

Incapacity Benefit in Glasgow and Scotland: Current Issues and Trends

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ABSTRACT

Background

Incapacity Benefit (IB) is the key contributory benefit in the UK for people who are incapable of work because of illness or disability. The number of IB claimants more than trebled between the late 1970s and the mid-1990s as employment in many traditional industries collapsed. It has since stabilised at around 2.7 million, with a slight reduction in the last two years or so. The proportion of the working age population (WAP) claiming IB varies greatly between different parts of the country, partly reflecting the state of the local labour market and the area's economic history. It is particularly high in former industrial cities, such as Glasgow, although it is now beginning to come down. Many claimants moved onto IB with no expectation of getting back to work, although about a third now say they want to work. Some observers have argued that the large IB population in Britain partly reflects disguised unemployment. In practice, most people on IB never get back to work. Indeed after two years on IB a person is more likely to die or retire than find a new job. Three-quarters of people claiming IB have been claiming it for two years or more. In 2006 the government set an ambitious target of getting a million people off IB within the next 10 years, as part of the next phase of welfare to work. It has introduced 'city strategies' specifically to target areas with the highest levels of IB and other 'inactive' benefits. But the extent to which the movement of people onto IB is reversible is far from clear.

Objectives

The aim of the study on which this paper is based was to build up a detailed picture of the IB population in Glasgow and to compare it with the rest of Scotland. Another objective was to analyse the 'on' and 'off' flow populations in order to gain a better understanding of the dynamics of the situation. Both issues are vital to the achievement of the government's objective.

Methods

This study was original in being based on unique access to 100% sample data from DWP Information Directorate Work and Pensions Longitudinal Study from 2000 to 2005.

Results

Glasgow is distinctive from the rest of Scotland in various respects. It has a challenge in terms of the absolute size of its IB claimant population (61,850 in 2005). Yet, there has been a

sizeable reduction in IB stock claimants from 2000 to 2005, mainly due to a decrease in on flow. 16% of the Glasgow WAP was claiming IB in 2005 compared with 10% in Scotland. The number of IB claimants with a poor work history (credits only claimants) in Glasgow is greater than the rest of Scotland, presumably reflecting the worse labour market situation. Mental health accounts for 50% of those claiming IB in Glasgow and has increased from 39% in 2000. In 2005, 3.8% of the WAP in Glasgow moved on to IB compared with 2.5% of the WAP in Scotland. In 2005, off flow was 24% of the total stock in Glasgow and 25% of the total stock in Scotland. More of the on and off IB come from younger age categories and shorter duration of claim categories. Some indicators suggest that Glasgow faces a much greater challenge in reducing IB than other areas, although other indicators suggest it is making significant progress despite these problems. This may be attributable to (i) Glasgow's greatly improved labour market context, (ii) the effectiveness of local employment and training initiatives at reconnecting people to work, or (iii) administrative procedures associated with 'managing' people claiming or seeking to claim IB.

Conclusion

Although the IB population is decreasing for the first time in more than two decades, the situation in Glasgow does differ from the rest of Scotland. The paper explores some of the reasons for this, as far as the data permits. This is the first stage of a study that will further investigate the interaction between the health status, the labour market and policy interventions as they affect this vulnerable population. The paper develops various propositions for 'testing' in the next stage of the work.

Key Words: incapacity benefit, on flow, off flow