowance entrants were most similar to those who left as unemployed and not claiming Jobseeker's Allowance. There were a few differences between the two groups: people not signing on were slightly more likely to have had access to other financial resources and to have had a partner. Both of these circumstances are factors that might have led them either to think that they were ineligible for Jobseeker's Allowance, and resulted in no claim, or actually made them ineligible.

Movements off Jobseeker's Allowance onto Incapacity Benefit/Income Support were strongly associated with ill health at the time of the survey interview, but it was not possible to determine any changes in health between then and the time when they left. However, it was difficult to discern what other possible triggering events might have been operative. Marginally more jobseekers left for Incapacity Benefit who had a partner, with no dependent children (16 per cent), than entered work, education or training or stayed on Jobseeker's Allowance (nine per cent for both groups). But perhaps most importantly was the perception of poor job chances and, at least for some, living in areas with higher local unemployment levels.

In summary, the main 'trigger events' appeared to be an improvement in health leading people off Incapacity Benefit into work or a disallowance

of the Incapacity Benefit claim which led either to Jobseeker's Allowance if no other form of financial support was available or economic inactivity if it was, particularly also if there was a deterioration in health. It is less clear what led ex-Incapacity Benefit recipients to finish a Jobseeker's Allowance spell. Again, having a partner appeared influential for some, but lowered perceptions of job chances, particularly when considered alongside other multiple disadvantages, including a higher chance of living in areas of higher unemployment, might all have been influential.

5.6 Multiple transitions

Sample size limitations precluded use of the Jobseeker's Allowance data set for the analysis of transitions between JSA→IB→JSA. It was only possible to report that people leaving Jobseeker's Allowance for Incapacity Benefit/Income Support were about as likely to return for a further spell of Jobseeker's Allowance than were people entering other destinations. The one exception to this being that people who left to look after the home, or were otherwise economically inactive, were the least likely to return to Jobseeker's Allowance. However, there was some scope, using the Incapacity Benefit data to follow further the economic fortunes of people who had left Incapacity Benefit for Jobseeker's Allowance.

Approximately half (49 per cent) of the leavers from Incapacity Benefit who entered Jobseeker's Allowance within a month of leaving Incapacity Benefit remained on Jobseeker's Allowance some five to ten months later, at the time of their survey interview follow-up. After around twelve to eighteen months after leaving Incapacity Benefit, 14 per cent of those initial Incapacity Benefit leavers remained on Jobseeker's Allowance.

Slightly more ex-Incapacity Benefit recipients who went onto Jobseeker's Allowance left for work, training or remained unemployed (27 per cent), after five to ten months, than became otherwise economically inactive (23 per cent), of whom just over one-half returned to Incapacity Benefit (52 per cent).

That movers between the two benefits shared similar characteristics (multiple disadvantage and triggering events) was discussed above. In addition, the Incapacity Benefit data allow the extra distinction to be made between Incapacity Benefit leavers who entered Jobseeker's Allowance and were still in receipt five to ten months later. Firstly from those who left Jobseeker's Allowance for work or training within five to ten months, and secondly, from those who left Jobseeker's Allowance and became economically inactive within five to ten months. The same distinguishing characteristics and triggers that influenced initial destinations also appeared influential upon later outcomes, for those who had originally entered Jobseeker's Allowance.

Ex-Incapacity Benefit recipients who entered Jobseeker's Allowance and remained on it some five to ten months later had worse health problems and poorer educational qualifications than those who left to become

economically active, but better health and qualifications than those who became economically inactive. Those remaining on Jobseeker's Allowance were less likely, compared to those who left Jobseeker's Allowance, to have a partner and access to other financial resources, and were most likely to live in the socially rented sector.

The events that trigger a move again appeared to show a complex interplay in their influences on destinations. Poorer health and opportunities for financial support from family resources, particularly a working partner, appeared to be triggering events that influenced movements of ex-Incapacity Benefit recipients off Jobseeker's Allowance into economic inactivity (including one-half who returned to Incapacity Benefit). However, it is not clear to what extent people whose health had worsened were those who had made the reclaim for Incapacity Benefit and similarly, whether people who did not reclaim were those more likely to have access to other resources.

People who moved into work or training were more likely than those remaining on Jobseeker's Allowance to have better qualifications and improved health. Their health condition was more likely to have been physical and less debilitating in terms of its effect on the amount and kind of work affected. In addition, movers into work or training also tended to have the advantage in the labour market over those remaining on Jobseeker's Allowance of a partner, particularly one in work, and the stimulus of having dependent children to care for. They were also more likely to have access to unearned income and savings. However, people remaining on Jobseeker's Allowance and those returning to work or training were very unlikely to have reclaimed Incapacity Benefit. This is despite the fact that 23 per cent of people remaining on Jobseeker's Allowance thought their health condition had worsened, but only six per cent reclaimed Incapacity Benefit.

5.7 Conclusions

The broad policy context of this report was, 'work for those who can, security for those who cannot.' The results seem to suggest there exists a group of people whose health is such that they cannot compete effectively in the labour market for work, a situation compounded by their tendency to experience multiple disadvantage in the form of lowered levels of human capital resources. Moreover, their job-opportunities appear further compromised if they live in areas with high unemployment levels, presumably making competition for available work even more intense.

Where other resources exist, either in the form of a working partner or alternative income or savings, these appear to be used to avoid claiming benefits. However, a lack of these resources appears to leave many prone to longer periods of time spent on Jobseeker's Allowance.

Overall, in the medium-term period, people who left Incapacity Benefit either got jobs or gave up looking for work. In the longer-term almost

a quarter were back on Incapacity Benefit. Meanwhile, Jobseeker's Allowance helped the minority who felt, at one point or another; they might be fit enough to work but could not find a job yet or who had just lost one and were looking for another, in the same way that Jobseeker's Allowance helps other people.

It appears that encouraging proximity to the labour market through disallowing Incapacity Benefit claims is not, in isolation, a very effective strategy for getting the majority back into work. It was notable that ex-Incapacity Benefit recipients and those destined to leave Jobseeker's Allowance for Incapacity Benefit generally appeared reluctant to contact employers directly about work. The scope for using Job Brokers under NDDP, both to help find and retain work, and Personal Advisers under ONE might help to overcome some of these problems. However, it is important that their efforts are not concentrated solely upon those who are more likely to be job-ready. In order to avoid potential 'creaming' it might be necessary to set targets for placing into sustainable work certain numbers of people who are more disadvantaged.

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